

PRESENT

Mr Andrew Baird	Independent Member	Chair
Mrs Jayne Dickinson	Principal and Chief Executive	
Mr Ray Elgy	Independent Member	
Mrs Liz Rushton	Independent Member	
Dr Barbara Spittle	Independent Member	

IN ATTENDANCE

Mr Kevin Standish	Deputy Principal: Curriculum and Standards
Mrs Ann-Christine Harland	Vice Principal: Finance and Resources

APOLOGIES FOR ABSENCE

Mrs Vanessa Guest	Independent Member
Ms Mitzi Gibson	Director of HR and Professional Development

CLERK

Mrs Sue Glover	Clerk to the Corporation
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FRC.19.15 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.20.15 APOLOGIES FOR ABSENCE

Apologies were received from

Mrs Vanessa Guest	- personal commitments
Ms Mitzi Gibson	- personal commitments

The Committee agreed to accept the apologies for absence.

FRC.21.15 NOTIFICATION OF ANY OTHER BUSINESS

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

FRC.22.15 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 12 MARCH 2015

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

FRC.23.15 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.24.15 COLLEGE POLICIES

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

ESC 35 Maternity Leave Policy
ESC 39 Paternity Leave Policy
ESC 36 Parental Leave Policy
ESC 79 Shared Parental Leave Policy (new)
ESC 16 Adoption Leave Policy
ESC 57 Subcontractor Fees 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
- the Shared Parental Leave Policy is a new policy to the College and has been prepared using AoC guidance and reviewed by an appropriate external body

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 35 Maternity Leave Policy
ESC 39 Paternity Leave Policy
ESC 36 Parental Leave Policy
ESC 79 Shared Parental Leave Policy (new)
ESC 16 Adoption Leave Policy
ESC 57 Subcontractor Fees Policy

FRC.25.15 RISK MANAGEMENT: SUMMER TERM 2015

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 nine 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. However, the scoring has reduced as many vacancies are now filled

- **Risk F3 'Exposure through relationships/partnerships with other providers/institutions':** 'Significant' risk – no change. Although deemed low level, the College's assessment of the risks of the financial costs of SISSC Ltd remains as medium following financial difficulties experienced by some member Colleges
- **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 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.

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

FRC.26.15 EAST SURREY COLLEGE BUDGET: 2015/2016

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 2015/2016 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 1619 16-18 year old learners
- provision for all of the Adult Skills Grant, including 19+ Apprentices and the delivery of Adult Community Learning
- a provision of £110k contingency against under delivery of income
- a commitment of £100k for the conversion of science facilities at Gatton Point South
- a commitment of up to £250k for the replacement of equipment, being primarily IT hardware and software

Members were advised that the budget also includes the following

- £1m of possible EFA income and £800K of new subcontractor costs have been assumed as the College is supporting a case from SCC to transfer provision to the College for 2015/16
- ESF grant income is not assumed as the grant calls are not likely to require delivery until March 2016 and therefore will be small value and low margin
- Additional income for High Needs learner costs of over £6k are also not assumed
- Growth in 16-18 Apprenticeship provision of £120k compared to the 2014/15 grant allocation is also assumed with progression from Traineeship programmes
- The budget does not assume any pay rise (AoC negotiations with the joint unions has not yet fed back to the sector), although the additional NI and TPS Employer costs are included

Members reviewed:

- Budget Summary
- Explanations of Income Streams
- Summary Pay Costs Budget
- Balance Sheet
- Cashflow Forecast to July 2016
- Profit Bridge to 2014/2015 Budget

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

- a deficit of £76k is planned, which is recovered by the revaluation reserve transfer to provide a small 'historical' surplus
- 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: 2015/2016.

FRC.27.15 FINANCIAL FORECASTS: 2014/2015 – 2016/2017

The Vice Principal: Finance and Resources presented, for consideration and approval, the termly update to financial forecasts following receipt of grant allocations for 2015/2016 received in March 2015.

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 2a: Tangible fixed assets
- Schedule 4: Financial health grade

In response to questions from members, the Committee was advised

- the current forecasts show a scenario of Good financial health reducing to Satisfactory if 16-18 recruitment falls in the period
- the 2015/16 budget reflects the grant income reduction following on from fewer EFA funded students together with a reduction in funding/learners as transitional funding has been lost
- 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 the termly update to the Three Year Financial Forecasts: 2014/2015 – 2016/2017.

FRC.28.15 HIGHER EDUCATION TUITION FEES: 2016/2017

The Vice Principal: Finance and Resources presented, for consideration and approval, a report on fees for all proposed HE provision for 2016/2017.

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

- recruitment for 2015/2016 remains challenging
- it has been decided not to resource those new courses which have attracted little or low interest by June 2015
- it is expected that some established courses will continue to run with shared teaching resources
- 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 £6,000 and therefore will not trigger the need for an Access Agreement in 2016/17

Members considered the proposals to approve

- the charge of £6000 per annum for Foundation Degrees and BSc Hons top up degree as per the previous year
- the charge of £6000 per annum for the HND Engineering course
- an increase of 1% for all other courses in line with current inflation
- 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

- the charge of £6000 per annum for Foundation Degrees and BSc Hons top up degree as per the previous year
- the charge of £6000 per annum for the HND Engineering course
- an increase of 1% for all other courses in line with current inflation
- 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.29.15 TERMS OF REFERENCE AND STANDING ORDERS OF THE FINANCE AND RESOURCES COMMITTEE: 2015/2016

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, subject to the amendment noted, the Terms of Reference and Standing Orders of the Finance and Resources Committee: 2015/2016.

FRC.30.15 ANNUAL SCHEDULE OF BUSINESS OF THE FINANCE AND RESOURCES COMMITTEE: 2015/2016

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, and suggested a minor change to the document.

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: 2015/2016.

FRC.31.15 ESTATES – UPDATE ON CAPITAL PROJECTS

The Vice Principal: Finance and Resources presented, for information, a report outlining summer works priorities.

Members were noted that

- the College has submitted a bid to the Coast to Capital LEP to access its allocation of £100k for a new Learning Facilities Fund. The bid shows the use of funds will be used to refurbish the current unusable Science Lab and has matched the allocation with other planned capital projects of £100k that meet the criteria
- the internal capital bid round completed last term for 2015/16 resulted in requests for IT equipment replacement of £137k for 232 machines and further requests for internal works/conversions at Gatton Point South
- a new request for ramps and equipment for the Motor Vehicle Workshop at Gatton Point South were finalised as demand for courses next year is high
- the College has been informed that the LEP is initiating a further capital bidding round for a fund of £4.7m in July. Plans include a potential bid for feasibility costs for the building of new classrooms at Gatton Point South in readiness for student expansion from 2019 and essential roofing works

In response to questions, members were advised

- that if any related contracts from the Coast to Capital LEP bid are in excess of £50k and are approved over the summer months Chair's action will be required to approve these

Members noted the key impact measures arising from the report.

AGREED

The Finance and Resources Committee agrees

- to note and receive the report
- that Chair's action is taken to approve any related contracts from the Coast to Capital LEP bid in excess of £50k should the application be successful over the summer

FRC.32.15 HUMAN RESOURCES REPORT: SUMMER TERM 2015

In the absence of the Director of HR and Professional Development, the Principal and Chief Executive presented, for information, the Human Resources Report for the period to 30 April 2015.

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

- Staff Utilisation/Efficiencies
 - regular monitoring of staff utilisation continues to be a priority to ensure that established staff hours are fully utilised
- Staff Turnover
 - College turnover is higher than the AoC benchmark, although it was noted that the AoC statistics from 2014/15 not yet received are expected to see a comparable increase
- Performance Management
 - Observations of teaching and assessing staff and learning walks by staff and governors continues and feedback has been positive
- Absence Management
 - the current College sickness absence figure continues to be well 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
- Shared Services in Sussex and Surrey Colleges (SISSC)
 - Further developments are planned for the self-service function in 2014/15, however delays in the go-live processes by other colleges has limited progress
 - All candidates submit applications via the e-recruiter system which went live in July 2014.

Members reviewed the HR and CPD KPI dashboards to 30 April 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: Summer Term 2015

FRC.34.15 ENROLMENT: 2014/2015 AND APPLICATIONS 2015/2016

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

Members considered the report which provided detailed information in respect of

- 16-18 full time enrolments
- 19+ full time enrolments
- Recruitment of 16-18 Apprenticeships
- Recruitment of 19+ Apprenticeships
- HE enrolments
- Community Learning enrolments
- High Needs learners

Members noted that

- the College tracks all enrolment and student data rigorously and reports regularly to members on the current position and implications
- the EFA is likely to be reviewing the R10 return made by the College in early June to assess whether any adjustments are made or whether growth requests are possible
- current EFA guidance is that 16-18 student growth can only be allocated for 2015/16 if achieved, and unfunded, in 2014/15, 'lagged funding'
- the College has not budgeted to take any unfunded learners

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.

FRC.35.15 MANAGEMENT ACCOUNTS FOR THE PERIOD TO 30 APRIL 2015

The Vice Principal: Finance and Resources presented, for information, the Management Accounts for the period to 30 April 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 surplus budget for the year of £51k in July 2014 under the assumption that all grant income would be generated; an income contingency of £167k was provided
- income and expenditure has been pro-rated to obtain an expected ytd budget
- against the profiled budget, the current deficit outturn of £138k generates a negative variance to date of £24k based on the learner numbers at 30 April 2015
- income is currently showing a positive variance of £308k compared to profiled budget
- non pay costs are currently exceeding revised budget by £282k, due largely to exam fees
- the cash balance at 30 April 2015 is over £2m and is forecast to outturn at over £1.7m

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 April 2015.

FRC.36.15 HEALTH AND SAFETY REPORT: SUMMER TERM 2015

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

Members noted salient issues raised in the report

- the accident statistics continue to show an improving and encouraging picture
- there have been no Riddor accidents reported this term to date
- 3 accidents have been reported this term with appropriate follow up actions to ensure the risk of repeating is minimised

- inspections over the Easter break by the College's Head of Facilities confirmed that the housekeeping in all the workshop areas continues to meet a good standard
- a complaint from a student has resulted in an investigation by the Head of Facilities of a site attended for Work Experience by Construction students. A recommendation that the site is no longer used has been made and an internal review of the adequacy of the risk assessments by staff and compliance with the WEX (work experience) Toolkit instructions on Risk Assessments will form the basis of a report to the Vice Principal: Finance and Resources
- a range of training events have been held
- fire drills for both campuses have been successfully completed

Members reviewed the KPIs appended to the report.

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

AGREED

The Finance and Resources Committee receives and notes the report.

FRC.37.15 SHARED SERVICES IN SUSSEX AND SURREY COLLEGES (SISSC)

The Vice Principal: Finance and Resources presented the SISSC Principal's Bulletin Number 10, 4 June 2015

Members noted the key elements of the Bulletin

- Finance – the system continues to perform well at the five colleges who have now gone live with finance
- Configuration and testing work has resumed at City College Brighton with a view to going live for the new academic year
- HR/Payroll – Milestone 4 implementation is deferred until all colleges are live on the system
- Commercial activity – new members joining SISSC would not have to pay VAT on system installation and configuration. However, joining terms (which do not grant full voting rights to new members) need to be agreed

Members were advised that a settlement had been reached with the partner college declaring financial difficulties and that the college is now making payment by monthly instalments.

FRC.38.15 KPI DASHBOARD

The Committee received the KPI Dashboard: April 2015.

AGREED

The Finance and Resources Committee receives and notes the KPI Dashboard: April 2015.

FRC.39.15 ANY OTHER BUSINESS

There was no other business.

FRC.40.15 SCHEDULE OF MEETINGS: 2015/2016

Thursday 24 September 2015
Thursday 26 November 2015
Thursday 3 March 2016
Thursday 23 June 2016

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: 24 September 2015