

Meeting commenced: 18.00

Meeting ended: 19.40

**PRESENT**

Mr Andrew Baird  
Mrs Jayne Dickinson  
Mr Ray Elgy  
Mrs Liz Rushton

Independent Member  
Principal and Chief Executive  
Independent Member  
Independent Member

Chair

**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

**APOLOGIES FOR ABSENCE**

Dr Barbara Spittle

Independent Member

**CLERK**

Mrs Sue Glover

Clerk to the Corporation

It was agreed that as Mrs Rushton was delayed in traffic the items for information would be taken first and on her arrival the meeting would revert to the start of the agenda.

**FRC.21.16 HUMAN RESOURCES REPORT: SUMMER TERM 2016**

The Director of HR and Professional Development presented, for information, the Human Resources Report for the period to 31 May 2016.

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 staff who are under-hours are suitably re-deployed
  - Teaching hours for 2016/17 will remain at 850 to include cover, however contact hours for all lecturers will increase from 800 to 834
- Staff Turnover
  - Following 2014/15 figures recently published, the College turnover is lower than the AoC benchmark
- Absence Management
  - the current College sickness absence figure continues to be significantly below the AoC benchmark
- Equality and Diversity
  - the comparisons of staff/student/community profiles remain at similar levels to the last academic year
- Continuous Professional Development (CPD)
  - Completion of online training modules by established staff remains strong
  - Prevent training has continued to be a key focus with completion rates of online training being extremely high

- Shared Services in Sussex and Surrey Colleges (SISSC)
  - The secondment of the HR Business Partner has now ceased due to SISSC budgetary constraints

Members reviewed the HR and CPD KPI dashboards to 31 May 2016.

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: Summer Term 2016

#### **18.20 Mitzi Gibson left the meeting**

#### **FRC.22.16 APPLICATIONS 2016/2017**

The Vice Principal: Finance and Resources presented, for information, a report on the applications 2016/17 position at 23 June 2016.

Members considered the report which provided detailed information in respect of new and progressing applications 2016/17 compared to 2015/16 for

- 16-18 full time enrolments
- 19+ full time enrolments

Members noted that

- Overall applications are 5% higher than the same time last year
- the College tracks all enrolment and student data rigorously and reports regularly to members on the current position and implications

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

#### **AGREED**

The Finance and Resources Committee receives and notes the report.

#### **18.25 Liz Rushton arrived**

#### **FRC.23.16 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.24.16 APOLOGIES FOR ABSENCE**

Apologies were received from

Dr Barbara Spittle - ill health

The Committee agreed to accept the apologies for absence.

#### **FRC.25.16 NOTIFICATION OF ANY OTHER BUSINESS**

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

#### **FRC.26.16 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 3 MARCH 2016**

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

**FRC.27.16 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.28.16 RISK MANAGEMENT: SUMMER TERM 2016**

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

Members were advised of any 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 S4 'Failure to recruit 16-18 student targets':** 'Fundamental' risk – no change
- **Risk S8 'Poor alignment of strategic planning and financial planning':** 'Significant' risk – no change
- **Risk O2 'Severe IT failure':** '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 property strategy':** 'Significant' risk – no change
- **Risk C1 'Serious breaches of Health and Safety legislation':** 'Significant' risk – no change
- **Risk S2 'Failure to achieve 19+ student targets':** 'Significant' risk – no change
- **Risk C2 'Serious breaches of legislation':** 'Minor' 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.

It was noted that a new contributory factor has been added with regard to Risk S4 relative to the inability to obtain growth funding from the EFA for ACM 2 year course for 2017/18, the details of which are that

- the current EFA funding mechanism of lagged funding would not offer in year funding and a Business Case, supported by SCC has been submitted.
- ACM have been made aware of the College's inability to support them if the 2 year programme funding does not come through and they have agreed to accept this and bear the cost and risk
- the risk will be reduced to Amber and converted to Green when the clause has been included in the contract

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 2016 relative to its risk assignments and commends the report for approval by the Corporation Board.

**FRC.29.16 COLLEGE POLICIES**

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

- ESC 27 Local Recognition and Procedural Agreement Policy**
- ESC 37 Attendance Management Policy**
- ESC 80 Disclosure and Barring Service Check Policy**
- ESC 57 Subcontractor Fees Policy**
- ESC 61 Environment 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

Members reviewed each of the policies and, subject to minor amendments as appropriate, 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

- ESC 27 Local Recognition and Procedural Agreement Policy**
- ESC 37 Attendance Management Policy**
- ESC 80 Disclosure and Barring Service Check Policy**
- ESC 57 Subcontractor Fees Policy**
- ESC 61 Environment Policy**

**FRC.30.16 EAST SURREY COLLEGE BUDGET: 2016/2017**

The Vice Principal: Finance and Resources presented, before consideration of the annual budget for the College, a letter from the SFA which outlines measures taken by them to strengthen and improve financial planning in colleges together with the Financial Planning Handbook.

Members reviewed the content of the letter and handbook, noting particular reference to Annex 1 referred to in the letter which provides a checklist on issues colleges should consider when completing the financial plan and commentary to provide assurance that all matters have been considered. It was noted that the key assumptions are included as part of the budget report.

The Vice Principal: Finance and Resources 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 income grants by the Skills Funding Agency (SFA) and the Education Funding Agency (EFA)
- relative to the 2016/2017 curriculum plan
- following detailed review of the costed established staff
- following consideration of other potential grant incomes and costs

Members noted that the plan includes

- provision for 1761 16-18 year old learners
- provision for all of the Adult Education Budget Grant, including 19+ Apprentices and the delivery of Adult Community Learning and discretionary learner support
- a provision of £150k contingency to ensure the risks in the budget are managed
- a capital investment programme of investment in IT and Estates of £270k. It is anticipated that the savings in obtaining the quotes will enable the programme to be delivered in £250k

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

- ESF grant income is not assumed as none are currently in the pipeline. Future bids for this income stream are dependent on the outcome of the referendum
- £300k additional income for High Needs learner costs over £6k, which are claimed from the LA
- Growth in 16-18 Apprenticeship provision of £450k, total income £950k (allocation £488k), compared to £688k delivery in 2015/16 grant allocation is also assumed
- Growth has also been assumed in the 19+ Apprenticeship £138k, total income £250k (allocation £112k) compared to £160k delivery in 2015/16
- The budget assumes a small pay rise of 0.3% (AOC negotiations with the joint unions has not fed back to the sector yet)

Members reviewed:

- Budget Process
- Executive Summary
- Cash Flow
- Risks to
  - Income
  - Pay
  - Non Pay
- Financial Objectives
- Capital Budget 2016/17
- Conclusion
- Detailed Income and Expenditure tables
  - Budgeted Income and Expenditure Account 2016/17
  - Summary of Income
  - Summary of Pay Costs
  - Summary of Other Operating Expenses

In response to questions from members, the Committee was informed that

- An operating surplus of £110k is planned, £186k including releases from the revaluation reserve. The bank covenants are being met
- the closing cash balance is expected to be over £1.6m and is expected to generate Good financial health under the current SFA scoring mechanism
- the challenging income levels and the need to achieve the value for money requirement may change the nature and the cost of delivery in some curriculum areas
- the basis for such changes might be consequent on poor retention figures leading to reduction in SFA and EFA funding
- close monitoring and review of pay costs will continue

The Committee noted the key impact 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 East Surrey College Budget: 2016/2017.

### **FRC.31.16 FINANCIAL FORECASTS: 2015/16 –2017/18**

The Vice Principal: Finance and Resources presented, for consideration and approval, the three year financial forecast for 2016 – 2018.

Members considered the detail of the document, with particular reference to:

- Schedule 1: Assumptions
- Schedule 2: Financial health grade (new and old methodology)
- Schedule 3: Statement of comprehensive income
- Schedule 4: Balance Sheet
- Schedule 5: Statement of cash flows
- Schedule 3a: Analysis of income
- Schedule 3b: SFA and EFA Income
- Schedule 3d: Analysis of staff costs
- Schedule 3e: Analysis of non-pay expenditure
- Schedule 4a: Tangible fixed assets
- Schedule 4f: Provisions and FRS 102 (28) adjustments

In response to questions from members, the Committee was advised

- the current forecasts show a scenario of Good financial health
- the 2016/17 budget reflects the grant income reduction following on from fewer EFA funded students in 2015/16
- the College aims to maintain Good financial health and there are risks to the bank covenants if deficits start to be budgeted

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

Members also noted that the commentary summarising the discussion and the strategic plan to be approved at Corporation, would be pulled together for submission to the SFA on 31 July 2016. It was agreed that the Chair of the Corporation and the Chair of the Finance and Resources Committee would approve the commentary once finalised.

## **RESOLVED**

The Finance and Resources Committee approves and commends to the Corporation Board the Three Year Financial Forecasts: 2015/2016 – 2017/2018.

### **FRC.32.16 HIGHER EDUCATION TUITION FEES: 2017/2018**

The Vice Principal: Finance and Resources presented, for consideration and approval, a report on fees for all proposed HE provision for 2017/2018.

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

- the college continues to develop HE provision in collaboration with the other three FE Colleges in Surrey
- FdA Music & Sound Production and FdSc Internet Software Development were successfully validated, subject to conditions by University of Brighton. These are not onerous and resolutions will be in place for the start of the new academic year

- two new applications for Foundation Degree validations are being made
- it has been decided not to resource those new courses which have attracted little or low interest
- all full time and part time students will have access to the Student Loans Company for assistance with fees
- the College does not intend to raise fees above the funding body guidelines and therefore will not trigger the need for an Access Agreement in 2016/17

Members considered the proposals to approve

- listed fees as stated by HEFCE and the SFA
- delegation to the Principal and the Chair of the Corporation of the application of appropriate discount to the Higher National qualifications where the level of fee is a barrier to recruitment for cohorts of progressing ESC learners

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 of the Corporation Board

- listed fees as stated by HEFCE and the SFA
- delegation to the Principal and the Chair of the Corporation of the application of appropriate discount to the Higher National qualifications where the level of fee is a barrier to recruitment for cohorts of progressing ESC learners

**FRC.33.16 TERMS OF REFERENCE AND STANDING ORDERS OF THE FINANCE AND RESOURCES COMMITTEE: 2016/2017**

The Clerk to the Corporation 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 change 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: 2016/2017.

**FRC.34.16 ANNUAL SCHEDULE OF BUSINESS OF THE FINANCE AND RESOURCES COMMITTEE: 2016/2017**

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

Members reviewed the document, which reflected the business conducted during the current year, noting the 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 Annual Schedule of Business of the Finance and Resources Committee: 2016/2017.

## **FRC.35.16 MANAGEMENT ACCOUNTS FOR THE PERIOD TO 30 APRIL 2016**

The Vice Principal: Finance and Resources presented, for information, the Management Accounts for the period to 30 April 2016.

Members were advised that the report does not take into account any adjustment for FRS 17.

Members considered the detail of the accounts, noting:

- the Board approved a full year operating deficit budget of £75k in July 2015, assuming that although all grant income would be generated, allowing for an income contingency of £40k
- the budget has been pro-rated monthly to obtain an expected ytd budget
- against the profiled budget, the current surplus of £62k compares to a profiled budget deficit of £113k
- the full year deficit is £14k against an approved budget deficit of £74k

Members noted the following significant items being actioned in the May accounts revising the full year outturn

- EFA funding: confirmation of funding of £960k for the ACM contract received in March 2016 and cash is now being received according to profile payments. Actioned in March accounts
- Apprenticeship funding: the College's Growth Bid for in year funding was approved in May 2016. The contract variation was for a total of £368,421 (£89k Adults, £279k 16-18)
- High needs funding: the income forecast currently includes an amount of £90k. Following reconciliation, invoices have been raised on the local authorities to the value of circa £230k and an additional amount for the third term will be raised in July 2016 following reconciliations
- Delivery on allocation and contracts: the College has currently under delivered on its EFA contract by 78 students and there are also potentially 8 students who could have breached their conditions of funding. This would have an impact of circa £40k making the total under delivery £278k. There is also a small under delivery on its SFA contract
- Debtors: a significant reconciliation has been undertaken on the Debtors and once the analysis has been completed, income could be reduced in line with the overstatement in debtors

It was noted that there would be an impact on the income and expenditure as a consequence of the additional income earned above and the related expenditure of delivery which will result in a surplus of circa £400k.

The risks to income were noted and members were asked to consider the following proposal relative to the under delivery of 78 students on its EFA funding allocation:

- The College should provide for the under delivery on its EFA funding stream, in the year that it occurs allowing for it to be released in future years as the College student numbers grow
- The lagged funding impact is then mitigated and enables the College to increase its student numbers according to demand
- If the College was to adopt this recommendation, the provision in 2015/16 will be £278k
- The forecast outturn following the above adjustments would be £101k including the release from revaluation reserve of £76k, this is a prudent estimate



Members discussed the proposal and in response to questions were advised that

- The results have been modelled in the financial plans and all other elements being equal the College financial health is calculated as Good
- As this is not normal for the sector, discussions are being held with the external auditors, the AoC and other Colleges

Members agreed that the proposal was a prudent approach and should proceed on this basis.

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 May 2016.

**FRC.36.16 HEALTH AND SAFETY REPORT: SUMMER TERM 2016**

The Vice Principal: Finance and Resources presented, for information, the Health and Safety Report: Summer Term 2016.

Members noted salient issues raised in the report

- the accident statistics continue to show an improving and encouraging picture
- one Riddor accident has been reported this term – a knee injury sustained by a student playing football
- a comprehensive audit of all seating has been conducted and all damaged furniture has been removed
- audits and spot checks are carried out periodically in the Workshop and other higher risk areas
- a range of training events have been held
- the Science Lab has been fully assessed to include COSHH arrangements and storage of hazardous materials. No incidents or accidents have been reported since the opening of the unit

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

**AGREED**

The Finance and Resources Committee receives and notes the report.

**FRC.37.16 SHARED SERVICES IN SUSSEX AND SURREY COLLEGES (SISSC)**

The Vice Principal: Finance and Resources presented the SISSC Principal's Bulletin Number 13, 19 May 2016.

Members noted the key elements of the Bulletin

- Milestone 5 upgrade
- Finance
- HR/Payroll
- Commercial Prospects

**AGREED**

The Finance and Resources Committee notes the report.

**FRC.38.16 KPI DASHBOARD**

The Committee received the KPI Dashboard: April 2016.

Members reviewed the Dashboard, noting that this had been split between Curriculum and Finance areas.

**AGREED**

The Finance and Resources Committee receives and notes the KPI Dashboard: April 2016.

**FRC.39.16 ANY OTHER BUSINESS**

There was no other business.

**FRC.40.16 SCHEDULE OF MEETINGS: 2016/2017**

Thursday 22 September 2016

Thursday 24 November 2016

Thursday 2 March 2017

Thursday 22 June 2017

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 blue ink, appearing to be 'Bau', is written over the 'SIGNED AS A CORRECT RECORD:' text.

**DATE: 22 September 2016**