

## Minutes of the Finance & Resources Committee Meeting at 4.30pm on 24 November 2025

Present: Shahalam Ali (Teams, left at 7pm), Alex Dartmouth (left at 6.45pm), Graham Goddard, Tim Jackson (temporary chair minutes 279 – 282), Anne Murphy (chair, left at 6.45pm), Rob Nitsch & Katy Quinn (Principal & CEO).

Apologies: Aston Muff (student governor) & Debora Welsh (staff)

In Attendance: Mickiela Blake                      Director of People & OD (minutes 263 – 270)  
Paola Schweitzer                                      Director of Governance  
Maria Vetrone    COO

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### Minutes

#### 263 Attendance and Participation

Aston Muff (student governor) & Debora Welsh (staff governor) sent their apologies.

#### 264 Declarations of Interest

There were no declarations of interest.

#### 265 Minutes

The minutes of the meetings on 07 and 14 July 2025 were **Agreed** as correct records.

#### 266 Matters Arising

Governors **Noted** that all matters arising were completed except for:

**Minute 253:** The digital strategy spotlight session would take place in the spring and the Committee's terms of reference would go to Corporation in December for approval.

HR items were taken first on the agenda.

#### 267 HR Data Update 2025-26 (paper 908/25/F&R)

The HR data update reported on progress against the HR strategy and KPI dashboard including strengths, weaknesses and potential strategic risks. Improvements included the gender pay gap and reduced use of agency staff and weaknesses included increased sickness absence and the possibility of industrial action. One governor expressed concern at the increase in sickness absence in the last 18 months and asked why this was and its impact. Katy stated that the increase was due to more rigorous sickness reporting and performance management systems and that improvement was anticipated in the new year. Sickness absence had had a significant impact and it was agreed that future reporting would include its financial impact as well as departmental, sector and national benchmarking. Governors **Noted** the HR Data Update 2025-26.

#### 268 Dismissal Policy & Framework 2025-26 paper 915/25/F&R)

Mickiela circulated hard copies of the dismissal policy (as opposed to the framework) which had not been included in the pack, highlighting the objectives, key principles and underpinning procedures. Governors **Agreed** in principle to recommend the Dismissal Policy & Framework 2025-26, asking that the policy was recirculated to F&R members

with a summary of its scope and principles as well as hyperlinks to the supporting procedures, following which, assuming there were no grave concerns, the policy & framework would be recommended to Corporation for approval.

#### **269 Staff Reward & Recognition Policy 2025-26**

The Staff Reward & Recognition Policy set out the College's approach to pay and the job family structure as well as alignment to the AoC pay table. There was a discussion about staff consultation, and it was agreed that the reference in the policy was sufficient. Governors asked that future reports track changes and that the cost of 'golden handshakes' be brought to the Committee annually. A paper on staff pay and conditions, including staff engagement, would be brought to the next meeting so governors could see the framework in its entirety. Governors **Agreed** to recommend the Staff Reward & Recognition Policy 2025-26 to Corporation for approval.

#### **270 Annual Modern Slavery Statement 2025-26 (paper 914/25/F&R)**

The Modern Slavery Statement 2025-26 set out the College's commitment to ensuring that slavery and human trafficking had no place in College business or its supply chain. There was a discussion about the time frame associated with the statement and the potential conflict between value for money and ethical purchasing. Governors **Agreed** to recommend the Modern Slavery Statement to Corporation for approval.

#### **271 Financial Statements & Annual Report 2024/25 (paper 902/25/F&R)**

Maria presented the draft audited 2024-25 College Group financial statements including draft annual report and overview of results, noting that the Committee's remit included consideration of the Group's financial statements and Notes to the accounts whilst Audit Committee would focus on the governance statements, audit process and audit opinions.

The College Group included one subsidiary, City of Portsmouth College Enterprises Limited, which had been active in 2024-25 but was now dormant. The Group posted an underlying operating surplus of £946k excluding dilapidations provision and FRS 102 LGPS adjustments. Total income was £37.14m, an increase of £4.4m from the previous year and total expenditure was £35.12m, an increase of £3.57 from the previous year. As a result, the College Group generated a surplus after other gains and losses of £2.01m including FRS 102 LGPS adjustments. The report outlined going concern, concluding that the College Group had adequate resources to continue in operational existence for the foreseeable future. Maria drew governors' attention to key issues in the report including key risks and internal control and the DfE KPIs which demonstrated the significant improvements made over the last three years but noted that despite improvements in cash generation, cash days remained a weakness especially excluding unspent capital grants. Governors noted the slight decrease in adult learners and suggested the table in the statements was rescaled in line with the 16-18 learners' table. Governors discussed the increase in staff costs due to the growth in learner numbers and Maria stated the College was driving out staff inefficiencies and improving staff utilisation. Governors believed the draft audited College Group financial statements told a great story about the College and, having scrutinised them and the Notes to the accounts, noting the final outturn and commentary, and having recommended one amendment (outlined above), governors **Agreed** to recommend the financial statements to Audit Committee for review and onward approval by Corporation. Katy thanked Maria and her team for their hard work in producing the statements.

**272 External Audit Management Letter & Letter of Representation 2024/25 (paper 903/25/F&R)**

The External Audit Management Letter & Letter of Representation 2024/25 confirmed audit findings and the external audit opinion. Also included were the draft Letters of Representation which Corporation was required to sign to confirm information submitted for the external audit was accurate and that all material information had been disclosed. The College's external auditors, Alliotts, confirmed their opinions were unqualified and that the business had effective operational and management controls, that they were satisfied with the assumptions underpinning the budget forecasts for 2025-26 to inform going concern and that appropriate disclosures were included in the financial statements. Governors discussed apprenticeships, particularly the matters raised during the internal audit. Maria outlined the issues and stated that remedial actions were underway. In response to a query, it was agreed Maria would check if gaps in records would impact the outcome for apprentices and employers and therefore the College's reputation. Having scrutinised and noted the External Auditor's Management Letter, particularly the work carried out and conclusions, governors **Agreed** to recommend the Letters of Representation to Audit Committee for review and onward approval by Corporation.

**273 Subsidiary Companies Update including Accounts (paper 904/25/F&R)**

Maria presented the draft audited financial statements for the College's subsidiary company City of Portsmouth College Enterprises Limited for the year ended 31 July 2025 and the associated draft letter of support confirming the College's continuing commitment to provide financial support. The subsidiary was 100% owned by the College and whilst it had been active in 2024-25, it was now dormant. The statements included historic net liabilities of £1.23m owed to the College and these were fully provided in the College accounts. The DfE and external auditors had advised that the College retain the company and not write off the intercompany debt at the present time. Governors suggested the College get this advice in writing. Rob confirmed he was happy to remain company director. Having scrutinised the draft audited financial statements for COPC Enterprises Limited for the year ended 31 July 2025 and the associated letter of comfort, governors **Agreed** to recommend them to Corporation for approval.

**274 Student Union Report & Accounts (paper 905/25/F&R)**

The Committee considered the Student Union (SU) Report and Accounts 2024-25 noting that the accounts showed a deficit of income over expenditure of £1,030.39. There was a discussion about the purpose of the Student Union and governors asked that management review the matter and report back. Having scrutinised the report, governors **Agreed** the SU financial statements for the year ended 31 July 2025.

**275 DfE College Financial Forecasting Return 2025-27 & Dashboard (paper 907/25/F&R)**

This report presented DfE's latest assessment of the College's financial status from the Financial Forecasting Return (CFFR) submitted in July 2025 and confirmed the College's financial health grade as *Good* for 2024-25 and 2025-26. The accompanying dashboard benchmarked the College's financial performance against the sector. The College's financial forecasting was robust, 16-19 student numbers continued to increase leading to rapid but managed growth in income. The College had negligible borrowing and a strengthening balance sheet. One governor noted the College's continuing vulnerability concerning PIMS and asked for an update. Katy stated that the College had met PIMS KPIs and that the process to remove the College from PIMS was expected to start in January 2026. Governors scrutinised the dashboard and **Noted** the

outcome of the DfE assessment of the College's financial health, asking that the DfE's assurance and the dashboard were communicated to Corporation.

#### 276 Management Accounts (P02 October 2025) (paper 909/25/F&R)

The management accounts included year to date (YTD) actuals as at 31 October 2025 and indicated an operating surplus of £643k, favourable to the YTD budget by £706k. Maria drew attention to key information and stated the forecast outturn indicated an operating surplus of £105k, £300k adverse to the full year (FY) budget due mainly to the inclusion of contingency costs and cash days which remained low for the College's size. There was a brief discussion about the £273k HMRC payment in October 2025 relating to historical overpayments under the Lennartz mechanism. Maria clarified that the College was unable to spend this money as HMRC were appealing the ruling. She agreed to clarify the College's liability with regards to legal costs if HMRC were to win their appeal in the High Court. Maria believed the additional contingency budget was sufficient and governors confirmed they were comfortable with it. Having scrutinised the College's financial position particularly the KPIs, variances and forecasts to year end, emerging financial risks and mitigating actions, governors **Noted** the management accounts (October 2025).

Governors then considered a pay award to staff for 2025-26, in addition to the 2.5% cost of living pay award paid in November 2025 and backdated to 01 September 2025, examining the table setting out the implications of incremental pay awards. They agreed with the analysis that a further pay award was unaffordable. Katy agreed with the analysis but that it posed a risk as two trade unions had returned positive notices for strike action. She was disappointed in this outcome as the College had worked since the merger to improve pay and conditions and that the whole pay award package meant there had been an average pay award of 5%. Governors **Agreed** that the College could not currently afford a further increase in pay but would keep the matter under review.

#### 277 Capital Programme 2024/25 Update (paper 910/25/F&R)

Governors **Noted** the 2024-25 capital programme 2024-25 update which included a range of planned expenditure for building refurbishment and replacement works as well as associated peripheral works across the estate to the total value of £2.488m.

#### 278 Capital Programme 2025-26 Update (paper 911/25/F&R)

The 2025-26 capital programme included a range of planned expenditure for major building works and refurbishments as well as associated peripheral works across the estate to the total budgeted value of £3.373m. The programme focused on continued investment in the Ayrton Tower as well as campus security and was mainly funded by the £2,337,544 FE College Conditional Allocation (FECCA).

Governors discussed the financial implications of the Ayrton Tower flood in September 2025. Remedial work was underway and a fire assessment had been carried out, confirming that the fire protective curtain between floors had been damaged. Quotes had been sought for full reinstatement works and loss adjusters had revisited the site. Total costs for flooding and H&S upgrades were likely to reach c£1m, at least 95% of which was likely to be covered by insurance. Maria confirmed that the building's insurance policy would continue but the premium was likely to increase by £100k (she would check the excess payment). One governor asked what action had been taken to ensure the situation couldn't happen again, to which Katy responded that taps had been changed and there was increased investment in security across the College. Maria clarified that whilst small projects did not have contingencies, contingencies were built into large projects. One governor asked how such a large capital works programme was delivered within budget, to which Maria stated that she had oversight of every project

and that they were closely managed with any overspending having to be recovered from other capital project cost savings. There was a short discussion about this single person dependency and how the existing good practice might be transferred to other staff. Governors scrutinised the report particularly the delays to some capital projects, additional unplanned capital projects and additional works associated with Ayrton Tower and **Noted** the capital programme 2025-26 update.

Anne left the meeting and Tim took over as temporary chair.

#### 279 Health & Safety Report (paper 906/25/F&R)

The focus of health & safety (H&S) activity continued to be to ensure the College had comprehensive control measures in place to maintain a safe place to work, visit and study. There were continuing challenges in maintaining fully staffed Estates and H&S teams with the appropriate capability and this was impacting progress on planned improvements. Policies required review but given that there had been little or no change in regulation and College activity/risk, governors were assured that policies were current and provided comprehensive controls. Maria stated that whilst the College had a H&S framework in place, some momentum had been lost since the summer. Graham, as lead H&S governor, had attended the recent H&S Committee and reported that there had been frank discussions. He believed there had been progress, but this was not always recorded and there needed to be more activity on the ground. Anecdotally he reported evidence of a more robust H&S approach at North Harbour Campus. Katy stated that whilst she wasn't comfortable with the current situation, she did not believe the College was unsafe and that a great deal of work was underway. Graham concurred, reporting that at the Committee meeting the Head of Estates had confirmed the College was compliant. Governors noted the risks associated with H&S and, having scrutinised the report, particularly the legal compliance, data and the current position relating to H&S risk assessments and workplace inspections, governors **Noted** the H&S Report.

#### 280 Finance Strategy 2031 – Update & Overview

The finance strategy had been updated following financial analysis and modelling to identify how the College's objectives for the five years to 31 July 2031 would be financed. The figures were indicative and would change over time depending on the updated monthly financial forecasts and annual final financial outturn. Maria confirmed that she was working towards the delivery of the finance strategy which indicated Outstanding financial health, growth of the College to £47m standalone with operating surpluses of between £500k and £700k each year. Governors **Agreed** to recommend the Finance Strategy 2031 to Corporation for approval.

#### 281 FE Fees Policy 2026/27 (paper 913/25/F&R)

The FE Fees Policy 2026-27 had been updated with minor change. In response to a question, Katy stated it was the first year with the Tier 4 licence back and she would check the impact of legislative changes on international students. Having scrutinised the tracked amendments, governors **Agreed** to recommend the draft FE Fees Policy 2026-27 to Corporation for approval.

#### 282 Summary of Statutory Settlement Payments (paper 916/25/F&R)

Governors **Noted** that a total of £8,578.78 had been made in statutory settlement payments to staff in 2025-26.

The meeting ended at 7.05pm.

The next meeting will take place at 4.30pm on 02 March 2026.