

THE CORPORATION OF EAST SURREY COLLEGE

FINANCE AND RESOURCES COMMITTEE

MEETING HELD ON THURSDAY 7 MARCH 2019
BOARDROOM, REDHILL

Meeting commenced: 18.00

Meeting ended: 19.20

PRESENT

Mr Phillip Kerte	Independent Member	Chair
Mr Simon Bland	Independent Member	
Mrs Jayne Dickinson	Chief Executive (College Group) Principal (ESC)	
Mr Ganesh Kumar	Independent Member	
Mr Derek Galloway	Independent Member	

APOLOGIES FOR ABSENCE

Mr Andrew Baird	Independent Member
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IN ATTENDANCE

Mrs Jyoti Baker	Chief Operating Officer (College Group)
Mr Kevin Standish	Principal (JRC) Quality Lead (College Group)
Ms Mitzi Gibson	Executive Director HR, Organisational and Professional Development

CLERK

Mrs Sue Glover	Clerk to the Corporation
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The Committee welcomed Mr Derek Galloway to his first meeting of the Finance and Resources Committee.

The Clerk advised that item 10 on the agenda, Financial Reporting for both colleges, would be taken after the standing items so that the Principal (JRC) could be in attendance as he had to leave the meeting early.

FRC.01.19 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.02.19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Andrew Baird due to business commitments.

AGREED

The Finance and Resources Committee accepts the apologies for absence.

FRC.03.19 NOTIFICATION OF ANY OTHER BUSINESS

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

FRC.04.19 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 29 NOVEMBER 2018

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

FRC.05.19 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.06.19 FINANCIAL REPORTING

The Chief Operating Officer presented, for information, the Management Accounts for the period to 31 January 2019 together with the KPI Dashboard for Finance for East Surrey College (ESC) and Abridged Management Accounts for John Ruskin College (JRC).

Members were advised with regard to the **JRC accounts** that:

- The financial statements currently reflect a deficit of £386k, which includes assumptions that the full allocation of AEB and the budgeted apprenticeship income will be achieved. On current commitments this is not the case
- The 16-18 income is also reflected on the basis of cash received and not the management accounts position of Income generated from delivery
- The deficit includes releases of circa £355k from the balance sheet from previous years, the operating deficit is circa £741k
- The cash balances as at January 2019 are £2.14m against current creditors of £1.28m.
- The accounts and positions are subject to final audit

Members reviewed the forecast outcome at January 2019, noting:

- The executive summary has focused on the key funding streams and concentrated on the delivery of actual provision delivered to 31 January 2019 and the full year income earned from this provision delivery
- The accounting surplus/deficit, which including pensions and other non-operating expenditure, have not been amended and are in line with the December management accounts reported under previous management
- There has been no attempt to forecast additional courses in the summer and commissioning that will need to be undertaken to meet the allocations

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

- Due diligence is being undertaken with two partners to support delivery of courses to enable to the College to meet at least its AEB allocation

In discussion, members agreed that, whilst the figures presented were disappointing, it was accepted that the position for a number of areas, such as the apprenticeship provision, was still being established. A closing position will need to be established as at 31 January 2019 so that external auditors can commence the audit and then a forecast for the remainder of the year can be produced. It is anticipated that a first set of management accounts will be produced by the end of April.

Members considered the detail of the **ESC accounts**, noting

- The year to date position shows a surplus of £115k, whilst the full year position shows a surplus of £187k, an adverse variance of £142k from budget
- There are no changes to the forecast outturn and the focus of accounts between December and February continues to be on Income generated with any shortfalls being immediately recognised
- The budget revision was made in the December 2018 accounts and reflects a prudent position for the College
- Cash balances at the end of January are £6.9m, of which £1.2m is held in the current account and £5.7m in the notice accounts
- The College continues to meet its bank covenants
- Surrey Skills Limited – remains a dormant subsidiary of the College
- The College continues to hold its Outstanding Financial Health grading

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

- with regard to apprenticeship income, the College is delivering to budget rather than allocation on this income stream, although Government policy was to focus on apprenticeship growth, the ESFA had indicated the potential that over delivery to contract would not be met. However, the latest announcement suggests that contracts delivered in 2018/19 will be met, for 2019/20 we will need to deliver to allocation which may impact delivery in year, ie. the College being unable to deliver new starts if the College uses its full allocation early in the year, as expected to be the case. A business case will need to be put forward to the funding agency by the end of March requesting an increase in allocation
- with regard to the LA Authority high needs and 5 day provision contract – this has not yet been agreed and the restructure at Surrey is having an impact on decision making. Indications are that initial approval will be agreed and a reconciliation will need to be undertaken in the summer term, earlier if possible
- Debtors are well within control and this provision is not expected to be fully utilised

Members reviewed the KPI Dashboard 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 Committee noted the impact measures arising from the report, in particular the Strategic and Risk implications.

AGREED

The Finance and Resources Committee receives and notes the Management Accounts for the Period to 31 January 2019 and the Finance KPI Dashboard for period 6 for ESC and Abndged Management Accounts for the same period for JRC

Kevin Standish left the meeting

FRC.07.19 RISK MANAGEMENT: SPRING TERM 2019

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 were advised that the ESC Risk Management Committee had met on 14 February 2019 and the JRC Risk Management Committee had met on 25 February 2019 to agree the revisions to the Register.

Members reviewed each of the identified risks assigned to the Committee together with the contributory factors, early warning mechanisms, mitigating factors and actions taken and agreed to the proposed amendments for:

- **Risk S11 'Failure to maintain 'good' financial health':**
'Fundamental' risk – no change
- **Risk S4 'Failure to achieve income targets':** 'Fundamental' risk – no change
- **Risk O2 'Severe IT failure':** 'Significant' 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 F3 'Exposure through relationships/partnerships with other providers/institutions':** 'Significant' risk – no change
- **Risk S12 'Failure to deliver on capital investment':** 'Significant' risk – no change
- **Risk C1 'Serious breach of Health and Safety legislation':**
'Significant' risk – no change
- **Risk C2 'Serious breaches of legislation':** "Significant' risk – no change

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

- Risk C1 – new amber risk highlighting the risk that insufficient controls in place on managing student behavior could result in student safety being compromised
- Risk O2 – new amber risk added relating to failure of IT equipment. Members were advised that the IT replacement strategy is reviewed as part of the Capital Bids process

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

RESOLVE

The Finance and Resources Committee approves the Risk Register: Spring Term 2019 relative to its risk assignments and commends the report for approval by the Corporation Board

FRC.08.19

COLLEGE POLICIES

The Executive Director HR presented, for consideration and approval, the following College policies:

- **ESC 26 Continuing Professional Development Policy**
- **ESC 30 Capability Policy**
- **ESC 32 Disciplinary Policy**
- **ESC 33 Grievance Policy**

The Committee was advised that

- a regular cycle of reviews ensures that College policies take account of any changes in legislation
- the policies have been reviewed and approved by the College Directorate
- minor changes proposed to previously approved policies are required to keep them updated regularly
- All ESC and JRC Policies and Procedures will be reviewed and consolidated in to a single set of policies in readiness for the 2019/20 academic year

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

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

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

Members were advised that the policies are reviewed in line with the funding guidance, the elasticity of the market in which funding streams operates and the demand.

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 comments for endorsement by the Corporation Board

- **ESC 26 Continuing Professional Development Policy**
- **ESC 30 Capability Policy**
- **ESC 32 Disciplinary Policy**
- **ESC 33 Grievance Policy**
- **ESC 45 Fees Policy**
- **ESC 48 Refunds Policy**

FRC.09.19 ANNUAL SCHEDULE OF MEETINGS OF THE CORPORATION BOARD AND COMMITTEES: 2019/20

The Clerk to the Corporation presented, for consideration and approval, the Annual Schedule of Meetings of the Corporation Board and Committees: 2019/20.

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 comments to the Corporation Board the Annual Schedule of Meetings of the Corporation Board and Committees: 2019/20

FRC.10.19 HUMAN RESOURCES REPORT: SPRING TERM 2019

The Executive Director HR and Professional Development presented, for information, the Human Resources Report for the period September 2018 to January 2019.

Members were advised that the report focuses on ESC activity (pre-merger with JRC) and that JRC statistics as at 31 January 2019 have been included where available.

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

- Staff Utilisation/Efficiencies
 - > staff utilisation continues to be a focus for the Executive team to ensure that established staff hours are fully utilised
- Staff Turnover
 - > College turnover remains well under the current AoC benchmark for both Colleges
- Attendance Management
 - > The key performance indicator for staff attendance for both Colleges is over the ESC KPI of 97% and the AoC average of 97%

- Collaboration work with other Surrey FE Colleges
 - The College continues to work closely with other Surrey FE colleges on various initiatives, such as sharing of 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 (CPD)
 - CPD continues to be a focus to ensure that staff are suitably up-skilled and knowledgeable to provide excellence in their roles

Members reviewed the HR KPI dashboard to 31 January 2019.

AGREED

The Finance and Resources Committee receives and notes the Human Resources Report: Spring Term 2019.

FRC.11.19 ESTATES UPDATE AND HEALTH AND SAFETY REPORT: SPRING TERM 2019

The Chief Operating Officer presented, for information, the Health and Safety Report: Spring Term 2019.

Members reviewed the key issues in the Health and Safety report:

- The ESC Health and Safety Committee met on 27 November 2018
- Workshop inspections carried out by Health and Safety Manager – overall inspections were good and all issues have been reported
- Fire Marshall training has taken place
- A defibrillator had been ordered on lease for 3 years, with voice instructions to coach the first aider through all steps
- 6 RIDDORS have been process for the Autumn/Winter term
- Accident statistics from September 2018 to date

Members were advised that the JRC Health & Safety Committee met in February when a number of Codes of Practice were reviewed. The H&S Manager will be visiting JRC, working on H&S inspections across the College and will be aligning Codes of Practice over the coming months.

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

- The number of RIDDORS are higher than in previous years, the accidents themselves were not serious, but were reportable as the individuals received treatment from the hospitals they attended directly from the College

Members noted the number of works currently being managed as part of the capital bids programme:

- CCTV Replacement of cameras at Gatton South
- Cracking and movement at Gatton Point North
- Leak Adjacent to London Road entrance
- Identified failures in Plant Room

The Committee noted the key impact measures arising from the report.

AGREED

The Finance and Resources Committee receives and notes the report.

FRC.12.19 ANY OTHER BUSINESS

There was no other business.

FRC.13.19 SCHEDULE OF MEETINGS: 2018/19

Thursday 27 June 2019 commencing at 18.00

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:

A handwritten signature in black ink, appearing to be 'R. H. P. K.', written in a cursive style.

DATE: 8 July 2019