

Business Committee Minutes

Meeting	Business Committee	Date	20 June 2024
Location	Folkestone – Executive Boardroom	Time	9.30am
Membership	Charles Buchanan (CB), Miranda Chapman (MC), Gail Clarke (Chair), Graham Razey (CEO), Francesca Lashmar (Staff Governor), Joanna Worby (JW)		
In Attendance	Chris Legg, (CL) Chief Financial Officer (CFO) Dan Shelley (DS) Chief Infrastructure and Transformation Officer Kerry Hickmott, Chief People Officer Sharon Hollingsworth (SH) Group Director of Governance Georgia Shelton (GS) Governance Officer - Minutes Clerk		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	The Chair welcomed members to the meeting.  All members were present, with Francesa Lashmar attended via Teams.	
2	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing.	
3	Minutes of the meetings held on 14 March 2024 including confidential minutes	The minutes and confidential minutes of the Business Committee meeting held on the 14 March 2024 were reviewed by the Committee and approved as a true and fair account and were signed by the Chair.	
4	Matters Arising not covered by this agenda:	There were no matters arising.	
<b>Strategic items</b>			
5	Budget Strategy: a. Revenue Budget b. Capital Budget	The budget strategy was summarised, and the following was noted:  <u>Revenue Budget</u> The Chief Financial Officer (CFO) informed governors of the key assumptions driving the revenue budget, as well as the key financial outcomes that will be achieved.	

		<p>Governors questioned the income and expenditure account, and where flexibility within the budgets comes from. The CFO explained that the group have a good idea of turnover for each college and that this flexibility usually comes from the contribution rates of each business unit. This involves a rigorous process between the Business Committee and Full Governing Body.</p> <p>The CFO informed governors that the Group are now in a position where more investment can be made in the central services due to the in-year growth funding. It was queried which areas will be prioritised. The CEO suggested that this would likely be Digital, Financial Accountants, Communications, and Business Innovation and Development.</p> <p>The amount of growth across the Group was noted, and governors questioned whether capital investment has impacted growth at Folkestone College. It was suggested that this has had a partial impact, but that the suppression of GCSE results allowing fewer young people to start level 3 is a driving factor, alongside the improved reputation of the Group following Ofsted.</p> <p><u>Capital Budget</u> The CFO informed governors of the key assumptions driving this budget, as well as the key financial outcomes that will be achieved.</p> <p>Governors questioned whether the Group have allowed for full contingency within contributions. It was explained that each project's contingency is covered within the levelling up fund, and the Group are responsible for any contingency over the budgeted amount.</p> <p style="text-align: center;"><b>RECOMMEND : Budget Strategy to the Full Governing Body for approval</b></p>	
6	College Financial Handbook 2024	<p>The CFO discussed the College Financial Handbook and summarised the key details:</p> <p>There are few unexpected updates made within the College Financial Handbook. Page 40, section 5.43 summarises important changes that could impact governance, with most requirements already being met within the Group's Financial Regulations.</p> <p>The CFO suggested that there will likely be more contentious changes taking place in the future that will impact FE, for example cash sweeps and capping of commercial revenues, but this will change with change of government and time for further reflection.</p>	

		<p>Governors scrutinised what benefit capping would have. It was suggested that this would keep organisations focussed on education rather than commercial growth.</p> <p style="text-align: center;"><b>NOTED: College Financial Handbook 2024</b></p>	
7	<p>Capital Programme Update</p> <p>Property Sub-Committee Minutes</p>	<p>The Chief Infrastructure and Transformation Officer (DT) summarised all updates to the capital programmes, and the following was noted:</p> <p><u>Ashford</u> A cost plan has been written up for phase 3 and this is predicted to cost £7.6million (including VAT).</p> <p>Governors queried whether this development is as substantial as the Newtown Works development, and whether it meets its needs. It was suggested that Phase 3 comes in just under the M<sup>2</sup> expected from Newtown Works but is enough space for the provision mix required.</p> <p>It was questioned where Phase 3 would be. DS explained that this would take place on the same site as the previous development and would form an L shape. Other options for this development were discussed and it was explained that any suggested changes would be communicated to the Business Committee.</p> <p><u>Broadstairs</u> The Broadstairs development is ahead of target. The painting and decorating workshop is being demolished currently, and automotive will be moving into their new workshop soon.</p> <p><u>Margate Digital</u> The grant agreement for Margate Digital has now been signed. The lease will be ready for approval at Full Governing Body in July but due to the number of recommendations made by our Lawyers, Cripps, this is being finalised.</p> <p><u>Sheppey</u> The Sheppey development is at RIBA4 and will shortly be going out to tender.</p> <p>Governors questioned whether it will be necessary to have governors on the contractor interview on panels for Sheppey and Margate Digital. It was suggested that it would be useful to have members</p>	

		<p>of the Property Committee on the contractor interview panels, with e-resolutions going out to Full Governing Body for final approval.</p> <p>It was noted that Property Sub-Committee is scheduled to take place quarterly in the new academic year, it was suggested that it would be beneficial for these to be built into the governance model. It was agreed that this be discussed at the Search and Governance Committee in November.</p> <p style="text-align: center;">NOTED: Capital Programme Update.</p>	SH/MC
<b>Reporting</b>			
8	<b>May Management Accounts</b>	<p>The CFO presented the May 2024 management accounts, and the following was noted:</p> <p>Income is ahead of target for the year due to the in-year 16-19 growth funding. Adult Education Budget income is behind target; the Q3 re-forecast has established where this is underperforming.</p> <p>Pay expenditure is underspent reflecting the significant level of vacancy within the Group. This underspending continues to slow and is now lower than the budgeted vacancy factor.</p> <p>Non-pay expenditure is underspent with the only negative variance of note being the increased bursary costs being in line with increased income and accelerated staff development.</p> <p>The EDITDA is ahead of budget due to the reported underspending. The beginning of the year yields good savings, but these underspends are not expected to be permanent.</p> <p>The budgeted financial health score is 200 points but is now being forecasted to be 'outstanding' with 260 points.</p> <p>Governors queried whether there is reasoning behind Canterbury College's struggle with recruitment. It was suggested that a lack of recruitment does not reflect a struggle; vacancies are currently at an all-time low, and there is the possibility that vacancies are being held as immediate recruitment is not necessary.</p> <p>[GR left the meeting at 11.01am]</p>	

		<b>NOTED: The May 2024 Management Accounts.</b>	
9	Financial Regulations	<p>The CFO summarised the updates made to the financial regulations following the publication of the College Financial Handbook:</p> <ul style="list-style-type: none"> <li>- A new paragraph has been included to give background on reclassification.</li> <li>- Consent is now required prior to entering into commercial borrowing arrangements.</li> <li>- Irrecoverable or uneconomic income comes under the Group's delegated authority to write-off.</li> <li>- There are more limitations to the types of arrangements that the Group are able to enter into.</li> <li>- New requirements have been put in place for obtaining approval around senior pay and severance, compensation and ex-gratia payments.</li> </ul> <p>Some additional minor amendments that have been made include the revision of hyperlinks to more up to date documentation, updated job titles, and the inclusion of the Business Committee delegate authority.</p> <p style="text-align: center;"><b>RECOMMEND: Financial Regulations to be approved at the July Full Governing Body.</b></p>	
10	Policy Update <ul style="list-style-type: none"> <li>- Fees Policy</li> <li>- Pay Policy</li> </ul>	<p>The updated policies were summarised:</p> <p><u>Fees Policy</u></p> <p>The Chief Financial Officer informed governors of the minor amendments made to the dates in order to reflect next year's academic calendar. In addition to this, the definition of 'full time students' has been updated to reflect the current numbers.</p> <p>Governors suggested that a cover paper for this policy would have been beneficial, to show what updates have been made.</p> <p style="text-align: center;"><b>RECOMMEND: Fees Policy to go to the July Full Governing Body meeting for approval.</b></p> <p><u>Pay Policy</u></p> <p>The Chief People Officer informed governors of the minor amendments made to the Programme Director pay scale to reflects both points available for this role. In addition to this, the updated policy reflects the uplift in Discretionary Pay Award limit.</p>	

		<p>A material amendment made to this policy was the inclusion of the Equal Pay Policy.</p> <p style="text-align: center;"><b>RESOLVED: Pay Policy.</b></p>	
11	Gender Pay Gap snapshot report including narrative	<p>Governors were updated on the Gender Pay Gap position and the following was noted:</p> <p>The mean gender pay gap has improved from the previous year giving a 0.86% reduction from 9.84% to 8.98%.</p> <p>Median measures have increased slightly by 0.54% due to the housekeeping team being brought in house through TUPE. This is a positive shift for individuals given the enhanced terms and conditions being offered by the Group, regardless of the impact on gender pay gap.</p> <p>The main focus for the future is to concentrate on reducing the gap in the lower quartiles by increasing the number of men working in the lower paid roles. It was suggested that there is likely a higher number of women in the lower paying roles as they tend to be term time only, which is beneficial for working parents.</p> <p>Governors noted how positive this snapshot is, with an equal number of women to men working in the upper and upper middle quartiles.</p> <p style="text-align: center;"><b>RESOLVED: Gender Pay Gap Report 2022-23 be published once reviewed by Full Governing Body in July.</b></p>	
12	Report on HR matters	<p>The Chief People Officer (CPO) informed governors of the current HR matters and the following was noted:</p> <p>There is currently one Employment Tribunal (ET) case in process, due to complete in November, and another possible ET case that the Group have been working hard to resolve.</p> <p>There is currently a low number of cases, with 3 low level investigations and no grievances, showing how hard the HR team are working to resolve issues, and reflecting the investment being put into line manager development programmes.</p> <p>Staff turnover has reduced from 19.8% last year to 14.9% currently. This is always looking to be improved, but the CPO suggested that this is a healthy level of turnover, with many staff progressing</p>	

		<p>on to higher roles elsewhere.</p> <p>Sickness stands at 3.3% currently, with 16 long term sickness cases. A number of these are for surgeries, which have increased post-covid.</p> <p>Inquiries were made regarding the Harmonisation Process. The CPO informed governors that there are 8 staff whose contracts have not yet been harmonized, and this is expected to be reduced by another 1 in August depending on the outcomes of pay discussions. The team are aware of why these staff do not want to convert but continue to make every effort to have all contracts harmonized.</p> <p style="text-align: center;"><b>NOTED: Report on HR Matters.</b></p>	
13	LSIF Procurement of Industry 4.0 Equipment E-Resolution	<p>The Group Director of Governance reminded governors of the approved e-resolution for the LSIF procurement of industry 4.0 equipment.</p> <p>This was taken to the Business Committee outside of the formal meeting cycle on the 30<sup>th</sup> April and was formally approved.</p> <p style="text-align: center;"><b>NOTED: Approved LSIF Procurement of Industry 4.0 Equipment E-Resolution.</b></p>	
Procedural			
14	Any Other Business	There was no other business to be discussed.	
15	Matters Considered Confidential	There were no matters considered confidential.	
16	Date and time of next meeting	The next meeting will take place on Thursday 21 <sup>st</sup> November 2024 at 9.30am.	

There being no further business the meeting closed at 11.25am.

Signed: 

Print: Gail Clarke

Date: 21 November 2024