

The Corporation of New College Durham**Minutes of the Finance and Resources Committee meeting
held on 11 October 2023****Present:**

Stephen King (Chair)
Joy Brindle
Andy Broadbent
Christine Warren
Chris Patterson

Apologies:

None

In attendance:

Karl Fairley (Deputy Chief Executive)
Alison Maynard (Deputy Principal)
Paul Bradley (Chief Finance Officer)
Bob Metcalf (Executive Director of Finance and Corporate Services)
Elaine Bonham (Executive Director of HR and Corporate Services)
Nik Whiting (Executive Director of ICT and Corporate Services)
Caroline Winter (Head of Governance & Corporation Secretary)

Action**23/38 Chair's introduction and starred items**

The Chair welcomed everyone to the meeting and reminded members to declare their interests in any item of business to be discussed at the meeting. No interests were declared.

Members **confirmed** that they did not require any further discussion about the starred agenda items B1, B2 and I.

23/39 Apologies for absence - none were received.**23/40 Minutes of previous meeting**

The minutes of the meeting held on 13 June 2023 were agreed as accurate and signed by the Chair.

23/41 Matters arising

23/34 – Members noted that the division of business between the May and June meetings had been reviewed prior to Corporation approval of the Schedule of Business and that Corporation had considered the proposed content of a College-wide report on the sustainability agenda at the September meeting.

23/42 Financial Monitoring (Year End) 2022/23 (Paper B1)

This item is recorded confidential under minute 23/42a.

23/43 Westfirst Financial Monitoring (Year End) 2022/23 (Paper B2)

Members reviewed Paper B, the Westfirst Limited financial reports to 31 July 2023. The report identified a profit of £958 for the period and a net liability position of £3,819. The final position was expected to be a loss for the year following the deduction of the Corporation Tax fee which was outstanding at the time of the report.

Members noted the Westfirst Limited financial reports to 31 July 2023.

23/44 Capital Developments - Update – (Paper B3)

Members reviewed Paper B3, which updated on the College's major capital projects. Members noted progress on T.H.E Hub project, the Artificial Grass (4G) Pitch project and Promotion House, Langley Moor.

23/45 Review of Reserves Policy (Paper C1)

Paul Bradley presented Paper C1, which detailed a review of the College's reserves policy. Members noted that the previous review of the policy took place in 2017 and that members had discussed the need to revisit the policy at the strategic review session in April and also when considering the Medium Term Financial Plan (MTFP).

The report proposed a reduction from a minimum level of free reserves of 15% to 10%, which represented approximately three months' costs across the College. Paul emphasised the need to keep the position under review as the College progressed any proposed HE partnerships that may lead to an increase in turnover.

Members commented that the proposal was consistent with discussions at the strategic review and the Board's collective risk appetite and desire to invest for the benefit of students. A short discussion followed on the terminology used to describe reserves from both a public and private sector perspective and in the context of planned capital commitments. It was noted that the colleges' financial handbook was due to be published which may offer some clarification, but in the meantime reserves would be treated as 'free', in terms of the Corporation being able to determine how these should be used, until contractually committed.

In response to a member's question about any other implications of reducing the minimum level of reserves, Paul confirmed the importance of monitoring the cash position in the context of the 'outstanding' financial health grade and reiterated the need to keep the policy under review in light of future developments.

After careful consideration of the level of free reserves required to meet the future strategic objectives of the College covering both

continuing operations and investment opportunities, members **agreed to recommend for approval** to Corporation the changes to the Reserves Policy wording highlighted at section 5.1 of the report.

23/46 Review of Budget Policy (Paper C2)

Paul Bradley presented Paper C2, which detailed the College's Budget Policy and Procedure.

Paul advised that whilst the College had a comprehensive budget process in place for many years, the College's internal auditors had requested that this was formally documented in a written policy. Paul advised that further detail would be added to section 6 of the document to clarify that in accordance with the financial regulations virement between budget lines did not require Board approval. In response to a member's question Paul confirmed that an explanation would also be added in the same section of the document to explain the process to deal with requests for amendments after submission to the Chief Financial Officer. Members agreed the following:

- to **approve** the additional text by email
- subject to agreement of the additional text, to **recommend the approval** of the College Budget Policy to Corporation

**PB /
Corp
Sec**

23/47 Enrolment Update (Paper D)

This item is recorded confidentially under minute 23/47a.

23/48 Sickness absence monitoring 2022/23 (Paper E)

Elaine Bonham presented Paper E, which updated on the sickness absence position for the 2022/23 academic year. Members noted the sickness rate for 2022/23 was 3.7%, which although was above the 3% target, represented a positive position having reduced from the previous year.

The overall cost of sickness absence for the period (including both salary and cover costs) was £674,919, which was a considerable reduction of £211,636 from 2021/22. Elaine advised that there remained a heavy reliance on external agency to provide cover and the position was not expected to change in the foreseeable future. Members noted the top recorded reasons for sickness absence and that here had been little change over the last five years. The top reason was stress, however this had become significantly more complex in both the causes and in managing the position. Benchmarking data remained limited however the College's sickness position over the same period reported by the Association of Colleges appeared to show a similar trajectory. The College position also appeared to be in line with the ONS rate of 3.6% for public sector workers in 2022.

Members noted the ongoing support to staff which was detailed in

the report and that there was again a low level of ill-health dismissals. Whilst the report indicated there was a recognition by staff of both the support in place and how this could be accessed, a full report on the staff survey feedback would be considered at the next meeting of the Committee. Members queried how removing covid absences from the figures would impact the overall trajectory and asked if the main reason for any increase would be mental health issues. Elaine advised that there appeared to be an increase in mental health concerns and stress over the year and that these issues were multi-faceted and being closely monitored. Elaine observed that there had been a shift in the employment relationship post-covid and that more complex needs and neurodiversity issues were being seen when making new appointments to the College, with more time required to support and coach new starters as they settled in and adjusted to the College's fast paced environment. It was also noted that similar issues were being seen among students that had not been in school for significant periods and Elaine advised that mental health concerns had been added as a strategic risk to the College's risk register.

Members welcomed the support for staff and also the encouragement to declare mental health issues, noting that whilst this may present some challenges, it would ultimately lead to a more diverse workforce. Karl Fairley confirmed that the College was working hard to break the stigma associated with mental health and that slow progress was being made. Members noted that the majority of absences were long-term and that this provided an opportunity to plan cover in a way that minimised the impact on colleagues in comparison with short term absences. This position was consistent with previous years and reflected on the College as an employer.

Members noted:

- The analysis of sickness absence for 2022/23;
- The performance of the College in respect of the key national and regional benchmarks;
- The sickness absence rate for 2022/23 (3.7%) in relation to the KPI for sickness absence as detailed in the Human Resources Strategy, which is to keep the rate under 3%. Whilst the sickness rate has not been achieved, the report demonstrates an improvement on last year's sickness rate.

23/49 Mental Health and Wellbeing Strategy (Paper F)

Elaine Bonham presented Paper F, the Mental Health and Wellbeing Strategy.

Members noted that the Mental Health and Wellbeing Strategy for staff was initially approved by Corporation in December 2020 and that the annual update to the Committee in May had proposed to align the staff and student strategies. The proposed strategy

reflected a whole-college approach and the impact that actions delivered for staff had on students and vice versa. In addition to the Finance and Resources Committee, the strategy would be considered at the Further Education and Higher Education Quality Curriculum and Students Committees prior to consideration by Corporation at the December meeting. Elaine confirmed that she would continue to take a lead from a staff perspective and curriculum staff would lead from the students' perspective with updates provided to the relevant committee. Members welcomed the proposal as very positive approach to mental health within the College and in response to a question about communicating the strategy, Elaine confirmed it would be promoted as part of the recruitment process and continue through the probation and staff appraisal processes.

Members sought clarification on the mental health standards detailed in the strategy and whether these should also apply to students. Elaine advised that the 'for staff' standards were drawn from the 'Thriving at Work' review which focused on employers, however as a number of elements were also applicable to students, as well as alignment with the AoC Mental Health and Wellbeing Charter, the key principles relevant to students as well as staff would be replicated across both sections. This would also reinforce the whole-college approach. Members also suggested replacing the reference to annual 'plan' with 'programme'.

EB

Subject to the changes discussed, members **agreed to recommend ratification** of the strategy to Corporation.

23/50 Annual Report Review of Performance for Corporate Services 2022/23 and Strategic Aims and KPIs (Paper G)

Karl Fairley presented Paper G, the annual update on progress against the strategic aims and key performance indicators in the Corporate Services Strategies.

Members reviewed the overview of progress against the Estates and Facilities Strategy, the Finance and Procurement Strategy, Human Resources Strategy and the ICT, Systems Development and Reporting Strategy.

In response to a member's question on the general waste recycling figure Karl confirmed that it was an improvement in performance and agreed to circulate the previous and current recycling figures to members. Members asked for further detail on the £11m social value savings referenced in the report relating to the County Durham Pound and it was agreed to seek clarification on whether this was a tangible saving or if it may be more appropriately described as a social value benefit or contribution.

KF

PB

A member commented that completion of 74% of staff appraisals was a relatively low figure and queried why the remaining appraisals were not completed. Elaine advised that this could be

due to sickness absence of the relevant manager impacting on a number of employees' appraisals, but also clarified that employees that had not been appraised due to long-term sickness absence would be excluded from the figures. There may also be a delay impacting on timeliness so that appraisals were carried out beyond the 12-month recording period rather than not at all. Members held mixed views on whether the 100% target was appropriate and were advised that this was an aspirational target aimed at ensuring appraisals remained a priority for managers and that any variations from the target could be reviewed and explained. A member suggested that there may also be other factors such as pace of change and workload and it was acknowledged that whilst there was a commitment to undertaking appraisals, there was potential during busy periods for managers to focus on other areas of priority e.g. enrolments in September, then progress appraisals at a quieter time. In response to a member's question it was confirmed that the position was monitored at operational level on a termly basis through regular performance meetings.

Members also queried the level of participation in the staff survey and following previous feedback about pace of change and workload concerns asked if staff may feel that their feedback would be ignored. Karl Fairley advised that the vast majority of feedback was genuinely positive with staff appreciating that the organisation was on a journey. The survey offered significant opportunities for respondents to add free text and in many cases they had provided detailed narrative against the questions. Elaine advised that the survey had been tailored following key themes emerging from previous surveys and the responses had generated an 800-page report, a summary of which would be reported to the next meeting of the Committee. It was agreed that individuals were more likely to respond when they could see previous feedback acted upon and Elaine confirmed that changes as a result of survey feedback had been widely communicated to staff including through a 'you said, we are doing' staff newsletter.

Members welcomed the move to a more strategic set of KPIs but emphasised the need for governors to understand how they were constructed and therefore gain assurance. It was noted that all of the KPIs would be covered in a report at some point during the year and that a narrative would accompany any areas of concern as they emerged rather than waiting for the relevant annual update report. The KPIs would come to each meeting with an executive summary to address any issues via exception reporting so that governors maintained a strategic overview throughout the year, but the KPIs would inform the detailed reports coming to the Committee over the course of the year.

Members noted the updates on the two KPIs previously discussed in detail as part of members' review of the revised suite of strategic KPIs and sought further clarification on the terminology relating to levels of internal audit assurance. Paul advised that the relevant terminology would depend on the internal audit service provider.

Members commented that lowering carbon emissions was a strategic issue for Corporation and that whilst achievement of ISO50001 accreditation would support the direction of travel, this was a process measure. Members also felt that this was likely to become an area of interest to external funders and it was agreed to explore development of a measure to monitor the level of carbon emissions and to receive an update at the next meeting of the Committee.

KF

Members considered the annual review of Finance and Procurement and noting the two areas that had moved into the Top 10 strategic risks (loss of key staff in teaching areas for delivery or in specialised posts and poor academic success rates), requested that these risks were discussed at the relevant committee.

**KF /
AM /
Corp
Sec**

Subject to the requested update on a KPI relating to carbon emissions, members **approved** the Strategic KPIs for Corporate Services detailed in Annex E of the report.

23/51 Network Security Management 2022/23 (Paper H)

Nik Whiting presented Paper H, which provided an update on network security management activity over 2022/23.

[REDACTED]

[REDACTED]

23/52 Data Protection Policy (Paper I)

Members reviewed the Data Protection Policy and noted there would be a further review in October 2024 to reflect changes to data protection legislation that were still awaited.

Members **approved** the Data Protection Policy and noted that the documents would be published on the College intranet and website.

23/53 Any other business

The Principal updated members that a recent ballot on industrial action at NCD had received insufficient support for action to go ahead. Discussion with the unions had also confirmed that the College would work to its usual time scales and processes to consider the pay award.

23/54 Date of next meeting: 22 November 2023

Signed.....**Date**.....