

THE CORPORATION OF EAST SURREY COLLEGE

FINANCE AND RESOURCES COMMITTEE

MEETING HELD ON MONDAY 6 MARCH 2023 VIA MICROSOFT TEAMS

Meeting commenced: 15.00

Meeting ended: 16.30

Present

Phillip Kerle	Independent Member	Chair
Bob Pickles	Independent Member	
Simon Bland	Independent Member	
Lindsay Pamphilon	Chief Executive & Principal	

In attendance

Eva Dixon	Chief Operating Officer
Kam Dehal	Executive Director Commercial & Partnerships
Mitzi Gibson	Executive Director HR and Professional Development
Kevin Squire	Assistant Principal Finance & Resources

Clerk

Sue Glover	Director of Governance
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FRC.01.23 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.

Phillip Kerle declared that he is a governor of West London College.

There were no other declarations of interest.

FRC.02.23 Apologies for Absence

There were no apologies for absence.

FRC.03.23 Notification of Any Other Business

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

FRC.04.23 Unconfirmed Minutes of the meeting of the Finance and Resources Committee held on 24 November 2022

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

FRC.05.23 Matters Arising and Action Points from the Minutes of the meeting

Members reviewed the action points arising from the meeting. It was agreed that all actions had been addressed to the satisfaction of the Committee and that there were no other matters arising from the minutes of the meeting.

FRC.06.23 Risk Management Spring Term 2023

The Chief Operating Officer presented, for consideration and approval, a report, which provided an update on the assessments and actions for the following risks assigned to the Committee:

- **Risk FR1 – Failure to maintain at least ‘Good’ financial health** – ‘Significant’ risk, no change
- **Risk FR2 – Breaches of Legislation or Contract Obligations that the College Group needs to comply with** – ‘Minor’ risk, no change
- **Risk FR3 – Inability to attract/retain and develop staff with the right mix of skills** – ‘Fundamental’ risk, no change

Members considered the detail of each of the risks, noting those contributing risks that remain ‘red’, in particular the risk relating to achieving budgeted surplus has been upgraded to red. Members were advised that the College is exploring various mitigating actions including an in-year recovery plan as significant savings will need to be found. It was agreed that further discussion would be taken under finance reporting on the agenda.

The difficulty in recruiting staff with specific skills, such as higher level/professional/technical continues with current vacancies covered by agency staff to ensure all classes are covered. Members raised the issue of staff progression to vacant roles and were advised that all staff are made aware of vacancies and have the opportunity to progress.

The Committee agreed that the proposed amendments to the register were appropriate and there were no further changes required.

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: Spring Term 2023 relative to its risk assignments and commends the report for approval by the Corporation Board

FRC.07.23 Capital Budget for 2023/24

The Chief Operating Officer presented for consideration and approval the capital expenditure request for 2023/24.

The Committee was advised that

- the capital expenditure request has previously formed part of the overall budget and considered at the summer term meeting
- there have previously been delays as a result of supply chain issues and difficulty in getting suppliers resulting in multiple Chair’s action being taken outside of scheduled meetings
- to alleviate this, it is proposed that approvals for the 2023/24 capital expenditure is brought to the spring term meeting to allow time for procurement activities and planning to take place

Members considered the proposals, noting that the College has received £250k through capital bids and a further £620k for energy improvement and condition improvement capital grants, to be used for a number of areas, including

- Hot water boiler fault at JRC
- Old house renovations
- Caretaker property in Selsdon Park Road
- Old Tennis Court
- RAAC survey
- CCTV overhaul
- 4th floor balcony
- Replacing IT switches
- Other capital bids

Total cost to College up to £2,650k

Contribution £995k from grants, energy, CIF&SDF

Net cost to college £1,695k

In discussion, members accepted that, due to the long lead times with suppliers, agreement on capital expenditure is required at this time in order to ensure sufficient time for procurement activities and planning to take place to ensure work is completed in time for the new academic year.

Whilst each of the capital requests were pressing, there is the issue of affordability at this time and until the outcome of the current capital bids process has been concluded and considered by the Executive, the Committee is unable to make any recommendation. It was agreed that once the outcome of the capital bids process has been considered, the capital expenditure requested would be updated and circulated to the Committee for consideration before being submitted to the Board for discussion at the meeting on 23 March.

Agreed

The Finance and Resources Committee agreed that the capital bids process continues and outcomes discussed by the Executive and that an updated proposal is circulated to the Committee for consideration before a final version is submitted to the Board on 23 March

FRC.08.23

Bank Signatories

The Chief Operating Officer presented, for consideration and approval, a report relating to amendments to College bank signatories in accordance with Financial Regulation 14.3 Banking Arrangements.

Members were advised of the following changes required to the list of authorised signatories to the National Westminster Current Account:

- removal of previous Chair and CEO
- addition of new Chair and CEO/Principal

Resolved

The Finance and Resources Committee approves and commends to the Board for approval amendments to the College bank signatories in accordance with Financial Regulation 14.3 Banking Arrangements

FRC.09.23 Annual Schedule of Meetings of the Corporation Board and Committees: 2023/24

The Director of Governance presented, for consideration and approval, the Annual Schedule of Meetings of the Corporation Board and Committees: 2023/24.

The Committee was advised that the schedule continues to provide termly meetings of the Board and Committee with the following changes proposed:

- the Strategy Committee meets once during the year
- training sessions previously provided through Curriculum Strategy and Strategic Planning are replaced with training sessions prior to Board meetings as required
- all meetings move to an earlier start time of 4pm
- going forward, it would be more appropriate for the Search and Governance Committee to consider the annual schedule of meetings as this committee considers matters relating to the governance framework and operation of the Board

The Committee was also asked to consider the basis for the continuation of virtual meetings post Covid-19 restrictions.

Members considered the proposals presented and agreed that these were appropriate. It was also agreed that as the current arrangements of virtual meetings for committees and in College for the full Board had been successful and proved to be more convenient to all members, they should continue for 2023/24.

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 commends to the Corporation Board for approval

- the Annual Schedule of Meetings of the Corporation Board and Committees: 2023/24 and the proposed changes
- the continuation of virtual meetings for committees and in College when the full Board meets
- the schedule of meetings is considered by the Search and Governance Committee in future years

FRC.10.23 Human Resources Report: Autumn Term 2022

The Executive Director HR and Professional Development presented, for information, a report to update governors on human resources activity at Orbital South Colleges (OBC), including both East Surrey College (ESC) and John Ruskin College (JRC) for the academic year 2022/23 to 31 January 2023, which included the HR dashboard.

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

- Turnover
 - Since September, there have been 70 leavers with the majority of reasons for leaving being personal followed by Career progression

- Recruitment
 - There are currently 39 vacancies and the difficulty in recruitment continues with a heavy reliance on agencies
- HR systems and Data Project
 - Good progress is being made with automating HR processes and introducing self-service for managers which is being trialed with a view to being launched next academic year
- Annual pay uplift
 - This was well received by staff together with the additional leave for support staff
- Staff forum
 - First staff forum held in December with the aim of exploring quantitative feedback from colleagues in employee surveys and to provide reasons behind feedback and looking at concerns and resolutions to any concerns

In discussion, members were advised that staff recruitment is a difficulty faced by all colleges at this time. Now that colleges have been reclassified into the public sector, work will be undertaken to see if there is any impact on pay and the Committee will be kept advised in this regard.

Agreed

The Finance and Resources Committee receives and notes Human Resources Report: Spring Term 2023.

FRC.11.23 Financial Reporting

The Chief Operating Officer presented, for consideration, a report detailing

- Management Accounts to 31 January 2023 for
 - Orbital South Colleges
 - East Surrey College
 - John Ruskin College
 - KPI Dashboard for Finance

Members considered the detail of the accounts, noting:

- Half year January performance and the latest view of year end indicates a worsening position compared to budget
- YTD operating deficit of £723k against a budgeted surplus of £47k, giving a negative variance of £771k
- The full year operating deficit of £892k, a deterioration of £920k against the budgeted full year surplus of £28k
- College cash balance at month end was £9.3m. The forecast for year to date indicates a negative variance of £912k arising from the decrease in Advanced Learner Loans, HE Fees and other Tuition Fees
- the College continues to meet its bank covenants
- the College is anticipated to maintain at least 'good' financial health

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

- The College has exceeded its 16-18 funding numbers (an over recruitment of the non T Level learners offset by an under recruitment of T levels learners) and is below target for its adult allocation and apprenticeship income budget

- As a result of this, there will be an in-year clawback of £71k as a result of the under recruitment of the T levels learners
- A decision is awaited from the ESFA regarding in year growth allocation, representing a potential increase in income of between £250-£500k, which has not been factored into the latest forecast

The Committee raised concern at the lack of communication surrounding the funding agency's in-year growth calculation and urged this is obtained at the earliest opportunity in order that the current financial position can be established. The COO advised that the calculation is expected from the ESFA shortly and once received would update the current financial position accordingly and submit to the Committee for review. It was agreed that the Board would discuss the position at the meeting on 23 March.

It was acknowledged that there has been a huge turnaround with the financial position of John Ruskin. The Committee asked whether East Surrey might be bearing more costs and it was agreed that the COO would review this and report back to the Committee.

KPI Dashboard

Members reviewed the KPI Dashboard at January 2023 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
- Cash balance at month end
- Supplier invoice payment days
- 12 month rolling cashflow forecast

Agreed

The Finance and Resources Committee agreed to

- receive and note the Management Accounts to 31 January 2023 for
 - Orbital South Colleges
 - East Surrey College
 - John Ruskin College
 - KPI Dashboard for Finance at January 2023
- On receipt of in-year growth calculation from ESFA, the financial position to be updated and circulated to the Committee with further discussion by the Board at meeting on 23 March

FRC.12.23 Health and Safety and Estates Report: Spring Term 2023

The Chief Operating Officer presented, for information, a report, which provided an update on Health and Safety and Estates matters for both Colleges.

Members noted the key issues in the Health and Safety report

- the College Joint Health and Safety Committee met on 14 February 2023
- 5 policies and procedures reviewed in term with no significant changes

- workshop inspections where a number of issues identified and action taken to resolve
- accident statistics for Orbital College Group for year to date
- there have been two RIDDOR reportable accidents during the period

Members noted the key issues in the Estates update

- the recent works carried out at both sites
- Fire Drills successfully completed at both sites during the term
- New catering arrangements is going well, with good feedback received from staff and students
- There are ongoing issues with the cleaning contractor to improve standards. A notice to improve has been issued and the situation is being kept under review
- Student behaviour incidents have reduced with no further complaints from neighbours

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: Spring Term 2023

FRC.13.23 Any other business

There was no other business.

FRC.14.23 Schedule of meetings: 2022/23

Thursday 22 June 2023

All meetings commence at 6pm

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:

DATE: 19 June 2023

