



THE CORPORATION OF EAST SURREY COLLEGE

FINANCE AND RESOURCES COMMITTEE

MEETING HELD ON THURSDAY 21 SEPTEMBER 2017

Meeting commenced: 18.00

Meeting ended: 19.20

PRESENT

Mr Andrew Baird
Mr Ray Elgy
Mrs Isobel Wallace
Mr Phillip Kerle
Mrs Jayne Dickinson

Independent Member
Independent Member Chair
Independent Member
Independent Member
Principal and Chief Executive

IN ATTENDANCE

Mr Kevin Standish
Mrs Jyoti Baker
Ms Mitzi Gibson

Deputy Principal: Curriculum and Standards
Vice Principal: Finance and Resources
Director of HR and Professional Development

CLERK

Mrs Sue Glover

Clerk to the Corporation

FRC.41.17 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.42.17 APOLOGIES FOR ABSENCE

There were no apologies for absence.

FRC.43.17 NOTIFICATION OF ANY OTHER BUSINESS

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

FRC.44.17 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 22 JUNE 2017

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

FRC.45.17 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.

It was noted that the Articles of Association for SSL will be reviewed by lawyers later in the year and presented to the Committee when available.

The Vice Principal: Finance and Resources presented for information a briefing note dated August 2017 issued by the Association of Colleges on Governor Liability. It was noted that

- The Technical and Further Education Act 2017 will introduce a custom made insolvency regime covering FE and sixth form colleges
- The government's plan is to put the new law into effect in the second half of 2019

Members will be updated further as and when further information becomes available.

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

FRC.46.17 COLLEGE POLICIES

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

ESC 01 Financial Regulations

ESC 49 Business Continuity Plan and IT Disaster Recovery Plan

ESC 60 Health and Safety Policy

ESC 13 Financial Support for Students Policy

The Committee was advised that

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

Members were advised that

- The significant changes to the existing Financial Regulations are
 - Expansion of the regulations to cover the subsidiary entity 'Surrey Skills Limited'
 - Updated authorisation levels for writing off bad debt
 - Updated guidance on procurement and tendering, based on the latest EU legislation and thresholds
 - Inclusion of 'The People's Pension' as a recognised superannuation scheme
- Only section 4 of the Business Continuity Plan and IT Disaster Recovery Plan has been amended to reflect the new systems and removal of old systems and equipment
- There are no changes to the Health and Safety Policy and it remains fit for purpose for 2017/18
- There are no changes to the Financial Support for Students Policy, however the review date has been changed so that it is reviewed annually in the summer term in order that any changes can be implemented before the start of the new academic year

Members reviewed each of the policies, noting the proposed changes and approved the policies for further consideration and approval by the Corporation Board.

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 the following policies

ESC 01 Financial Regulations

ESC 49 Business Continuity and IT Disaster Recovery Plan

ESC 60 Health and Safety Policy

ESC 13 Financial Support for Students Policy

FRC.47.17 ADDITIONAL BANKING ARRANGEMENTS/TREASURY MANAGEMENT POLICY/INVESTMENT INCOME

The Vice Principal: Finance and Resources presented, for consideration and approval, the College's Treasury Management Policy.

Members were advised:

- That the Treasury Policy has been updated in line with the principles laid down in the CIPFA Treasury Management guidance
- Of the widening of the definition of the banks that can be included on the College's approved list. This is necessary as the current bankers, NatWest, are rated BBB+/F2 (Good) by Fitch, which is not in compliance with the original requirement of F1 for the short term and of A for the longer term

Members reviewed the Treasury Policy, agreeing the further relevant changes to widen the definition of the banks.

A report detailing the potential to invest the College's surplus cash to earn a better return, both through the utilisation of fixed term cash investment and by investing with banks that offer more competitive rates on those deposits than the College's current banking partner, NatWest, was discussed.

Members were reminded that at the last meeting the Committee had approved and commended to the Corporation Board

- that accounts are opened with both Lloyds Bank and Aldermore
- the amended Treasury Policy

The Corporation Board raised concern over the risk of investment in Challenger Banks (Aldermore) and asked that this item is referred back to the Committee for further consideration and assessment of the risk element.

Taking the views of the Corporation Board into consideration, Management and Members considered it essential that the Committee fully discuss the risks and rewards of investment in various institutions due to the substantial cash balances held by the College earning interest at 0.1%. The considerations were:

- Should investment in the challenger banks be considered to the limit of the protection offered by the Financial Services Compensation scheme?
- The committee's views on the security of the capital sum invested with banks other than those that were High Street names

The discussions concluded that the College could earn higher returns by adopting a prudent strategy of investing in other High Street banks offering higher returns

Members considered the investment of the surplus cash with Challenger Banks and agreed that, although Aldermore offer a better return the College should remain cautious. Therefore the College should open an account with Lloyds Bank to leverage surplus cash in order to return more investment income. The performance of the account will be reported regularly through the Management Accounts.

RESOLVED

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

- That an account is opened with Lloyds Bank to leverage surplus cash
- The Treasury Policy, as amended

FRC.48.17 FINANCIAL REPORTING

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

- Year-end outturn position for 2016/17
- Enrolment for 2017/18
- KPI dashboard for Finance – July 2017
- SISSC update

Members considered the detail of the year-end outturn position for 2016/17, noting:

- The estimated outcome for 2016/17 is circa £970k against a budgeted operating surplus for the year of £144k
- The significant positive variance of £826k is due primarily to additional income earned and savings in pay costs
- The positive outcome in operations has meant that the Income and Expenditure reserve has converted from a deficit of £135k in 2015/16 to a positive of £164k. The balance of the positive impact has been eroded by the increase in pension liabilities of £560k
- The College reserves are a positive of £2.4m
- The cash balance at the year-end is £5.3m
- The College is assessed as 'outstanding' financial health under the funding agency scoring mechanism. The College self-assesses as 'Good'

In discussion, members agreed that the College has had a positive year, despite the challenges and uncertainties from the introduction of the Apprenticeship levy, the impacts of BREXIT, the looming insolvency legislation and the resulting implications for the College. The Committee asked that thanks on behalf of the Committee and the Board are passed on to the Finance Team for all their hard work and support in achieving such a positive result.

Members were updated on SISSC, noting:

- The transfer of systems has taken place from SISSC to Unit 4 and the product is being used effectively under the College's own individual set up
- The separation has resulted in an additional cost of circa £1,500
- SISSC has not yet been dissolved, but the College has sent confirmation that there are no further liabilities that the College can undertake
- Whilst this may be applied in principle, in practice the College will have to comply with the Directors' responsibilities on the winding up of the Company

Members reviewed the KPI Dashboard at 31 July 2017 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

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

AGREED

The Finance and Resources Committee receives and notes the year-end outturn position for 2016/17 and the KPI Dashboard for Finance at 31 July 2017

FRC.49.17 ENROLMENT: 2017/18

The Vice Principal: Finance and Resources presented, for information, a report on the enrolment position for 2017/18 at 21 September 2017.

Members considered the report, which provided information in respect of the preliminary position on enrolment at this date relative to:

- 16-18 full time enrolments
- 16-18 part time enrolments
- 19+ full time enrolments
- 19+ part time enrolments
- Recruitment of Apprenticeships – all ages
- HE enrolments
- 14-16 recruitment
- High Needs funding

Members noted that

- The current enrolment numbers indicate that the College is on track to meet its allocation
- the College tracks all enrolment and student data rigorously and reports regularly to members on the current position and the implications

Members agreed that overall it was currently a pleasing result with good apprenticeships recruitment. However, members were reminded that the position was still fluid at this stage.

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

AGREED

The Finance and Resources Committee receives and notes the report.

FRC.50.17 HR ANNUAL REPORT 2016-2017

The Director of HR and Professional Development presented, for information, the annual report on Human Resources for the academic year 2016/2017.

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

- Staff Utilisation/Efficiencies
 - Staff had been fully utilised during 2016/17 as a result of careful timetabling and close management
 - There were 10 internal promotions during the year
- Staff turnover
 - the full turnover figure for 2016/17 is well under the AoC benchmark
 - retention of staff in year has been high
- Attendance management
 - Staff attendance percentage is above both the College KPI and AoC average
 - The focus has been on encouraging staff health and wellbeing

- Collaboration work with other Surrey FE Colleges
 - During the year the college has continued to work closely with other Surrey FE colleges on various initiatives
- Equality and Diversity
 - The comparisons of the staff profile, student profile and community profile remain at similar levels to the last academic year
- Continuous Professional Development (CPD)
 - a significant amount of CPD has taken place during the year to ensure that staff continue to be highly skilled and knowledgeable to provide excellence in their roles
 - a variety of management development activities took place in the year
 - the focus of the December conference day was on Prevent training for all staff, plus tailored training sessions for curriculum staff on supporting Maths
 - the Head of Facilities has completed the NEBOSH General Certificate, giving valuable knowledge to ensure health and safety regulations are adhered to across College
 - First Aid training took place throughout the year with 29 staff members completing the training
- Shared Services in Sussex and Surrey Colleges (SISSC)
 - SISSC is being dissolved and the transfer of systems to Unit 4 has taken place successfully
 - The focus for the new academic year will be to fully embed the system within the College

Members reviewed the HR and CPD KPI dashboard as at 31 August 2017.

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 Annual Human Resources Report: 2016/17.

FRC.51.17 ANY OTHER BUSINESS
There was no other business.

FRC.52.17 SCHEDULE OF MEETINGS: 2017/2018
Thursday 23 November 2017
Thursday 1 March 2018
Thursday 28 June 2018

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:



DATE: 23 November 2017