

Finance and Employment Committee Minutes

Meeting held on Tuesday 22nd November 2022 at 5.30 pm, SRC 301

Present: Fabienne Bailey, Stuart Blackett (Corporation Chair), Louise Davies (Committee Chair) and Grant Glendinning (Chief Executive and Group Principal)

Officials: Jason Faulkner (College Principal Redcar and Cleveland College (RCC)), Phil Hastie (Group Executive Director Planning and Infrastructure), Erika Marshall (Group Director of Marketing), Fiona Sharp (Group Executive Director Finance), Kay Taylor (Group Director of HR), Sarah Thompson (Clerk to the Corporation), Peter Wood (Group Director of Quality) and Sam Young (Governance Support Officer)

In attendance: Liz Dixon (Staff Governor)

Apologies: None from governors

Fabienne Bailey joined the meeting via Teams.

F22/55 Agenda Item 1 – Appointment of Chair and Vice Chair

Governors **agreed** to re-appoint Louise Davies as Committee Chair and to appoint Stuart Blackett as Committee Vice Chair for 2022-23.

F22/56 Agenda Item 2 – Welcome, apologies for absence, declarations of interest, notification of other items of business

The Chair welcomed governors and officials to the meeting; there were no apologies of absence from governors and Liz Dixon was welcomed to the meeting as an observer, prior to approval of her committee membership at the next FE Corporation meeting. There were no declarations of interest on items on the agenda and no notification of items of other business.

F22/57 Agenda Item 3 – Minutes of previous meeting

The minutes of the Finance and Employment Committee meeting held on 22 June 2022 and an appendix to the minutes, confidential to governors, had been circulated and were **approved** as an accurate record of the meeting.

The action progress log had been circulated and was **noted**. The following additional updates were provided:

- Reference to the group's reliance on income from further education (FE) funding bodies in 2021-22 had been included under 'Sources of Income' in the Annual Report; [REDACTED] this had been slightly lower than in 2020-21, demonstrating the group's income diversification. The comparison to other local colleges would be updated when 2021-22 accounts had been published and included in future Monthly Management Account (MMA) reports, though it was noted that an exact comparison was not possible due to accounting differences.

- A reporting mechanism for particularly strong or weak departmental financial performance would be considered as part of the refresh of the MMA format.
- Governors **agreed** to defer the review of the impact of the social value statement on procurement to 2023 to allow the newly appointed Group Procurement Manager to assess this as part of his review of group procurement. A governor commented on the value of appointing a specific procurement manager in their own organisation.

F22/58 Agenda Item 4 – Review of committee performance 2021-22

A review of the committee's performance against its terms of reference for 2021-22, proposed amendments to the committee's terms of reference and a new format cycle of business for 2022-23 had been circulated with the meeting papers. The Clerk highlighted that each committee was asked to review its performance annually as part of the Corporation's decision-making processes; she also noted that strengthening this committee's membership was an area of focus for the Search and Governance Committee. At 76%, attendance had been slightly lower than the 80% target set and it was noted that those governors with the lowest attendance were no longer committee members.

As part of the review of the committee's terms of reference, the number of meetings for 2022-23 had been reduced from four to three as the first meeting of the year had been felt to be too early in the financial year; however, this had resulted in an extensive agenda for the November meeting. Governors discussed the optimum meeting frequency and suggested that the first meeting of the year, in September or October, could focus on items such as staffing matters, sustainability and carbon reporting.

Governors:

- i) **noted** the review of committee performance against its terms of reference and the need to strengthen the committee's membership;
- ii) **agreed** to recommend the updated terms of reference and cycle of committee business for 2022-23 to the FE Corporation for approval.

Agenda Item 5 – Draft Annual Reports and Final Accounts 2021-22

A suite of documents had been circulated for this agenda item along with a covering report prepared by the Group Executive Director Finance.

F22/59 5.1 – Financial monitoring reconciliation to period 13 – 2022

A final financial monitoring report updated the year to 31 July 2022, showing the variances between Periods 12 and 13 and the year end results to Period 13, and forming the basis for the year end accounts. Year-end adjustments included variances in apprenticeship funding based on prior year performance and in Adult Education Budget (AEB) from the Tees Valley Combined Authority (TVCA) based on final performance. It was noted that reconciliations of the Management Accounts to the Final Accounts showed the inclusion of FRS102 pension adjustments and the removal of Learner Support Funds (LSF) for which the group acted as an agent on behalf of the Education and Skills Funding Agency (ESFA). The Group Executive Director Finance was pleased to note that the 2021-22 budget and all Key Performance Indicators (KPIs) had been achieved; with income for the year underachieved, costs had been re-aligned to income through the Business Planning / Performance Review (BP/PR) process.

Governors **noted** the financial monitoring reconciliation report for Period 13 – 2022.

F22/60 5.2 – Draft final accounts for Education Training Collective 2021-22 (consolidated accounts)

The draft final accounts presented were subject to final audit review though were not expected to change significantly; variances to the figures as presented in the MMA and points to note had been detailed in the covering report. Under Note 7: Staff Costs, the relationship of the Chief Executive and Group Principal's pay and remuneration expressed as a multiple had been presented including and excluding the exit payment; this treatment had been agreed with RSM. Under Note 24: Defined Benefit Obligations, an additional paragraph had been added to reflect the implications of the increases in the Consumer Prices Index (CPI) since the Local Government Pension Scheme (LGPS) actuarial report of 31 July 2022; the anticipated increases in pension obligations and net liability had been quantified and noted but not changed on the balance sheet.

A governor commented that, although the CPI was a large factor, the discount rate on bonds had also increased and could result in a reduction in pensions liability. The Group Executive Director Finance agreed to confirm the wording under Note 24 with Claire Leece, External Audit Partner, RSM.

The Group Executive Director Finance also confirmed that an actuarial gain over the year had reduced the net defined benefit liability from over £21m to just over £2m; these adjustments were not included in the income and expenditure accounts presented to the committee during the year. They were also excluded by the ESFA in determining the group's financial health grade and by Barclays for bank covenant compliance but were required for publication in the annual accounts.

In response to a governor's question, it was confirmed that enhanced pensions were no longer offered. The Group Executive Director Finance agreed to establish the correct valuation date, 2019 or 2016, for the Teachers' Pension Scheme (TPS) with RSM.

In response to a governor's question about streamlined energy and carbon reporting, it was confirmed that this year's emissions and energy use data would be used as the comparator benchmark for future annual accounts. Some comparative data would also be included in the separate Streamlined Energy and Carbon Reporting publication which had been produced for the first time for 2020-21.

Governors **agreed** to recommend the final accounts for the Education Training Collective 2021-22 (consolidated accounts) to the FE Corporation for approval.

F22/61 5.3 – Draft final accounts for NETA Training Trust 2021-22 (consolidated accounts)

The draft final accounts showed an operating surplus [REDACTED] which was a slight positive variance against the budget set; all NETA Training Trust activities had been transferred to Etc. on 1 August 2022 apart from the leases and the Lustrum sub-let to FujiFilm. It was noted that NETA staff enrolled in the defined contribution scheme had transferred to the TPS or LGPS as Etc. employees as of 1 April 2022.

Governors **agreed** to recommend approval of the final accounts for NETA Training Trust 2021-22 (consolidated accounts) to the FE Corporation for filing at Companies House by 30 April 2023 and for the consolidation of the results into the Etc. accounts for 2021-22.

F22/62 5.4 – Final accounts for NETA Enterprises 2021-22

The final accounts showed that NETA Enterprises did not trade during 2021-22 having transferred activities to NETA Training Trust in February 2016. An amount [REDACTED] owed by NETA Enterprises to its parent had been approved for write off by the NETA Board; a provision for this had already been made in the NETA Training Trust accounts so there would be no financial impact. The NETA Board had also agreed the strike off of the company which was now in progress; as this was expected to be enacted by 30 April 2023, there would be no requirement to file accounts at Companies House.

Governors **approved** consolidation of the NETA Enterprises accounts for 2021-22 into the NETA Training Trust accounts for the year.

F22/63 5.5 – Final accounts for Tees Valley Catering 2021-22

Tees Valley Catering (TVC) had made a small operating profit in 2021-22 after administration expenses, including a recharge, based on percentage of income, for the provision of support services by Etc. and depreciation of its assets. The TVC Board had met on 22 November 2022 and had approved the TVC accounts for sign off for filing at Companies House by 30 April 2023 and consolidation of the results into the Etc. accounts for 2021-22; they had also agreed the payment of a dividend to the value of the taxable profit for the year ended 2022 to its parent, Etc.

Governors **noted** the final accounts for TVC for 2021-22 and their consolidation into the Etc. accounts for the year.

F22/64 5.6 – Final accounts for Stockton and Billingham College Developments Ltd 2021-22

The final accounts showed that there had been no activity during the year, with Stockton and Billingham College Developments (SBCD) Ltd. last active for construction of the Bede Sports Centre. A final retention payment remained outstanding and legal advice would be sought during 2022-23 as to the position of the historic debt from 2008-09, with a view to write off.

Governors **noted** the final accounts for SBCD for 2021-22 and their consolidation in the Etc. accounts for the year.

F22/65 5.7 – Students' Union Accounts 2021-22

The Students' Union Accounts 2021 -22 and a covering report, including activities undertaken during the year, had been prepared by the Group Director of Quality and circulated with the meeting papers. Increased activity and student engagement during the year, particularly at Bede, was noted. Given the small sums involved, it was agreed that amounts should be rounded to the nearest pound in future accounts.

Governors **noted** the Students' Union accounts for 2021-22.

F22/66 Agenda Item 6 – Sir William Turner Foundation

A report outlining support from the Sir William Turner Foundation in 2021-22 had been circulated with the meeting papers. The Foundation supported Redcar & Cleveland College (RCC) and its students through sponsorship of the annual celebration of achievement awards ceremony, grant awards for projects and allocation of capital monies; in return, the college hosted the annual remembrance service for the old boys of the Sir William Turner School and, through displays and presentations, ensured that the role of Sir William Turner in local communities was not forgotten. Governors acknowledged the strength of the partnership and its positive contribution in supporting students at RCC; it was also noted that Anne Vickers served on the FE Corporation as a representative of the Foundation.

Governors **noted** the update and the role of the Sir William Turner Foundation.

F22/67 Agenda Item 7 – Group Monthly Management Accounts

The MMAs for period 2, updating the year to 30 September 2022 and a letter confirming the group's ESFA financial health grade, based on the financial plan, had been circulated with the meeting papers; a covering report had been provided by the Group Executive Director Finance.

During September and October, the Senior Management Team (SMT) had carried out a high-level financial review post-enrolment; this had led to some adjustments to forecasts [REDACTED] A full review of pay and non-pay costs would take place at Performance Review Period 3 (PR3) which had commenced on 21 November with forecasts then updated. Headline assumptions included costs associated with a pay award, a higher rate of National Living Wage than budget and a likely increase in the LGPS employer contribution rate from April 2023; however, there would no longer be an increase in National Insurance contribution rates.

Having reviewed the College Financial Forecasting Return (CFFR) submitted for the period 2021-22 to 2023-24, the ESFA had concluded that, based on the financial plan, the appropriate assessment grade was Outstanding for 2021-22 and 2022-23; this grade would be confirmed following submission of the Finance Record and Final Accounts for 2021-22 in December 2022. Governors had also received information on accessing the ESFA financial dashboards, though the Group Executive Director Finance noted that the governor dashboards were still showing as 'in progress'.

[REDACTED] The Group Director of HR outlined initial work to tackle assessor recruitment issues, including developing cross-group collaboration, bulking up fragmented contracts and flexing up staff to mitigate against shortfalls in more popular sectors. It was acknowledged that, although a devolved structure brought efficiencies, a move towards a more cross-group and longer-term approach was now being developed.

The viability of and possible renewed interest in flexi-apprenticeships was discussed and the Group Executive Director Planning and Infrastructure agreed to review their viability.

Governors **noted** the Group Monthly Management Accounts period 2 (MMA2) and the ESFA financial health grade of Outstanding for 2021-22 and 2022-23, based on financial forecasts.

Agenda Item 8 – Group Budget Monitoring Reports-

Reports on the following Group budgets had been circulated with the meeting papers:

F22/68 Agenda Item 8.1 – Core Income

16-18 funding was in line with budget though there would be an element of clawback due to under delivery of T Levels [REDACTED] AEB income funded locally by TVCA was currently forecast slightly below budget levels and delivery plans and marketing were being actively reviewed by delivery departments; nationally funded AEB was forecast at planned levels. The shortfall in apprenticeship income had been discussed under the previous agenda item. Departmental costs would be managed in line with income through the PR process.

Governors **noted** Core Income at period 2.

F22/69 Agenda Item 8.2 – Non-Core Income

[REDACTED] the Chief Executive confirmed that he would be meeting with the Pro Vice-Chancellor in December to discuss strengthening the Teesside University College Partnership (TUCP).

Governors **noted** Non-Core Income at Period 2.

F22/70 Agenda Item 8.3 – High Needs Income

The group had an allocation of [REDACTED] High Needs Element 2 funded places for 2022-23, with this income guaranteed; to date, [REDACTED] Annex 1 applications for Element 3 funding had been submitted to the relevant local authorities, with approvals expected to be complete by the end of November 2022. The College Principal RCC commented on the pleasing growth in High Needs provision and income.

The use of local authority schools' budgets to cross-subsidise High Needs places was discussed, with budgetary pressures bringing higher demand for High Needs provision in-area and within mainstream provision to reduce local authority expenditure.

Governors **noted** High Needs Income at Period 2.

F22/71 Agenda Item 8.4 – Learner Support Funds

Learner Support Funds, allocated by the ESFA, were forecast in line with budget; future reports would include specific examples of how the funds were used to support students to help them stay in education and achieve their goals.

Governors **noted** Learner Support Funds income at Period 2.

F22/72 Agenda Item 8.5 – Capital Grants

Capital Grants received by the college were released to the Income and Expenditure account on a monthly basis in line with the depreciation of the capital assets purchased relating to the grant; this was a non-cash item on the balance sheet and fluctuated according to the timing of depreciation.

Governors **noted** Capital Grants Income at Period 2.

F22/73 Agenda Item 8.6 – Project Income

Project income was forecast to deliver above budget due to additional projects not originally factored in; these included Skills Development Fund (SDF) Round 2, Skills Bootcamps Wave 3 and Education and Training Foundation (ETF) mentoring projects. Forecast year end income included SDF revenue funding but not capital funding [REDACTED]. A Skills Bootcamps Wave 4 bid aligned to renewables, clean energy and health priorities had been submitted to TVCA for the period April to July 2023.

In response to a governor's question about associated staffing costs, the College Principal RCC confirmed that any increased staffing costs would be covered by the additional revenue.

Governors **noted** Project Income at Period 2.

F22/74 Agenda Item 8.7 – Other Income

Other Income was forecast in line with budget at this early stage in the year and there were no areas of concern.

Governors **noted** Other Income at Period 2.

F22/75 Agenda Item 8.8 – Subcontracting

Following successful due diligence in response to some quality concerns, a small contract had now been issued to Tyne & Wear Fire and Rescue Service for 2022-23 [REDACTED]. It was noted that, as part of the requirement for governor oversight through the Subcontracting Standard, subcontracting quality was reported through the Standards Improvement Committee (SIC) and the risk assessment provided in Table 4 would also be shared with SIC. AuditOne had reviewed the group's subcontracting controls against the Subcontracting Standard Guidance in April, with minimal advisories identified and now actioned.

In response to a governor's question, the Group Executive Director Planning and Infrastructure explained that provision was subcontracted to specialist providers who might not have their own funding contracts or were not large enough to deal directly with the funding agencies.

Governors **noted** revised subcontracting levels as outlined in the report and **agreed** to recommend their approval to Corporation.

F22/76 Agenda Item 8.9 – Pay Costs

High level assumptions had been allowed for in relation to the proposed pay award, with negotiations ongoing, and a contingency included to take account of the impact of the Harpur Brazel ruling; these would be reviewed in detail through PR3.

A governor asked about the increased Business Support Staff costs; the Group Executive Director Finance explained that looking back to 2021-22 support staff costs had decreased and hourly paid increased and that a prudent approach had been taken by RAG rating this as amber at this time. Pay costs would be re-forecast and aligned to reflect reduced levels of income through Performance Review.

Governors **noted** Pay Costs as at Period 2.

F22/77 Agenda Item 8.10 – Non-Pay Costs

A similar approach had been taken to Non-Pay costs, with high level assumptions on potential areas of savings included based on previous years; though utilities costs were fixed, decisions could be taken to reduce premises maintenance expenses and, with lower student recruitment, examination fees could be lower than budget. Governors noted that Non-Pay costs were currently showing a worst case scenario and commented that it was prudent to be made aware of any risks at this stage in the year.

Governors **noted** Non-Pay Costs at Period 2.

F22/78 Agenda Item 9 – Tees Valley Catering – finance update

The final accounts for TVC for 2021-22 had been considered under agenda item 5.5; operations for 2022-23 to date were on track and in line with budget and had also been considered at the TVC Board meeting immediately preceding this meeting. Business activity had shown a strong start to the year, with staff reporting high activity in all venues; this had created some queuing issues at Stockton Riverside College (SRC) which were being acted on. With continuing staff recruitment challenges, the Group Head of Estates was working closely with the TVC Operations Manager to provide support and a range of vacancies were currently out for advert. As a TVC Board member, the Committee Chair confirmed that the Board meeting had been positive with TVC having had a good start to the year.

Governors **noted** the update.

F22/79 Agenda Item 10 – Student Recruitment Update

An update on student recruitment to 8 November 2022 had been provided; the Group Director of Marketing commented that recruitment levels had also been discussed in earlier agenda items. [REDACTED] Intelligence had confirmed that all TUCP partners had been impacted by lower HE recruitment and also mirrored in FE colleges nationally; the impact of the rising cost of living was felt to be a contributing factor. Some additional in-year recruitment to HE courses was also expected. There had been a further [REDACTED] apprenticeship sign-ups since the circulated update and apprenticeships would continue to be an area of focus for the group, including through the newly introduced Apprenticeships Council.

A governor commented that 16-18 recruitment at SRC had risen more in 2022-23 than Bede, following a fairly flat profile for SRC over recent years. The Group Director of Marketing explained that the use of Centre and Teacher Assessed Grades over the previous two years had increased A Level recruitment but, following the reintroduction of formal exams in 2022, recruitment to provision offered at SRC had increased for 2022-23.

Governors **noted** the student recruitment update.

Agenda Item 11 – Employment Issues

F22/80 11.1 – Great Place to Work

Governors had been provided with an update on the Great Place to Work strategic update, centred on the strategy's key themes. Staff recruitment remained a challenge, particularly in construction and professional services, engineering, commercial and digital, as reported in national media, with the group's ability to offer market rates set against pay cost challenges due to funding levels. A focus was therefore on strengthening the attractiveness of the wider employment offer to candidates. As an acknowledgement of the rising cost of living, a Talk Money week had recently been held. Data on staff turnover had been provided and a review of hourly paid contracts had commenced with a strategic intent to move as many as practicable across to more permanent roles. The findings of Harpur Brazel were outlined and the Group Director of HR confirmed that the implications, including costs, were already being considered.

One meeting of the Joint Consultative and Negotiation Committee (JCNC) had been held on 17 November, with no formal recommendation on the pay award as yet. A discussion took place about whether the group should be aiming to pay staff at a level above the National Living Wage.

A governor commented on the percentage of staff who had not stated their ethnic origin, with willingness to do so a possible indicator of an organisation's inclusivity. The Group Director of HR explained that there had been a recent drive to request that staff update their personal details on the HR system and that the lack of data could indicate a lag between collating and reporting the data. This was also now being picked up as part of staff recruitment processes to improve data capture whilst acknowledging that providing personal information was an individual choice.

A governor asked about potential historic costs resulting from the Harpur Brazel ruling; the Group Director of HR reported that there was some debate about back pay and that Etc. would comply with legal requirements. In the meantime, the cost base would be calculated from a point in time, with work on transferring hourly paid staff to permanent contracts helping to mitigate against future costs.

Governors **noted** the update.

F22/81 11.2 – Gender Pay Gap

A report detailing reporting requirements and Etc. gender pay data taken on the snapshot date of 31 March 2022 had been circulated; the Group Director of HR confirmed that,

following the committee's approval, the information would be uploaded to the group's website and the government portal. She added that the calculation included only those staff in work on the snapshot date and would therefore exclude staff on sick leave, annual leave or maternity leave. Data showing the trend over six years had been included in the report and there had been a slight widening of the mean gender pay gap since the previous year. The higher percentage of women falling within the lower pay quartile could be attributed to the predominantly female workforce in roles such as catering and learning support but further analysis would be carried out and an action plan developed.

In response to a governor's comment about the negative publicity received by a local college the previous year, the Group Director of HR confirmed that a communications plan would be developed with the Group Director of Marketing; other colleges' published gender pay gap data was also monitored, with only one local college having published theirs to date. It was noted that there was a higher percentage of female employees than male in the upper and upper middle pay quartiles which could be highlighted in any communications plan. It was also noted that the rising National Living Wage should help to reduce the gender pay gap though there would be a lag before this was reflected in published data.

General strategies to close the gender pay gap were discussed, including attracting women to the most senior roles; it was also acknowledged that, even if men and women were paid the same for equivalent roles, they were often employed in different roles, with long term actions such as encouraging women into engineering bringing little progress on breaking the idea of traditional roles for women.

Governors **approved** the Gender Pay Gap data for upload to the Government portal and publication of a 'public facing' statement on the Education Training Collective website.

F22/82 Agenda Item 12 – Major capital projects update

An update on major capital projects had been provided; the Group Executive Director Planning and Infrastructure added that the Autumn Statement on 17 November had not negatively impacted the Department for Education (DfE) FE capital budget but that an announcement of the next round of the FE Capital Transformation Fund (FECTF) to enable the NETA relocation project was still awaited, with some uncertainty as to how this remaining funding would be distributed. He explained that, with rising inflation and some additional works on staff workrooms at SRC, the anticipated costs of both the Bede expansion and Wave 4 T Level projects had increased. Funding was available, and had been set aside, from the group's standard capital budget but, due to the budget level, formal approval from governors was required. The committee chair, and also a member of the Capital Group, confirmed that, though several projects were running simultaneously, they were being well managed and monitored.

Governors **noted** the capital projects update and **agreed**:

- i) additional capital budget (drawn down from the already agreed group capital budget) to support the completion of the Bede expansion project;
- ii) additional capital budget (drawn down from the already agreed group capital budget) to support the SRC Wave 4 T Level project and related development of staff workspaces.

F22/83 Agenda Item 13 - Insurances

A report summarising the insurance cover in place in 2022-23 with a comparison to 2021-22 had been provided; the Group Executive Director Finance confirmed that the group had adequate insurance cover in place and that any increases in costs had been highlighted in the report. She highlighted that management liability insurance included governors' liability.

In response to a governor's question, it was confirmed that the motor insurance cover included the group-owned minibuses and vans and that no member of staff was provided with a company car. The number of leased vehicles had been reduced during the pandemic but was now increasing.

Governors **noted** the insurance cover in place and **agreed** that it was adequate for the group.

F22/84 Agenda Item 14 – Treasury Management report and policy

The treasury management report included details of cash balances held with Barclays and interest earned to 31 July 2022, intercompany loan balances in 2021-22, long term loan arrangements and bank account signatories; there were no substantive changes proposed to the Treasury Management Policy and the report confirmed that the group's investment strategy was in line with the approved policy.

Governors **noted** the report and **approved** the Treasury Management Policy.

F22/85 Agenda Item 15 – Procurement Strategy update and policy

An update on procurement and the process for review of the Procurement Strategy by the recently appointed Group Procurement Management had been provided; the current contract with Tenet would cease on 31 January 2023. The areas for review included current procedures and expenditure limits, including tendering and the Group Procurement Manager was also seeking to introduce a dedicated procurement portal, a database of approved suppliers and reporting tools for tracking supplier spend, savings and performance. Social value impact would also form part of this review as noted under agenda item 3.

In line with the group's Financial Regulations, an exception to the Contract Procedure Rules was reported to the committee; the purchase of specialist welding equipment for NETA [REDACTED] had been made without going to tender as this would have delayed the process by at least three weeks and would have added no value. The Group Executive Director Finance's recommendation had been approved by the Chief Executive and Chair of the Finance and Employment Committee and confirmed via email.

Governors **noted** the update and the status of the Procurement Strategy; they also **noted** the exception to Financial Regulations regarding tendering.

F22/86 Agenda Item 16 – ESFA Conditions of Funding

A report had been circulated outlining the basis of the funding relationship with the ESFA and DfE and the key requirements for the group and the processes in place for acceptance of grant

funding agreements and for the management of contract performance. Changes to the grant funding agreement for 2022-23 had also been provided for information and it was noted that these changes were not substantive. However, through the government's Funding and Accountability consultation process, the DfE was seeking to simplify the funding agreement with the introduction of an Accountability Agreement from 2023-24; to date, no further detail was available.

Governors **noted** the update.

Agenda Item 17 – Policies and Strategies

F22/87 17.1 – Financial Regulations

The Group Executive Director Finance explained that the Financial Regulations were reviewed on an annual basis for approval by the FE Corporation; the proposed amendments outlined in the circulated report updated the designated staff to reflect changes and a number of other minor updates. Any further amendments proposed following the review of the Procurement Strategy would be brought back to the Finance and Employment Committee.

Governors **agreed** to recommend approval of the proposed amendments to the Financial Regulations to the FE Corporation.

F22/88 17.2 – Capitalisation and Depreciation Policy

The Group Executive Director Finance confirmed that there were no changes to the policy proposed at this time but a review of the capitalisation threshold was planned, with benchmarking against other colleges, to determine whether £500 per individual item would be considered too low. Previously, the threshold had been £2,000 but had been reduced to its current level in 2013-14. Changes to the profile of depreciation charges would be factored into any proposed amendments.

Governors **noted** that there were presently no changes to the Capitalisation and Depreciation Policy and that a review would be taking place, with any amendments presented to the committee.

F22/89 17.3 – Learner Support Fund Policy

Proposed updates to the Learner Support Fund (LSF) Policy for 2022-23 had been summarised in the covering report; the Group Director of Quality explained that, in future, amendments would be captured through track changes.

Governors commented on this positive and valuable support to students and, in particular, the increases in levels of financial support for the current year.

Governors **approved** the Learner Support Fund Policy.

F22/90 17.4 – Capital Investment Strategy

A report outlining the priorities for capital investment for 2022-23 had been provided; the Group Executive Director Planning and Infrastructure explained that there were no proposals to amend the strategy which would continue to follow the existing priorities and approach.

Governors **reconfirmed** the Capital Strategy.

F22/91 17.5 – IT Strategy

An update on the IT Strategy and its impact had been provided by the Interim Group Head of IT; the Group Executive Director Planning and Infrastructure added that the IT Strategy had been in place for three years and was now effectively at the end of its lifespan. A Digital Strategy had been approved by governors in May 2022 and it was now proposed that the IT Strategy should be subsumed into the wider Digital Strategy.

Governors **noted** the report and agreed that the IT Strategy should be subsumed into the wider Digital Strategy approved by governors on 12 May 2022.

F22/92 17.6 – Sustainability Strategy

A proposed Sustainability Strategy and supporting action plan had been circulated; the Group Director of Marketing explained that the strategy had been developed from the Environmental Strategy approved by the FE Corporation in 2019 and implemented successfully by the previous Group Head of Estates. The strategy had been reviewed, almost completely rewritten and renamed; the group were seeking to maintain Investors in the Environment (IIE) Silver accreditation and then seek IIE Green by 2023-24. The Green Initiatives Group had been highly commended in the Association of Colleges (AoC) Beacon Awards but had disappointingly not been announced as finalists.

In response to a governor's question about how sustainability and the group's achievements were publicised, the Group Director of Marketing outlined the inclusion of sustainability in Ask Penny, staff awards, opinion pieces and external communications. The Green Initiatives Group now had six sub-groups and an Innovation Fund bid had been made to create Green Zones at each campus as a one stop shop for recycling.

Governors **approved** the Sustainability Strategy.

F22/93 17.7 – Learning and Development Strategy

The minor changes to the Learning and Development Strategy proposed had been highlighted via track changes; the Group Director of HR explained that these included some changes to terminology, Strategic Goals and Tone of Voice. An action plan supported delivery of the strategy and staff development budgets were in place at both corporate and departmental level.

Governors **approved** the minor changes to the Learning and Development Strategy.

F22/94 17.8 – HR Policies

A suite of HR policies had been reviewed, with minor changes proposed, and circulated with the meeting papers; once approved, these would be uploaded to the Staff Gateway.

Governors **approved** the Capability, Employee Relations (Combined) and Travel and Subsistence policies.

F22/95 Agenda Item 18 – Any Other Business

Following consultation with the recognised trade unions, Unison and University and College Union (UCU), amendments to the Disciplinary and Grievance policies had been approved at the JCNC held on 17 November 2022; the changes aimed to improve the underlying process and clarity for staff and managers. The policies, and a summary of the main changes, had been circulated as late papers under Any Other Business.

Governors **approved** the amendments to the staff Disciplinary Policy and Grievance Policy.

There were no additional items of other business.

F22/96 Agenda Item 19 – Approval of Documents for Inspection

It was **agreed** that the agenda for the current meeting be made available for public inspection; supporting papers for all agenda items were deemed commercial in confidence, with the exception of the papers for agenda items 4 and 6. Final accounts would be published on the Etc. website, following FE Corporation approval, and approved policies and strategies would be published on the Etc. website or in house Gateway as appropriate. Minutes of this meeting would be made available for public inspection following committee approval.

F22/97 Agenda Item 20 – Date, time and venue of next meeting

Tuesday 28 March 2023, 5.30 pm, Stockton Riverside College (SRC301)

F22/98 Agenda Item 21 – Key Themes

The following items were identified as key themes:

- Reappointment of Louise Davies as Committee Chair and appointment of Stuart Blackett as Committee Vice Chair
- Consideration of draft final accounts 2021-22, including inflation assumptions for the Local Government Pension Scheme pension obligations, with their approval recommended to the FE Corporation
- Analysis of Group Monthly Management Accounts for period 2, up to 30 September 2022, and suite of budget monitoring reports for the same period, including high level review of income lines and student recruitment at the start of the academic year
- Great Place to Work update and approval of Gender Pay Gap Report for publication, with discussion of implications, plans for further analysis and communications plan
- Approved additional capital budget, drawn from the already agreed group capital budget, for the Bede expansion project and for the SRC Wave 4 T Level project and related redevelopment of staff workspaces

- Agreed a range of policies and strategies, including HR related policies, in accordance with the approval schedule
- Independent governors agreed Remuneration Committee recommendations relating to changes to the responsibilities of the Chief Executive and Senior Post Holders and changes to the remuneration of Senior Post Holders and noted proposals for changes to the Senior Management Team and communications plan

F22/99 Agenda Item 22 – Remuneration Committee recommendations

Liz Dixon, Jason Faulkner, Phil Hastie, Erika Marshall, Fiona Sharp and Peter Wood left the meeting.

A paper had been circulated outlining recommendations from the Remuneration Committee meeting held on 10 November 2022; the Clerk confirmed that Stuart Blackett and Louise Davies were members of the committee and that the Chief Executive and Group Director of HR had also attended the meeting. The proposals included changes to the Senior Management Team (SMT) structure and salaries and a job description for the post of Chief Operating Officer.

A member of the Remuneration Committee commented that discussions at the meeting had been thorough and wide ranging and that the Chief Operating Officer job description had also been considered comprehensive. Governors supported the proposed changes, noting the importance of retaining members of the SMT.

In response to a governor's question, the Chief Executive confirmed that he had had informal confidential conversations with those SMT members affected by the proposed changes which had been well received; one had also asked for clarity on the wider SMT structure. He added that, following the committee's approval, he would brief SMT on the new structure and that it was proposed that the changes would go live from 1 December 2022. The Group Director of HR commented that the proposed changes addressed some of the risks identified during the appointment process for the new Chief Executive and confirmed that she expected the changes to be greeted positively by SMT. [REDACTED] A governor also commented that the term Chief Operating Officer was more common across organisations and described the Group Executive Director Planning and Infrastructure's role more accurately. It was agreed that the FE Corporation should be informed of the changes as soon as possible and that the Chief Executive would draft a confidential email to be circulated to governors following communication to the SMT; this would include the new SMT structure diagram.

Governors **agreed** to:

- i) change the responsibilities of the Chief Executive and Group Principal, specifically that: the Principal Bede Sixth Form would no longer report directly to the Chief Executive, instead reporting via the Executive Principal SRC and Higher Education; and the Head of ECAS would become a direct report to the Chief Executive and Group Principal;
- ii) amend the Senior Post Holder role of Group Executive Director Planning and Infrastructure to Chief Operating Officer; [REDACTED]]; and amend the reporting responsibilities, specifically that the Managing Director NETA would not report to the Chief Operating Officer but instead to the Executive Principal RCC and NETA;

- iii) [REDACTED] amend reporting responsibilities, specifically that the Head of ECAS would not report to the Group Executive Director Finance but instead to the Chief Executive and Group Principal;
 - iv) make no changes to the terms and conditions for the Chief Executive and Group Principal, and the Clerk, other than to include them in any annual staff pay award.
- Governors **noted** the agreed targets for senior post holders and the Clerk for 2022-23.

The meeting ended at 7.40 pm

Approved at a meeting held on 28 March 2023