

THE CORPORATION OF EAST SURREY COLLEGE

FINANCE AND RESOURCES COMMITTEE

MEETING HELD ON THURSDAY 25 JUNE 2020 VIA MICROSOFT TEAMS

Meeting commenced: 18.00

Meeting ended: 19.45.

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.15.20 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.16.20 Apologies for Absence

There were no apologies for absence.

FRC.17.20 Notification of Any Other Business

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

FRC.18.20 Unconfirmed Minutes of the meeting of the Finance and Resources Committee held on 5 March 2020

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

FRC.19.20 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.20.20 Risk Management Summer 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 – ‘Significant’ risk, change from ‘Minor’**
- **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’, 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 at 20
 - whilst the long term subcontracting partners continue to work well, the new subcontract with Notting Hill Academy of Music is taking up significant College resource and therefore remains a ‘red’ risk
 - the residual risk ‘failure to achieve the budgeted surplus to ensure the long term sustainability of the College for a period of two years or more’ has been increased due to the operating deficit shown in the May management accounts
- Risk FR2 – the contributing risk associated with Covid-19 has changed from ‘amber’ to ‘red’ and the description strengthened to give an additional focus on the management and impact of Covid-19
- Risk FR3 – the residual risk remains red as some key roles are required in curriculum departments

Members discussed the issues and, in response to questions regarding recruitment for next year, were advised that ESC was in a reasonably positive position compared with last year and for JRC they have done very well with attracting to new courses, such as construction and engineering.

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

FRC.21.20 College Policies

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

- **OSC35 – Staff IT Usage Policy**
- **OSC41 – Subcontractor Fees Policy**
- **OSC47 – Environment Policy**
- **OSC48 – Drugs and Alcohol 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
- there are no significant changes to the substance of the policies and the opportunity has been taken to strengthen some of wording

Members reviewed each of the policies and commented that, with regard to the Staff IT Usage Policy, the College was reserving the right to read individual's emails and were advised this relate to College emails, which are the property of the College and it is necessary for the College to have the right to view these as a safeguarding measure.

The Committee agreed there were no further amendments required to each of the policies.

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

- **OSC35 – Staff IT Usage Policy**
- **OSC41 – Subcontractor Fees Policy**
- **OSC47 – Environment Policy**
- **OSC48 – Drugs and Alcohol Policy**

FRC.22.20 Capital and Revenue Budgets: 2020/21

The Chief Operating Officer presented, for consideration and approval, the annual budget for the College.

The Committee was advised that the budget has been set following

- confirmation of the allocation of income grants by the ESFA
- a review of all income streams
- detailed review of
 - the costed established staff
 - all pay and non-pay costs
 - the 2020/21 curriculum plan

Members noted that the plan includes provision for

- the funded allocation of all the College income streams including 16-18-year-old learners

- the Adult Education Budget Grant, including the carry forward and non-levy procurement Apprenticeships, and the delivery of the Adult Community budget
- a capital investment programme of £750k

Members were advised that the budget setting considered and included where applicable the following:

- Apprenticeships target increased by £227k to £2,300m (10% increase on 2019/20 delivery), which is regarded as an achievable target, taking into account the carry forward and the pipeline for new recruits and with increasing delivery on 'high value' apprenticeships including degree apprenticeships and the intention to develop the provision at John Ruskin College as a direct offer
- the base allocation for High Needs students remains at 160
- Tuition fee income maintained at the same level as 2019/20
- other income includes lettings and other related commercial services
- an amount of £666k has been included as savings to be identified in the pay costs
- the budget allows for a pay award of 0.5%

Members reviewed

- Executive summary
- College Budget 2020/21
 - Income and Expenditure account
 - Operating position
 - Exceptional costs
 - Assumptions – income, pay and non-pay
 - Balance Sheet
 - Cash flow
 - Risks
 - Financial objectives
 - Capital Budget 2020/21

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

- a 'breakeven' operating position is proposed
- the total comprehensive income, which includes the release from the revaluation reserve and the financing costs of pensions (£775k) is a Total Comprehensive Income deficit of (£687k)
- the pension finance costs are estimates as the calculation is dependent on the Government bond rate on 31 July each year
- the budget includes savings to be identified or increased income generation of (£1m)
- the insurance settlement on the cyber-attack suffered in June 2019 has now been settled and the College will receive the full amount of its cover £100k
- the closing cash balance at July 2020 is forecast to be £4.06m including the Advanced Technology Centre project. However, the intention is only to take the project to design stage 4, which will make the cash balances £8.56m. The cash balances of £4.06m will generate 'Good' financial health under the current ESFA scoring mechanism

- the Executive, in line with the strategy set by the Corporation, take a proactive and prudent stance to mitigate against the volatility of the FE environment, whilst taking the opportunities presented. The Executive engages with national policy with strong key partnership working with the AoC, local MPs, local employers, local schools, FE Sussex, the LEP, both Surrey and Croydon councils. In addition, the four Surrey colleges collectively have a role to play in challenging changes within and outside these partnerships

Members acknowledged that, whilst some of the savings to be identified could present a challenge, there were a number of efficiencies coming through that would enable these to be achieved.

The Committee noted the key measures arising from the proposals, in particular the Strategic, Financial and Learner implications.

Resolved

The Finance and Resources Committee approves and commends to the Corporation Board the Capital and Revenue Budgets for 2020/21

FRC.23.20 Bank Signatories

The Chief Operating Officer presented, for consideration and approval, a report relating to amendments to College bank signatories in accordance with Financial Regulation 14.3 Banking Arrangements.

Members were advised of the following changes required to the list of authorised signatories to the National Westminster Current Account:

- removal of a recent finance staff leaver at the College
- addition of a new member of finance staff

The Committee were updated on the arrangements for the BACS Payment Process operated through the National Westminster Current Account. It was noted that payment runs require the use of multifactor authentication 'tokens', which are registered to specific members of the finance team. The payment runs are initiated by the Purchase Leger Assistant and authorised by two signatories. All payments follow authorisation from the Agresso self-service system in line with authorisation levels stated in the Financial Regulations.

Resolved

The Finance and Resources Committee approves and commends to the Board for approval amendments to the College bank signatories in accordance with Financial Regulation 14.3 Banking Arrangements

FRC.24.20 Higher Education Tuition Fees: 2021/22

The Chief Operating Officer presented, for consideration and approval, a report on fees for all proposed HE provision for 2021/22.

The Committee was informed of the background to the report, in particular

- Loans Company for assistance and fees
- The College has received its TEF Award (Bronze) for the third year running and the College's Access Agreement was approved enabling the College to charge the higher fees to meet its rising cost base.

In view of the increased charges from the Office for Students (OfS), and the relationship with the University of Chichester there continues to be a case for the College to raise its fees above £6,000

- The college has received its allocation for 2021 - £123k of teaching funds from the OfS. The College has made plans in its budgets for Bursary awards to students as part of its Access Arrangement application

Members considered the proposals to approve

- Fees as listed
- Delegation to the Chief Executive and Chair of the Corporation of the application of appropriate discount or increase to the Higher National or Higher Education qualifications where the level of fee is a barrier to recruitment for cohorts of progressing ESC learners.
- To approve delegated authority to the Chief Executive and Chair of the Corporation to amend the fees chargeable in 2021/22 in case of change of circumstance.

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

Resolved

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

- Fees as listed
- Delegation to the Chief Executive and Chair of the Corporation of the application of appropriate discount or increase to the Higher National or Higher Education qualifications where the level of fee is a barrier to recruitment for cohorts of progressing ESC learners
- To approve delegated authority to the Chief Executive and Chair of the Corporation to amend the fees chargeable in 2021/22 in case of change of circumstance

FRC.25.20 Terms of Reference and Standing Orders of the Finance and Resources Committee: 2020/21

The Director of Governance presented a report, which outlined the need to review, on an annual basis, the Committee's Terms of Reference and Standing Orders.

Members reviewed the document, noting the minor changes and agreed that there were no further changes necessary.

Members noted the impact measures arising from the report.

Resolved

The Finance and Resources Committee approves and commends to the Board the Terms of Reference and Standing Orders of the Finance and Resources Committee: 2020/21

FRC.26.20 Annual Schedule of Business of the Finance and Resources Committee: 2020/21

The Director of Governance presented a report, which outlined the need to review, on an annual basis, the Committee's Annual Schedule of Business.

Members were advised that the document has been compiled to include the items of business that need to be addressed by each Committee and items for consideration by the Corporation Board. The Finance and Resources Committee are asked to consider the items for business relevant to this committee.

Members reviewed the document and agreed this reflected the business that would need to be conducted by the Committee during the current year.

Members noted the impact measures arising from the report.

Resolved

The Finance and Resources Committee approves and commends to the Board for approval the Annual Schedule of Business of the Finance and Resources Committee: 2020/21

FRC.27.20 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
- Colin Monk
- Jyoti Baker
- Sue Glover – company secretary

The Director of Governance advised members that at the meeting held on 7 May 2020, Colin Monk was formally appointed as a Director of SSL and Companies House have been informed accordingly.

Agreed

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

FRC.28.20 Human Resources Report: Summer Term 2020

The Executive Director HR and Professional Development, presented, for information, the Human Resources report for the period September 2019 to 31 May 2020 for both East Surrey College and John Ruskin College staff, which included a focus on the period during the Government lockdown due to Covid-19.

The Committee was advised that prior to the lockdown on 23 March 2020, the College had ensured that there was a strategy in place for the remote delivery of Teaching and Learning and the infrastructure to enable as many staff as possible to work remotely.

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

- Staff Utilisation/Efficiencies
 - following advice from Government that the Job Retention Scheme would be applicable to FE Colleges, a number of staff were selected for Furlough and the College made the decision to pay the remaining 20% of the 80% awarded by the scheme so that staff would not be financially affected
 - although the majority of staff have worked from home, as per Government advice, and continue to do so, both College sites have remained open to deliver teaching and learning to vulnerable students
- Staff turnover
 - the rolling 12 month turnover figure at 31 May 2020 for ESC remains well under the AoC average, but for JRC this is still high but is decreasing
 - the most significant reason for leaving remains as personal with career progression as a second
- Attendance management
 - the benchmark for staff attendance is set in line with AoC national average and the College is pleasing above this
 - established total time lost due to Covid-19 is a small percentage
- Equality Impact Assessment
 - an Equality Impact Assessment carried out considered key protective characteristics and how they may be adversely affected by Covid-19 against a plan to re-open the College for key educational operations in line with Government guidance and timeframes
- Communication and Staff Wellbeing
 - the priority was to ensure connectivity and the flow of communications with staff during the lockdown period
- Returning to work at the College
 - the process of re-opening the College is in line with Government ongoing guidance
- Continuous Professional Development (CPD)
 - CPD activity during lockdown has been significant and taken as an opportunity to ensure all staff are suitably skilled or upskilled ready for the next academic year
- Policies and procedures
 - two new procedures have been developed since lockdown – Coronavirus Procedure, developed and updated throughout the lockdown, and Interim Homeworking Procedure, giving staff advice and how to maintain work life balance

Members were advised that the HR KPI dashboard would be available at the next meeting and will consolidate all activities for the academic year 2019/20

In discussion, members commented on the high turnover of staff at JRC and were advised that this is mainly due to staff, who were previously on a JRC contract, deciding not to stay as the ESC contract did not reflect the terms they had previously enjoyed, such as longer holidays, there had also been a number of temporary staff who have since finished and this is reflected in the turnover figure.

Agreed

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

FRC.29.20 Financial Reporting

The Committee received, for information, a letter issued by the ESFA, which confirmed that, following a review of the College's financial plan submitted in July 2019, based on the outturn forecast, the assessment grade is Good and that following a review of the College's financial statements and finance record for 2018/19, the appropriate assessment grade is now Outstanding. A review of the audited financial statements, financial statements management letter and the annual report of the Audit Committee has identified there are no significant financial control concerns.

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 May 2020.

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

- the forecast is a more favourable outturn with the deficit reduced to (£63k), April 2020 (£74k)
- further savings identified will ensure the College achieves at least a breakeven operating position
- the full year income is a positive variance of £148k, the GLA and ESFA have confirmed that the sector will not be subjected to the annual reconciliations due to Covid-19 and the full grant income is now included in the accounts. The reconciliation of the 2018/19 LA high needs income also showed a positive variance of £93k
- the pay savings show a positive variance of £875k and have been used to offset the savings to be identified
- non-pay expenditure continues to show an adverse variance of (£362k) and it is anticipated that this will be mitigated with a reconciliation of the subcontractor costs. Monthly budget meetings have identified savings in departments that will support a positive outturn

It was noted that the cash balance at 31 May 2020 is £9.8m and the College continues to meet its bank covenants.

Work has commenced on the Construction Skills Centre at JRC and work is continuing to prepare for the planning application filing for ESC. It was noted that a fuller report would be presented to the Property Working Group on the status of the capital projects.

It was also noted that the College is preparing a Contingency plan, since the Construction Skills Centre was due for completion in November. Members discussed the potential of including the delivery of Phase 2 as a continuation of Phase 1, if the refurbishment contingency plan was fit for purpose.

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

FRC.30.20 Health and Safety and Estates Report: Summer 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 10 June 2020 and the JRC Health and Safety Committee meeting was cancelled due to closure
- Covid-19 Policy Review, which included
 - Covid-19 Statement
 - Covid-19 College Risk Assessment
 - Health & Safety Policy
 - First Aid risk assessment
 - Safe working practice (SWP) guidance and guidance for evacuation during emergencies
 - HASP form updated
- 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 date
- there has been one RIDDOR reportable accident, where a student cut himself whilst cleaning a knife in the Painting and Decorating workshop

Members noted the key issues in the Estates update

- Covid-19 - Preparations for safe return of staff and students to College
- Contracts
 - facilities management contract with CTS has been renegotiated
 - tenders for
 - multi-functional devices tenders received, under assessment
 - cleaning – new contract to start 1 January 2021
 - catering – new contract to start 1 January 2021

- Capital projects – work on Construction Skills Centre at John Ruskin is underway and the Application for Planning 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

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: Summer Term 2020

FRC.31.20 Any other business

There was no other business.

FRC.32.20 Schedule of meetings: 2020/21

Thursday 24 September 2020

Thursday 26 November 2020

Thursday 4 March 2021

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 September 2020