

The Corporation of New College Durham

**Minutes of the Finance and Resources Committee
meeting held on 12 February 2025**

Present:

Ben Fisher (Chair)
Andy Broadbent
Stephen King

Chris Patterson
Philip Pollard

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)
Kimberly Stevenson (Executive Director of Estates, Facilities and Corporate Services)
Nik Whiting (Executive Director of ICT and Corporate Services)
Adele Dowson (Vice Principal)
Peter Morrison (Vice Principal)
Colleen Peters (Vice Principal)
Caroline Winter (Head of Governance & Corporation Secretary)
Rosie Attack, Good Governance Institute (observing)

Action

25/01 Chair's introduction and starred items

The Chair welcomed everyone to the meeting and introduced Rosie Attack of the Good Governance Institute, the organisation appointed to conduct the external governance review, who was observing the meeting. The Chair also reminded members of the changes to the Committee membership and chairing arrangements, which had recently been approved by Corporation.

Members were reminded to declare their interests in any item of business to be considered at the meeting. Chris Patterson declared an interest in Item 6.2 on Contractual Changes due to his employment with the Department for Education. It was agreed Chris would leave the meeting for the duration of that item.

Members confirmed that they did not require any further discussion about the starred agenda item, Paper B2.

25/02 Apologies for absence none were received.

25/03 Minutes of previous meeting (Papers A1 & A2)

The minutes of the meeting held on 20 November 2024 (including confidential minutes) were agreed as an accurate record.

25/04 Matters arising

There were no follow up actions from the previous meeting.

25/05 Financial Monitoring to 31 December 2024 (Paper B1)

Bob Metcalf presented Paper B1, which detailed the financial position of the College at 31 December 2024.

Bob highlighted the key developments contributing to the latest surplus position including an earnings boost relating to 2023/24 adult education income from the North of Tyne Combined Authority which had not been previously guaranteed, vacancy savings in the staffing budget and the profit share arrangement with the College's contracted caterers. Members noted key risk areas in respect of larger funding streams, including growth funding for 16-19 students the value of which was not yet known, internal Bootcamp delivery and variations in performance between the College's HE partnerships. The Adult budget was on target and Bob confirmed that whilst it was expected that the overall surplus target for the year would be achieved, the position would become clearer in the following month's accounts, which would start to forecast to the end of the year.

Bob explained a key update since circulation of the report related to the pension position following reclassification of FE colleges into the public sector. The College's pension contributions had been recalculated by Durham County Council (DCC) following announcement of the FE guarantee, resulting in a significant reduction. Members welcomed the news and queried whether the previous contribution rates factored in the risk of college failure which was now de-risked by the guarantee. Bob confirmed that this had been the reason for the reduction and that the guarantee also covered deficit payments. The Principal updated on feedback from colleges with different pension schemes and advised that the response from DCC as the LGPS pension authority had been very positive.

A further update since the report was issued was the announcement of a national reduction in the Adult budget of 2-3%. The impact on the North East Combined Authority (NECA) would be 2.9% however it was not yet clear how this would be applied to the College's contract. Bob advised that a performance point meeting was scheduled with NECA for the following week which would be an opportunity to discuss the potential for additional funds.

Part of this item is recorded confidentially under minute 25/05a.

The Principal explained the measures planned to review the position across the HE partnerships in terms of student profile, recruitment and partnership arrangements elsewhere in the region, in order to develop a response plan. Whilst the partnership income

had reduced, the College had not been reliant on this in setting the budget.

In response to a question on the delivery risk relating to Bootcamps, Colleen Peters advised that there was some concern as a response from the DfE to recent change requests was still awaited, however the College was well positioned to progress when this was received. Additional funding had been secured from NECA with the potential for contract extensions to current work from April, including a significant proportion for next year. The Principal advised that whilst there were challenges in some of the processes and timescales relating to contract delivery, the College remained one of the largest Bootcamp providers nationally and enjoyed a positive relationship with NECA.

Members noted that overall the financial position was still fluid pending confirmation of the position on Bootcamps, distribution of the recently announced £50m for colleges notified by HM Treasury, confirmation of 16-18 in year growth funding and the ongoing fluctuation of HE numbers. Whilst there were a number of moving parts that could further change in the coming months, the College was in a satisfactory financial position at this point in the year and members welcomed the reassurance in respect of the overall position.

Members noted the draft financial position to 31 December 2024.

25/06 Westfirst Financial Monitoring to 31 December 2024 (Paper B2)

Members reviewed and noted the Westfirst Limited financial reports to 31 December 2024.

25/07 Capital Developments - Update (Paper B3)

Paul Bradley presented Paper B3, which updated on the College's major capital projects.

Members noted that the new car park had been completed and opened to students following the Christmas break and that progress on the Artificial Grass Pitch was on track. Paul updated members on progress in relation to the Sport and Sixth Form building and that the deadline for the return of tenders was the following week. In relation to the property lease/purchase to accommodate the Business Development Unit off site, Paul advised that a formal response to the College's offer was still awaited. This was being regularly chased up and Paul advised that once received, a full business case would be developed for governors' consideration to seek approval to proceed.

Members noted the following:

- Progress on the Artificial Grass Pitch and Car Park Relocation Project.

- Progress on the Sixth Form and Sports Building
- Negotiations are ongoing regarding Armstrong House at Pity Me to potentially accommodate the College's Business Development Unit.

25/08 Review of Financial Regulations and Procedures (Paper C1)

Paul Bradley presented Paper C1, the annual review and update of the College's Financial Regulations and Financial Procedures.

The updates covered: updates to the Committee Terms of Reference in line with changes agreed by Corporation, reference to the incoming Procurement Act 2023 replacing the Public Contract Regulations, updates to terminology to reflect the closure of the Education Skills Funding Agency (ESFA) and clarifications around External Auditor appointment and performance review, updates to travel and accommodation linked to approved procurement processes and Electric Vehicle mileage rates.

Members reviewed the revised documents and **agreed to recommend to Corporation that the revised Financial Regulations and Procedures were approved.**

25/09 Treasury Management Report (Paper C2)

Bob Metcalf presented Paper C2, the Treasury Management Report, which was required to be presented to the Finance and Resources Committee on an annual basis under the Treasury Management Policy.

Bob explained the College's approach in spreading its funds across different accounts with three major UK banks, with regular reviews to ensure the College receives the best interest rates. Members noted the interest earned in 2024, which had increased on the previous year's figure. Bob explained the high level of cash balances in its current account to ensure funds were available for the College's ongoing capital projects and it was noted that the monthly cash balances had significantly increased in recent years. The Principal commented that the increased cash levels reflected the increased turnover of the College from £36m to £70m in the last five years. Members welcomed the update and the assurance provided on handling the College cash balances.

Members noted the report and the positive impact of treasury management for the period January 2024 to December 2024.

25/10 Review of the Payment Card Industry Policy (Paper C3)

Bob Metcalf presented Paper C3, the updated Payment Card Policy.

Bob advised that the policy required updating on an annual basis to ensure compliance with Payment Card Information Data Security

Standard requirements. Members reviewed the changes as detailed in the report and Bob highlighted the new section of the policy which tightened up the process for reporting and managing incidents to ensure all staff were clear on their responsibilities and necessary actions.

Members approved the updated Payment Card Security Policy.

25/11 Review of Tuition Fees Policy 2025/26 (Paper C4)

Adele Dowson and Peter Morrison presented Paper C4, which outlined the proposed tuition fees for the 2025/26 academic year.

Members noted that there were minimal changes in respect of FE provision. Members reviewed the proposals for HE and Peter highlighted the proposed increase in full-time fees in line with the DfE increase in the maximum fee limit, and to reflect increased support to students, particularly relating to mental health issues and rising delivery costs.

Members asked about the Executive Leadership Team's view on the proposed costs and the Principal confirmed they were based on market rates and competition, with an assumption that courses were making contributions in line with expectations. Members noted there was no change to the HE international fee and queried whether other institutions had increased their fee. Peter advised that in previous years this figure had potentially been low in comparison with others but the current level was competitive and enabled the payment of agent fees.

Members agreed to:

- **Approve the Fees Policy for the 2025/26 academic year**
- **Approve the proposed changes for HE fees in the 2025/26 academic year**

25/12 Gender Pay Reporting (Paper D1)

Elaine Bonham presented Paper D1, the Gender Pay Report, which provided a breakdown of the College's gender pay gap based on a snapshot at 31 March 2024.

Elaine reported that there had been a further decrease in the gender pay gap since the previous year. The pay gap had achieved the College's KPI target and whilst closing the gap would take time it was positive to see a declining trend. Elaine emphasised the difference between gender pay reporting and equal pay and explained that a key factor contributing to the College's pay gap was the distribution of male and female employees across different pay quartiles. Members noted that the College was working towards a new diversity accreditation, the Inclusive Employer standard, which it was hoped would support the work on gender pay.

Members praised the report and recognised that the picture was similar to the previous year. Members sought clarification on how the comparisons were made in the report and Elaine confirmed that pay was broken down to hourly rates for reporting purposes.

Members noted the report and approved that the data included would be published in line with the College's legal reporting obligations.

25/13 Contractual Changes (Paper D2)

Chris Patterson left the meeting at 4.50pm for discussion of this item.

Elaine Bonham presented Paper D2, which outlined proposals to amend provisions within the College's contracts of employment to include clauses covering Payment in Lieu of Notice (PILON) and Garden Leave.

Members noted that the purpose of the changes was to provide greater flexibility to manage complex employment terminations. Elaine emphasised that the provisions had been drafted by the College's legal advisers and would not be used *carte blanche*. Application of either clause would be determined solely by the Executive Director of HR and Corporate Services, on a case specific basis in consideration of the pertinent facts and any legal advice where necessary. Elaine advised that utilisation of these clauses was potentially under consideration by the Department for Education and that any guidance issued in this respect would be reflected in the College's approach. It was noted that the proposals extended to the contracts of employment for the College's Senior Postholders and therefore consideration by the Remuneration Committee would also be necessary prior to seeking Corporation approval. Elaine advised that the Trade Unions had been consulted on the proposals and were supportive.

In response to a member's question on what had prompted the proposal, Elaine advised that employment relationships were becoming increasingly complex and challenging and whilst both approaches had been used by the College for a number of years, this was dependent on the agreement of the individual and managed through a mutual approach with the Trade Unions in significantly complex cases.

Members agreed to make a recommendation to Corporation for the proposed changes to be ratified, subject to further consideration by the Remuneration Committee in respect of the contracts of employment for Senior Postholders.

Chris Patterson re-joined the meeting at 4.57pm.

25/14 Health and Safety Report on current issues (Paper E)

Elaine Bonham presented Paper E, which provided an overview of key Health and Safety performance measures and activities since the start of the academic year.

Members noted there were no open liability claims against the College which had been a consistent position since 2018. The majority of reported accidents in the current year were minor however there had been three RIDDOR reportable accidents, four serious injury accidents and six near misses. Members reviewed the details of these incidents and noted updates in relation to ongoing inspection programmes, the employer vetting programme for placements and apprenticeships, and the Educational Visit process. Elaine updated that the College had recently responded to an enquiry from the Health and Safety Executive in respect of College trips and received subsequent confirmation that no further action was necessary. No significant issues had been raised in the latest termly meeting of the Health and Safety Committee and members noted that the site works relation to the new car park and artificial grass pitch were continuing to progress without any reported health and safety issues.

Members noted the report.

25/15 IT Project/Infrastructure update 2024/25 (Paper G1)

Nik Whiting presented Paper G1, which provide a progress update on IT projects approved for 2024/25.

Nik advised that the IT department continued to focus on support for staff and students in the context of the evolving technological landscape, to enhance the student learning experience and support high quality teaching and operations. Members were updated on key systems development projects aimed at streamlining and enhancing service delivery and sustainability initiatives to reduce printing and reuse equipment. In terms of future plans members noted the focus on integrating Artificial Intelligence with the College's activities, addressing challenges with the current virtual desktop system and provider, implementation of a new Finance Management System and supporting the planned modernisation of the Sports Building.





Members noted the update on IT projects for 2024/25.

25/16 Capital/Compliance Update (Paper G1)

Kimberly Stevenson presented Paper G1, which updated on key activities within Estates and Facilities in alignment with the 2021-2026 strategy.

Members noted progress was being made on ongoing capital projects alongside the modernisation of the college, including the creation of multifunctional classroom space, upgrade of the estate infrastructure including roofing works, building management upgrades, fire door replacements and repairs, and the completion of the Battery Manufacturing Training Academy. Kimberly emphasised the value of projects that were less visible but of key importance to the estate such as the new water treatment system, and the continued prioritisation of compliance with statutory requirements through ongoing maintenance and services.

Members welcomed the update and commented that it was important for them to understand the work to maintain the College estate alongside the higher profile build projects. In response to a member's question about the relocation of the music department, Kimberly updated that the design of the new location was being reviewed with the Vice Principal and Head of School, further acoustic testing for the studio had been arranged and the move would be complete by September.

Members asked about scenario planning to make the best use of the additional building to accommodate the Business Development Unit. Kimberly confirmed that having established the requirements to move staff to the new building, this could be done quickly within existing resources and that plans and quotes had been obtained to create the required classroom and staff space.

Members noted the report.

25/17 Sustainability Update (Paper G2)

Kimberly Stephenson presented Paper G2, which updated on

progress against the Sustainability Strategy for the 2023/24 academic year.

Kimberly explained that the figures detailed in the report were based on the high-level baseline included in the previous year's report. Members were briefed on the reduction in gas usage but noted that electric consumption had increased and that this would continue as the College estate footprint increased. Kimberly advised that the College was working with Durham County Council and other local organisations to explore a geothermal heating network with the potential to significantly reduce carbon emissions and energy costs. Water consumption had increased due to expansion of the College estate however there had been a significant increase in waste recycling and members noted that 100% of waste was now being diverted from landfill. The College's Green Travel Plan had been refreshed and sustainable travel options had been increased through additional EV chargers, green parking bays and 2 pool cars available to staff and students. Training and awareness raising for staff and students was ongoing with the training department continuing to explore the best ways to get individuals engaged.

Members noted the College's carbon emissions calculation now included satellite sites and the figure had therefore seen a modest increase. Kimberly explained that work was underway to improve reporting accuracy and emphasised the need for governors to understand the College's position in light of future reporting requirements. Kimberly highlighted the achievement of two globally recognised energy management accreditations and explained that whilst this helped to demonstrate the College's commitment, there was an associated cost to the College's efforts in this area.

Members welcomed the update and commented on the importance of this work and its visibility to governors. Members asked how staff and students were actively engaging with sustainability across both corporate services and the curriculum. Kimberly advised that the green travel survey of staff and students asked individuals to consider becoming a green champion and this had received a positive response. Ideas for activities to support the agenda were also sought and a sustainability event had been held with local stakeholders and businesses. From a curriculum perspective, Alison Maynard advised that sustainability was embedded in the curriculum with an expectation that all areas included sustainability activity in addition to a focus within the personal development programme. There were a wide range of initiatives and activities across the curriculum and with partners and it was important to ensure this was captured. In response to a member's question on the potential for a core sustainability module, Alison confirmed that all awarding bodies were including sustainability in their qualifications, however the College's approach was much broader to engage the College and its wider external community.

Members noted the report.

25/18 Strategic KPIs 2024/25 (Paper H)

Karl Fairley presented Paper H, which provided the latest update (to 31 December 2024) on performance against the agreed Corporate Services strategic Key Performance Indicators (KPIs).

Karl advised that performance was on target across most Corporate Services KPIs but explained that there had been three RIDDOR reportable accidents within the reporting period. Karl drew members' attention to the details in each instance as outlined in the report. Members also noted that sickness absence was at a similar level to the same point the previous year and that this would continue to be monitored with more detail provided to the Committee in the annual report. Karl highlighted the fluctuation in vacancies between August and December and it was noted that the position was expected to improve due to recent appointments having been made. Elaine Bonham advised there was one vacancy which remained a challenge for recruitment and that this was being monitored by the Senior Leadership Team. Karl advised that the workforce planning risk assessment also indicated a challenging position which was largely related to the number of supply pool staff currently employed.

Members sought clarification on the sickness absence figure and Elaine confirmed that this was cumulative and was therefore likely to be above the target by the end of the year. Consideration had been given to reviewing the target however Elaine emphasised the importance of monitoring sickness absence against a challenging target.

Members commented that the KPIs were in a strong place in terms of visibility. It was recognised that some areas were difficult to control and the report provided an explanation in the areas where performance progress was not currently being achieved and the action being taken. Members felt this provided assurance that these areas were being monitored and the College was in a good overall position.

Members noted the progress against the Corporate Services KPIs for 2024/25.

25/19 Any other business – none.

25/20 Date of next meeting: 18 June 2025