EKC East Kent Colleges Group

Business Committee Minutes

Meeting	Business Committee	Date	21 November 2024
Location	Broadstairs Executive Boardroom	Time	9.45am
Membership	Charles Buchanan (CB), Miranda Chapman (MC), Gail Clarke (Chair), *Graham Razey (CEO)*, Francesca Lashmar (Staff Governor), Joanna Worby (JW)		
In Attendance	Chris Legg, (CL) Chief Financial Officer Dan Shelley (DS) Chief Infrastructure and Transformation Officer Lucy McLeod (LM) Deputy Chief Executive Officer Kerry Hickmott, (KH) Chief People Officer Sharon Hollingsworth (SH) Group Director of Governance Georgia Shelton (GS) Governance Officer - Minutes Clerk Jack Collison (JC) Director of Corporate Services - Observer		

**Italics denotes absence*

	ITEM	COMMENTS	ACTION
1	**Welcome and apologies for absence**	The Chair welcomed members to the meeting. Apologies were received for Graham Razey, and Joanna Worby joined via Teams.	
2	**Declarations of Interest**	There were no additional declarations to the meeting other than those declared as standing.	
3	**Minutes of the meetings held on 20th June 2024**	The minutes and confidential minutes of the Business Committee meeting held on the 20 June 2024 were reviewed by the Committee. It was noted the Kerry Hickmott, Chief People Officer, had not been added to the minutes as an attendee. It was agreed that this would be added prior to the minutes being signed. Subject to the above change being made, the minutes will be duly signed following the meeting by the Chair.	

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4	Matters Arising not covered by this agenda:	The Chair asked for any matters arising. Following the Search & Governance Committee that took place on the 19 November, members were informed that, given the change in capital portfolio and minimised risk, the Property Sub-Committee has been disbanded and will be absorbed by the Business Committee. NOTED: Matters Arising.	
5	Terms of Reference for the Business Committee	The Group Director of Governance presented the Terms of Reference for the Business Committee and summarised the changes made. It was questioned whether further delegated responsibilities need to be added to the Terms of Reference following the Property Sub-Committee being absorbed by the Business Committee. It was explained that item 5.8 states that the committee 'monitor performance against the Property Strategy including Estate Utilisation' and therefore it is not necessary to add any further responsibilities. Governors suggested that the Chief People Officer should be referenced within the membership, as they regularly report at meetings. AGREED: Chief People Officer to be added to the Business Committee Membership within the Terms of Reference. APPROVED: Terms of Reference for the Business Committee	
6	Capital Programme update Property Sub-Committee minutes: 5th November 2024	The Chief Infrastructure & Transformation Officer (DS) presented the Capital Programme update. The Property Sub-Committee had met on 5 November to discuss the Capital Programme progress in detail and no concern were raised. The following matters were discussed: Broadstairs is near completion of second automotive training session. This will be completed on time and budget.	

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		Margate Digital Lease is ready for signing. The Lease had been worked up by Cripps. The Lease meets agreement between parties and will be signed by the Chair of Governors and EKC Group CEO following the meeting. JNC Contract for services with Jenners is ready for signing. The contract will be signed by the Chair of Governors following the meeting. The contractors have started final asbestos removal on Monday to finish next week and the construction of Margate Digital will follow. Due to delays with the lease the Group may not have the building ready for start of September but working to get ground floor completed first to have a partial move-in. Sheppey Project underway, the ground works have started for movement of facilities. The Gas Pipeline Easements at Sheppey College will be signed by chair and CEO. The Easements provide agreement to move facility and give access to Swale Borough Council and Southern Gas Networks over 125-year lease when they need it. Work can commence as planned and is on track. Heads of Terms for Dover Creative have been signed by the Group CEO. The full 125-year peppercorn lease will be presented to FGB in due course for approval. A groundbreaking ceremony will take place on 25 November with work due to commence that week with expected completion for September 2026. A Governor questioned whether governors could attend the ceremony, noting that governors should be invited to these events when possible. DS explained that a celebration will be arranged for Margate Digital opening. It was suggested that when the construction work is underway at Margate Digital, a visit to be arranged for Business Committee members. Capital reports for the projects are helpful and give all the information for Governors to ensure works are on track. These are well displayed and will continue to be produced. Strategic away day capital plans were clear and consistently laid out. Governors drew attention to the reliance on Jenners and potential risk factor. The risk had previously been carefully reviewed by the Property Committee and it was agreed that the Group was not a one contract organisation. It is unusual to have so many with one provider. DS went out to all contracts that did not get awarded contracts and assured the committee a thorough and fair due process was carried out. A Governor raised concern regarding the potential conflict of interest associated with a member of the governing body. DS explained that it was clear why Jenners was chosen but agree that appearance is something to consider and important to reinforce. The issue had been previously	DS

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		raised at the FGB meeting for reputational risk. There is a perceived conflict, but DS Is confident that one does not exist. Jenners have worked with the Group so know expectations. It was suggested that DS could run a procurement workshop to give insight into what makes a good bid. For example, did one contractor understand the implications of not being ready for September start? DS had spoken to the Director and understood that timeframe was important. DS noted that new procurement rules come into force in February. The Group has previously contracted with WWMartin and Abbotts. Latest are Jenners but do have a mixed economy. Abbots worked on Spring Lane. It was suggested that the Group could put a page on website of providers that we work with. Doing economic assessment of impact on local community including projects- most are on their sites so could link to show this. A Salix Public Sector Decarbonisation Fund application for Blocks P and T at Canterbury is being prepared for the end of November. There is a new requirement for energy uses to be included in the annual accounts which will be met for 2023-24 accounts. £4.6m of funding is available for energy efficiency and refurbishment work between now and March 2026. In July 23, FGB agreed to allocate FE Transformation fund to put forward fund. Paper shows amount of £3million pounds- this is just for FFE in annex 1 and 2 so actual bid is 10million pounds but does not impact match funding. Willmott Dixon, our cost consultants on this are sure we will match Salix requirements. The Bid will be ready by close of play today subject to agreement by the Business Committee. If the Group was not successful, £1.3million would go to Canterbury and upgrading of LED lighting across campus. By winning this bid, we are committing to do the work, and the Group is comfortable that sufficient contingency is in place to cover cost uncertainties. 18% provides some buffer, this is maximum amount. DS assured Governors that the Group is committing to work with Willmott Dixon, Salix would adjust based on procurement. A Governor questioned whether we ever insure projects like this in case we did find it was more costly. DS stated no, but contractors occasionally do. We could fix risk in contract, but this will be built into price. No market in cost uncertainty for projects. Governors questioned what makes blocks P and T eligible for this. DS suggested age of heating and other systems. Salix are clear on what is eligible. The outcome from the Bid will not be announced until April/May as going through procurement process.	

		Governor asked if DS could give indication of money saving. DS responded, could potentially save £100K a year. A Governors questioned the dates for this work to take place. Start in Summer next year subject to agreement and would run for 60-65 weeks (just over a year). Not intrusive and should not impact teaching- slight intrusion on wall cavities but will work to get these done during holidays. Minimal. Work to give full timeline to staff. Mian hall is included in T block but should be limited noise. RESOLUTION: Agreed Salix Public Sector Decarbonisation Fund application	
		DS confirmed that the final bid will be shared with Committee once received and will go out to procurement for this.	DS
		DS explained that the Group has been successful in two Salix Bids. Second bid is to bring forward to RIBA4. Secured money and have commissioned through procurement framework for Willmott Dixon to do bid. Issue in this being retrospective approval is required by the Business Committee. DS apologies for the oversight. Governors requested that the Team be a bit tidier about appointing correctly. DS assured the Committee that the Group went through correct processes but required Business Approval first. RESOLUTION: Retrospective approval for Willmott Dixon to prepare the decarbonisation plans for Canterbury College to RIBA 4. <u>Folkestone</u> - GLB looked at emergent property options and agreed to move forward phase 2 of Folkestone. £500K for demolition of Trust building but have funds left to self-fund. DS explained that the Group cannot fund this without decanting what is left of Trust for mezzanine in hall. This project fully costed by B&M at £2.3million. The Group has £500K but ask that we fund some of this through £1million for delegated responsibility to deliver for this year and utilise funding for 2025-26 for the works. The Group has the money to fund this work. Governors recognised that it would complete the Folkestone development and would free up the rear of site to decide what we want to do with this. Governors questioned whether DS was suggesting we use whole of £1million as part payment for the works. DS explained it would be the 2024-25 element which is £287,000.	

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		A Governor questioned items 2 and 3 on to do list that do not get to be done? DS clarified that a through discussion has taken place at GLB. The Broadstairs frontage half million project and work on entrance of Dover £200K were the next priorities. GLB felt this had the most positive impact on students and learning, others were aesthetic, ad still want to do, but not priority A Governor questioned if the project was eligible for FE transformation funding. DS confirmed it was. The Trust is the poorest building the Group has left. The project is inexpensive at net cost We use little of this space currently but finishes in utilisation figures. Costs us to maintain. Allows relocation of EKC Training to this space which will have their own entrance and space. A governor questioned whether the project would provide extra classrooms and increase capacity for students. DS confirmed it would along with recouping money over time with this investment. Small sport provision would be included so would allow better sport facilities and students to use for enrichment. More areas for staff were pleasing to see. There is no intention to add curriculum given the priority for sport and avenue for sports science at Canterbury and Folkestone. Better facilities should enable growth of provision and reduces footprint. AGREED- Proposal to move ahead with Phase 2 of Folkestone College subject to FGB for approval NOTED: Capital Programme update and Property Sub-Committee minutes: 5th November 2024	
7	31 July 2024 Management Accounts	The Chief Financial Officer presented the July 2024 Management accounts and highlighted the following key matters to the Committee: The year-end position is a positive one. The Group has exceeded the budgeted level of EBITDA by just under £3million which was largely due to 16-19 in-year growth. The Q3 re-forecast exercise is still being reported in the management accounts with the final out-turn not too far adrift from forecast. AEB was forecasted to be below target. Project income was slightly different due to any funds unspent at the year-end being deferred to the following year. Overall income was ahead of budget.	

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		Interest income is above budget due to improved cash holding levels and stronger interest rates. The cash holding includes capital grants waiting to be expended. Core pay expenditure is underspent for the year, which reflects the trend of significant levels of vacancy within some areas of the Group during the first few months of each academic year. The Adult Education Budget income is shown based on final earnings and is behind budget EBITDA is ahead of budget, due to the above reported under-spending and in-year 16-19 growth funding. A Governor drew attention to the income and expenditure account which showed an EBITDA variance of £2,937 however the paper reports a variance of £3,049. The CFO explained that the accounts were completed at the point of audit clearance so is slightly different and confirmed that the detailed numbers in the income and expenditure account of £2,937 is correct. A governor enquired about the interest earned, and given behaviours seen from government, questioned whether it will be looked at unfavourably. The report received from auditors, benchmarked against other clients shows the level of cash days for many clients are over 30 days. The government reference to cash sweep is primarily aimed at academy trusts sitting on excessive reserves. The CFO explained that the Group is low risk in this regard, with the Academy Trust benchmark set at 20% (circa 70 cash days). Governors questioned the pension position. The CFO explained that every 3 years the employer contribution rate is determined by the actuaries. The risk being if the pension fund is not performing well, employers' rate could be increased. It is unlikely that government would provide grant funding to support any increase, as they have not done so previously. The Group generated £460k profit commercially, the CFO explained this was mostly from nurseries and lettings. The loss made by The Yarrow will be investigated, it made profit last year but is underperforming in food and beverage. This is a £36,000 loss on £2million turnover, the loss is not viewed as significant, but Governors agreed that this should be investigated. It was suggested the	

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		Group could justify loss as cost of providing student experience. Non-student facing operations are providing sufficient surpluses. A governor questioned the income from College salons across the Group and why this was not shown in the accounts. The CFO explained that the salons are not run commercially, the business is minimal, and the funds received from providing this service go into the college budgets. Governors agreed that the year-end position is positive news. NOTED: 31 July 2024 Management Accounts	
8	October 2024 Management Accounts	The Chief Financial Officer presented the October 2024 Management accounts. The accounts had been previously examined by the Finance Sub-Group at their meeting on 18 November 2024. There were no concerns raised, and the following was noted: Fee income is forecasted to be behind target. The Group is still in conversation with the Director of MI regarding the Adult Skills Fund and is not looking too far adrift. Adult recruitment for fee paying learners is low. There has been a change in methodology to allow more adults to access grant funding. HE student numbers have gone down and unfortunately this cannot be made up in-year due to the nature of the programmes. In-year growth will be reported in December once final student count is known. Local authority income is static for KCC. Bulk of positive income here is due to supporting students from other counties. The UK Shared Prosperity Fund (UKSPF) project income has been added at Q1, we were unaware of this when the budget was set but will be spent in full. Pay expenditure is similar to every year, vacant posts are not filled at the beginning of the year. There is a budget to allow for vacancies, but this is lower than the actual level of vacancy. Posts were added after enrolment to accommodate growth, meaning pay is levelling out.	

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		The new role of learning skills coach has been added to the establishment The posts have not been filled yet. A few extra admin roles have been slow to recruit. The use of agencies is low. Non-pay expenditure is underspent, no concern, extra money added for software due to above-budget price-rises. A governor drew attention to the apprenticeship levy and questioned what we pay as our levy and if pay forecast is lower than budget, why has levy gone up. The CFO explained that the Group did not get it right in budget. The monthly amount stated was too low to start with but not a material error. Governors reviewed the balance sheet- the Group is in a strong position. Cash flow at the end of year position assumes full capital programmes completed, which is unlikely so assumes worst-case cash flow scenario. This will have beneficial impact on interest. A Governor suggested that we may have the potential of more capital funds coming in. The AoC' s ambition is to get allocation in April without a bidding process. We could expect £3-4million. The Group is prepared, and this will be included in the Property Strategy. The Group usually receives 1% of national total. The budgeted financial health score is 210 points and is broadly in line with the out-turn from 2022/23 but lower than the 2023/24 out-turn "outstanding" 250 points. Governors queried the implications of increased national insurance. The CFO explained that when information is received, further details will be shared with governors but this is expected to be supported by additional government grant income. The Yarrow Hotel is breaking even. Nurseries positive variance at £22k & £23K for Canterbury and Folkestone respectively. It was questioned if the full year budget could be exceeded. The CFO explained that timing proves difficult so hard to tell month-on-month, but the quarterly re-forecast process will determine this. Conversations taking place with commercial hospitality to ensure good deals with suppliers and reducing waste. The CFO will inform of impact when seen. NOTED: October 2024 Management Accounts	

9	Update on Gender Pay Gap position	The Chief People Officer updated governors on the Gender Pay Gap position and actions being taken. The Gender Pay Gap Action Plan was summarised, and governors were informed that this is monitored regularly by the Governing Body, Group Leadership Board and People and Culture Development Group, to ensure that all steps are taken to close the gap. Members were informed that the new Flexible Working Guidance has now been published, and 80 requests have been received; the majority of these requests have been working mothers, which is a positive step in allowing women to progress and work well in their chosen career. Governors queried whether employers are able to engage in discussion regarding flexible working during or prior to interview. It was explained that new employees are encouraged to discuss this on day one, and discussions are welcome during interview if initiated by the employee. This conversation is generally not had during interview to avoid bias and sexual discrimination. While there are some roles with this is discouraged, such as in lecturing roles, the Group do what they can to ensure flexibility is possible, for example job sharing. It was questioned whether flexible working could be reported by working hours and arrangements. The Chief People Officer explained that while flexible working is monitored, working pattern is not, so this can be difficult to report. While this type of reporting would be beneficial to governors, they were assured that requests that impact student learning and experience are not accepted, and managers are provided with training that gives confidence in what requests can be accepted and declined. Governors asked for the best areas to target to close the gap. It was suggested that the lower and lower middle quartiles are the best areas to target; employing more males in these areas would create the biggest impact in closing the gender pay gap within the Group. Marketing campaigns may have greater impact if they relate to men as family caregivers. It was agreed that it would also benefit the Group to hire more minority groups to ensure that there is a diverse workforce. CB left the meeting at 11.30am. FL left the meeting at 11.32am.	

		NOTED: Update on Gender Pay Gap position	
10	Staff survey results and management action plan	The Chief People Officer presented the agreed next steps following on from the staff survey, as shared with the Full Governing Body in October 2024. It was explained that following the Full Governing Body meeting in October, a number of actions are being taken in order to address the areas requiring further attention, with many concerns being addressed and monitored through Performance Review panels and Local Board meetings, as well as Task & Finish Groups. Governors questioned whether it was a surprise that staff survey results had declined compared to the previous year. It was explained that while the overall results do show a reduction, there are some areas which have improved. While this result is disappointing, there has been a number of changes in leadership across the Group which will have resulted in change for colleges, and morale may have decreased following last year's Outstanding Ofsted Inspection. Governors noted that the benchmarking against other colleges likely shows a higher level of demand and standards within the EKC Group. It was agreed that the results are overall positive for the Group, with many staff appreciating the opportunity to discuss and feedback regarding the results. NOTED: Staff survey results and management action plan.	
11	Report on HR matters	This item was considered confidential and will form the Confidential Minutes PART A	
12	Any Other Business	There was no other business to be discussed.	
14	Matters Considered Confidential	Item 11, Report on HR Matters, was considered confidential and will form the Confidential Minutes PART A.	
15	Date and time of next meeting	The next meeting will take place on Thursday 13th March 2025 at 9.30am.	

There being no further business the meeting closed at 11.45am.

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Signed: G Clarke

Print: GAIL CLARKE

Date: 13-03-2025