

Meeting commenced: 18.00

Meeting ended: 19.55

**PRESENT**

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

Independent Member  
Independent Member  
Independent Member  
Principal and Chief Executive

Chair

**IN ATTENDANCE**

Mr Kevin Standish  
Mrs Ann-Christine Harland  
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

**FRC.56.15 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.57.15 APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

Dr Barbara Spittle - ill health

The Committee agreed to accept the apologies for absence.

**FRC.58.15 NOTIFICATION OF ANY OTHER BUSINESS**

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

**FRC.59.15 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 24 SEPTEMBER 2015**

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

**FRC.60.15 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.61.15 COLLEGE STRATEGIES**

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

**ESC 52 ICT/ILT Strategy 2013-2016**

The Committee was advised that

- A regular cycle of reviews ensures that College strategies takes account of any changes in legislation
- The document has been reviewed and approved by the College Directorate

The Committee was advised that good progress has been made against the 2014/2015 targets.

Members reviewed the proposed changes to the strategy and targets for 2015/2016 and agreed there were no further changes to be made.

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

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

- **Human Resources Strategy 2015 – 2017**

Members reviewed the proposed changes to the strategy and agreed there were no further changes to be made.

**RESOLVED**

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

- **ESC 52 ILT Strategy 2013 – 2016**
- **Human Resources Strategy 2015 - 2017**

**FRC.62.15 COLLEGE POLICIES**

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

- ESC 29 Bullying and Harassment Policy**
- ESC 33 Grievance Policy**
- ESC 34 Redundancy Policy**
- ESC 28 Probationary Policy**
- ESC 09 Equality Policy for Employees**
- ESC 13 Financial Support for Students Policy**
- ESC 01 Financial Regulations**

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 reviewed each of the policies, noting the proposed changes and, subject to minor amendment 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 the following policies

- ESC 29 Bullying and Harassment Policy
- ESC 33 Grievance Policy
- ESC 34 Redundancy Policy
- ESC 28 Probationary Policy
- ESC 09 Equality Policy for Employees
- ESC 13 Financial Support for Students Policy
- ESC 01 Financial Regulations

## FRC.63.15 RISK MANAGEMENT: AUTUMN TERM 2015

The Vice Principal: Finance and Resources presented, for consideration and approval, a report which provided an update on the assessments and actions for the ten 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 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 property strategy':** 'Significant risk', no change
- **Risk C1 'Serious breaches of Health and Safety legislation':** 'Significant risk', no change
- **Risk S4 'Failure to recruit 16-18 student targets':** 'Fundamental risk', no change
- **Risk S2 'Failure to achieve 19+ student targets':** 'Significant risk' no change. It was noted that this risk was previously assigned to the Learning and Quality Committee and is now the responsibility of the Finance and Resources Committee as this risk specifically focusses on the achievement of financial targets
- **Risk F3 'Exposure through relationships/partnerships with other providers/institutions':** Significant risk – no change
- **Risk C3 '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.

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 2015 relative to the risk assignments and commends the report for approval by the Corporation Board.

## **FRC.64.15 EAST SURREY COLLEGE FINANCIAL STATEMENTS: 2014/2015**

The Vice Principal: Finance and Resources presented, for consideration and approval, the audited Financial Statements for the year ended 31 July 2015.

Members were advised that

- The accounting policies have not changed but refer to the 2014/2015 Accounts Direction Handbook issued by the SFA
- The reporting accountant is UHY Hacker Young

Members noted the key points

- The surplus on continuing operations is lower than that generated in previous years at £313k, mainly due to the reductions in the EFA and SFA funded grant due to reducing 16-18 year olds and generation of adult course income
- Cash flow from operations has slightly reduced to £1,151k from £1,767k in previous year. However, it is forecast to start reducing rapidly in 2015/2016 as income reduces further
- There were no significant capital projects and grants received in year and limited fixed asset expenditure from reserves at similar levels to the previous year
- The year-end cash balance of £2,262k was slightly higher than in July 2014 of £2,024k. However, a larger repayment of over £200k of SFA adult grant is provided for claw back in December 2015 as unspent
- The College LGPS liability as at 31 July 2015 increased from £5.558m to £6.210m, largely due to a small actuarial loss of £720k on both the scheme assets and liabilities
- The Skills Funding Agency has not indicated any change to the current policy of reclaiming undelivered Adult Skills Budget grant in full
- The recently issued wording changes to the Auditor's Regularity Audit opinion to meet new JACOP agreed guidelines

Members reviewed the key financial documents, as at 31 July 2015

- Income and Expenditure Account
- Statement of Historical Cost Surpluses and Deficits
- Statement of the Total Recognised Gains and Losses
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statements
- Reporting accountant's assurance report on regularity to the Corporation of East Surrey College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency
- Respective responsibilities of East Surrey College and the reporting accountant
- Approach
- Conclusion

Members noted the key implications arising from the report.

The Committee had no further questions arising from the report and approved the Financial Statements for 2014/2015.

### **RESOLVED**

The Finance and Resources Committee approves and commends to the Corporation Board for approval the Financial Statements for the year ended 31 July 2015

**FRC.65.15 ANNUAL PAY RECOMMENDATIONS: 2015/2016**

The Principal and Chief Executive presented a report which updated members on the Association of Colleges' (AoC) position and negotiations for 2015/2016.

Members were advised that

- The AoC has completed its annual negotiations with member colleges and the unions representing college staff nationally
- UNISON and UCU are recognised trade unions at East Surrey College
- The AoC informed the unions that it would be making a 0% recommendation on pay in FE colleges for 2015/2016 in the light of member colleges contextualising their positions and confirming that, whilst colleges have a desire to reward staff, savage reductions in funding allocations and external pressures on staffing costs provide genuine limitations to what colleges are able to do in respect of pay
- The unions submitted a claim for an increase in pay of £1 per hour for all staff
- UNISON AND UCU regard themselves as being in dispute with colleges
- UCU urged their members to take strike action on 10 November, but East Surrey College was not affected
- The Board has previously sought to follow AoC recommendations in order to ensure a competitive salary to attract and retain good staff

Members considered the option of no pay rise for 2015/2016, noting that

- It is understood that none of the other three Surrey GFE colleges are planning to give a cost of living increase in 2015/2016
- East Surrey College staff receive a range of other benefits in kind, for example free parking, free use of the gym, generous annual leave, access to the Employee Support Help Line paid for by the College annually and a good range of CPD is offered to staff which is in general funded by the College
- 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 further consideration is given by the Executive to assess the potential for making a small award for staff and a proposal is submitted to the Corporation Board at the meeting to be held on 10 December 2015.

**RESOLVED**

The Finance and Resources Committee agrees that further consideration is given by the Executive to assess the potential of making a small award for staff and a proposal is submitted to the Corporation Board at the meeting to be held on 10 December 2015.

**FRC.66.15 THREE YEAR FINANCIAL FORECAST: 2014 – 2017**

The Vice Principal: Finance and Resources presented, for consideration and approval, the termly update to the financial forecast together with the annual monitoring letter from the SFA Provider Financial Management team.

Members were advised that

- The financial forecast was submitted to the SFA in October 2015, who requested that the reduction of £70k to the Adult Skills budget was reflected and in the light of this the opportunity was taken to update the following
  - The final 2014/2015 outturn
  - The £70k reduction of the SFA classroom based learning grant for 2015/2016 as issued in late July 2015
  - Continuation of the Community Learning grant and subcontractor costs to the WEA up to 2016/2017, following advice from the SFA, which has reduced the original forecast deficit by over £250k
- The annual monitoring letter from the SFA has concluded that, based on the latest financial plan for 2014/2015 – 2016/2017, the appropriate assessment grade for the College is Outstanding for 2014/2015 and Good for 2015/2016

Members considered the detail of the document in conjunction with the Commentary to the Three Year Forecast, with particular reference to:

- Table 1: Income and Expenditure Account
- Table 2: Balance Sheet
- Table 3: Cash flow statement
- Table 4: Ratio analysis
- Schedule 1a: Analysis of income
- Schedule 1b: SFA and EFA Income
- Schedule 1d: Analysis of staff costs
- Schedule 1e: Analysis of non-pay expenditure
- Schedule 4: Financial health grade
- Schedule 5: Sensitivities

In response to questions from members, the Committee was advised

- the current forecasts show a scenario of Good financial health throughout the period, despite expected reductions in learner numbers
- pay costs as a percentage of income appear to be increasing against the average for the sector, but it is hoped more local benchmarking will be undertaken in advance of the Area Based Reviews in order to assess any changes to policy
- there are risks to bank covenants if the College fails to maintain Good/Satisfactory financial health

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

#### **RESOLVED**

The Finance and Resources Committee approves and commends to the Corporation Board for approval the Three Year Forecast 2014-2017.

#### **FRC.67.15 ANNUAL REPORT OF THE FINANCE AND RESOURCES COMMITTEE: 2014/2015**

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: 2014/2015 and commends the Report to the Corporation Board.

#### **FRC.68.15 ANNUAL REVIEW OF THE RESTRICTED MINUTES OF THE MEETINGS OF THE FINANCE AND RESOURCES COMMITTEE**

The Clerk to the Corporation provided a report which outlined the basis, in which, in accordance with the Instrument 17(4), it is appropriate for the Committee to review the restricted minutes of the meetings of the Committee.

Members were reminded that, at the meeting of the Finance and Resources Committee held on 26 September 2013, it was agreed that Minute FRC.29.13 of the meeting of the Committee held on 1 July 2013 should be restricted in accordance with the requirements of the Instrument and Articles of Government and of Section 22 of the Freedom of Information Act 2000.

During 2013/2014 there were two meetings held with restricted items for consideration – 13 March 2014 and 19 June 2014.

Both meetings were held in accordance with the requirements of the Instrument and Articles of Government and of Section 22 of the Freedom of Information Act 2000.

During 2014/2015 there were four meetings held with restricted items for consideration – 25 September 2014, 27 November 2014, 12 March 2015 and 18 June 2015.

All meetings were held in accordance with the requirements of the Instrument and Articles of Government and of Section 22 of the Freedom of Information Act 2000.

Members agreed that it was appropriate for these minutes to continue to be restricted.

#### **RESOLVED**

The Finance and Resources Committee approves the continued restriction of

- Minute FRC.29.13
- Restricted minutes of the meeting held on 13 March 2014
- Restricted minutes of the meeting held on 19 June 2014
- Restricted minutes of the meeting held on 25 September 2014
- Restricted minutes of the meeting held on 27 November 2014
- Restricted minutes of the meeting held on 12 March 2015
- Restricted minutes of the meeting held on 18 June 2015

**FRC.69.15 HUMAN RESOURCES REPORT: AUTUMN TERM 2015**

The Director of HR and Professional Development presented, for information, the Human Resources Report for the period to 31 October 2015.

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

- Staff Utilisation/Efficiencies
  - Regular monitoring of staff utilisations has been a key priority in the first term to ensure that established staff hours are fully utilised
- Staff Turnover
  - College turnover is expected to be in line with the AoC benchmark when the data for 2014/2015 is published
  - Recruitment levels have been high – a reflection of the time of year
- Performance Management
  - Observations of teaching and assessing staff and learning walks by Executives and Governors continues and feedback has been good
- Absence Management
  - The current College sickness absence figure, including long term sickness, is routinely lower than the AoC benchmark
  - Sickness absence continues to be closely monitored
- Equality and Diversity
  - The comparison of staff/student/community profiles remain at similar levels to the previous year
  - Prevent Training is provided for all staff
- Continuous Professional Development
  - Completion of online training modules by established staff remains strong
- Shared Services in Sussex and Surrey Colleges (SISSC)
  - Further developments are planned for the self-service functions during 2015/2016

Members reviewed the HR and CPD KPI dashboards to 31 October 2015.

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 2015.

**FRC.70.15 ENROLMENT: 2015/2016**

The Vice Principal: Finance and Resources presented, for information, a report on the enrolment position at 25 November 2015.

Members considered the report which provided detailed information in respect of

- 16-18 funded learners
- 19+ full time enrolments
- 19+ part time enrolments
- Recruitment of 16-18 apprenticeships
- Recruitment of 19+ apprenticeships
- JCP referrals
- HE enrolments
- Community Learning enrolments
- 14-16 recruitment



Members noted that

- the college tracks all enrolments and student data rigorously and reports regularly to governors on the current position and the implications
- the first student numbers return is due in December 2015, data from which is likely to be used as the basis for the initial 2016/17 grant allocation

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

**AGREED**

The Finance and Resources Committee receives and notes the report.

**FRC.71.15 MANAGEMENT ACCOUNTS FOR THE PERIOD TO 30 SEPTEMBER 2015**

The Vice Principal: Finance and Resources presented, for information, the Management Accounts for the period to 30 September 2015.

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 under the assumption that all grant income would be generated; and an adjusted income contingency of £40k remains
- against the profiled budget, the current surplus outturn of £107k generates a positive variance to date of £104k
- a negative variance against budget of £66k is noted in tuition fees where full cost and school links variances are currently recorded compared to budget to date
- pay costs are currently 63.32% of income compared to the budget of 62.31%
- non pay costs are currently under budget by £190k
- the cash balance at 30 September 2015 remained high at over £3.6m as some planned summer capital expenditure was delayed until October and November

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 30 September 2015.

**FRC.72.15 SHARED SERVICES IN SURREY AND SUSSEX COLLEGES (SISSC)**

The Vice Principal: Finance and Resources presented an update with regard to Shared Services in Sussex and Surrey Colleges (SISSC).

Members were advised that

- the systems continue to perform well at the five colleges which are now live
- the EBS Student Record interface for East Surrey is scheduled to be live for 31 December 2015
- HR/payroll – City College are due to go live in April 2016
- Milestone 5 (M5) upgrade - SISSC currently runs Milestone 3 (MS3) which will shortly cease to be supported by UNIT4. An upgrade to MS5 is being handled by UNIT4, with the servers upgrading to Windows 2012 to enable MS5 to run.

**AGREED**

The Finance and Resources Committee receives and notes the SISSC update.

**FRC.73.15 HEALTH AND SAFETY REPORT: AUTUMN TERM 2015**

The Vice Principal: Finance and Resources presented, for information, the Health and Safety Report: Autumn Term 2015.

Members noted the key issues in the report

- Accident statistics
- Inspections in October and November by the College's Head of Facilities confirms that the housekeeping in all the workshop areas continues to meet and reflect a high standard
- Annual fire risk assessments have been completed

Members were advised that the current College's Head of Facilities, Lorne Benham, is retiring in December and members asked if thanks could be passed on to him on behalf of the Corporation for his contribution and support.

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

**AGREED**

The Finance and Resources Committee receives and notes the report.

**FRC.74.15 ANNUAL REVIEW OF THE BUSINESS OF THE FINANCE AND RESOURCES COMMITTEE: 2014/2015**

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 2014/2015.

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.75.15 KPI DASHBOARD**

The Committee received and reviewed the KPI Dashboard to July 2015 as at Period 13 2015.

**AGREED**

The Finance and Resources Committee receives and notes the KPI Dashboard to July 2015 as at Period 13 2015.

**FRC.76.15 ANY OTHER BUSINESS**

There was no other business.

**FRC.77.15 SCHEDULE OF MEETINGS: 2015/2016**

Thursday 3 March 2016

Thursday 23 June 2016

All meetings commence at 18.00

**At the conclusion of the meeting, the Chair expressed, on behalf of the Committee, his thanks and good wishes to the Vice Principal: Finance and Resources who is leaving the College at the end of February.**

**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 black ink, appearing to be 'Baird', written over a horizontal line.

**DATE: 3 March 2016**

