

Meeting commenced: 18.00

Meeting ended: 19.30

PRESENT

Mr Andrew Baird	Independent Member	
Mr Ray Elgy	Independent Member	Chair
Mrs Isobel Wallace	Independent Member	
Mrs Jayne Dickinson	Principal and Chief Executive	

APOLOGIES FOR ABSENCE

Mr Phillip Kerle	Independent Member
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IN ATTENDANCE

Mr Kevin Standish	Deputy Principal: Curriculum and Standards
Mrs Jyoti Baker	Vice Principal: Finance and Resources
Ms Mitzi Gibson	Director of HR and Professional Development

CLERK

Mrs Sue Glover	Clerk to the Corporation
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FRC.53.17 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.54.17 APOLOGIES FOR ABSENCE

Apologies for absence were received from

Mr Phillip Kerle	- personal commitments
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AGREED

The Finance and Resources Committee accepts the apologies for absence.

FRC.55.17 NOTIFICATION OF ANY OTHER BUSINESS

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

FRC.56.17 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 21 SEPTEMBER 2017

The minutes of the meeting were approved and signed as a correct record, subject to minor amendment as discussed.

FRC.57.17 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.

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

FRC.58.17**RISK MANAGEMENT: AUTUMN TERM 2017**

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.

Members were advised that

- Cross College Managers with responsibilities for various areas reviewed the risks and updated the Register
- the College's Risk Management Committee met at the end of October and agreed the revisions to the Register
- there have been no changes to the overall risk rating of the various strategic risks

Members reviewed each of the identified risks assigned to the Committee together with the contributory factors, early warning mechanisms, mitigating factors and actions against monitoring and agreed that their identification and management is fit for purpose.

- **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'**: 'Minor risk' – no change

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 2017 relative to the risk assignments and commends the report for approval by the Corporation Board.

FRC.59.17**COLLEGE POLICIES AND STRATEGIES**

The Director of HR and Professional Development presented, for consideration and approval:

- **ESC 31 Wellbeing and Resilience at Work Policy (was previously the Stress Policy)**
- **ESC 25 HR Strategy**

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

- **ESC 45 Fees Policy**
- **ESC 48 Refunds Policy**

The Committee was advised that

- A regular cycle of reviews ensure that College policies and strategies take account of any changes in legislation
- The policies and strategy have been reviewed and approved by the College Directorate
- The Fees and Refunds Policies have been reviewed in line with the funding guidance, the elasticity of the market in which funding streams operate and demand
- The Fees and Refunds Policies have been updated to include recent changes in consumer law affecting Higher Education students

Members reviewed each of the policies and the strategy, noting the proposed changes. It was agreed that, subject to minor amendment as discussed, the policies and strategy were approved 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:

- **ESC 31 Wellbeing and Resilience at Work Policy**
- **ESC 25 HR Strategy**
- **ESC 45 Fees Policy**
- **ESC 48 Refunds Policy**

FRC.60.17

SUBSIDIARY COMPANY – SURREY SKILLS LIMITED

The Vice Principal Finance and Resources presented for consideration and approval the Articles of Association for the College Subsidiary Company, Surrey Skills Limited (SSL).

Members were advised that

- The Articles of Association have been reviewed by the College Lawyers
- The nature of business of SSL as identified in its Companies House Listing is:
 - 85590 – other education not elsewhere classified
 - 85600 – educational support services
- SSL plans to deliver various full costs programmes – one of the first potential programmes could be the Welding courses once the new workshop has been completed.
- The commencement of trading has been noted in the Risk Register

Members reviewed the Articles of Association, noting in particular that Article 15.2 prohibits from appointment as Director the Principal, Chair of the Corporation and Chairs of the Committees and, in response to questions, were advised that this was intended to ensure independent objective challenge.

In discussion, members agreed that a Memorandum of Understanding should be put in place between the Parent (College) and SSL which would formalise an agreement between the two parties. This will be presented to the first meeting of SSL on 30 November 2017 and then to Corporation for approval.

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

RESOLVED

The Finance and Resources Committee approves and recommends to the Corporation Board for approval the Articles of Association of SSL and to note the commencement of trading

Isobel Wallace arrived

FRC.61.17 EAST SURREY COLLEGE FINANCIAL STATEMENTS: 2016/17

The Vice Principal: Finance and Resources presented, for consideration and approval, the audited Financial Statements for the year ended 31 July 2017.

Members were advised that

- There are a few minor audit adjustments to make, but these will not affect the final outturn in any significant way
- The College is reporting a total comprehensive income of £552k (2016: £1,065)
- The College has added £464k to its Reserves
- 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 2017

- 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 2016/17.

RESOLVED

The Finance and Resources Committee approves and commends to the Corporation Board for approval the Financial Statements for the year ended 31 July 2017

FRC.62.17 ANNUAL PAY RECOMMENDATIONS: 2017/18

The Principal and Chief Executive presented a report which updated members on the Association of Colleges' (AoC) position and negotiations for 2017/18.

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 100 Colleges participated and with the unions representing college staff nationally

- The elements of the joint pay claim for 2016/17, called for by the joint trade unions recognised via the National Joint Forum (NJF), called for the following
 - Cost of living claim:
 - RP1, as 1 August 2017, plus 3% on all pay points with a minimum uplift of £900, this also aims to reduce the CEO/Principal: staff pay ratio
 - Foundation Living Wage to be the minimum wage and FE Colleges to become accredited foundation living wage employers
 - Workload:
 - An increase in proportion of contracted hours for preparation
 - A minimum CPD entitlement for all staff of 30 hours
 - Class size:
 - A nationally agreed policy that specifies appropriate maximum class sizes be primarily and fundamentally based on educational considerations and not overridden by financial ones
 - Agency staff:
 - A nationally agreed policy that specifies agency staff should only be used for emergency cover in respect of all staffing groups
 - Non-lecturer curriculum delivery staff
 - Nationally agreed guidelines for Colleges on non-lecturer curriculum delivery staff, including job descriptions, salary scales, work load guidelines, working hours and development routes
- The AoC informed the unions that it would be making a 1% recommendation on all salaries or £250 where this is more beneficial (typically for salaries under the Foundation Living Wage and staff at the lower end of the pay scale). When an award is made and affordable, Colleges should implement with effect from 1 August 2017
- 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
- Implement AoC pay proposals as follows:
 - 1% pay increase for all salaries (established and sessional) or £250 where this is more beneficial = £107,000
 - 1.5% increase applied to all salaries (established and sessional) or £250 where this is more beneficial = £144,000
 - Implement the budgeted pay increase of 2% on all salaries (established and sessional) or £250 where this is more beneficial = £193,000

In response to questions, members were advised that

- The College has to date offered the AoC negotiated pay rise except in 2015/16 when the AoC recommendation was 0%, the Corporation then agreed a 0.2% increase and in 2016/17 paid 0.3% against an AoC recommendation of 1%
- It is understood that for 2017/18 one of the local Surrey colleges has given an increase of 1%, one has confirmed that they will not be giving any increase and the other is still considering their options
- 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 commitment made by staff, particularly in the light of the success of the recent Ofsted inspection, and that a 1.5% increase is affordable by the College at this time and should be given to all staff for 2017/18.

RESOLVED

The Finance and Resources Committee approves and recommends to the Corporation Board that a 1.5% increase is implemented for 2017/18

FRC.63.17 ANNUAL REPORT OF THE FINANCE AND RESOURCES COMMITTEE: 2016/17

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: 2016/17 and commends the Report to the Corporation Board.

FRC.64.17 HUMAN RESOURCES REPORT: AUTUMN TERM 2017

The Director of HR and Professional Development presented, for information, the Human Resources Report for the period September 2017 to 31 October 2017.

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 due to the difficulty in recruiting to certain roles, in particular those in Technology including Built Environment, Plumbing and Mechanical Engineering
- Staff Turnover
 - College turnover is significantly lower than for the same time last year and is well under the AoC 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
 - Completion of online training modules by established staff remains strong
- The next Staff Conference Day is planned for 21 December 2017 where the theme will be a Festival of Learning with the focus being primarily on staff wellbeing together with the promotion of the College's leisure courses
- SSSC project – the HR and Finance system is now independent from the SSSC project and is fully managed in-house

Members reviewed the HR and CPD KPI dashboard to 31 October 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 Human Resources Report: Autumn Term 2017.

FRC.65.17 FINANCIAL PLAN 2017 - 2019 LETTER AND FINANCIAL PERFORMANCE DASHBOARD FROM THE ESFA

The Vice Principal: Finance and Resources presented, for information, the annual monitoring letter from the ESFA dated 14 November 2017.

It was noted the ESFA has concluded that, based on the latest financial plan for 2017 - 2019, the appropriate assessment grade for the College is Outstanding for 2016/17 and Outstanding for 2017/18.

Members were informed that this assessment grade is not the same as the College's self-assessed grade of Good for both periods and considered whether the College was being too cautious, but agreed that it was appropriate as there are significant risks with regard to the Apprenticeship Levy and various other risks in the College's external environment, therefore whilst the past outturns could be 'Outstanding', the forecast assessment as per the financial plan, should remain as Good at the current time.

AGREED

The Finance and Resources Committee agreed to receive and note the letter and financial performance dashboard.

FRC.66.17 MANAGEMENT ACCOUNTS FOR THE PERIOD TO 31 OCTOBER 2017

The Vice Principal: Finance and Resources presented, for information, the Management Accounts for the period to 31 October 2017.

Members considered the detail of the accounts, which included an update on enrolment, noting

- The overall surplus for the year to October 2017 is £121k, which is as per the budget
- The actual funding information from a reconciled ILR does not become available until the R04 return has been completed
- The College has recruited to its allocation for 2017/18 in the EFA funding stream and grown numbers in a number of areas, such as Games Design, Vocational Studies, Sciences and HNC in Construction/Engineering
- the cash balance at 31 October 2017 is £6,799k and is forecast to outturn at £5,183k by 31 July 2018

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

AGREED

The Finance and Resources Committee receives and notes the Management Accounts for the Period to 31 October 2017.

Members reviewed the KPI Dashboard at 31 October 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

AGREED

The Finance and Resources Committee receives and notes the KPI Dashboard for Finance at 31 October 2017

FRC.67.17 SISSC UPDATE

The Vice Principal: Finance and Resources gave a verbal update on SISSC and advised members that

- SISSC closed on 31 October 2017
- The dissolution process is underway, the dissolution notice has been given and the legal holding period of three months has been started.
- The College has taken over the HR and Finance systems and operates these in-house

AGREED

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

FRC.68.17 ESTATES UPDATE AND HEALTH AND SAFETY REPORT: AUTUMN TERM 2017

The Vice Principal: Finance and Resources presented, for information, an Estates update and the Health and Safety Report: Autumn Term 2017.

Members noted the key issues in the Health and Safety report

- The College Health and Safety Committee met on 7 November 2017 to review
 - Membership of the committee where it was recognised that an assessor representative was required
 - Update on staff training including Fire Marshalls and First aiders
 - Accident statistics
 - Review of work based learning employer data and compliance information
 - Risk assessments and registers
- The Health and Safety risk register has been fully reviewed and updated
- Accident statistics to November 2017
- No RIDDOR reportable incidents have occurred this term

Members noted the key issues in the Estates update

- A number of works approved as part of the capital bids programme are underway
 - Replacement of exposed plant insulation (lagging replacement) to level 2 roof and level 5 roof areas
 - Welding workshop at Gatton Point South
 - Air handling unit (AHU) 2 Frost stat coil split in winter 2016 causing significant heating issues

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 2017

FRC.69.17 ANNUAL REVIEW OF THE BUSINESS OF THE FINANCE AND RESOURCES COMMITTEE: 2016/17

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 2016/17.

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.70.17 ANY OTHER BUSINESS

There was no other business.

FRC.71.17 SCHEDULE OF MEETINGS: 2017/18


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: 1 March 2018



