

THE CORPORATION OF EAST SURREY COLLEGE

FINANCE AND RESOURCES COMMITTEE

MEETING HELD ON THURSDAY 4 MARCH 2021 VIA MICROSOFT TEAMS

Meeting commenced: 18.00

Meeting ended: 19.10

Present

| | | |
|-----------------|---------------------------------|-----------------|
| Phillip Kerle | Independent Member | Chair |
| Simon Bland | Independent Member | |
| Andrew Baird | Independent Member | |
| Derek Galloway | Independent Member | |
| Jayne Dickinson | Chief Executive (College Group) | Principal (ESC) |

In attendance

| | |
|----------------|--|
| Jyoti Baker | Chief Operating Officer (College Group) |
| Kevin Standish | Principal (JRC) Quality Lead (College Group) |
| Mitzi Gibson | Executive Director HR and Professional Development |

Clerk

| | |
|------------|------------------------|
| Sue Glover | Director of Governance |
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FRC.01.21 Declaration of Interests

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

Andrew Baird declared that, as part of his role with the FE Commissioner's National Leaders of Governance team, he has been seconded to Brooklands College as the interim Chair.

Phillip Kerle declared that he is a governor of West London College.

There were no other declarations of interest.

FRC.02.21 Apologies for Absence

There were no apologies for absence.

FRC.03.21 Notification of Any Other Business

Members agreed that there was no other business to be considered.

FRC.04.21 Unconfirmed Minutes of the meeting of the Finance and Resources Committee held on 26 November 2020

The minutes of the meeting were approved and signed as a correct record.

FRC.05.21 Matters Arising and Action Points from the Minutes of the meeting
Members agreed that there were no matters arising from the minutes of the meeting.

Members noted that all Action Points arising from the meeting had been addressed to the satisfaction of the Committee.

FRC.06.21 Risk Management Spring Term 2021
The Chief Operating Officer presented, for consideration and approval, a report, which provided an update on the assessments and actions for the risks assigned to the Committee.

Members reviewed each of the identified risks together with the contributory factors, early warning mechanisms, mitigating factors and actions for:

- **Risk FR1 – Failure to maintain at least ‘Good’ financial health – ‘Significant’ risk, no change**
- **Risk FR2 – Breaches of Legislation or Contract Obligations that the College Group needs to comply with – ‘Significant’ risk, no change**
- **Risk FR3 – Inability to attract/retain and develop staff with the right mix of skills – ‘Significant’ risk, no change**

Members considered the detail of the highlighted revisions to each of the risks, noting that

- Risk FR1 – whilst the overall risk is ‘amber’, three of the six contributory factors are ‘red’ risks
- the residual risk for ‘failure to recruit student numbers to meet or exceed allocation’ remains a ‘red’ risk due to the risks of achieving the AEB allocations and the lower HE numbers
- Risk FR2 – the residual risk for ‘failure to comply with the Government and Public Health England advisory on management of Covid 19’ remains at ‘red’ until the country wide risks are reduced
- Risk FR3 – the risk has been reduced from ‘red’ to ‘amber’ in the light of strong recruitment over the summer

The Committee agreed that the proposed amendments were appropriate and there were no further changes required.

Members noted the key impact measures arising from the report, in particular the strategic implications.

Resolved

The Finance and Resources Committee approves the Risk Register: Spring Term 2021 relative to its risk assignments and commends the report for approval by the Corporation Board

FRC.07.21 Annual Schedule of Meetings of the Corporation Board and Committees: 2021/22

The Director of Governance presented, for consideration and approval, the Annual Schedule of Meetings of the Corporation Board and Committees: 2021/22.

The Committee was advised that

- the schedule reflected that of the current and previous years
- the schedule of meetings continues to provide termly 'training and development' meetings for governors

The Committee was asked to consider the basis for the continuation of virtual meetings post Covid-19 restrictions.

Since the start of restrictions in March 2020, the Board and Committees have held meetings virtually using Microsoft Teams. These arrangements have allowed the Board and Committees to continue to operate effectively with no interruption to the planned schedule of business during the period of lockdown and to support the College and its senior team.

In discussion, It was agreed that virtual meetings had been successful, not only by allowing the Board and Committees to continue their business without interruption, but had greatly improved the attendance of members with the convenience of virtual meetings and had given the benefit of attendance of other college events online, for example performance reviews. On this basis, the Committee agreed that virtual meetings should continue, where considered practical in the light of Covid restrictions, with a recommendation to the Board that consideration is given to committees continuing to meet virtually with the Board meeting termly in College. It was considered not practical for meetings to operate with a 'hybrid' arrangement, i.e. some members attending virtually and some in College.

Members noted the key impact measures arising from the report, in particular the Strategic and Risk implications.

Resolved

The Finance and Resources Committee approves and commends to the Corporation Board for approval

- the Annual Schedule of Meetings of the Corporation Board and Committees: 2021/22
- the continuation of virtual meetings post Covid restrictions, where practical

FRC.08.21 Surrey Skills Limited

The Committee was reminded that the activities of Surrey Skills Limited, which is a wholly owned subsidiary of East Surrey College, are monitored by the Finance and Resources Committee on behalf of the Corporation Board, which includes any changes to the Directors.

The Director of Governance advised members that, following the retirement of Rosemary French as a governor of East Surrey College Corporation as at 31 December 2020, she ceased to be a Director of SSL on the same date. Her resignation was formally submitted to and accepted by Companies House.

The current Directors and Company Secretary of SSL are:

- Colin Monk
- Jyoti Baker
- Sue Glover – company secretary

Agreed

The Finance and Resources Committee agreed to receive and note the report.

FRC.09.21 Human Resources Report: Spring Term 2021

The Executive Director HR and Professional Development presented, for information, the Human Resources report for the period September 2020 to January 2021.

Members considered the detail of, and discussed issues arising from the report, in particular

- Covid-19
 - in line with government requirements, the College successfully put in place testing centers at both colleges for staff and students
 - a small number of staff were furloughed during the latest lockdown, and are planned to gradually return on site to prepare for the college opening on 8 March
- Staff Utilisation/Efficiencies
 - Staff utilisation was reviewed to ensure all teaching staff are fully utilised – a number of ESC staff were found to be under hours, which has largely been resolved. However, a number of JRC staff still remain significantly under their contractual teaching hours, mainly due to how their contracts were set up before merger
- Staff turnover
 - the rolling 12 month turnover figure at 31 January 2021 for ESC has decreased since the previous report, but for JRC has increased, where the percentage of turnover is reflected as being higher as this is against a lower headcount
 - there have been less leavers across both colleges than the same time last year, with the majority of staff leaving due to personal reasons with the effect of the pandemic on some staff taking the time to consider their life and work choices
- Attendance management
 - Attendance across both colleges has decreased slightly since the previous report, which is to be expected due to the pandemic. The AoC College Workforce Survey for 2019 indicates other colleges have experienced an increase in sickness with a national average increase from 2.4% to 3%
- Equality and Diversity
 - the comparisons of the staff profile, student profile and community profile remain at similar levels to the last academic year to ensure a diverse workforce
- Compulsory Online Training
 - Completion of online training remains high

Members reviewed the HR KPI dashboard to 31 January 2021.

In discussion, members raised the issue of the significant increase of turnover at JRC at 41.7%, and were advised that

- the percentage shown is a rolling figure for the year and not just for last term
- there have been a large number of new staff at JRC leaving during the first 6 months-1 year
- It is found to be mainly due to the fact that these individuals have come from a school background with the expectation that JRC would operate in a school environment with associated school hours
- further work is planned to review staff recruitment processes for JRC to ensure the right type of candidates are recruited
- the issue of a number of JRC staff on employment contracts pre-merger has not helped and work is underway to transfer them to ESC employment contracts

Members welcomed the fact that more scrutiny is to be given to ensuring the right staff are recruited for JRC and that work is progressing with transferring staff on employment contracts pre-merger to ESC contracts to ensure that staff can be fully utilised.

Agreed

The Finance and Resources Committee receives and notes the Human Resources Report Spring Term 2021

FRC.10.21 Financial Reporting

The Chief Operating Officer presented, for consideration, a report detailing the consolidated management accounts for ESC and JRC, and presented as Orbital South Colleges (OSC), for the year to 31 January 2021.

Members considered the detail of the accounts, and were advised that

- a) the management accounts presented take into account the ILR return on 4 February 2021
- b) the forecast outturn position is an additional pressure of £132k, reducing the forecast surplus to £411k
- c) this is analysed as £55k pay costs from agency and sessional staff across the group and £81k of costs not budgeted for, which relate to the partnership with University of Portsmouth for the College apprentices with Thales
- d) there have been various developments since the start of year which have been reflected in the revised budget and full year forecast outturn
 - the base budget has been revised by an additional allocation of £100k received from the GLA for the adult education budget (AEB)
 - a new opportunity for partnership with Sutton United Football Academy is close to contract stage with 128 students enrolled in the College, this increase in income and related expenditure is included in the accounts
- e) whilst the forecast outturn is positive variance of £411k, the risks in year to date outturn relate to
 - apprenticeships – a potential timing difference and an adverse variance of £214k in banked income is being investigated
 - AEB year to date adverse variance of £300k

Members discussed the issues raised and, in response to questions, were advised that

- f) a detailed exercise is to be undertaken on the savings to be identified of £1.157m, savings not identified up to January 2021 of £282k have been included as a pressure
- g) at its most negative forecast, if a material amount of savings are not identified and risks identified e) above also crystallise, the College could generate a deficit position in the region of £1m.
- h) it is anticipated that some savings should result from the renegotiation of the cleaning and catering contracts. However, the additional costs of cleaning due to the pandemic and the cost of maintaining a catering operation while the College is operating under lockdown will have costs associated not fully identified and will offset any savings in this academic year
- i) the College will continue to identify other bid funding, such as Youth Hubs supported by DWP funding

Members raised concern at the level of pay costs in the JRC management accounts, which exceed the current funding benchmark, and is an unsustainable position. It was recognised that, as reported under the HR Report, a number of teaching staff at JRC are under utilised through having pre-merger employment contracts, which is having an impact on the position at JRC.

Student numbers have not grown as much as anticipated, due in part to restrictions as a result of Covid, whereby there has not been any opportunity for visits to the College by local schools. However, it has also been recognised that many schools are not fully aware of the vocational opportunities at JRC and measures are in place to promote this.

It was noted that the cash balance at 31 January 2021 is £10.19m, which is circa £1.1m higher than budgeted due to grants received for capital projects and due to be spent by 31 March 2021 and the College continues to meet its bank covenants.

Members acknowledged that the management accounts from March would start to reflect the budget pressures if savings have not been identified as anticipated.

The Committee was updated on the Capital Projects, noting that the Construction Skills Centre is now sealed with all windows installed and internal work commencing. The planning application for the Advanced Technology Centre at ESC has been delayed due to the required transport survey not being undertaken due to Covid. It is agreed that the application is put on hold until such time as a full survey of the travel and transport pattern at ESC has been surveyed when the College is operating at full capacity. This can be completed potentially in the autumn term. By taking this action would mean that none of the costs incurred would be lost and there would be no need to refile the application. Members agreed with this approach.

The College continues to prepare bids for the FE Capital Transformation Fund and the T Level capital bid; these depend on an approved Property Strategy accompanying bids, which is presented elsewhere on this agenda.

Members reviewed the KPI Dashboard at January 2021 for Actual against Budget and Actual against the same period for the prior year for

- Tuition Fees
- Employer Engagement Income
- Additional Contract Income
- Staff FTEs
- Staff costs as a percentage of total income
- Cash balance at month end
- Supplier invoice payment days
- 12 month rolling cashflow forecast

Agreed

The Finance and Resources Committee agreed to receive and note the

- Consolidated Management accounts for OSC for the period to 31 January 2021 and for each College
- KPI Dashboard for Finance at January 2021

FRC.11.21 Health and Safety and Estates Report: Spring Term 2021

The Chief Operating Officer presented, for information, a report, which provided an update on Health and Safety and Estates matters for both Colleges.

Members noted the key issues in the Health and Safety report

- the College Joint Health and Safety Committee met on 3 February 2021
- cross college policies, procedures and codes of practice were approved for
 - Smoking at work (JRC only)
 - Personal Evacuation Plan (PEEPs)
 - First Aid
 - Out of hours emergency/private hire
 - Co-ordination & communication of Health & Safety
- fire evacuations were successfully completed at ESC (GPN) in November and JRC in December
- accident statistics for Orbital College Group to February 2021
- there have been no RIDDOR reportable accidents during the period

Members noted the key issues in the Estates update

- Surrey County Council Safety roadworks – post completion safety roadworks following 2010 Gatton Point North Building Projects – meetings to establish liabilities taken place in order to discharge cash bond and a non-cash bond are still in negotiation
- the building services contract is due for renewal in June 2021 and will be brought to the next meeting review

The Committee noted the key impact measures arising from the report.

Agreed

The Finance and Resources Committee receives and notes the Estates update and Health and Safety Report: Spring Term 2021

FRC.12.21 Any other business
There was no other business.

FRC.13.21 Schedule of meetings: 2020/21
Thursday 24 June 2021

All meetings commence at 6pm

At the conclusion of the Part 1 meeting, members moved into a meeting restricted, in accordance with the requirements of the Instrument and Articles of Government and with Section 22 of the Freedom of Information Act 2000, to the members of the Corporation and to senior members of staff of the College.

SIGNED AS A CORRECT RECORD:

DATE: 24 June 2021

A handwritten signature in blue ink, appearing to read 'Dempster', is written over the signature line.