

**Minutes of the Committee for Policy,
Sustainability & Resources
THURSDAY 16 NOVEMBER 2023 AT 16.30
Princes' meeting room, Princes' Street, Chelmsford.**

Members: Trevor Bolton (Chair), Rachael Cornwall, Richard Davidson, Amanda Montague, Paddy Reilly, David Warnes (Principal), Ruth Gilbert

Attendees: Debbie Garroway, Debs Hurst, Mark Emerson, Beverly Mahoney, Steve Hope
H&S

Quorum: 3

	MATTERS	ACTION
1.	<p>Apologies for Absence The Chair welcomed Rachael Cornwall and Ruth Gilbert to their first committee meeting of Policy, Sustainability and Resources Committee.</p> <p>Amanda Montague had sent apologies.</p>	
2.	<p>Declarations of Interest and to notify any Confidential Items There were no declarations of interest.</p> <p>David Warnes is on the Essex LSIP Group Board.</p> <p>Trevor Bolton declared that he had an interest in Item 18.</p>	
3.	<p>To approve the minutes of the meeting held on 20 June 2023</p> <p>Minute 30 - Correction – should read ‘the SALIX bid’</p> <p>AGREED: THE POLICY, SUSTAINABILITY AND RESOURCES COMMITTEE AGREED THE MINUTES OF THE MEETING HELD ON 20 JUNE 2023 WERE A TRUE AND ACCURATE RECORD.</p>	
4.	<p>Matters arising</p> <p>53. TO RECOMMEND</p> <p>b. INDICATIVE BUDGET 2023/24</p> <ul style="list-style-type: none"> • Recommend to the Board the budget proposed, on the understanding of implementation of stretch budgets for SMT on AEB and Apprenticeships • A plan on adult apprenticeship and increased AEB income to come to the next meeting. • Departmental budget breakdown of income and expenditure to be made available to the committees at the second meeting of the Committee in 23/24. <p>56. TO RECOMMEND PAY AWARD 2023/24</p> <ul style="list-style-type: none"> • The Committee agreed to recommend the envelope of £391k for spend on staff pay to the Board, with the caveat for distributional changes if necessary. <p>57. TO RECOMMEND KPIs FOR 2023/24 (HR, FINANCE)</p>	

	<ul style="list-style-type: none"> The Committee agreed to recommend the KPIs for finance and HR for 2023/24, to the Board for approval. <p>58. COMMITTEE MATTERS</p> <p>c. AGREE SCHEDULE OF COMMITTEE BUSINESS 23/24</p> <ul style="list-style-type: none"> A qualified accountant to be appointed to this Committee 	
16	<p>Health and Safety Report 2022/23 was taken after Item 4</p> <p><i>Paddy Reilly joined the meeting at 16.40.</i></p> <p>Steve Hope, head of health and safety for South Essex College, gave a presentation (a copy of which is lodged with the papers).</p> <p>Any outstanding items will be addressed, and some are time bound.</p> <p>Governors asked if they should be concerned about the fact there are 48 outstanding items. This is not the case as some are time bound and are being addressed in order of importance. All high-risk items would be dealt with immediately.</p> <p>All COSSH assessments are up-to-date and shared with students.</p> <p>Information on servicing etc is up to date and available for inspection when required.</p> <p>Total accidents in 2023/24 are</p> <ul style="list-style-type: none"> 234 across the College campuses Dovedale nursery recorded 206 There are no RIDDOR incidents <p>The increase in incidents reporting by Dovedale nursery was a result of a change in reporting system.</p> <p>First Aid</p> <p>The College has 52 first aiders and it is considered that there are sufficient numbers. The First Aid Policy has been updated and issued for approval.</p> <p>91% of staff had completed statutory and mandatory health and safety training in 2022/23.</p> <p>Governors asked if the reduction in completion is due to new starts. It could be that some were absent for some reason. It is thought that over 80% is a good target as staff are not likely to all be available.</p> <p>The College has purchased Display Screen assessment to ensure accessibility to all staff.</p> <p>Governors commented that it is worrying that 9% of staff have not received training and there are areas such as working at height for which this is not acceptable. This would be a concern to HSE and the</p>	

	<p>5 people who have not taken this training should receive it as soon as possible.</p> <p>ACTION: DH to ensure that the five members of staff receive working at height training.</p> <p>Governors commented that post-Christmas break is a time for a statistical accident spike and suggested that a strategy be put in place to alert staff and reinforce the messages on health and safety.</p> <p>ACTION: SLT to ensure that reminder health and safety messages are communicated to all staff at the beginning of the Spring Term.</p> <p>Governors suggested that a policy be immediately put in place that staff who have not taken the training are not allowed to work at height,</p> <p>ACTION: A policy of not working in an area unless working at height training has been completed should be put in place immediately.</p> <p>Governors commented that wellbeing for staff and students is a prime focus and asked what has been put in place to support this. The College has:</p> <ul style="list-style-type: none"> • Staff wellbeing intranet area with many resources signposting support both in and outside College. • Togetherall is available 24 hours a day • Employed mental health advisor • College wellbeing officer • Stages ‘Wellfest’ once a year • Wellbeing week in January 2024 <p>Governors said that there is no mention of mental health issues and mitigations in the Health, Safety and Wellbeing report and suggested it should be signposted.</p> <p>ACTION: Staff support should be included in the Health, Safety and Wellbeing report.</p> <p>Steve Hope left the meeting at 16.59.</p>	
TO DISCUSS AND APPROVE		
5.	<p>2022/23 financial outturn Debs Hurst presented Items 5 and 7 together.</p> <p>Review of annual report and accounts in draft form. It was noted that these are still subject to review and changes by the external auditors. The audit is complex and time consuming this year with focus on compliance. Adjustments will be taken to the Audit Committee.</p>	

There is a variation in deficit shown between these accounts (£187k) and those in the management accounts (£897k). The reasons were summarized as follows:

Reason for variance	£'000
Deficit as reported in the Management Accounts at 31 st	(894)
Adjustment due to overstated Local Authority High	(111)
Over release of ESFA income	(14)
Release of post COVID fund from balance sheet	27
Other income relating to provision of education and training reconciled	90
Learning curve expenditure accrual	(27)
Nursery adjustment	(4)
Outturn prior to LGPS assumptions	(935)
Interest on pension asset	97
Interest on pension deficit not required	121
Reduction in service cost from £880k	530
	(187)

The position prior to Local Government Pension Adjustments deteriorated by £41k compared to the management accounts. There is still a need to review the final adjustment to apprenticeships, AEB and National Skills Fund once the final funding statement is received.

Going Concern Statement approval

The College has been advised that it is not able to apply to the ESFA for a loan to replace the Barclays loan due to be repaid on 13 December 2024 before June 2024.

The College is drafting a reserves policy as advised which will come to the Board for approval at the next meeting.

AGREED: HAVING CONSIDERED THE PRINCIPAL RISKS AND CONTINUING OPERATIONS OVER THE NEXT 12 MONTHS AND LONGER TERM, THE PSR COMMITTEE AGREED THAT THE COLLEGE IS A GOING CONCERN AND THAT IT HAS SUFFICIENT FUNDS TO MAKE THE REPAYMENT TO BARCLAYS BANK IN DECEMBER 2024 BUT NOTED THAT THIS WILL REDUCE CASH DAYS TO BELOW THAT REQUIRED BY PROJECT FUTURE AND THE COLLEGE'S OWN RESERVE POLICY.

7. Financial update

Debs Hust offered a budget review and update resulting from the additional funding for a pay award received from the ESFA. The revised budget is increased by £826k to £19.445k and included:

- An additional £747k from DfE for pay increases
- A downward adjustment to AEB due to underachievement in 2022/23 of £32k
- There is no adjustment to the figure of £1.2m for apprenticeships
- An increase to 'other income' of £111k to include free

	<p style="text-align: center;">school meals and ALLB reconciliation to CFFR.</p> <p>Ruth Gilbert advised that there is a trend not to fund the first 20-30% of over recruitment which should be kept in mind for budgeting purposes. The cash reserve of 40 days should be kept as a bare minimum as a recommendation to the Board.</p> <p>The College intends to limit cash used for capital expenditure and this has been supplemented with grants that will underpin the cash position.</p> <p>Governors asked why the budget for Adult Education has reduced by £32k. This is to recognize underachievement in prior years, but the College is targeting over achievement for 2023/24.</p> <p>Management Accounts Sept 2023 Debs Hurst reminded governors that the finance team sits outside the College within Essex Shared Services and and there has not been the resource to share an up to date set of management accounts for this meeting Governors expressed concern that this was not a good position, and it will be addressed later on this agenda.</p> <p>As discussed at the September 2023 Board meeting, a letter of representation from Lloyds Bank had been received stating that the College would breach its covenant with the bank in February 2024 through to the end of the financial year based on the then cash position forecast. Since this, the substantial changes to the I and E profile show that the Feb-Apr 24 covenants will be met but the College fall short by £0.5m in July 2024.</p> <p>AGREED: THE PSR COMMITTEE AGREED THE REVISED BUDGET FOR 2023/4 AND TO RECOMMEND IT TO THE BOARD AT ITS DECEMBER MEETING.</p> <p>ESFA Assessment of Financial Status & Dashboard The Committee reviewed the ESFA letter stating that the ESFA assesses the College as:</p> <ul style="list-style-type: none"> • Requires improvement for 2022/23 • Good for 2023/24. 	
6.	<p>KPI human resources and finance outturn 2022/23 Bev Mahoney presented the high-level KPIs for HR. The first three KPIs were showing as low and policies have been reviewed to invite staff to self-reflect. This forms part of target setting with line managers. Since this report, the three first KPIs are sitting at over 90%.</p> <ul style="list-style-type: none"> • Probation numbers are misleading as it is just because data needs to be uploaded. • Sickness monitoring and focus on the Bradford score is going well and this year's focus is on short-term sickness absence 	

and it is hoped that this will result in reductions.

- Staff turnover was lower over the summer period than expected and it is believed that the recent restructure delayed departures. This may result in high turnover in coming months.
- The College is working to address the academic vacancy rates which is a national issue. It also has an impact on a budget as it necessitates the use of agency staff.

Staff

Key Performance Indicators

Data as at 30/09/2023

Staff	2022/23	2023/24 Target	2023/24 (31 Aug)	Contributing Records	Population
Proportion of staff Progress Review targets on-course to succeed in 2023/24	90%	90%	76%	377	498
% of all staff with 1 or more set performance targets	78%	100%	66%	224	339
% of all staff where Performance Review update requirements have been met	-	100%	62%	195	317
Number of individuals with Probation Discussions overdue and/or not recorded	24	0.0	20		74
Average number of days sickness absence per person per year	6.2	<=5.2	5.3	192	339
Number of staff with Bradford Factor over 500 points	11	<5	10	192	339
Annualised staff turnover level	19.1%	<18%	18.4%	62	326
Annualised Academic Vacancy Rate	-	6%	12.9%	17	130
College Group '360 Day Quit Rate'	9	<5	9		57
Staff Satisfaction Rating	<input type="text" value="22"/> / <input type="text" value="254"/>				

Governors asked how the College does the 'show me' test. HR gets weekly reports by subject areas of compliance for probation etc. There are fortnightly meetings with Heads of Department and performance issues and support required are discussed. The College does call backs after a few weeks and again after three months with new staff.

ACTION: BM to ensure that HoDs are having difficult conversations with staff when appropriate to address issues before they escalate.

Governors commented on recruitment that radical action is required as shared lecturing in some topics is not possible in Essex and suggested that the College might look at international online systems such as [Preply](#) to augment provision. The LSIP fund is supporting such programmes.

ACTION: SLT to consider alternative approaches to address the academic recruitment issues.

KPI human resources and finance for 2023/24

Debs Hurst has included the KPIS for Finance and noted that the ESFA has judged the College for 2022/23 at Requires Improvement and Good for 2023/24. There is no data yet as the management accounts

are not available. Governors asked if the pay as a percentage of turnover will change as a result of the recent pay award. The College will revisit this number. Governors commented that the 65% may no longer reflect an accurate measure of success and Debs Hurst agreed to raise this with the FEC team on 17 November at the strategic review meeting.

Financial

Key Performance Indicators

As at end of August 2023

	2022/23 Full Year Actual	2023/24 Budget	2023/24 YTD Actual
Turnover (Total operating income)	£18,635m	£18,619m	
Net operating income	£0.22m	£0.96m	
Adjusted operating ratio	0.5	0.79	
Education EBITDA	£1,081	£1,840	
Education EBITDA as a % of Turnover	5.88%	9.88%	
Cash & Cash Equivalents	£605	£960	
Cash days in hand	13	21	
Loan Balance	£2.535m	£1.979m	
Debt service cover ratio	1.41	3.41	
Pay as a % of Turnover	68.69%	66.34%	
Agency Cost	£1.047m	£0.5m	
Debtor days	18.9	15.3	
Creditor days	42.66	52.04	
Financial health	Good	Good	

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Risk management and risk register

Debs Hurst drew the attention of the Committee to these particular risks:

- **2** – not achieving learner numbers – this has been mitigated as the College has recruited 2338 learners against a funded target of 2224. A business case for over-recruitment will be completed.
- **3. Target pay of 65% of income.** The College will monitor this closely against target and local colleges. Against national benchmark, the College appears to have salaries in the upper quartile due to proximity to London but salaries are still lower than school pay rates.
- **4. Inflation and energy costs** – these will be monitored and the current conflict in the Middle East heightens this risk. A revised contract for energy costs is in place for 1 November 2023, but these rates are still substantially higher than two years ago/
- **9 – AEB targets not being achieved** – the College has a stretch target in place for 2023/24 and this is being closely

	<p>monitored.</p> <ul style="list-style-type: none"> • 13 – Going Concern – covered in Item 5 • 14 – Bank Covenants – the College needs £2.5m in the bank on 31 July 2024 and it is unlikely that this will be achieved. <p>AGREED: THE PSR COMMITTEE AGREED THAT THE RISKS RELATING TO FINANCE AND HUMAN RESOURCES WERE APPROPRIATE.</p>	
9.	<p>Annual review of subcontracting Mark Emerson presented the papers. The academic reporting goes to Quality and Learners’ Committee and the audit elements to the Audit Committee.</p> <p>2022-23 performance outturn</p> <ul style="list-style-type: none"> • The College delivered £185k against a target of £201k (85%) of Adult Education Budget Funding in 2022/23 • The final achievement rate was 89.7% (633 enrolments) against a target of 90%. • Two subcontractors were used: <ul style="list-style-type: none"> ○ Learning Curve Group <ul style="list-style-type: none"> ▪ £89k delivery against £84k target ▪ Achievement of 85.4% ▪ 302 enrolments. ○ The Skills Network <ul style="list-style-type: none"> ▪ £96k delivery against a £124k target ▪ Achievement at 93.7% ▪ 328 enrolments <p>Governors asked if it was wise to award to the Skills Network. It was noted that the decision was made on a balance between finance and achievement.</p> <p>2023-24 subcontracting strategy The Board signed this off at a previous meeting in July 2023 and the sums involved are reduced from those of the prior year. The College will be reviewing the approach for coming years in 2024 and this may be for longer periods of contract. David Warnes recommended that the legal advisors should be consulted on the Procurement Act as it is expected that it will have significant implications for the FE Sector.</p> <p>ACTION: SLT to take legal advice on the Procurement Act.</p> <p>Governors commented that the College might want to review the suppliers bearing in mind that the Chelmsford College contracts represent a small portion of the subcontractors turnover nationally and ensure that there are break clauses should the quality of provision slip. The College should review the position frequently.</p> <p>Governors commented that it is important to note that there is a KPI for these subcontractors for quality which meets the requirements of the College in addition to the financial gain.</p> <p>Subcontracting fees and charging policy</p>	

	AGREED: THE PSR COMMITTEE AGREED TO RECOMMEND THE SUBCONTRACTING FEES AND CHARGING POLICY TO THE DECEMBER BOARD AT ITS MEETING.	
10	Update on Essex Shared Services – This item was taken as a confidential item.	
11	<p>Review of financial regulations and bank covenants Debs Hurst presented the updated Finance regulations which take into account the changes required by the ONS reclassification and consequent Managing Public Money regulation.</p> <p>Item 18.9 – procurement is to be reviewed as advice is being sought on this position. This will be completed before uploading.</p> <p>AGREED: THE PSR COMMITTEE AGREED TO RECOMMEND THE UPDATED FINANCIAL REGULATIONS TO THE BOARD AT ITS DECEMBER 2023 MEETING.</p>	
12.	<p>HR report Bev Mahoney summarised the paper.</p> <p>Governors were pleased to note that graduates are being promoted to teaching. The Inspire to Teach programme is also supporting staff to become lecturers.</p> <p>David Warnes said that the College remains in dispute with UCU on their pay claim and a ballot for industrial action did not meet the threshold, so it won't take place. The College will meet UCU to discuss the dispute further.</p> <p>Governors advised staff advocacy is the best rating of staff satisfaction and recommended an ambitious target.</p> <p>Governors asked why the College is waiting for Government legislative changes to take place when it might make changes now to show it is forward thinking.</p> <p>The Committee asked if the College is working to attract older people to join the College. The College attracts retirees to join as part-time lecturers.</p> <p>ACTION: SLT to review and publicise what makes Chelmsford College inclusive.</p> <p>There was discussion about the quality of the middle managers in the College. Debbie Garroway said that the curriculum staff is a huge proportion of the College staff. The recent reorganisation in May/June 2024 reviewed the middle leaders to elevate them. The Board had commented that they were pleasantly surprised by the talent that secured the roles. The exercise offered an opportunity for staff to</p>	

	<p>reflect on their roles and contribution and some decided that their future was elsewhere than at the College. It was recognised that there is still work to be done.</p> <p>Rachael Cornwall offered her support in reviewing the Equality Impact Assessments.</p> <p>ACTION: The gender pay gap report will come to the February PSR meeting.</p>	
13	<p>Enrolment Data for 2022/23</p> <p>The report outlined a positive picture. The College needs to be above 2348 and if this is hit the College will get exceptional in-year growth funding. The process for in-year funding is now automated and the uplift in enrolment must be over 100 extra enrolments and the College will be notified in the new year.</p> <p>This also has an impact on the lagged funding for the following year and reflected a circa £600k increase.</p> <p>Governors commented that some of the areas which have under recruited are LSIP priority areas and asked if there will be increased pressure to recruit to those courses.</p> <p>Mark explained that the target shortfall is at level 2 in some cases and that over recruitment has resulted in learner intake being at level 1. Governors asked if staff recruitment had impacted on the ability to enrol students. This was not the case as it was the change in profile of the learner.</p> <p>Governors asked if the additional learners are spread across a range of subjects or is there pressure if they concentrate on one area. It was the case that increased demand on maths and English had caused pinch-points, but this has now been mitigated with extra support. Other increases are across the curriculum.</p> <p>The Committee congratulated the College team on such successful enrolment.</p>	
14	<p>Estates Update</p> <p>Peter Marsh Associates is supporting the Estates strategy.</p> <p>A great deal of work has taken place on the estate over the last four years.</p> <p>The College has received the capital funding of circa £700k from the LSIF fund to commence in January 2024 and to be spent by March 2025.</p> <p>Governors asked for an update on the Sports Hall. A meeting was planned with the council the following week. There is a requirement for a third studio and more funding will be needed and the Council will</p>	

	<p>make the largest contribution. Governors asked what the impact of the delay will be based on increased costs and inflation. External funding will support this need and it is expected that the project will start in June 2024. The Committee agreed that the College should make every effort to support this work.</p> <p>The Committee asked if the Council has made a firm commitment for their contribution and if there is any risk that they might not be able to meet it. There is a large demand for sports facilities this side of Chelmsford. The College will meet with the Council and discuss options and commitment.</p>	
15	<p>Sustainability Strategy update</p> <p>The College is progressing well with its Climate and Sustainability strategy with the overall goal of reducing carbon emissions by 75% by 2035. Current data shows a 24% reduction in the last 12 months.</p> <p>Measures outlined in this report are both aimed at addressing the College’s carbon footprint through various estates and resource linked initiatives and preparing students for future green skills career pathways.</p> <ul style="list-style-type: none"> • Work with Essex County Council on Green Travel plan • Complied with new law on single use plastic • All full-time students doing climate awareness • Training staff to be carbon literate • Fitting energy centre with solar and PV training to go live in 2024 • Joined national nature park initiative to share best practice and hopefully access funding. <p>The Committee thanked David Warnes and the team.</p> <p>Item 16 was taken earlier on the agenda.</p>	
17	<p>Policies:</p> <ul style="list-style-type: none"> • Health and safety and welfare policy (annual) AGREED: THE PSR COMMITTEE AGREED TO RECOMMEND THE HEALTH, SAFETY AND WELFARE POLICY TO THE BOARD AT ITS DECEMBER 2023 MEETING. • Environmental and Sustainability Policy (every 3 years) AGREED: THE PSR COMMITTEE AGREED TO RECOMMEND THE ENVIRONMENTAL AND SUSTAINABILITY STRATEGY TO THE BOARD AT ITS DECEMBER 2023 MEETING. • Freedom of Speech (every 3 years) AGREED: THE PSR COMMITTEE AGREED TO RECOMMEND THE FREEDOM OF SPEECH POLICY TO THE BOARD AT ITS DECEMBER 2023 MEETING. 	

18	<p>Election of the Chair/Vice Chair of Committee</p> <p>AGREED: THE POLICY, SUSTAINABILITY AND RESOURCES COMMITTEE AGREED TO ELECT TREVOR BOLTON AS CHAIR FOR A FURTHER YEAR</p>	
19	<p>Any other business notified to the Clerk in advance of the meeting There was none.</p> <p>The meeting closed at 18.50.</p>	
20	<p>Date of Next Meeting 27th February 2024</p>	

Chair approved