

Preston College

Redacted and Abridged¹ Minutes of the Resources Committee Meeting held on Thursday 1 May 2025 at 5.30pm, Boardroom

Present:

Ms Joanne Jones	Chair
Mr Simon Nixon	Principal and Chief Executive
Mr David Bond	
Ms Giulia D'Ambrosio	
Mr Neil Garnham	
Mrs Janet Harrison	
Mrs Tamsyn Haselden	
Miss Amanda Morey	
Mr Jose Sedano - Martinez	
Mrs Andrea Willimott	Remote (Zoom)

In attendance:

Mr Mark Airey	Executive Director of Finance
Mrs Clare Rayner	Director of Governance
Mr Iain Stott	Vice Principal Corporate Services

Apologies:

1. Welcome and Apologies

The Chair:

- welcomed everyone to the meeting and in particular welcomed Mr David Bond, Ms Giulia D'Ambrosio, Mr Neil Garnham and Mrs Tamsyn Haselden to their first Resources Committee meeting;
- reported that apologies had been received from Ms Gill Thornton, Director of Human Resources.

2. Declarations of Interest

The Committee noted the interest of all staff present in Item 8 - 2024/25 Pay Award (Second Part). The Director of Governance explained that the College's Instrument and Articles did not require staff governors to leave the meeting when decisions on the pay and conditions of all staff were made.

3. Minutes of Previous Meeting 6 February 2025

The Director of Governance reported that Ms Jones appeared in the list of members present twice in the draft minutes and this had been corrected. With this amendment, the Committee agreed the Minutes of the meeting held on 6 February 2025 as a correct record.

Resolved: With the amendment, the Minutes of the meeting held on 6 February 2025 were approved as a correct record.

¹ Please note that any matters which the Corporation is satisfied should be dealt with on a confidential basis have been removed from these minutes.

4. **Matters Arising**

The Committee noted the report on the progress of actions from previous meetings.

Resolved: The Committee noted the report on the progress of actions from previous meetings.

5. **Management Accounts**

Mr Mark Airey, Executive Director of Finance, presented the Period 8 Management Accounts. He reported:

- the three major incomes streams of 16-18, adult and apprenticeships were all performing above target;
- that staffing costs and other operating expenditure were underspent at Period 8;
- on the forecasted surplus against the budgeted surplus, an. However, the accounts did not include the proposed second part of the Staff Pay Award and the costs of this;
- on the current cash position, and the year-end which did not include the £1.6 million of condition grant funding which the College would receive from the Department of Education (DfE), and the underlying cash position after capital grant funding was removed;
- that the additional DfE funding allocation to support the increase in employers National Insurance Contribution's was not included in the latest forecast, along with the increase in costs;
- that due to funding pressures, the DfE had only awarded two thirds estimated in year growth funding, however this still increased the College's in-year income, after deductions from under recruitment of T Level students in 2024/25;
- that Adult Skills provision was performing above the planned profile, and the College was confident that the full budget/allocation could be exceeded. The DfE would fund up to 10% above the allocation. However, the College had taken a prudent approach and only increased the forecast by 5%);
- that the accounts included £127k which had been carried over from the 2023/24 year end statutory accounts;
- performance of the Free Courses for Jobs income line;
- on year to date, Apprenticeships performance; and accounting approach taken;
- pressure of staff agency costs, particularly for specialist construction areas and income on budget and forecast;
- Agency staff costs had been partially mitigated by vacancy drift.

In response to questions and comments from members, the Committee noted:

- that the reason for increased agency costs had changed; the increased costs had been significant during 2023/45 as there had been 22 vacancies at the start of the year within the schools of Construction and iSTEM, predominately within Engineering and Automotive. However, the College now had only one vacancy in iSTEM. The majority of the staff vacancies were now in different curriculum areas, particularly electrical installation, and there had been a couple of recent resignations;
- increased exam costs during 2024/25 and the reasons for this;
- how budgets were phased throughout the year and the timing issues of some costs, such as student trips;
- year to date variance to budget;
- that the balance sheet included capital grants paid in advance;
- that the underlying College cash balance, with capital grants removed, was shown in the graph at Appendix A.

The Principal and Chief Executive summarised that the forecast surplus would be reduced if the pay award was approved. However, the College would receive £300k for adult education. The College would also receive a share of a DfE post 16 budget funding which the College had estimated could be c.£155k and it was unknown if the DfE would stipulate conditions for the spending of this funding.

Following a query on bank financial covenants, a member requested that it would be helpful for the governing body to have oversight of covenant calculations and it was agreed to include in future management accounts.

Following requests from a member, it was also agreed that the following information should be included in future Management Accounts:

- budgeted cashflow to be added to the cashflow graph;
- the average underlying daily cash balance, excluding capital grant, on the cashflow graph to allow the Committee to track progress against the target.

The Committee noted the Period 8 Management Accounts and cashflow graph at Appendix A and the commentary at Appendix B.

Resolved: The Committee noted the period 8 financial position.

Action: Mr Airey to update the Management Accounts as requested.

6. **Budget Overview 2025/26**

The Principal and Chief Executive presented the Budget Overview 2025/26. The Principal and Chief Executive and Mr Airey reported:

- that on this occasion he had produced the budget overview report as Mr Airey had been on annual leave;
- the draft income budget for 2025/26 was largely complete and would be presented at the next meeting;
- DfE funding allocations for 2025/26 had been received, the most significant of which was the 16 to 18 year old core allocation which had increased on a like for like basis with the 2024/25 allocation, due to increased student numbers;
- the Adult Skills Fund (ASF) allocation would be more than the 2024/25 allocation. However, the DfE had announced a national cut of 6% and it was unclear if any over delivery would be funded. There had been some changes to the funding rules which required review;
- the College's income for 2025/26 which had not been achieved before in the 10 years the Principal and Chief Executive had worked at the College;
- the draft budget for 2025/26 included a staff pay award. However, as schools were considering a 2.8% pay award, consideration might need to be given to increasing this to ensure that the gap between FE and school pay did not widen further. It was suggested that the Board could consider a model similar to 2024/25, with two payments made during the year.

In response to questions and comments from members, the Committee:

- noted that the work paid for by capital funding needed to be managed separately due to the increased amount of estates work;
- noted the College had experienced five years of growth. However, prior to this the College had experienced decline and had undergone a number of staff restructures and redundancies;
- noted the reduction of the College's spending on estates had been achieved as the work had been paid from capital funding/ external grant funding;
- noted that following the pay awards made in recent years, the College had moved closer to school sector pay;
- noted the College's income streams forecasts were based on years of evidence and were prudent as they did not include any in year growth funding;
- noted there was no expectation of match funding from the DfE for capital grants and that college had been given up to March 2028 to spend the funding;
- noted that the Committee would review a three year plan at its next meeting;
- noted the College was expected to retain "Good" financial health and the DfE would publish a governor dashboard which management would present at the next meeting;
- noted the main benefit of a Good financial grade from DfE was that the College would not be subject to enhanced scrutiny by the DfE and that banks might increase charges if a college was not rated good or outstanding for finance;
- discussed how the College could utilise the surplus and the disadvantage of using funds to pay interest off loans due to penalty clauses;

- discussed the balance required between investing in students and also retaining surpluses so that the College had sufficient reserves if required.

The Committee noted the Budget Overview 2025/26.

Resolved: The Committee noted the Budget Overview 2025/26.

7. College Utilities

Mr Iain Stott, Vice Principal Corporate Services, presented the College Utilities report.

Following discussion members agreed to recommend the arrangements, subject to the inclusion of additional information in the report.

The Committee noted that, subject to the approval of the Chair of the Governing Body, the Board would be asked to consider the recommendation by written resolution. The Committee agreed that it did not need to review the revised report before it was considered by the Board as members would review the additional requested information as part of the Board's review of the recommendation.

Resolved: The Committee agreed to recommend arrangements for College utilities to the Board This agreement was subject to the inclusion of the additional information requested into the report to the Board.

Action: Mr Stott to pursue the additional information requested for the report to the Board.

8. 2024/25 Pay Award (Second Part) 1 April 2025

The Principal and Chief Executive presented information regarding the second part of the Pay Award offer to staff for 2024/25.

The Committee noted that subject to the approval of the Chair of the Governing Body, the Board would be asked to consider the recommendation by written resolution.

Following discussion, the Committee agreed to recommend the second part Pay Award 2024/25 to the Board for approval.

Resolved: The Committee agreed to recommend to Board for approval the second part of the 2024/25 Pay Award:

9. Review of Progress of the Estates Strategy

Mr Stott provided an update of progress against the Estates Strategy. He reported:

- on challenges in spending grants in the tight timescales, particularly as procurement and tendering processes shortened the time available;
- that the report summarised the work completed including: the Visual and Performing Arts (VPA) changing rooms, T Level Digital suite, roofing project;
- that the fire door roll out had been complete;
- on positive feedback from students on improvements to date;

- since Starbucks had related footfall had increased;
- the College was currently tendering for the cladding of the Health and Wellbeing building;
- in April 2025, the College had been awarded a further £1.6 m condition grant from the DfE. A list of condition works that met the DfE criteria was being collated and a report would be considered by the Committee in June.

The Principal and Chief Executive report that as some grants needed to be spent by March 2026 and other had longer timescales, some projects would be rescheduled.

In response to questions and comments from members, the Committee:

- noted that the reclassification grant, the energy efficiency grant and T Level grant had all been spent;
- discussed whether the College should focus on addressing critical issues rather than expansion. It was noted that the £1.6 million condition grant could only be spent on improving the condition of College buildings;
- noted that following surveys undertaken on 2024, there was no Reinforced Autoclaved Aerated Concrete at the College;
- noted future government grant funding was uncertain and colleges might need to bid for funding available in the future;
- noted that borrowing capacity was limited following the reclassification of colleges as public sector. Colleges could borrow from the government loan scheme but the process was lengthy;
- noted the NHS had decided to terminate their contract with the College for room rental a year early which would help the College address student capacity issues.

The Committee noted the report.

Resolved: The Committee noted the progress of the Estates Strategy

10. **Review of Progress of the People Strategy**

Mr Nixon referred members to the report on the Review of Progress of the People Strategy.

The Committee discussed the report with management. In response to questions and comments from members, the Committee noted:

- the scale of investment in HR and a proposal to introduce a learning and development manager;
- the People Strategy was available on the Governors' Portal;

- progress of the workload strategy. It was envisaged that the introduction of Artificial Intelligence (AI) products such as “TeacherMatic” would significantly reduce planning and preparation time for teaching staff and other AI solutions would be considered for support staff.

A staff member suggested it would be helpful for individual Schools to explore TeacherMatic so they could see the time saving benefits and other ways it could benefit their School.

The Committee noted the report.

Resolved: The Committee noted the Review of Progress of the People Strategy.

11. **Staff Voice Meetings**

Mr Nixon referred members to the report on Staff Voice meetings held in November and March. He referred to

- plans to revise the format of the report so that it better reflected the views of staff as the report focused on the negative issues raised;
- changes to the format of Staff Voice meetings, with staff now chairing the meetings and setting the agenda for meetings and it was noted that the first cycle in this format had worked well;

Members commented positively on the format of the report and the *You Said We Did* report.

The Committee discussed the report with management. In response to questions and comments from members, the Committee noted:

- that consideration would be given to awarding long service for 10 years’ service. A member suggested awards for five years’ service could also be considered;
- that for most staff awards tax implications were not relevant, as the current College gifts for long service included badges and a card. Staff with 20 years’ service received an additional day of leave and staff with 25 years’ service received a financial gift;
- following feedback from a staff governor, that a suggestion for training for staff members involved in chairing meetings would be progressed.

The Committee noted the report on Staff Voice meetings.

Resolved: The Committee noted the report on Staff Voice meetings.

12. **Any other Business**

The Committee noted that as the Chair could not attend the next meeting of the Committee, this would be her last meeting of the Resources Committee before her retirement from the Board in July 2025.

The Director of Governance recorded thanks to Mrs Jones for her contribution to the Committee.

The Principal and Chief Executive recorded thanks to Mrs Jones for her contribution as Chair of the Committee and the help and support provided.

The Chair thanked members and commented that she had valued her time as a member of the Board and Resources Committee and that it had been a pleasure to serve as a governor.

13. **Item/s to be drawn to the attention of the Board**

The Committee noted that the Committee's recommendations on the staff pay award and College utilities would be highlighted to the Board.

14. **Appointment of Chair**

The Director of Governance explained that, as discussed at previous meetings, the College had received funding from the DfE to find a new Chair of the Resources Committee and the Search and Governance Committee had recommended to the Board that Mr Garnham should be appointed.

The Committee appointed Mr Garnham as Chair of the Resources Committee for a two year term. The Committee noted that as Ms Jones could not attend the next meeting of the Committee, Mr Garnham's term as Chair would commence on 2 May 2025.

15. **Date of Next Meeting**

The Committee noted that the next meeting would be held on 12 June 2025.