

Meeting commenced: 18.00

Meeting ended: 19.55

PRESENT

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

IN ATTENDANCE

Mrs Ann-Christine Harland	Vice Principal: Finance and Resources
Ms Mitzi Gibson	Director of HR and Professional Development

CLERK

Mr Melvyn Cass	Clerk to the Corporation
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FRC.57.12 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.58.12 APOLOGIES FOR ABSENCE

There were no apologies for absence.

FRC.59.12 NOTIFICATION OF ANY OTHER BUSINESS

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

Members agreed to bring forward Agenda Item 15

FRC.60.12 HUMAN RESOURCES ANNUAL REPORT: PERIOD TO 31 JULY 2012

The Director of HR and Professional Development presented, for information, the Human Resources Annual Report for the period to 31 July 2012.

Members considered the detail of the report, in particular

- Staff Utilisation/Efficiencies
- Staff Turnover
- Absence Management
- Equality and Diversity
- Personal Performance Development Reviews
- Legislation Update

Members discussed issues arising from the report, including the KPIs appended to the report, with particular reference to

- a range of staffing issues in the Technology Department and the measures being taken to address these
- the percentage of working time lost owing to sickness, noting that it is below the College benchmark

Members noted the key impact measures arising from the report.

AGREED

The Finance and Resources Committee receives and notes the Human Resources Annual Report: Period to 31 July 2012.

18.20 Ms Mitzi Gibson left the meeting.

FRC.61.12 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 4 OCTOBER 2012

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

FRC.62.12 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.63.12 COLLEGE POLICIES

The Vice Principal: Finance and Resources presented, for consideration and approval, updates to credit card signatories and to College policies:

ESC 01 FINANCIAL REGULATIONS ESC FINANCIAL PROCEDURES: AMENDMENT TO CREDIT CARD SIGNATORIES ESC 51 DATA PROTECTION POLICY

The Committee was advised that

- a regular cycle of reviews ensures that College policies take account of any changes in legislation
- the policies, as appropriate, have all been reviewed and approved by the College Directorate

ESC 01 FINANCIAL REGULATIONS

The Committee received a verbal report and were advised that the annual update comprises only minor changes.

ESC FINANCIAL PROCEDURES: AMENDMENT TO CREDIT CARD SIGNATORIES

The Committee was informed that it was necessary to revise the authorised signatories to the College credit card, in accordance with the Financial Regulations, in light of the new appointment to the post of Deputy Principal: Curriculum and Standards.

ESC 51 DATA PROTECTION POLICY

The Committee received and considered the draft revised Data Protection Policy.

Members noted the key impact measures arising from the report.

RESOLVED

The Finance and Resources Committee approves and commends to the Board subject, where necessary, to appropriate amendment:

ESC 01 Financial Regulations ESC Financial Procedures: Amendment to Credit Card Signatories ESC 51 Data Protection Policy

FRC.64.12 EAST SURREY COLLEGE FINANCIAL STATEMENTS: 2011/2012

The Vice Principal: Finance and Resources presented, for consideration and approval, the audited Financial Statements for the year ended 31 July 2012.

Members were apprised of the background to the compilation of the Financial Statements, noting that the draft document has been updated for the disclosure requirements as issued by the SFA Accounts Direction handbook

Members noted the **Financial Implications** of the audited statements

- the surplus on continuing operations is similar to the 2010/2011 outcome at just over £400k
- the book-keeping entries to unravel the Lennartz mechanism account for an exceptional cost of £299k which reduces the retained surplus to £128k
- cash flow from operations has reduced from £1.5m to £1.1m owing to the reduction in grant income
- the year-end cash balance was exceptionally high at £6.468m owing to the draw-down of the long term debt on 31 July 2012 which was subsequently used to repay the Lennartz mechanism in August 2012
- the College LGPS liability at 31 July 2012 was increased to £4.8m compared with £2.7m as at 31 July 2011

Members were advised that, subsequent to the external audit, the Skills Funding Agency issued further guidance increasing the tolerance for the repayment of underperformance of the 2011/2012 Adult Skills Grant in view of the significant under-achievement of the grant in the sector. This has had the effect of reducing the clawback of the £390k provision made in the statements by 50% which, as happened in 2010/2011, is treated as a non adjustable event as confirmed by the Financial Statements Auditor.

Members reviewed the key financial documents, as at 31 July 2012:

- **Income and Expenditure Account**
- **Statement of Historical Cost Surpluses and Deficits**
- **Balance Sheet**
- **Cash Flow Statement**
- **Notes to the Financial Statements**
- **Independent auditor's report to the Corporation of East Surrey College ('the Corporation') and the Chief Executive of Skills Funding**
- **Respective responsibilities of the Members of the Corporation of East Surrey College and Auditors**
- **Basis of Opinion**
- **Opinion**

Members expressed overall satisfaction with the Financial Statements.

Members noted the key implications arising from the report.

RESOLVED

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

- the Accounting Policies
- the 2011/2012 Financial Statements

FRC.65.12 RISK MANAGEMENT: AUTUMN TERM 2012

The Vice Principal: Finance and Resources 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 of 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:** 'Significant' risk – no change but noting the title change to reflect the recruitment levels of learners in 2012/2013, the shadow indications for 2013/2014 EFA funding and the lack of indication that the Adult Community Learning grant will be withdrawn
- **Risk S8 'Poor alignment of strategic planning and financial planning':** 'Significant' risk – no change
- **Risk F3 'Exposure through relationships/partnerships with other providers/institutions':** 'Significant' risk – no change
- **Risk S6 'Inability to attract/retain and develop staff with the required mix of skills':** 'Fundamental' risk – revised from 'significant' risk following some challenges to recruitment and management in key areas
- **Risk O2 'Severe IT failure':** 'Significant' risk – no change
- **Risk O3 'Failure to maintain timely and accurate learner data':** 'Significant' risk – no change
- **Risk S12 'Failure to deliver property strategy':** 'Significant' risk – no change
- **Risk C1 'Serious breaches of Health and Safety legislation':** 'Minor' 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 discussed issues arising from the report, including:

- Risk S6 – the difficulty in recruiting to specific skills

Members noted the key impact measures arising from the report.

RESOLVED

The Finance and Resources Committee approves the Risk Register: Autumn Term 2012 relative to its risk assignments and commends the report for approval by the Board.

FRC.66.12 ANNUAL PAY RECOMMENDATIONS: 2012/2013

The Principal and Chief Executive presented a report which updated members on the Association of Colleges' (AoC) proposed pay award for 2012/2013 and which made recommendations for consideration by the Committee.

Members were advised that

- the AoC has completed its annual negotiations with member colleges and the unions representing college staff nationally
- UCU and UNISON are East Surrey College recognised trades unions
- UNISON has confirmed its acceptance of the offer
- UCU has rejected the offer
- 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 options available

- no pay rise for 2012/2013
- implement the AoC recommended pay proposals
 - a consolidated salary increase of £200 per annum for staff earning below £15,000

- a consolidated salary increase of 0.7% per annum for staff earning £15,000 and above

Members were informed of the financial implications:

- the 2012/2013 budget approved by the Board in July 2012 included a pay award of 0.5% - £38,251 including on costs
- the pay award being set at 0.7% would cost £53,551 including on costs
- applying the recommended pay increase from 1 August 2012, including on costs, would be £15,300 above the budgeted amount

Members agreed that it would be appropriate to implement the recommendations of the AoC.

RESOLVED

The Finance and Resources Committee recommends to the Board the implementation of the AoC pay proposals, as detailed in this minute, with effect from 1 August 2012 ie

- a consolidated salary increase of £200 per annum for staff earning below £15,000
- a consolidated salary increase of 0.7% per annum for staff earning £15,000 and above

FRC.67.12 APPROVAL OF TUITION FEES FOR HE: 2013/2014

The Vice Principal: Finance and Resources presented, for consideration and approval, a report on proposals relative to fees for 2013/2014 in respect of all proposed HE provision .

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

- the anticipation that the College will continue its sub-contracting relationship with Guildford College for 2012/2013
- in line with many HE institutions, recruitment for 2012/2013 has been 'challenging'
- the continuing optimism of the College with regard to HE in FE and the increase in the course offer in 2013/2014
- 2013/2014 will see restrictions in the number of full time enrolments but no restrictions on part time enrolments
- the College expects to have an allocation of 117 learners from Guildford College's SNC
- all fees charged by the College will be under £6001
- the College will offer its own bursary scheme and will be a member of the HEFCE National Scholarship Programme from which it will subsidise 50% of the fees for 1 learner per year

Members considered the proposals to approve

- the charge of £6000 per annum for Foundation degrees for starts from 2013
- an increase of 2.7% for all other courses, in line with current inflation
- delegation to the Principal and Chief Executive and the Chair 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.

RESOLVED

The Finance and Resources Committee approves and recommends to the Board the fees as detailed in this minute ie

- the charge of £6000 per annum for Foundation degrees for starts from 2013
- an increase of 2.7% for all other courses, in line with current inflation

- delegation to the Principal and Chief Executive and the Chair 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.68.12 ANNUAL REPORT OF THE FINANCE AND RESOURCES COMMITTEE: 2011/2012

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 responsibility 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 the key conclusions arising from the report, in particular

- all issues of strategic relevance which are brought to the Committee for approval are taken as early items of business in order that full consideration might be given to each item. At the same time, members are provided with high levels of information eg termly human resources and health and safety reports in order to ensure that the key responsibilities of the Committee are not overlooked.

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: 2011/2012 and commends the Report to the Board.

FRC.69.12 ANNUAL REVIEW OF THE RESTRICTED MINUTES OF THE MEETINGS OF THE FINANCE AND RESOURCES COMMITTEE

The Clerk to the Corporation gave a verbal report in which he outlined the basis on which, in accordance with Instrument 17(4), it is appropriate for the Committee to review the restricted minutes of the meetings of the Committee held during 2011/2012.

Members were informed that there were no restricted minutes to be considered for review.

AGREED

The Finance and Resources Committee notes the report.

FRC.70.12 ENROLMENT: 2012/2013

The Vice Principal: Finance and Resources presented, for information, a report on the enrolment position at 5 November 2012.

Members considered the report which provided detailed information in respect of

- recruitment to-date of 1606 16-18 year old learners (1513 at same time 2011) comprising 1495 (1415) full time and 111 (98) part time 16-18 learners, compared to a funding target of 1536 (1484), noting that recruitment above 1536 is unfunded for the current year
- projected final recruitment figure for 16-18 learners is expected to be 1630
- recruitment to-date of 285 (260) 19+ full time and 741 (841) part time learners, totalling 1026 (1101) and on track to meet the funding target

- SLN calculations indicate that 19+ classroom based income is in excess of that generated at the same time in 2011 by £35k, noting that this is now 90% of target income
- recruitment of 16-18 Apprenticeships is progressing to profile
- 8 out of 9 planned 19+ Apprenticeships starts are recorded
- 18 new WBL starts have been signed
- 67 (76) JCP referrals have started
- HE Year 1 enrolments have proved challenging; two new courses are planned to commence in January 2013
- ACL recruitment to-date is 1236 (1123); the new Saturday course offer has attracted 450 (360) enrolments for the Autumn Term
- 14-16 recruitment is strong – 440 learners
- as a consequence of delayed SFA guidance with regard to Formal First Steps grant and the consequent delayed determination by the College and WEA of both regulated and non regulated provision, recruitment is currently 219
- application for additional ALS funding in respect of 8 16-24 learners with ALS costs over £6k has been made to the Education Funding Agency (EFA) for 2012/2013 – this is additional to the funding for 5 high need learners through grant allocation

Members noted the basis on which

- the College tracks all enrolment and student data rigorously and reports regularly to members on the current position and the implications
- the student numbers at 1 December 2012 will be used as the basis for the 2013/2014 grant allocation
- current EFA guidance indicates that 16-18 learner growth can only be allocated for 2013/2014 if achieved, and unfunded, in 2012/2013

Members noted the key impact measures arising from the report.

AGREED

The Finance and Resources Committee receives and notes the report.

FRC.71.12 MANAGEMENT ACCOUNTS FOR THE PERIOD TO 31 OCTOBER 2012

The Vice Principal: Finance and Resources presented, for information, the Management Accounts for the year to 31 October 2012.

Members considered the detail of the accounts, noting:

- the Board approved an operating surplus budget for the year of £606k and, following a review of needs for the large student body recruited in September 2012, further proposed budget changes were approved by the Finance and Resources Committee on 4 October 2012
- compared to the original budget, income is in excess of profiled budget by £58k, consequent upon the unexpected change in the underachievement clawback arrangements for 2011/2012
- progress against the Adult Skills Budget as a % of target is higher than at the same time in 2011/2012
- pay costs at 64.3% of income are £46k in excess of income
- non pay costs are currently under profiled budget
- the cash balance remains high at £2.3m, noting that payment to Wates has not yet been agreed

The Committee noted the impact measures arising from the report.

AGREED

The Finance and Resources Committee receives and notes the Management Accounts for the Period to 31 October 2012.

FRC.72.12 FIVE YEAR FINANCIAL FORECAST: 2011/12 – 2016/2017

The Vice Principal: Finance and Resources presented, for information, the termly update to the five year financial forecast.

The Committee was advised of the range of assumptions made with regard to

- Income
- Pay costs
- Non-pay costs
- Capital costs

The attention of members was drawn to the documents provided in support of the report:

- 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: Skills Funding Agency and Education Funding Agency Income
- Schedule 1d: Analysis of Staff Costs
- Schedule 1e: Analysis of Non-pay Expenditure
- Schedule 2a: Tangible Fixed Assets
- Schedule 4: Financial Health Grade

Members noted that, in a letter to the Principal and Chief Executive, the Skills Funding Agency has indicated that, for each of the years 2011/2012 to 2014/2015, the financial health of the College is graded 'Good'.

Members noted the key impact measures arising from the report.

AGREED

The Finance and Resources Committee receives and notes the report.

FRC.73.12 HEALTH AND SAFETY REPORT: AUTUMN TERM 2012

The Vice Principal: Finance and Resources presented, for information, the Health and Safety Report: Autumn Term 2012.

Members noted salient issues raised in the report

- Accident Statistics
- Increased monitoring and spot checks of the workshops
- Six monthly assessments of both campuses in accordance with new fire legislation
- Generic Risk Assessments booklets completed
- Fire evacuation drills on both campuses
- Installation of new DDA compliant lift at Gatton Point South
- Revisions to the Carer's Protocol
- First Aid courses provided

Members were advised that

- the independent consultant's annual report into the 2011/2012 management of Health and Safety at College was again noted as 'Good'
- the College's 2012/2013 Further Education Safety and Health self assessment is 'Good'

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.74.12 ANNUAL REVIEW OF THE BUSINESS OF THE FINANCE AND RESOURCES COMMITTEE: 2011/2012

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 2011/2012.

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 taken 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.75.12 KPI DASHBOARD

The Committee received the KPI Dashboard: September 2012.

Consideration was given to each of the indicators.

AGREED

The Finance and Resources Committee receives and notes the KPI Dashboard: September 2012.

FRC.76.12 ANY OTHER BUSINESS

There was no other business.

FRC.77.12 SCHEDULE OF MEETINGS: 2012/2013

Thursday 7 March 2013

Thursday 13 June 2013

All meetings commence at 18.00

As there was no further business, the Chair declared the meeting closed.

SIGNED AS A CORRECT RECORD:



DATE: 7 March 2013