



	<p>£100k plus VAT from Edmont, Atkins is £135k plus VAT. This is subject to confirmation once imagery of the new design is available.</p> <p>The partitioning work will use up the sundry budget for this year and the balustrade will be above that, or may be part of the 22/23 budget depending on timing.</p> <p>The Chair noted that this has been a concern for some time and asked if the current position is a value for money exercise due to the College's limited resource. IR confirmed that it is and SLT have been pushing for the reports and are mindful of the risk. In practical terms, mitigations are limited but with additional security staff deployed.</p> <p><b>ACTION:</b> A solution is needed on the balustrade and this week SLT will meet and make a proposal to the Committee. IR confirmed that in line with the Financial Regulations Committee approval would be required to contract the work.</p> <p>The Committee noted that Health and Safety consequences are the highest priority, and a fast turnaround would be welcome.</p>	IR
5	<p><b>Management Accounts January 2022 (inc Finance KPIs)</b></p> <p>IR reported the risk items are similar to previous accounts. There have been some developments in the capital project. There is an additional £3m to the bill for the redevelopment project, which has been factored into the budget. There is still an assumption for the land completion in July in the January accounts which is now unlikely due to the planning position. February management accounts are being finalised now and the assumption has been moved back two months to September and there is no material impact on the cashflow projections.</p> <p>The Chair noted that CRPG exists to deal with the capital programme risks so it is important that is used as the primary lens around risks for the capital project. This Committee's role is to focus on the Going Concern challenges and that liquidity is under control.</p> <p>IR reported on the change in the assumptions around AEB and apprenticeship delivery with up to £1m of subcontracting, including £150k rolled over from the previous year. The College does not have the courses internally to deliver. The mitigations were around late starting programmes and in year enrolments, but they are not materialising, so subcontracting is the only course. The Committee asked what the execution risk and medium-term risks is of securing enough subcontracting. IR explained that 80% will be paid to the subcontractor. The alternative was for 100% to be clawed back by the GLA. The ongoing impact is that non-delivery would reduce the future contract value. The Chair asked what confidence is there from SLT that the £1m would be achieved. IR reported that Sheila Fraser-Whyte has high confidence and good relationships with the subcontractors. There is an element of risk, but it is reasonable. The subcontractors have reach and learning venues that the College does not, and they are doing their job well.</p> <p>RS questioned why there is £53k of additional security under support departments IR noted there were issues around student behaviour and with the access control system so extra security was required at Q block and the main building. The access control issues are now addressed. Additional manned presence has proved to be valuable given the split site, so it is a reset on expectations on what is required. AdL explained that there was a lot of feedback from staff and students around safety after the murder so SLT increased security from four to six. The STEM centre build delay means the site is very porous. RS asked if staff and students feel safer now and AdL reported that they do. A recent SLT focus on safety in walk arounds the College and the recent student forum asked this question, and the view is that staff and students feel safe on campus but less safe on the walk from the campus home.</p> <p>RS asked about the aged debtor and the negative figure in the ledger. <b>ACTION:</b> IR noted this was a housekeeping issue because of transactions falling in different time periods and would be rectified. The Chair summarised that other than the capital issues the finances are fine, cost control is solid, and income is coming in. The Committee asked if the resources needed for the quality recovery plan are available and are being spent, except for the challenge of finding the staff to get the job done. IR and AdL have spent time going through the QRP costs which are all included in the accounts. IR confirmed that the main issues are getting the right people in in the timeframe.</p> <p>The Committee asked if the management accounts are being provided to HCUC regularly and that IR is meeting with his counterpart SW to go through them. IR confirmed that the commentary is circulated within 10 working days of month end, to SLT, FRC, HCUC, ESFA and the banks. IR</p>	IR

	welcomed any comments back from FRC on the management accounts when they are circulated by email.	
6	<p><b>Outline income and expenditure budget 2022-23 (including draft Finance KPIs)</b></p> <p>IR reported that little detailed work has taken place to date and provided an update on the main moving parts. The biggest is around 16-18 grant which has increased with an expectation for another 40 hours on study programmes. This is partly offset by cuts in disadvantaged funding, so the College will have a net real terms cut in the rate of funding which clearly needs to be addressed. A business case will be presented to the ESFA. There is no real change in the Adult Education Budget (AEB) and the curriculum plan aims to support better internal delivery, reducing subcontracting from 21/22 levels. There is the ability to grow apprenticeship delivery, which has been difficult during the Covid, and post Covid period. SFW is confident to get more apprenticeship starts.</p> <p>In terms of cost pressures, some inflation is factored in but will need further thought. The Chair asked if there is any guidance from stakeholders in the sector around local or national pay bargaining, is a cost-of-living rate imposed on colleges, what labour relation challenges would be faced and does there need to be increased incremental shift to retain staff.</p> <p>AdL reported that the AoC recommend a pay level based on affordability and in negotiation with the Unions. It is normally a 1-2% pay rise, and it is up to individual colleges to decide on their own affordability and whether to make any award and at what level. Last year the College awarded a 1% rise, this year it was 2% but in the previous nine years, it has been 0% so the level of pay is low relative to the sector. Because the College is in negotiations on annual leave the Unions are asking pay to be considered as part of this, not least due to cost of living rises. AdL and IR have been doing some modelling as requested. The Unions are in dispute with the College over the S188 but withdrawing this may lead to a further 45-day consultation with individuals. There was a JCC meeting this morning and the Unions will go through the 45-day process but have not yet given the mandate to negotiate. There are weekly meetings and the SLT will continue to progress discussions.</p> <p>The Committee agreed that the draft budget is helpful. The SLT will take forward with engagement and discussion with the Board.</p> <p>The Chair asked how the College would maintain sufficient staff to deliver the curriculum with merger and the new capital project with the current conditions with pay. AdL reported that the College has a loyal workforce, but that recruitment is hard after Brexit and Covid. The College is running on a lot of agency staff for curriculum due to quality, absences and hard to fill vacancies. [confidential item]</p> <p>The Committee asked about energy costs and if IR has a figure for what the rise is going to be. IR reported that this is being modelled and it would be a risk in terms of tens of thousands, perhaps around 30-50%. The Chair asked if there would be any in year funding to support colleges on energy rises and IR confirmed it would be for colleges to manage and he is currently checking the College's contracts to see if the fixed term tariffs are still in operation.</p> <p>The Committee noted that the legacy buildings are incredibly expensive to run because STEM hasn't been started and whether there was a justification on energy saving works on buildings that would be demolished. IR noted it seems unlikely, but it shouldn't be discounted and SLT would investigate.</p> <p>IR noted that the next meeting will present the proposed budget and set out expectations and guidance on the range of KPIs to look at. IR's initial thoughts include maximising EBITDA but there are challenges around that. The Chair felt the budget feels very tied up with merger. IR explained it is budgeted on a standalone basis but does not really anticipate this. If the merger with HCUC would fall through another merger partner is needed. The College could survive but that is not the aspiration. The frustration is that colleagues know what is wrong with their operating systems and can't fix them. The Chair noted it is obvious the College will have to merge, and budgeting needs to be about keeping the College as a viable merger asset. There still needs to be engagement and continuing commitment to the campus development and quality and running an ambitious 7% EBITDA seems irrational because it is delivering the mission outcomes not EBITDA that is the core aim. The Chair suggested that it is about the reality of operating the organisation safely into merger and the budget and plan for that. The KPIs are designed to measure as much green as possible for the stakeholders. IR reported there is no great benefit in achieving Outstanding financial health and</p>	

	<p>Good is the place to aim for. The strategic position on pay costs has been to get around 65% of income as pay. That is not being done and it is about 70%, but to go over this seems wrong. The Chair questioned how high it could go to remain below 65% post-merger.</p> <p><b>ACTION:</b> IR noted that it would be a quarter of the merged college which had some scope and agreed to model it.</p> <p>It was agreed that it would be useful to change the lens on preparing for merger. There is a need to demonstrate some strategy around this to continue to be a viable education institution. The College triggers Requires Improvement because it does require improvement and being too slavish to the sector norms when it is not a sector norm institution is not the right governance model.</p> <p>IR noted that there is room to move in consultation and scope to make an offer. The assumptions can then be built into the budget. The 16-18 tuition fund is 100% on pay costs.</p> <p>IR reported on the potential in the budget for financial leases as borrowing at 5%. The Committee asked if there is capacity for more structured debt with a delayed merger. The Chair questioned whether any conversations have taken place to date with the bank. IR reported that he has spoken to Barclays about the future and the new relationship for a banking product as more cost effective than financial leasing and it is a conversation to be had if it gets to that point.</p> <p>IV noted the point around staff retention and the targeted approach and confirmed that it is a period of change, and the right staff mix is the focus. IV noted that he was keen to check with JJ on the Plan B budgetary modelling as the College is unlikely to get another merger partner now because of the due diligence around the capital issues and that a dedicated genuine standalone budget is undertaken as part of the Plan B work.</p> <p>SK agreed that preparing for merger against standing alone rather than a quasi-fix between the two is important. Making statements around not needing to do x, y and z in a merger situation so it will not be budgeted feels important and it makes sense to go for the extremes.</p> <p>The Chair agreed that made sense and would appreciate seeing that. There is a need for that data to support that failure of the HCUC merger would be a significant consequence. SK reported that that would allow IR to look at implications of areas like salary costs more clearly.</p> <p><b>ACTION:</b> a genuine standalone budget to be undertaken as part of the Plan B work</p>	<p>IR</p> <p>IR</p>
<p><b>7</b></p>	<p><b>Review against HR KPI targets for 2021-22</b></p> <p>AdL reported as follows:</p> <ul style="list-style-type: none"> <li>• Sickiness absence - there has been a real spike in the last four months, particularly in short-term absences. There were some Covid absences in January/February 2022, but this is relatively low. There reasons include stress-related absences which can be an indicator of low staff morale</li> <li>• Staff turnover is normally only looked at once a year. It was 8.2% by the end of February 2022 so there is a sense this is higher which combined with the difficult recruitment market is cause for concern</li> </ul> <p>The Committee asked if benchmark figures have a lag and AdL confirmed that they do as it is based on the previous year's figures so nationally it may have gone up and post Covid people have reevaluated their lives and are dialing it down. There is not up to date data from other colleges to benchmark against.</p> <p>The Committee asked about mental health and how is that balance between being a supportive employer versus the need to secure and maintain business. Does it lead to a further increase in agency staff? How is that impacting on morale issues? AdL noted that through the pandemic the College developed its mental health support and a lot of work was done on the Wellbeing strategy that covers staff and students. There are lots of resources and updates and staff community activities and the HR team have invested a lot of time to support staff wellbeing. The response from the Unions is that it is not helping the wellbeing because workload is too high and there is no time to attend events. The College will carry on with this work. There is the Employee Assistance programme in place but the uptake of this remains low.</p>	

	<p>The Committee asked if there is anything that needs to be done that is beyond the current resources to deal with this trend. AdL noted that governors supporting staff retention programmes and the support around the pay costs as a percentage of income would be beneficial. AdL noted that a huge amount of work went into getting the target down to within benchmark, but the College is in extraordinary times.</p> <p>The Chair thanked AdL for a clear paper.</p>	
8	<b>Subcontracting</b> - carried to the June 2022 meeting	
9	<p><b>Estates Strategy 2020-23 update</b></p> <p>AdL reported that the Estates Strategy was completed in 2020-21 and this version is at the request of FRC to update against the significant impacts from the capital build. The amendments are around the capital build and new operating costs and response to environmental impacts.</p> <p>The Committee asked how often SLT refer to this strategy to remain focused. The Chair commented that it is a good and interesting read and there is so much going on that is not strategy because of external circumstances. AdL explained that it was not written for the Board but to pull the estates work and team together. There was a primary focus on the capital and planning part of the estate, and this was drafted to get a handle on the wider estate's strategy. It is not looked at that often by SLT, but it is a useful framework. There are areas that need developing such as our response to sustainability and having the strategy gives a framework to go back to and focus on.</p> <p>RS reported it is very good and noted a minor inconsistency on page 6. (52 classrooms change to 72)</p> <p>The Chair agreed and that in trying to understand how to stay aligned with the challenges of the next 18 months the Estates Strategy will serve as a useful anchor.</p>	
10	<p><b>Health, Safety and Welfare report</b></p> <p>AdL noted that this this is not a governor's report but is included to provide the Committee with an up-to-date view on H&amp;S. The report is produced for the H&amp;S committee and gives an update on all H&amp;S issues including information on wellbeing.</p> <p>Item 10 on site security shows resource and effort has been spent to make the site more secure. The major leak recovery is a key part of the estate and where the College is now. The College is operating with holes in the walls as seen in the photos. There is comfort it is cosmetic and there is nothing structural. The Committee from an insurance perspective noted the report.</p> <p>RS asked about the table on the top of page 4 and the large number of failed to starts on the online training platform AdL noted that it is an issue if it is a mandatory course, and this is monitored in a different way to ensure mandatory obligations are achieved. Because this refers to voluntary online programmes people are less structured around completing. <b>ACTION:</b> The Chair noted that an asterix to give assurance around this would be helpful.</p> <p>SK asked if the mandatory completion rates should be seen by governors. AdL noted that this is wider than H&amp;S, so it is reported to HoS and Heads of Service and there has been a real focus on this with staff. The Chair asked where that mandatory reporting goes through the governance system and AdL noted that an update on CPD used to come at the start of the year to FRC but hadn't this year and could come to the June meeting. It was agreed that this could be included as part of the QIP to the CQS Committee. It was agreed going forward that this should be reported earlier in the year so there is still opportunity to recover if needed.</p> <p><b>ACTION:</b> AdL and JJ to agree where mandatory training outcomes would be included in the governance reporting</p>	<p>AdL</p> <p>AdL/JJ</p>
11	<p><b>Risks relating to Finance and Resources</b></p> <p>AdL reported that ARC will see the register next week.</p> <p>The full risk register has the following risk changes:</p> <ul style="list-style-type: none"> <li>• Poor staff motivation has an increased impact</li> <li>• The redevelopment budget has increased likelihood</li> </ul> <p>The capital risk register has not changed much in terms of risk and is scrutinised through CRPG. Each department does an operational risk register and anything high level goes to ARC. These are around behaviour, accommodation for exams and record systems (MIS and HR). For HR there are other developments in systems that are required so there is the tension between investing and waiting for merger.</p>	

	<p>Newer risks from this month are around staff retention, staff wellbeing and resilience, cash reserves and cyber security has a reduced risk.</p> <p>The Chair asked what the Committee can do with this information, and it was agreed that the main elements of the agenda so far have covered the main risks which feels like the system is working with governors being aware of the risks and SLT focusing on them.</p> <p>The Committee asked with the more operational risks around behaviour and accommodation are plan Bs and Cs in place. AdL explained that the full risk register includes mitigations. For behaviour there are different processes in place, increased security and better partnerships with the police. The exam accommodation is difficult with the number of exams. The College does not have large spaces to hold exams apart from the Sports Hall and there is a negative impact on the sports curriculum and enrichment by using this facility. Mitigations are being looked at with Harlequins. SK reported that on a call earlier in the week for prepping for the Ofsted meeting one of the areas discussed was lack of confidence in results data and questioned is that a risk important enough to be included on the risk register? IR confirmed that reports set up some years ago are producing results the College is not expecting to see. It could have been flushed out earlier but because people lose confidence and stop using the reports and they don't get fixed. It is not a resource issue. Part of the issue was that reports were produced for governors that did not use MIS to validate. The message to staff is that if data needs to be reported it needs to come to MIS in a timely way as it is important management information. IR noted that it has been flagged up as part of the Ofsted preparations but there is a real will to get these things straightened out.</p> <p><b>ACTION:</b> AdL to review the full risk register to check there is a relevant risk around the MIS/data reporting</p> <p>The Chair noted that the risk process is working well, the outcomes are clear, and the risk matrixes make a lot of sense. The Chair asked if there is anything in the control of governors to move resource allocation to reduce risks. AdL noted that it is all so wrapped up in the merger delay that it is difficult to see how things could be moved further along but that the support from the Board around staff costs ratio and fully resourcing the quality recovery plan has been welcomed by SLT.</p>	AdL
12	<p><b>Procurement – tender report on partitions to the open learning areas</b></p> <p>IR reported that under the Financial Regulations contracts of this size require FRC approval. SLT have scrutinised and recommend for approval. The number of open study spaces do not work and SLT have recognised this needed to be done as a retro fit exercise. It has had involvement of Heads of School. There is a budget of £200k and it does fit within that budget. It has been out to tender run by Fusion.</p> <p>The Committee noted that with two non-tender responses out of the four was consideration given to add a further tender party to ensure a broad competitive engagement. IR noted that he would have gone to four to get three tenders, and Fusion had all sorts of difficulties to get quotes in. IR had agreed that the work needed to be done as it is making teaching really difficult and couldn't be held off any longer.</p> <p>IV noted that he was pleased SLT have decided to move forward as it is an issue raised by staff at the staff surgery meetings. It is not the only issue raised and IV asked what is the process for sifting and prioritising the wish list from staff for changes to the building as is? AdL noted that a lot of it is practicality, for example not much can be done about the corridors. There are other things in the capital budget that still haven't been addressed, the main focus is places for students to be and SLT are doing a lot more with the outdoor space, looking at temporary structures for more severe weather and creating a student common room. These are priorities from listening to the staff and student voice. IR noted that there may be a need for less corporate areas with merger which would potentially free up some space.</p> <p>SK asked if there is a consolidated list of the wish list. AdL confirmed there isn't. The Chair agreed that this seemed like a good idea to have a list of aspirations while noting it is about the complexity of delivery of those changes in an operating environment. SK asked if anything can be freed up pre-merger, for example is the Board room essential. IR noted it could be looked at. Some of the teams are work from home more. AdL noted that there will need to be a presence on site so there would not be a massive amount of space. The issue is that there aren't big rooms to do big group tutorials, teachers can't bring classes together and rooms were not built to be flexible. The Chair noted that at the university large events have stayed online and there has been an increased need for spaces to</p>	

	<p>join online events on campus with an increase in flexible wi-fi spaces. AdL noted there is some need for that but for the 16-19 age group there is a need to be on site in classes otherwise the quality goes down.</p> <p>IR confirmed that the works have been accounted for in the budget.</p> <p>IV noted that point is important. There is a real focus on site security and safeguarding and visibility on limited resource and exposure to the Board is key.</p> <p><b>ACTIONS:</b></p> <p>A wish list of improvements to the building to be drafted.</p> <p>AdL to speak to Fusion for assurance on climate control with the new portioning Programme of works for the portioning to be sent through to the Committee</p> <p><b>RESOLVED: The Committee approved the appointment of Edmont Ltd for the role of Main Contractor on the Glazed Partitions works, as recommended by Fusion.</b></p>	AdL/IR
13	<p><b>Policies:</b></p> <p><b>A) Student Support Funds Statement</b></p> <p><b>B) Tuition Fees policy</b></p> <p><b>C) Financial Regulations</b></p> <p>IR reported that the intention is to roll over effective policies from last year with minor changes. The fees policy has a different appendix in line with the GLA policy.</p> <p>The Committee asked about the policy review mechanism and whether their effectiveness is a judgement call by the SLT and those directly involved with implementing the policies and where policies are in terms of the merger work and any joint reviews with HCUC. IR noted that he has compared notes on policies with SW at HCUC and there have been discussions about the Financial Regulations which contain provisions around the redevelopment project. Effectiveness is judged by the staff who implement the policies and is overseen by SLT.</p> <p><b>RESOLVED: The Committee recommended to approve the Student Support Funds Statement, Tuition Fees Policy and Financial Regulations</b></p>	
14	<p><b>ESFA case conference updates</b></p> <p>IR noted that a business case on the cut in disadvantaged funding would come to the Case Conference. A lot of the discussion at Case Conferences is around the financial pack which the Committee have considered, the quality which is covered at CQS and the merger and risks on the capital development project which is covered at CRPG.</p>	
15	<p><b>Any other business</b> [confidential item]</p>	
16	<b>Meetings for 2021-22 –22 June 2022</b>	

Meeting closed: 19:30