

Meeting commenced: 18.05

Meeting ended: 19.45

**PRESENT**

Mr Phillip Kerle	Independent Member	Chair
Mr Ganesh Kumar	Independent Member	
Mrs Jayne Dickinson	Principal and Chief Executive	

**APOLOGIES FOR ABSENCE**

Mr Andrew Baird	Independent Member
Mr Simon Bland	Independent Member
Mr Charlie Martin	Support Staff Member
Ms Mitzi Gibson	Director of HR and Professional Development

**IN ATTENDANCE**

Mr Kevin Standish	Deputy Principal: Curriculum and Standards
Mrs Jyoti Baker	Vice Principal: Finance and Resources

**CLERK**

Mrs Sue Glover	Clerk to the Corporation
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**FRC.43.18 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.

**FRC.44.18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from

Mr Andrew Baird	- business commitments
Mr Simon Bland	- business commitments
Mr Charlie Martin	- business commitments
Ms Mitzi Gibson	- business commitments

**AGREED**

The Finance and Resources Committee accepts the apologies for absence.

**FRC.45.18 NOTIFICATION OF ANY OTHER BUSINESS**

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

**FRC.46.18 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 17 SEPTEMBER 2018**

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

**FRC.47.18 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.48.18 RISK MANAGEMENT: AUTUMN TERM 2018**

The Vice Principal: Finance and Resources presented, for consideration and approval, a report which provided an update on the assessments and actions for the risks assigned to the Committee.

It was noted that the College's Risk Management Committee had met on 8 November 2018 and agreed the revisions to the Register.

Members were advised of the key changes – and the contributory reasons for the changes - to the identified risks assigned to the Committee:

- **Risk S11 'Failure to maintain good financial health':** 'Fundamental risk', no change
- **Risk S8 'Poor alignment of strategic planning and financial planning':** 'Significant risk', no change
- **Risk S6 'Inability to attract/retain and develop staff with the required mix of skills':** 'Significant risk', no change
- **Risk 02 'Severe IT failure':** 'Significant risk', no change
- **Risk S12 'Failure to deliver capital investment':** 'Significant risk', no change
- **Risk C1 'Serious breaches of Health and Safety legislation':** 'Significant risk', no change
- **Risk S4 'Failure to achieve income targets':** 'Fundamental risk', no change
- **Risk F3 'Exposure through relationships/partnerships with other providers/institutions':** Significant risk – no change
- **Risk C2 'Serious breaches of legislation':** 'Significant risk' – no change

Members were advised that each of the contributory factors, early warning mechanisms, mitigating factors and actions against monitoring them have been updated for each risk.

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

- Risk C2 – both risks within this category have been classed as Red risk risks due to the severe consequences of breach
- Risk S11 – risk associated with failure to budget for a surplus has been reduced to Amber in view of the surpluses generated over the past two years and the management accounts information available for the first quarter 2018/19
- Risk F3 – risk relating to GFE South has been deleted as the organisation has been dissolved and the risk relating to the development of new HE awarding body relationships has been reduced to Green as agreements are in place with the University of Chichester

Members discussed the issue raised and, in response to questions relating to Risk C2 and GDPR, were advised that although both risks in this category are classified as Red, the College is confident that it has relevant checks and balances in place to manage the risk and therefore the scoring of Amber is appropriate at this time, but would be kept under review.

The Committee noted the key impact measures arising from the report in particular the strategic implications.

#### **RESOLVED**

The Finance and Resources Committee approves the Risk Register: Autumn Term 2018 relative to the risk assignments and commends the report for approval by the Corporation Board.

#### **FRC.49.18 COLLEGE POLICIES**

The Vice Principal: Finance and Resources presented, for consideration and approval, the following:

- **ESC 49 Business Continuity Plan and IT Disaster Recovery Plan**

The Committee was advised that

- A regular cycle of reviews ensure that College policies take account of any changes in legislation
- The policy has been reviewed and approved by the College Directorate

Members were advised that

- Section 4 has been updated for new systems, suppliers, servers, backup changes and removal of old systems and equipment
- Following completion of merger with John Ruskin College, this policy will be further reviewed in conjunction with their policy and brought to the Committee in the Autumn term for review

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:

- **ESC 49 Business Continuity Plan and IT Disaster Recovery Plan**

#### **FRC.50.18 EAST SURREY COLLEGE FINANCIAL STATEMENTS: 2017/18**

The Vice Principal: Finance and Resources presented, for consideration and approval, the audited Financial Statements for the year ended 31 July 2018.

Members were advised that

- The College generated a surplus on continuing operations of £1,156m
- The College is expected to receive a clear financial statements and regularity audit report
- The reporting accountant is UHY Hacker Young

Members reviewed the key financial documents, as at 31 July 2018

- Report of the Governing Body
- Statement of Corporate Governance and Internal Control
- Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding
- Statement of Responsibilities of the Members of the Corporation
- Independent Auditor's Report to the Corporation of East Surrey College

- Reporting Accountant's Assurance Report on Regularity
- Statement of Comprehensive Income
- Statement of Changes in Reserves
- Balance Sheet
- Statement of Cash Flow
- Notes to the Financial Statements

Members noted the key implications arising from the report.

The Committee agreed it was a very pleasing outcome for the College and had no further questions arising from the report and approved the Financial Statements for 2017/18.

#### **RESOLVED**

The Finance and Resources Committee approves and commends to the Corporation Board for approval the Financial Statements for the year ended 31 July 2018

#### **FRC.51.18 ANNUAL PAY RECOMMENDATIONS: 2018/19**

The Principal and Chief Executive presented a report which updated members on the Association of Colleges' (AoC) position and negotiations for 2018/19.

Members were advised that

- The AoC has completed its annual negotiations through the National Joint Forum, which includes canvassing the views of its member colleges through an annual pay survey in which 67% of Colleges participated and with the unions representing college staff nationally
- The elements of the joint pay claim for 2018/19, called for by the joint trade unions recognised via the National Joint Forum (NJF), were:
  - Cost of living claim:
    - 5% on all pay points with a minimum of £1,500
    - Foundation Living Wage to be the minimum wage and FE Colleges to become accredited foundation living wage employers
- The AoC has deferred making a pay recommendation until December 2018 when the Employment Policy Group (EPG) intend to meet with joint trade unions
- The Board has previously sought to follow AoC recommendations in order to ensure a competitive salary to attract and retain good staff

Members were advised that the Vice Principal Finance and Resources had been asked to model the following for governors' consideration:

- No pay rise = £0
- 1% pay increase applied for all salaries (established and sessional) - £96,000
- 1.5% increase applied to all salaries (established and sessional) - £144,000

In response to questions, members were advised that

- The College has to date offered a pay rise throughout the austerity period, based on what was affordable
- For 2018/19 the College has budgeted for 1.5% cost of living pay increase
- The College benchmarks salaries annually and staff do receive incremental rises as appropriate
- The College pays more than the minimum wage and all staff receive more than the 'living wage'

In discussion, members agreed that the College should recognise the tremendous continuing commitment made by staff and that a 1.5% increase is affordable by the College at this time and should be given to all staff for 2018/19.

#### **RESOLVED**

The Finance and Resources Committee approves and recommends to the Corporation Board that a 1.5% increase is implemented for 2018/19

#### **FRC.52.18 ANNUAL REPORT OF THE FINANCE AND RESOURCES COMMITTEE: 2017/18**

The Clerk to the Corporation presented, for consideration and approval, the Annual Report of the Finance and Resources Committee.

The Committee was advised that the annual review of the work of the Committee is essential in ensuring that the areas of strategic responsibilities which have been delegated to the Committee by the Board are being properly addressed.

Members noted that the Annual Report gives all members of the Board the opportunity to review the work undertaken by the Committee on behalf of the Board throughout the year.

Members considered and approved the key conclusions arising from the report.

Members noted the key impact measures arising from the report.

#### **RESOLVED**

The Finance and Resources Committee approves the Annual Report of the Finance and Resources Committee: 2017/18 and commends the Report to the Corporation Board.

#### **FRC.53.18 HUMAN RESOURCES REPORT: AUTUMN TERM 2018**

On behalf of the Director of HR and Professional Development who was unable to attend the meeting, the Principal and Chief Executive presented, for information, the Human Resources Report for the period September 2018 to 31 October 2018.

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

- Staff Utilisation/Efficiencies
  - Regular monitoring of staff utilisations continues to be closely monitored to ensure that established staff hours are fully utilised
- Staff recruitment
  - This remains the key activity for HR with 63 offers of employment having been made and new staff starting between now and January 2019
- Staff Turnover
  - College turnover remains well under the AoC average benchmark
- Attendance management
  - The key performance indicator for staff attendance is pleasingly over both the College KPI and the AoC average
- Collaboration work with other Surrey FE Colleges
  - The College continues to work closely with other Surrey FE colleges on various initiatives, such as sharing good practice, review of policies and procedures
- Equality and Diversity
  - The comparison of staff/student/community profiles remain at similar levels to the previous year

- Continuous Professional Development
  - A significant amount of CPD has taken place during the year to ensure that staff continue to be highly skilled and knowledgeable in order to provide excellence in their roles
- The next Staff Conference is scheduled for 20 December 2018, where a number of activities are planned for staff to participate in and will include a festive lunch

Members reviewed the HR and CPD KPI dashboard to 31 October 2018.

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

### **AGREED**

The Finance and Resources Committee receives and notes the Human Resources Report: Autumn Term 2018.

## **FRC.54.18 FINANCIAL REPORTING**

The Vice Principal: Finance and Resources presented, for information, a report detailing

- Management Accounts for the period to 31 October 2018
- KPI Dashboard for Finance
- Financial Plan Letter and Financial Performance Dashboard from the ESFA

Members considered the detail of the accounts, noting

- The year to date position reflects a negative position of £47k, which is mainly due to timing differences in invoicing the LA and budget profiling of non-pay costs
- The actual funding information from a reconciled ILR does not become available until the R04 return has been completed
- There are currently 23 vacant posts, resulting in a saving of circa £100k over 3 months, which has been partially offset by the employment of agency staff to cover some of the student facing roles
- the cash balance at 31 October 2018 is £7.8m
- the College is on target to achieve its forecast outturn

In discussion, members agreed that, whilst the College and the sector continue to face significant challenges, the College is broadly meeting its allocations and that an under recruitment in a particular area, for example Higher Education, has been offset by increased numbers elsewhere such as Higher Apprenticeships

Members reviewed the KPI Dashboard at October 2018 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
- Staff costs as a percentage of total income excluding subcontract
- Cash balance at month end
- Supplier invoice payment days
- 12 month rolling cashflow forecast

The Vice Principal: Finance and Resources presented, for information, the annual monitoring letter from the ESFA dated 23 October 2018.

It was noted the ESFA has concluded that, based on the latest financial plan for 2017/18 – 2019/20, the appropriate assessment grade for the College is Outstanding for 2017/18 and Outstanding for 2018/19.

#### **AGREED**

The Finance and Resources Committee agreed to receive and note the

- Management accounts for the period to 31 October 2018
- KPI Dashboard for Finance at October 2018
- Letter from the ESFA and financial performance dashboard

#### **FRC.55.18 HEALTH AND SAFETY REPORT INCLUDING ESTATES UPDATE: AUTUMN TERM 2018**

The Vice Principal: Finance and Resources presented, for information, a report which provided an update on Health and Safety and Estates matters.

Members noted the key issues in the Health and Safety report

- The College Health and Safety Committee met in the summer to review
  - New process for the approval of Work Experience Agreement with employers, which includes due diligence checks carried out with employers
  - Introduction and strengthening of Safe Systems of Work within work shop areas when heavy plant and equipment is used
- Accident statistics to November 2018
- 5 RIDDOR reportable incidents have been processed this term
- New Health and Safety Manager role created and Manager is now in post

Members noted the key issues in the Estates update

- A number of works approved as part of the capital bids programme are underway
  - Gatton Point South toilet refurbishment – contractor appointed
  - Gatton Point South fabric works and fire compartment
  - CCTV replacement of cameras at Gatton Point South
- Insurance claim – subsidence works at Gatton Point South
- Cracking and movement at Gatton Point North
- Leak adjacent to London Road entrance

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: Autumn Term 2018

#### **FRC.56.19 ANNUAL REVIEW OF THE BUSINESS OF THE FINANCE AND RESOURCES COMMITTEE: 2017/18**

The Clerk to the Corporation presented, for information, a report which provided a review of the Action Points arising from the meetings of the Committee during 2017/18.

Members were reminded that, following each meeting of the Committee, a list of Action Points arising from the meeting is drawn-up and, at the next meeting, the list is reviewed in order to ensure that the appropriate action has been or is being taken.

The Committee was advised that the purpose of the report was to ensure that appropriate progress has been made against each of the identified actions required by the Committee.

Members agreed that all Action Points had been fully addressed to the satisfaction of the Committee.

**AGREED**

The Finance and Resources Committee receives and notes the report.

**FRC.57.18 ANY OTHER BUSINESS**

There was no other business.

**FRC.58.18 SCHEDULE OF MEETINGS: 2018/19**

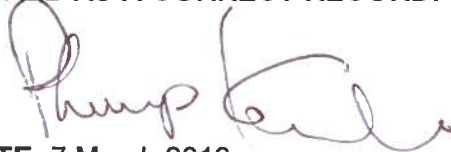
Thursday 7 March 2019

Thursday 27 June 2019

All meetings commence at 18.00

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

**SIGNED AS A CORRECT RECORD:**

A handwritten signature in red ink, appearing to be 'Pumpkin', written over a horizontal line.

**DATE: 7 March 2019**