

**MEETING OF THE RESOURCES COMMITTEE OF THE CORPORATION  
OF THE SOUTH HAMPSHIRE COLLEGE GROUP**

WA215, Watts Building, City College, Southampton

Wednesday 12 June 2024 at 17:30

**MINUTES**

<b>Present:</b>	Fran Butler Sandra Prail Andy Wannell (Chair)	Colin O'Donoghue Irene Tichy
<b>In attendance:</b>	Georgina Flood Andrew Kaye Danielle Jiranek Michael Johnson Anoushka Ottley	Director of Governance Chief Executive Officer Chief People Officer Chief Operating Officer Exec Director of Business & Civic Partnerships

**28/23 Item 1: Deep Dive – Estates & Capital Projects**

The Committee received a 'deep dive' session on Estates & Capital Projects by COO. This presentation will be made available via the Governor's portal.

A member queried what back up plans are in place for student disruption if there is delay in summer works? The COO confirmed that 7–10-day period has been included to try and mitigate this however the impact would be isolated to workshops and specialist teaching spaces for the short term with standard classroom space being sufficient to enable moving classes around.

A member queried if there were any concerns on cash flow or funding for these projects that may have either a financial or delivery impact? The COO confirmed that all projects and associated costs are included within the merger budget which are closely monitored for delivery since they form a key part of the merger targets. It was noted that DfE drawn down dates and deadlines provide essential check points for delivery/funding.

The Committee welcomed the deep dive and the opportunity to have closer insight to the significant capital works being undertaken.

**29/23 Item 1: Welcome and Apologies for absence**

Members were welcomed to the meeting, there were no apologies for absence. FB and IT both arrived at 17.51.

**30/23 Item 2: Declarations of Interest**

Members were asked to declare any interests relevant to the agenda. There were no declarations of interest.

**31/23 Item 3i: Minutes of previous meetings**

Minutes from the previous meeting held on 6 March 2024 were reviewed and subject to a minor change (comment on page 2 referring to MPM review should be MPM handbook) were approved as an accurate record.

**DECISION: Subject to a minor change (see above) the minutes for the meeting held on the 6 March 2024 were approved as an accurate record.**

### **32/23 Item 3ii: Actions/Matters Arising**

Members reviewed an 'outcomes' document which outlined the decisions made and actions agreed at the previous meeting. There were no additional comments.

### **33/23 Item 4: Items of Focus**

The Chair directed the Committee's focus to the suggested budget for 2024-26 including the staff pay review as well as an additional short notice approval relating to sub-contracting at Item 8iii.

### **34/23 Item 5: Key Performance Indicators – KPIs**

The CEO introduced this item noting ongoing updates for the summer term.

The Cttee were reminded that whilst this shows strong and positive distance travelled, these were stringent and difficult targets - so whilst progress is good, but we would want to improve some of these metrics moving forward. E.g., 'Requires Improvement' financial health reflects positive distance travelled, but would not necessarily be a metric the group would aspire to in the medium-long term. A member queried if the forecast savings of £850k at line 32 had been realized. The COO confirmed yes, slightly under at £815k with another £1.1m scheduled for next year (which may need to increase) The Committee noted the report.

### **35/23 Item 6: Risk Management**

The COO introduced this report noting there had been marginal change in the scoring of those risk allocated to the Resources Committee since the last meeting.

Members noted the use of 'actions' against SR10 was not shared across the other strategic risks. The CEO confirmed that the system is being used widely and there have been some training issues for ELT/SLT. It was agreed the inconsistency of reporting was not helpful and a revised report would be issued in advance of the Corporation meeting.

**ACTION: COO to review risk register for consistency of the use of the 'action' column within 4risk in advance of the Corporation meeting on 3 July 2024.**

The Chair noted aside from the representation of reporting, the reporting reflects that there is assurance for the Committee that there is nothing else we can do to manage and implement further controls to mitigate the financial health. All agreed.

**The Committee noted the report.**

### **36/23 Item 7: Eastleigh College Ltd**

The COO introduced this item short paper providing the history of the Ltd company as well as the rationale for retaining Eastleigh Ltd as a subsidiary company. Members noted the recommendation of the retention of the company (and also to render it dormant and change its name to SHCG Ltd) due its potential subsidiary use with minor to nil risk or expense.

**DECISION: Members of the Resources Committee agreed to recommend that the Corporation approve the retention of Eastleigh College Ltd, that the status of Eastleigh College Ltd is changed to dormant and the company is renamed SHCG Ltd.**

### **37/23 Item 8i: Proposed Budget and Strategy for 2024-27 including CFFR sign off**

The COO introduced this item (circulated in advance) members were reminded that the budget heavily reflects the expected merger planning and budget and as such is grounded in the business case agreed and presented to the DfE. Work continues to ensure we meet deadlines and milestones as required.

[REDACTED]

- [REDACTED]

Members discussed at length the [REDACTED] staff cost savings required in 2024-25. Of note members queried the budget assumption of [REDACTED] on agency/temporary staff querying what could be done to reduce this and find additional savings. CPO confirmed this may be artificially inflated for this first year due the number of contractors of role to deliver the merger, but the intention is absolutely to reduce this.

A member went onto query if the suggested [REDACTED] was modelled on confidence in delivering current business with less staff, or if this was based within a DfE target? The COO confirmed there is a clear financial target to reduce our cost/staff ratio [REDACTED]. We hope to achieve this by reducing temporary/agency costs and potentially outperforming our income (as this year). The CEO went onto note that the most significant impact on 25-26 delivery of these savings will be enrolment figure for 24-25 (i.e., this September). Since FT enrolments and the majority of apprenticeship starts in Oct means by mid-Oct, we'll have a much clearer picture of where we may end up.

A member queried if we will reach the required [REDACTED] staff/income cost ration by end of 2027 or will we reach the suggested [REDACTED]. The COO confirmed [REDACTED] is projected as possible but will require further savings [REDACTED]. The Cttee challenged whether there is an intention to chase the [REDACTED] saving or settle at the current forecast [REDACTED]. The COO noted that whilst we are working towards these additional savings, getting down to [REDACTED] means that the EBITDA is positive and a realistic compromise. It was noted that staff/income ratio compared to EBITDA is a contentious debate and there is hope that since DfE have been sighted on these figures to date they will accept this compromise. A member suggested that this is flagged at the next PIMS meeting for a more qualified opinion.

**ACTION: CEO/COO to seek a DfE view on a potential 68.9% staff/income ratio result for 2027 at the next PIMS meeting.**

**DECISION REQUIRED: Members of the Resources Committee agree to recommend that the**

**Corporation approve the budget and strategy for 2024-27 including the submission of the College Financial Forecast Return (CFFR) to the deadline of 31 July 2024.**

**38/23 Item 8ii: Capital Projects update**

The COO introduced this report (circulated in advance) noting this builds on the earlier deep dive presentation. Members were informed of the various allocations of funding for capital works and any high-level changes to key projects.

Members were asked to note the addition of the tracker of major merger related works totalling c.£ [REDACTED] at Appendix 1. The Cttee were reminded successful delivery of these projects to time and budget would form an essential part of the estates cap-ex 'checkpoints' with DfE on the 31 January each year and as such the release of ongoing funding.

A member queried if the significant project of c.£ [REDACTED] to replace the roof in Fareham campus C block has been set any carbon reduction or sustainability targets as part of the planning? The COO confirmed not specifically, but we are ensuring that PMC (project manager) looking at sustainable options.

**The Committee noted the report.**

**39/23 Item 8iii: Business and Civic Partnerships update**

The EDB&CP introduced this item noting the following items of success;

- Target income due to meet target at £6.2 m
- Overall starts are looking similarly positive at an expected 579 to target
- Income for 24/25 is predicted [REDACTED] - this is intentionally conservative based on a need to align some of the wider/niche programmes to improve quality [REDACTED]
- Adult Education Budget (AEB) met to 97%
- Positive projects, bids and tender ongoing in respect of new business and stakeholder engagement

Members were reminded at Section 4.0 of this report, that a possible allocation of £50-100k may be required as additional subcontracting in order to fully meet our AEB allocation. Additional discussions (and data post R09) have confirmed this need and an additional paper (circulated earlier today and tabled this evening) requests that the Committee recommend the Corporation (in between meetings due to tight timescales) approves additional sub-contracting of £120,929 increasing the total value to £1620,929 for 2023-24. The Committee agreed.

Members went on to discuss the return rate for sub-contracting noting in very simple terms this represented an 80/20 split. Discussion was had on the added value when considering the labour-intensive nature of subcontracting. The CEO reminded members that in the short-medium term the use of sub-contracting is used to retain the adult education budget (AEB) allocation however the longer-term intention will always be to reduce the level of both subcontracting partners and overall sub-contracting value. Members were reminded the annual sub-contracting due diligence report at the next Corporation meeting will outline the potential sub-contracting programme and value for 2024-25.

**DECISION: The Cttee agreed to recommend that the Corporation approve additional sub-contracting of £120,929 increasing the total value to £1620,929 for 2023-24 via a between meetings decision.**

#### **40/23 Item 9i: People and Culture termly report**

The CPO introduced this report providing feedback via the 9 key priorities for the People & Culture plan 2023-25.

Items of particular success include;

- Restructure Wave 2 and 3 largely complete with Wave 4 just launched, and 5 starting imminently
- Wave 4 Southampton staff already raising particularly strong concerns around pay alignment
- Work continues to introduce a new HR system (due July 24) with good progress being made
- Aligned HR processes & policies – majority are working their way through Union (but they are providing fulsome and detailed comments and input) which is increasing approval time
- New staff awards launched as part of the summer break up celebrations, v positive engagement
- Employee Value Proposition and Medicash promoted within the College and additional details included as an appendix to this report
- Best Companies survey planned for June has been deferred until September
- New appraisal conversation form/system being piloted/intention to increase compliance rate across the group

A member queried the confidence in the delivery of the HR systems to the August deadline? CPO confirmed they are fairly confident, there will be prioritizing of recruitment, appraisal and data modules with wider functionality being added in due course.



The Committee were assured there was a healthy tension in delivering the required staff savings that will be managed to best effect.

A member noted it was important to ensure that the Governors EDI task& finish group support and link in with the CPO and team. It was agreed that a meeting between key members should be arranged.

**ACTION: SP and SH-C to meet with CPO RE: EDI T&F Group**

Governors reinforced their endorsement of the quality of reporting and the huge amount of work completed by the People & Culture Teams.

**The Committee noted the report**

#### **41/23 Item 9ii: Pay Award for 2024-25**

The CPO introduced this item (circulated in advance) outlining the suggested group pay award for 2024 (effective from 1 August) of 2.5% for all staff, including an additional 0.5% for those staff on the lowest salary bands (SS2-SS4) for 2024. Discussions since this paper was written suggest a clear split of 2.5%

and 0.5% may not be the final position but a 3% total envelope (to look at how best to allocate amongst staff especially the additional % for those on lower salary scale) is what we are seeking permission for.

[REDACTED]

[REDACTED]

[REDACTED]

The Chair summarised the Committee's position noting that whilst there was general comfort with a 3% envelope, more information on the size and scale of the pay harmonization was required before a recommendation of the split and or timing could be made to Corporation. The CPO was requested to supply additional information about pay harmonization to the Cttee as soon as possible, to enable a discussion either via email or in directly in advance of the Corporation meeting. A comparison to other local College pay awards (if any have yet been made) was welcomed.

**ACTION: CPO to supply additional information about pay harmonization and a comparison of any local College pay awards to the Cttee via email asap**

**DECISION: Governors deferred a recommendation to the Corporation of a 2024/25 pay award quantum of 3% until additional information is made available.**

#### **42/23 Item 10: Sustainability termly update and 'road-map' review**

The EDB&CP introduced this item noting additional information on SECR reporting has been included as well as a summer term update on the work of the 'green group' and provided an updated review of the climate action road map. Members were reminded of the suggestion at the away day to embed sustainability via a specific strategy which will be considered once SECR reporting is consistent across the group. A member noted the importance of separating out sustainability and net zero as distinct issues and reviewing the methods we use to discuss and track them. All agreed. There were no additional comments.

**The Committee noted the report.**

#### **43/23 Item 11: Governance SAR – ToR & Annual Cycles of Business**

The DG introduced this item noting that review of Terms of Reference and Annual Cycles of Business as fit for purpose for the academic year ahead (2024-25) forms an essential part of the governance self-assessment review (SAR). A member noted a minor change within the Skills and Employment section - LEP acronym needs to be updated. It was also noted that the ongoing monitoring of the accountability agreement should be added to the Skills and Employment section.

**ACTION: DG to add monitoring of the accountability agreement to the Skills and Employment section of the ToR**

**DECISION: Subject to minor changes, members approved the current Resources ToR and ACB with no changes.**

#### **44/23 Item 12: Review of Financial Regulations**

The COO introduced this report (circulated in advance) noting this was the second post-merger review of the financial regulations. Members were informed that changes are not material (of note some minor changes to levels with the delegated authority) however track changes have been retained for ease of review. A member queried the rationale for IT network security not sitting within the remit of the COO as per the other systems. COO agreed to review this. Another noted that the sections that refer to Senior Postholders (SPH) should also include the Governance Professional.

**ACTION: COO to review and where required make suggested changes to the Financial Regulations before circulation to the Corporation for approval.**

**DECISION: Subject to minor changes the Committee recommend the Corporation approve the revision to the Financial Regulations**

#### **45/23 Item 13: Any other business**

The Chair reminded members that as per usual practice, the election of Committee Chair and Vice-Chair will take place at the first meeting of the new academic year. Unless there are any objections nominations will remain as per current positions. All agreed. There were no additional items of business and it was noted the date of the next meeting is Wednesday 27 November 2024, at Fareham College.

#### **46/23 Item 14: Meeting reflection/impact assessment**

Members were invited to participate in a short SLIDO poll to assess engagement and impact.

The meeting ended at 19:32.