

Agreed Minutes

MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
















Held on Friday 18th March 2022 at 9.00am in Committee Room B Skills Park

Present: Peter Stamps (Chair), Martin Butterfield, Professor Sam Luke, Frances Rutter (CEO/Principal), Vince Romagnuolo

In Attendance: George Jenkins (Chief Finance Officer), Chris Mason (Director of Finance), Katharine Stonestreet (PA to the Governance Professional)

19.21	1.0 Apologies for absence
	Margaret Martin, Sandra Dessent (Governance Professional)
20.21	2.0 Declarations of Interest
	<p>The following declarations were received:</p> <p><u>Peter Stamps</u>: Unremunerated Director of NESCOT Enterprises Ltd. (NEL)</p> <p><u>Professor Sam Luke</u>: Unremunerated Director of NESCOT Enterprises Ltd. (NEL)</p> <p><u>Frances Rutter</u>: Unremunerated Director of NESCOT Enterprises Ltd. (NEL)</p>
21.21	3.0 Minutes of the Previous Meeting and Matters Arising
	<p>The minutes of the meeting held on the 26th November 2021 were agreed as a true record and signed electronically by the Chair.</p> <p>Actions:</p> <ol style="list-style-type: none"> 1. Briefing evening to be arranged to explain funding streams. Action complete – scheduled for Thursday 12th May, 6pm-7pm. 2. Meeting to be arranged for Committee Members and Executive Leadership Team to discuss potential outcomes from the HE Strategy and how the Estates Strategy will feed into the process. Frances Rutter (FR) and George Jenkins (GJ) have discussed – see action 3. Sandra Dessent (SD) to find a date for the Committee and ELT to discuss. 3. Report back on the progress towards commissioning an updated Estates Strategy. FR recommended the best approach would be to first commission a space utilisation study to understand how we currently use, and could more effectively use, space. Peter Stamps (PS) agreed that the HE Strategy, Curriculum Strategy, and Estates Strategy should then follow. <p>PS asked about an updated Condition Survey. FR confirmed that the previous survey (two years ago) is relatively up-to-date and that things would have improved since then. The Yorkon Building is the only area not fit for purpose, but it is in the programme for refurbishment. PS recommended that the Yorkon refurbishment become part of the Estates Strategy, so it could be</p>

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	refurbished or rebuilt as necessary. Sam Luke (SL) asked if a rebuild would be subject to Greenbelt height restrictions. FR thought height restrictions would apply, but that we would probably be able to add an additional floor to the Yorkon to bring it to the same height as the BEB2 building.																																	
22.21	4.0 Finance Matters																																	
	<u>4.1 Management Accounts January 2022</u>																																	
	The headline numbers for the College Group were reported as follows:																																	
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	Overall, the forecast is for a deficit of £3M, which is £3.2M worse than the budget.																																	
	SL asked whether there was any scope for savings in revenue and/or costs. GJ advised that there will be some savings on payroll costs, as we typically operate with vacancies, but that any income gaps will need to be offset. Chris Mason (CM) confirmed that we are behind on our AEB allocations due to ASFW and some sub-contractors being late to enrol. The Director of Faculty has provided some assurances, but nothing is confirmed. FR advised that DoFs have been encouraged to fill their AEB allocations.																																	
	PS asked whether any gains on the investment fund could be used to offset income. GJ advised that gains on investments are not part of the EBITDA score.																																	
	Vince Romagnuolo (VR) asked what the impact would be of a 'Requires Improvement' score. GJ advised that the score is only visible in our annual report, and that the accompanying commentary will be important - our financials are still good, with a strong balance sheet, cash reserves and a successful investment fund.																																	
	PS noted that the impact of ASTML will be greater next year. SL urged FR and GJ to keep the College's score 'Good' and to appeal to the ESFA for management discretion.																																	
	Martin Butterfield (MB) enquired after the £483k debt relating to students of the International College of Osteopathy in Milan. CM and GJ confirmed that we are still																																	

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	<p>working to recover this debt by following the proper legal steps, but added that it is fully provided for as there is not a strong likelihood of recovering these monies.</p> <p>The Committee reviewed and noted the management accounts for January 2022, including the potential and emerging risks.</p> <p><u>4.2 Investment Fund Update</u></p> <p>The Committee received a report setting out the latest position of the College’s investment fund managed by Smith & Williamson.</p> <p>£4M invested as of 13th September 2021:</p> <ul style="list-style-type: none"> • Value at 1st October 2021: £4.3M • Value at 31st December 2021: £4.4M • Value at 8th March 2022: £4M • Value at 17th March 2022: £4.2M <p>The value of the fund dropped by just under £0.4M to £4,053k from January to March, but is still above the investment level of £4M. This fluctuation is due to the current market volatility which has been affected by the war in Ukraine.</p> <p>The investment in equities is 57%, with 23% in UK markets and 34% overseas. The natural balance and diversification of the portfolio has helped mitigate the worst of the volatility. There is still £300k in cash to invest when the time is right. There is no direct exposure to Russia or Ukraine within the portfolio. The market is volatile, but fluctuations are to be expected over a five-year term.</p> <p>The UK outlook is improving and will hopefully stabilise over the next three to four months as the oil and gas markets settle. GJ commented that the economic view from Smith & Williamson was that rising inflation would not be a major concern for the economy as it is not expected to be a long-term trend. The portfolio risk remains medium-low.</p> <p>The Committee reviewed and noted the performance of the investment fund at 31st December 2021 and also the latest valuations.</p> <p>GJ will follow up with S&W re updating the organisation’s risk register. Given the current market volatility, PS and FR agreed it would be prudent to invite S&W to the July meeting to get their view on the portfolio’s performance and outlook.</p>
<p>23.21</p>	<p>5.0 Key Performance Indicators – January 2022</p>
	<p>The Committee received and noted the Finance & General Purposes Key Performance Indicators for January 2022.</p> <p>The impacts of ASTML and GB Training are the driving issues behind the missed Stability & Growth targets. PS asked whether these two big issues were masking any underlying issues. GJ and CM have looked at the figures and are confident that there are no additional concerns. CM noted that if ASTML was the only issue, our rating would still be ‘Outstanding’.</p>

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	<p>PS and SL queried <i>Staff Absences to available working days: Support Staff</i>, currently at 4.5% against a target of 2.1%. FR sees no issues here – staff absence is generally higher at this time of year, and we are up on last year as, at this time last year, we were just coming out of lockdown. FR noted that levels of Covid were rising nationally, with a new variant circulating that is expected to peak by the end of March. Sickness, stress and safety didn't feature in the recent staff survey as staff concerns, but we will keep an eye on absence levels. Assistant Principal for HR and Organisational Development to prepare a comment for circulation.</p>
<p>24.21</p>	<p>6.0 Property Matters</p>
	<p><u>6.1.1 & 6.1.2 Capital Projects Programme 2021/22 update</u> A report was shared updating the Committee on the status of the capital projects as at 9th March 2022, and included a list of the projects alongside budget, actual spend and forecast spend.</p> <p>Total forecasted spend on budgeted projects is £2,254k, which is £7k less than budget. In addition to this, there are six unplanned projects with a total cost of £70k. When these are included, the total spend will be £63k, (3% above budget).</p> <p>Within the unplanned six projects there are two projects at £30k each:</p> <ul style="list-style-type: none"> - To re-lay the concrete handling yard and to break up and remove the old yard - Tarmac and fencing for College skip locations. <p>Five projects are outstanding and are due to be completed by the end of the Summer:</p> <ol style="list-style-type: none"> 1. New lift in BEB1 2. Central Wing First Floor corridor refurbishment 3. Sports Hall Refurbishment (toilets, showers, reception area, fire doors) 4. HE Common Room Refurbishment 5. CCTV upgrade. <p>The Committee reviewed and noted the update of the capital expenditure programme 2021/22.</p> <p><u>Capital Bids 2022/23</u> GJ is starting the capital bids process for 2022/23. He sought the Committee's view on completing new capital projects during the summer holiday 2022 if the 2022/23 budget hasn't received Committee sign off until July (in order to capitalise on completing work during the quiet summer period). PS confirmed that, as the forecast for the following year was signed off at the time of approving this year's Programme, as long as any additional works fall within £2M they could proceed without specific Committee approval. FR confirmed that any high-risk projects would be discussed with the Property Group.</p> <p>FR and GJ have been discussing creating a three-year Capital Expenditure Programme, which would provide flexibility to bring projects forward where appropriate.</p>

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The Committee agreed to the development of a three-year Programme going forward.

MB asked whether contingencies had been increased to take into account the rising costs of raw materials. CM advised that any contingencies had been spent but they will be included next year with allowances for rising raw costs and inflation.

Budget 2022/23

GJ noted that inflation will affect budgeting for next year and that this will need to be managed carefully. Budgeting will commence after Easter. PS enquired about the possibility of increasing pay costs, as staff will want a pay rise to help with the rising cost of living, and whether ESFA funding would increase. FR confirmed that 16-18 funding had increased by £400 per head, but that this depended on increased hours. The DoFs and HoDs are trying to build additional hours into the curriculum at minimal costs, eg inviting guest speakers, educational visits. The curriculum strategy is focused on departments that secure more funding, such as Animal Care.

The Apprenticeship Strategy and HE Strategy are 95% complete. They will be given to Phil Briscoe and Julie Kapsalis when they join for sign off. FR will work with Julie on a high-level strategy, to include engaging one big employer to take on 15 apprentices, rather than lots of smaller employers, and growing HE. Nescot were recently comfortably awarded three new course validations (*BA Professional Practice Working with Children and Young People (Top-up)* (OU), *BSc Osteopathy (Top-up)* (LSBU), *MA Strategic Management* (OU)). Two more validations are due before the Easter break.

FR and GJ have also discussed Weekend College BA Top-up. Jim Pritlove (Head of Health & Safety and Security) leaves today; Val Neame (Head of Facilities) will become responsible for H&S and Security, which will give her more span and control over resources to facilitate Weekend College.

GJ will consider pay pressures and those from the National Minimum Wage increase during budgeting. A solution will not be straightforward - he will model options. SL added that the National Insurance rise comes into effect on 1st April, which will put pressure on the College and individuals. PS asked whether many staff were close to receiving minimum wage. GJ advised that there weren't many, mostly cleaners, but the uplift will push their pay very close to others in the College. FR suggested that the College implements a gradual uplift for staff and only at the lower levels, or a flat rate of increase with a bonus for some – it needs to be a more sophisticated system than a percentage rise across the board. PS suggested a flat figure increase at each pay increment. He also recommended trying, over time, to target pay at the National Living Wage, as a benefit to working with Nescot. FR confirmed that less than 10% of staff were members of a union.

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25.21	7.0 HR Reports – Settlement Payments to Staff
	A summary of the latest settlement payments was shared, and the Committee noted the most recent settlement payments.
26.21	8.0 HE Tuition Fees 2023/24
	<p><u>8.1 HE Tuition Fees Policy & Proposed Fees 2023/24</u> The Committee was requested to review and approve the HE Tuition Fees Policy for 2023/24 and received a report summarising the influencing factors in setting the fees alongside a detailed spreadsheet detailing the fees and comparisons with other Colleges.</p> <p>Having considered the market and political factors the Senior Management Team based the fees on the following principles:</p> <ul style="list-style-type: none"> • Fees to be increased on those courses that recruit largely younger students, who will normally receive HE fee loans. These students were considered to be less price sensitive to tuition fees and it allowed the College to respond to the market and generate additional income for investment in the student experience. • Fees were to be frozen for courses that recruit largely adult mature students, who are considered to be more sensitive to price factors. • Proposed fee increases are based on last year’s RPI at 2.9%. <p>SL asked about our student satisfaction rates. FR confirmed that our HE student satisfaction rates are high. SL suggested that we could raise fees further if student satisfaction is high. FR agreed that if our fees are too low, people may question the quality of the offering. In the future we should look to build up HE capacity and increase fees accordingly to reflect our quality offering.</p> <p>Once Phil and Julie have started, FR will look at more subtle ways to attract students, such as offering a free online course, followed by subsequent additional courses, with each stage contributing to a student’s overall points total. Completing all of the stages would equate to achieving a degree. SL considered this a good idea and worth investigating. FR will also look to invest in a specialist HE marketing strategy.</p> <p>PS requested that for 2024/25 we are more scientific in our pricing structure. A lot can happen in the 18 months from setting fees to receiving fees and we need to ensure that our offering is sustainable.</p> <p>Having considered the proposals, the Committee agreed to recommend the HE Tuition Fees 2023/24 for approval by Corporation on 25th March 2022.</p>
27	Any Other Business
	<u>New Deputy Principal (Curriculum & Quality)</u>

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	<p>FR advised that Phil Briscoe has been appointed as the new Deputy Principal (Curriculum & Quality). Phil starts on 28th March and Cliff Shaw leaves on 31st March, so they will have a four-day hand-over. Phil is currently Interim Vice Principal at South Essex College. Before that he was Principal (under a CEO) at Nottingham College and then Vice Principal at Barnsley College. Phil has a strong background in quality and student experience and has worked on the creation of the New Education Inspection Framework (Ofsted guidelines) as well as experiencing its implementation twice.</p> <p><u>Animal Care Unit</u></p> <p>Nescot has been awarded £100k from the Coast to Capital Investment Committee to work up to RIBA stage 2. The money will be spent on improving the Animal Care Unit, including enlarging some of the enclosures.</p> <p><u>IoT</u></p> <p>Although Chichester received the bulk of the IoT funding, Nescot has received some DfE funding to work up to RIBA stage 2. The DfE are visiting the College today.</p> <p>Both of the Coast to Capital and IoT bids are thanks to Julie Kapsalis.</p> <p>There being no further business the meeting concluded at 10.10am.</p>
10.0	Date and Time of the Next Meeting
	Friday 15 th July 2022 at 9.00am

Decisions:

1. Approved the HE Tuition Fees 2023/24 and agreed to recommend them to Corporation on 25 March 2022.

Actions:

1. Sandra Dessent to find a date for the Committee and ELT to discuss potential outcomes from the HE Strategy and how the Estates Strategy will feed into the process.
2. George Jenkins to contact the ESFA to determine whether the GB Training settlement can be treated as an exceptional, one-off occurrence and not impact on our overall Financial Health Grade (ie, seek 'management discretion').
3. Smith & Williamson to be invited to the July F&GP Committee meeting.
4. Assistant Principal for HR and Organisational Development to prepare a comment on staff absences for circulation to the Committee.

Signed



Date...15th July 2022...

Sam Luke, Acting Chair of Finance & General Purposes Committee