

THE CORPORATION OF EAST SURREY COLLEGE

FINANCE AND RESOURCES COMMITTEE

MEETING HELD ON THURSDAY 5 MARCH 2020 BOARDROOM, EAST SURREY COLLEGE, REDHILL

Meeting commenced: 17.30

Meeting ended: 18.40

Present

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

Apologies for Absence

Derek Galloway	Independent Member
Mitzi Gibson	Executive Director HR and Professional Development

In attendance

Kevin Standish	Principal (JRC) Quality Lead (College Group)
Jyoti Baker	Chief Operating Officer (College Group)

Clerk

Sue Glover	Director of Governance
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The Director of Governance advised that Phillip Kerle would be participating via teleconferencing as he was unable to attend the College.

FRC.01.20 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.

There were no declarations of interest.

FRC.02.20 Apologies for Absence

Apologies were received from

Derek Galloway	- personal commitments
Mitzi Gibson	- personal commitments

The Committee agreed to accept the apologies for absence.

FRC.03.20 Notification of Any Other Business

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

FRC.04.20 Unconfirmed Minutes of the meeting of the Finance and Resources Committee held on 28 November 2019

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

FRC.05.20 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.06.20 Risk Management Spring Term 2020

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 – ‘Minor’ risk, no change**
- **Risk FR3 – Inability to attract/retain and develop staff with the right mix of skills – ‘Fundamental’ 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’, two of the six contributory factors are ‘red’ risks
 - The residual risk for ‘failure to recruit student numbers to meet or exceed allocation’ has increased from 15 in the previous term to 20 in the current term and that prompt action taken by management will enable a significant reduction in this risk in the Summer term
 - The residual risk for ‘failure to manage the quality of subcontracting provision’ has increased from 10 in the previous term to 18 in the current term due to the new subcontract with Notting Hill Academy of Music taking up significant College resource
- Risk FR3 – although still a red risk, the residual risk has decreased from 24 in the previous term to 15 in the current term due to a number of successful appointments being made

In the light of the current Coronavirus situation, the Committee asked if the impact of would be recorded in the risk register and were advised this is included within the Business Continuity risk, which is monitored by the Audit Committee.

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 2020 relative to its risk assignments and commends the report for approval by the Corporation Board

FRC.07.20 College Policies

The Chief Executive presented, for consideration and approval, the following College policy:

- **OSC31 Disclosure and Barring Service Check Policy**

The Committee was advised that

- a regular cycle of reviews ensures that College policies take account of any changes in legislation
- all policies have been reviewed and approved by the College Directorate
- the ESC DBS policy has been aligned with that previously for JRC

Members reviewed the policy and agreed there were no further amendments required.

The Chief Operating Officer presented, for consideration and approval, the following College policies:

- **OSC33 Student Bursary Policy**
- **OSC38 Fees Policy**
- **OSC39 Refunds Policy**

Members were advised that the policies are reviewed in line with the funding guidance and that the Student Bursary Policy now includes Higher Education bursary policies.

Members reviewed each of the policies and agreed with the proposed amendments.

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

Resolved

The Finance and Resources Committee approves and commends for endorsement by the Corporation Board

- **OSC31 Disclosure and Barring Service Check Policy**
- **OSC33 Student Bursary Policy**
- **OSC38 Fees Policy**
- **OSC39 Refunds Policy**

FRC08.20 Annual Schedule of Meetings of the Corporation Board and Committees: 2020/21

The Director of Governance presented, for consideration and approval, the Annual Schedule of Meetings of the Corporation Board and Committees: 2020/21.

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

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 the Annual Schedule of Meetings of the Corporation Board and Committees: 2020/21

FRC09.10 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 current Directors and Company Secretary of SSL are:

- Rosemary French
- Patrick Waller
- Jyoti Baker
- Sue Glover – company secretary

The Director of Governance advised members that Patrick Waller will be leaving the Corporation Board of East Surrey College at the end of March and consequently his Director's appointment will be terminated at the same time. Arrangements are in hand to replace Patrick with another governor.

Agreed

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

FRC.10.20 Human Resources Report: Spring Term 2020

In the absence of the Executive Director HR and Professional Development, the Chief Executive presented, for information, the Human Resources report for the period September 2019 to January 2020 for both East Surrey College and John Ruskin College staff.

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

- Staff Utilisation/Efficiencies
 - The budget for staffing continues to be closely managed with careful assessment of all vacancies and recruitment requests before approval

- A restructure in Finance has been concluded which has resulted in two redundancies due to the staff being unsuitable for the newly created roles, there is an ongoing review of IT to ensure a suitably skilled and qualified team, but with no planned job loss
- Staff turnover
 - the rolling 12 month turnover figure at 31 January 2020 for ESC remains well under the AoC average, but for JRC this is significantly over the average and further analysis is being undertaken to understand why and where staff are leaving, which may identify any training needs within the recruitment and on-boarding process
- Attendance management
 - the benchmark for staff attendance is set in line with AoC national average and the College is slightly under at the current time
- 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
 - Online training completion remains high and it was noted that the Digital E-safety indicates a low level of completion and were advised this was due to alternative training being offered by the local police

Members reviewed the HR KPI dashboard to 31 January 2020 for both colleges.

Agreed

The Finance and Resources Committee receives and notes the Human Resources Report Spring Term 2020 for both Colleges

FRC.11.20 Financial Reporting

The Chief Operating Officer presented, for information, a report detailing the consolidated management accounts for ESC and JRC, and presented as Orbital South Colleges (OSC), for the year to 31 January 2020.

Members considered the detail of the accounts, and in discussion were advised

- the management accounts presented take into account the return made at R06 on 5 February 2020
- the forecast outturn is a deficit of £(306k), which is an adverse variance of £543k from the budgeted outturn of a surplus of £230k
- this is a worst case scenario based on the R06 return made by the College to the ESFA and the GLA and does not take into account the measures put in place to mitigate the deficit
- under normal circumstances this position would have been identified within the December accounts, but as had been previously advised the cyber-attack recreated a significant amount of work in having to re-implement systems which has impacted on the MIS systems and data

- the December accounts were prepared on the basis of information available at R04, the December return, and the assumption was that the 16-18 allocation of 2,493 had been met. However, a number of withdrawals have been recorded between December and January, giving an actual of 2,458 – the shortfall is a combination of lower recruitment at JRC and by ACM

The analysis of the drop in student numbers and actions taken to mitigate the shortfall was reviewed, noting

- the delivery by London Learning Consortium under subcontract in order to protect number for JRC in the Croydon area and the decision to recruit in-year new starts at ESC working with Surrey CC inclusion leads and Surrey Virtual School heads
- a new short programme in rail engineering is being planned for at both campuses in partnership with National Skills Solutions, who have proven links with rail employers, with significant demand for employees skilled at the Level 2 and 3 rail engineering programmes, incomes from these programmes will enable the College to meet the AEB and the Tuition Fee Allocations and shortfall
- various vacant posts have been filled so savings recognised to date are likely to be the maximum savings available
- savings have been identified and will be included in the February management accounts

In discussion, members agreed that the cyber-attack has created a significant amount of work in having to reimplement systems. However, whilst there are some significant risks in the College operations, these are being well managed and mitigated sufficiently to allow the College to maintain at least a 'good' financial health rating and the savings identified would allow the College to achieve its original budget of a surplus of £230k.

It was noted that the cash balance at 31 January 2020 is £9.6m and the College continues to meet its bank covenants

Members commented that in due course consideration should be given to any financial implications relating to the Coronavirus if this continues and it was agreed that, although currently premature with no grounds for provision at this time, it would be considered if necessary.

Members reviewed the KPI Dashboard at January 2020 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 2020 and for each College
- KPI Dashboard for Finance at January 2020

FRC.12.20 Health and Safety and Estates Report: Spring Term 2020

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 ESC Health and Safety Committee met on 25 February 2020 and the JRC Health and Safety Committee met on 5 February 2020
- cross college policies, procedures and codes of practice were approved for
 - Personal Evacuation Plan
 - First Aid
 - Fire Safety
 - General Risk Assessments
 - DSE – Display Screen Equipment
 - Emergency Out of Hours procedures
- termly evacuation drills were carried out on all sites and completed within the time parameters expected
- Health and Safety inspection walks, including workshops, have been completed in accordance with the schedule
- Accident statistics for Orbital College Group to February 2020
- there has been one RIDDOR reportable accident, where a student cut himself whilst cleaning a knife in the Painting and Decorating workshop

The Committee was advised of an incident that had taken place at JRC that day where four students were involved in a fight and one student had been taken to hospital. The Chief Executive will update governors should this be necessary.

Members noted the key issues in the Estates update

- Capital projects – planning application for the Construction Skills Centre at John Ruskin has been filed and work is underway to file the Application for the Advanced Technology Centre at East Surrey
- 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
- Tenders for cleaning, catering and multi-functional devices are still under consideration and the outcomes from these considerations will be brought to the summer meeting
- whilst data related to student behaviour falls under the remit of the Learning and Quality Committee, the Security Officer has had a significant impact in managing student behaviour in the social spaces with the aim being to have a visible presence as a deterrence

Members were advised that the Property Working Group that was established at the last meeting to oversee the current capital projects at both colleges would be meeting on 19 March to review progress on the projects.

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 2020

FRC.13.20 Any other business

There was no other business.

FRC.14.20 Schedule of meetings: 2019/20

Thursday 25 June 2020 - Redhill

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: 25 June 2020