

## Business Committee minutes

Meeting	Business Committee	Date	13 <sup>th</sup> March 2025
Location	Folkestone Executive Boardroom	Time	09:30
Membership	Charles Buchanan (CB), Miranda Chapman (MC), Gail Clarke (Chair), Francesca Lashmar (Staff Governor), Joanna Worby (JW), <i>Graham Razey (GR)</i>		
In Attendance	Chris Legg, (CL) Chief Financial Officer Vicky Peters (VP) Deputy Director of Estates Dan Shelley, (DS) Chief Infrastructure and Transformation Officer Kerry Hickmott (KH) Chief People Officer Lucy McLeod, (LM) Deputy Chief Executive Officer Sharon Hollingsworth, (SH) Group Director of Governance Jack Collison, (JC), Director of Corporate Services – Observer Claire Banks (CSB), Governance Officer – Minutes Clerk		

*\*Italics denotes absence*

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	The Chair welcomed members to the meeting and introductions were made. Apologies were received from Graham Razey.  Francesca Lashmar and Miranda Chapman joined the meeting online via Teams.	
2	Declarations of Interest	There were no additional declarations to the meeting than those declared as standing	
3	Minutes of the meeting held 21 November 2024 including any confidential minutes	The minutes of the Business Committee meeting held on the 21 November 2024 were reviewed and approved as an accurate record and duly signed by the Chair. Confidential Minutes were reviewed and approved as an accurate record, subject to an amendment on page 5 of '500' to '500K'.	

4	Matters arising not covered by this agenda	No matters arising	
5	Capital Programme Update to include: Eastchurch Lease	<p>The Chief Infrastructure and Transformation Officer (CITO) updated Governors on Capital Programmes and the following was noted:</p> <p><u>Margate Digital</u></p> <ul style="list-style-type: none"> <li>The CITO suggested that a visit to the Margate Digital Site could be planned after Easter 2025 when there will be more of the structure to view, but noted the project is progressing well. The full 125-year lease has been registered on the Land Registry Website. Fixtures, Fittings and Equipment (FFE) budgets have been finalised and the project is expected to be completed by November 2025, but will be partially open in September 2025.</li> </ul> <p>ACTION: JC to liaise with the CITO to schedule a Governor visit to Margate Digital</p> <p><u>Sheppey College</u></p> <ul style="list-style-type: none"> <li>The construction programme is underway, and concrete slabs will be completed this week. Progress will soon begin to be evident above ground, and it is hoped the project will be partially open by October half term 2025</li> </ul> <p><u>Folkestone Phase 2</u></p> <ul style="list-style-type: none"> <li>The new toilet block and isolation of the Junior College building from the Trust building should complete by Easter 2025. Betteridge &amp; Milsom, a construction management company, have been commissioned to provide client-side Project Management and cost-consultancy support. Five smaller contractors have been identified to tender for the refurbishments and works should be complete by Autumn 2025.</li> </ul> <p><u>FE Transformation Fund phase 3 and Energy Efficient Grant</u></p> <ul style="list-style-type: none"> <li>The Group are finalising evidence of the £590K Energy Efficient Grant to submit to the Department for Education (DfE) by the end of March. The majority of these works are progressing well.</li> </ul>	JC/DS

	<ul style="list-style-type: none"> <li>Following the unsuccessful Salix bid, an alternative proposal for the use of the £1.3m of funding allocated to Canterbury College has been reviewed by the Group Leadership Board (GLB) and recommended to the Business Committee. The repurposing of this funding will enable several projects to be bought forward, improving the energy efficiency of the whole campus and the functionality of the Land Based Studies block. This project would aim to make improvements to glazing, metal stairwells and poor-quality flooring. It would update and improve heating systems with energy efficient alternatives and the installation of LED lighting on Campus would be a considerable energy and cost saving benefit. Students, under supervision by electricians, will install the lighting as part of their work experience and will be paid for work over the Summer and other holiday periods.</li> </ul> <p>The Chair noted the value of including students in the LED lighting install project which will provide valuable experience and give the opportunity to make a difference to their own learning environment.</p> <p>The CITO commented that the Digital team are engaging IT students as technicians over the summer holiday, which is another good example of using in-house work experience opportunities.</p> <p>Governors queried what will not be included in the transformation project without the success of the Salix Bid.</p> <p>The CITO explained the Group would not be able to include all the sustainability elements of the Salix project, which focused on improvements to insulation across the site. The Group decided the areas already noted required more urgent attention and the insulation improvements will be included in the property strategy.</p> <p>The CITO reported that Atkins Realis is one of three national companies that are reviewing the Group Estates and grading from inadequate to outstanding for future condition improvement funding allocation. This is due to be carried out between March and September 2025, but no confirmation of date as yet.</p>	
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		<p>Governors questioned if the LED light installation project enabled a flexible approach to allocated funds.</p> <p>The CITO confirmed this was the case and the project could increase or decrease as funds allow but noted there was also a 9% contingency plan built into the £1.3m. An agreement had been reached with a supplier to deliver the lights as required and this was a cost-effective way of managing the project.</p> <p>Governors queried if there was any update from the DfE on the allocation of the Capital budget yet.</p> <p>The CITO reported it is expected to be announced in a Spring statement, but were optimistic that the Group would receive £3-4m of the reconfigured FE Transformation Fund based on the previous allocation methodology used to distribute this funding.</p> <p>The CITO provided an update to the Ashford Newtown Works:</p> <ul style="list-style-type: none"> <li>• An expression of interest for Ashford Phase 3 has been submitted to Kent County Council but based on the prospectus shared with the Group following the submission, it is unlikely the bid will be successful.</li> <li>• The Group have proposed funding the planning consent process for Ashford Phase 3 and this will be discussed at GLB</li> </ul> <p>Governors questioned the cost of gaining planning consent and the CITO confirmed this will be circa £130k.</p> <ul style="list-style-type: none"> <li>• There is growing concern that the studio element of the project will not be possible, but there may be alternative way in which it could be funded.</li> </ul> <p>Governors queried the funding rules and whether the Group need to be mindful of funding a project outside of the Department for Education approval process. Would there be financial repercussions for self-funded projects as there were in the Ashford 2B phase. The Group were deemed ineligible for a loan to furnish the building with equipment and resources.</p>	
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	<p>The CITO commented that this would be unlikely and the greater risk to note is that the Group are considered to have too much space overall. Additional space is required in Ashford due to the demographic growth, but in comparison there is too much space allocated in Canterbury and Broadstairs, for example.</p> <p>Governors reiterated the need for local students to attend local colleges and therefore travelling to a college outside a student's locality is an unfavourable outcome.</p> <p>LM noted the problem of growth in Ashford has meant applications have already increased by 20% from last year.</p> <p>Governors queried if this is due to the disproportionate demographic growth in Ashford and the impact of the new housing.</p> <p>The CFO confirmed this was the case and commented that the market share is also having a significant effect. Ashford have not previously had any low-level education so the default option was for students was to attend the high schools.</p> <p>Governors questioned whether the planning consent the Group have obtained is for current or for future work.</p> <p>The CITO confirmed planning consent is not required for refurbishment, but it will be required for demolition later in the year.</p> <p>The CITO reported that Folkestone and Hythe District Council have a site visit arranged to discuss plans for the rear of the Folkestone campus.</p> <p>The CITO and the Chief Information and Strategy Officer have been investigating the option of building an extra care facility and request the Business Committee agree to the continuation of this investigation.</p>	
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		<p>Governors confirmed the proposed plan is acceptable but queried on what terms the Ministry of Justice would require the building to be handed back.</p> <p>The CITO suggested withdrawal would only be required if the DfE determined the Group were no longer able to deliver the programme and meet the service level agreement, or if eligibility for the funding stream changed. The Ministry of Justice could potentially ask for the site to be returned if the land was required for re-development.</p> <p>Governors questioned what would happen if the Group were unsuccessful at recruitment and the project became economically untenable.</p> <p>The CITO confirmed that the service level agreement states students will be supplied, so the Group have assurance of this element.</p> <p>The CITO noted the Eastchurch Lease and the Margate Digital project have been included in the list of buildings submitted to the DfE as part of the national condition survey to be considered in future condition improvement funding allocation.</p> <p>LM mentioned that the Governor of Stamford Hill has now moved to another prison.</p> <p>Governors queried if prison governors are moved on a regular basis. LM confirmed this was the case and it can happen very quickly.</p> <p>Governors questioned why the condition survey report appears to be for the East Kent Schools Trust rather than the EKC Colleges Group.</p> <p>The CITO explained this was an error and the Trust are not paying this cost, there is no cause for concern.</p> <p>The GDG asked if there is an update to the Dover Beacon Lease.</p> <p>The CITO explained the Group will be moving into Dover Beacon in early summer 2026, but Cripps were unfortunately unable to provide a report in time for this meeting.</p>	
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		<p>NOTED: Capital Programme Updates including Eastchurch Lease RECOMMEND: Updates to the Capital Programme, including the Eastchurch Lease, to be approved by the Full Governing Body</p>	
6	<p>January 2025 Managements Accounts to include: Increase to capital budget</p>	<p>The Chief Financial Officer (CFO) presented the January 2025 management accounts, and the following was noted:</p> <ul style="list-style-type: none"> <li>The January accounts include an estimate of the 16-19 in-year student growth. Based on the formula used last year, and removing the free school meals funding, the amount of usable income was forecast to be £831K. However, the FE sector has increased significantly and there is now insufficient DfE funding to account for the growth. The forecast income in the January accounts will therefore be less than anticipated and reduced to £559,000.</li> </ul> <p>Governors questioned if the FE sector has grown in size to this significance, it would suggest there are fewer children in schools and therefore allocations could be adjusted to take this saving into consideration.</p> <p>The CFO explained that schools do not have the same in-year growth system. There is a census point for schools in October and funds are allocated for the following year based on this census.</p> <p>Governors suggested a more accurate prediction could have been made by the DfE based on the previous cohort of 15-year-old students. The students would need to be funded in either a school or a college, but it appears the DfE allocate more money to schools, whilst more students are opting for colleges.</p> <p>The CFO suggested the Group would now receive circa £559,000 and this will be adjusted in the February accounts.</p> <ul style="list-style-type: none"> <li>The Group are still awaiting details from ESFA confirming the formula to use for the increases to National Insurance Contributions (NIC). It has been forecast at a cost of £108K per month, with income to match, but this may change.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The Group have funded the living wage increase.</li> <li>• There is a shortfall to the Adult Skills Fund which the Group are addressing, but the February accounts could reflect an improvement to this forecast.</li> </ul> <p>Governors asked if the February forecast is more achievable, and the CFO confirmed it is improving and will be more in line with last year's performance.</p> <ul style="list-style-type: none"> <li>• High needs income for non-Kent County Council students is forecast to be above budget.</li> </ul> <p>The CFO explained that the Group receive additional funding for students from 21 local authorities.</p> <p>The CFO commented the Group are in a strong position.</p> <p>No further questions were raised relating to the January 2025 I&amp;E account and forecast.</p> <ul style="list-style-type: none"> <li>• The balance sheet is positive and cash holdings remain strong, as previously reported.</li> <li>• There are spending deadlines approaching for grant allocations, but the CFO is ensuring budget holders are aware of this deadline.</li> <li>• The Energy Efficiency Grant and the Capital Funding have been spent prior to the deadline in March.</li> </ul> <p>Governors queried what the date will be for the next advance.</p> <p>The CITO confirmed there would be circa £1.5m of grants already received to spend in the next academic year.</p> <ul style="list-style-type: none"> <li>• Cash flow has levelled and there will be more than expected in the account at the end of year.</li> <li>• There may be cash flow gains if the Capital programmes are incomplete at the end of July. This is due to supplier payments having credit terms of 30 days and projects not planned to be completed by the end of the academic year.</li> </ul>	
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	<ul style="list-style-type: none"> <li>The CFO noted that £6.5m is the normal monthly trading cash flow for the Group.</li> </ul> <p>The Chair suggested the Group are significantly above the required level and the CFO confirmed this is the case.</p> <p>CB noted for the Committee that the Group are about to make the first repayment on the DfE loan.</p> <p>The CFO confirmed this was a quarterly repayment to the DfE.</p> <ul style="list-style-type: none"> <li>Changes to interest rates will be confirmed in April.</li> </ul> <p>Governors queried that if interest rates are reduced, is there any advantage to the Group continuing to pay at the current budgeted level of interest and therefore complete the loan earlier than expected.</p> <p>The CFO explained the Group's debt is not excessive and it would be preferable to invest the money in project work rather than repay the debt early.</p> <p>Governors questioned if there are overpayment penalties.</p> <p>The CFO explained there would be repayment penalties with the Santander loan due to the terms of the fixed-rate loan. The DfE loan rates are quasi-fixed and the interest rates are renewed every April based on Treasury information. So, it would be less likely there would be a repayment penalty for the DfE loan.</p> <p>Governors suggested it should be discussed if there is more benefit to the Group to use the money for current improvements, or if there is greater value in having a debt-free future, earlier than expected.</p> <p>The CFO noted that interest payments would not reduce significantly with a drop in interest rates.</p>	
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		<p>Governors noted that with an impending period of change for the Group, it may be timely to discuss financial strategy and in particular attitudes to areas such as debt.</p> <ul style="list-style-type: none"> <li>• The CFO reported all Colleges are performing well and there are no concerns to note.</li> </ul> <p>The CFO noted adjustments have been made to the yearly forecast to take into account the reduced programme delivery for EKC Training.</p> <p>The Chair commented that it was preferable to present a realistic forecast.</p> <ul style="list-style-type: none"> <li>• The CFO reported that the current ratio is forecast at 1.65 current ratio. If this falls below 1.6 the Group will lose 10 points to the financial health score, but this is unlikely.</li> <li>• Strong performance and in-year growth suggests the Group's financial health will score as outstanding.</li> <li>• The gearing ratio is between 17% and 18% and that is above the sector averages.</li> <li>• The Capital Report shows that £21.1m will be expended by the end of July, but much of this spend will likely fall into the next academic year.</li> <li>• The Commercial Services report shows good performance and an improvement to the operation of the refectories.</li> <li>• The Group Nurseries are mature businesses and are all performing well.</li> </ul> <p>The CFO asked Governors for any questions and nothing further was raised.</p> <p><u>Capital Budget Increase</u></p> <ul style="list-style-type: none"> <li>• The CFO reported that the proposed change is to increase the Group's Strategic Capital Fund by £500,000.</li> <li>• The Chief Executive Officer will have delegated authority to deploy accordingly, within the existing scheme of delegation afforded by the Financial Regulations (equivalent to a maximum of £150,000 per project) within this overall budget. Any individual projects that exceed this £150,000 level will require Business Committee (or FGB) approval.</li> </ul>	
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		<p>Governors queried if there is sufficient time and people resources to spend the additional money.</p> <p>The CITO confirmed the additional funding will be for purchasing third party goods to replace outdated curriculum equipment. It would not require the resources of the IT or Estates Teams.</p> <p>Governors suggested that the additional capital is funded from the in-year growth, and the Group do not yet know the final amount to be received.</p> <p>Governors agreed to approve the £500K increase to capital budget, subject to the Group receiving in-year growth funding of a minimum of £500K.</p> <p>Governors queried what the residual amount would be used for if the Group receive more in-year growth funding than £500K. Are the Group satisfied that all the additional Capital budget will be funding smaller projects rather than larger investments.</p> <p>CFO commented that GLB would formulate a longer-term plan to decide how any residual funding would be invested, however there are many projects that still require funding.</p> <p>The Chair suggested that it is good to focus some funding on the lower-level qualifications as these areas have a higher number of students.</p> <p><b>AGREED: £500K Increase to the 2024/25 Capital Budget, subject to the Group Receiving a minimum of £500K of in-year growth funding.</b></p>	
7	Update on performance against Health, Safety and wellbeing Policy	<p>The Deputy Director of Estates (VP) joined the meeting at 10:38 and was welcomed by the Chair.</p> <p>CB noted, as Lead Governor for Health and Safety, he has been receiving regular updates from VP.</p> <p>VP presented an update on performance against Health, Safety and Wellbeing policy and the following was noted:</p> <ul style="list-style-type: none"> <li>• There has been a focus on ensuring risk assessments for Health and Safety are standardised across the Group</li> <li>• The majority of accidents continue to be non-work-related incidents, primarily related to ill</li> </ul>	

	<p>health, pre-existing medical conditions, anxiety and self-harm.</p> <ul style="list-style-type: none"> <li>• Accident and incident report statistics show a decrease this year.</li> <li>• A decrease in incidents reported as part of the 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations '(RIDDOR)</li> </ul> <p>The Chair noted that whilst there is a decrease in reported accidents and incidents, there are still a large number.</p> <p>VP explained that with the introduction of the new online form, more accidents and incidents are being reported across the Group. In addition to this, at least half of the reports are related to ill health or existing medical conditions, but are reported as incidents. Most cases reported are not work-related accidents or incidents.</p> <p>The Chair queried whether the Group are talking to students following serious accident and incident events.</p> <p>LM confirmed that there are follow-up conversations with students to highlight the repercussions of reckless behaviour.</p> <p>CB noted that from the quarterly updates with the Deputy Director of Estates, the Health and Safety trends are more reassuring, and it is evident that the Group are improving the way in which Health and Safety issues are being addressed. In addition, the Group are more proactive in delivering preventative measures, for example road safety awareness week.</p> <p>Governors queried an accident report that had not been submitted until the member of staff returned to work some days later.</p> <p>VP commented that accident reports should be submitted within 24 hours and staff should be reminded of the requirement to report accidents within this time frame. There are now regular meetings with People Services to ensure that any staff absence related to an accident or incident at work is quickly identified.</p>	
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		<p>Governors suggested this could be in the form of e-learning.</p> <p>VP noted this has already been considered, but were mindful of the time required for staff to complete additional mandatory training. It could be an option to include accident and incident training as part of a staff development day.</p> <p>The Staff Governor queried if there is enough clarity for staff in the reporting process. Can the Line Manager report the accident if the member of staff has disclosed the reason for absence.</p> <p>VP confirmed this is acceptable, but it is dependent on the member of staff disclosing the reason for absence to the Line Manager.</p> <p>No further questions were raised, and the Deputy Director of Estates left the meeting at 10:54</p> <p><b>NOTED: Update on performance against Health, Safety and Wellbeing Policy</b></p>	
8	Report on HR Matters	This item was considered confidential and will form Confidential Minutes Part A	
9	Any Other Business	No other business	
10	Matters Considered Confidential	ITEM 8 is noted as confidential	
11	Date and time of next meeting	Thursday 19 <sup>th</sup> June 2025 at 9:30, at Canterbury College Boardroom (J221)	

There being no further business the meeting closed at 11:16

Signed: Gail Clarke

Print: Gail Clarke

Date: 19 June 2025