

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

Draft minutes

Date	9 October 2014	Time	15.00
Venue	Ore Valley		
Chair	Ken Melsom MBE JP		

Membership: Ken Melsom MBE JP (Chair); Wendy Bennett; Tony Campbell OBE KSG FRSA; Principal (Clive Cooke); Paul Evans; Pat Farmer; Sue Walton

Apologies: Wendy Bennett

Lead officers: VP Corporate Services (Biram Desai); In attendance: VP EES (Dan Shelley); Head of HR (Jackie Travis)
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At 14.00 governors attended a visit to Construction led by the Learning and Standards Manager Jim Ladson. Attendees: Ken Melsom, Tony Campbell, Pat Farmer, Sue Walton, Paul Evans, Vic Kempner, Biram Desai.

	Item	Action
1.	Apologies Apologies were received from Wendy Bennett who had a teaching commitment. The Clerk agreed to follow up with WB on timings for meetings and whether a 15.00 start was still necessary.	Clerk
2.	Declarations of interest Sue Walton declared that she was an employee of Pestalozzi. Paul Evans and Ken Melsom declared their directorship of Hastings Plaza Trading Ltd. Paul Evans also declared his membership of the Hastings Academies Board, Sea Change and the board of Pestalozzi. Pat Farmer declared his membership of the Hastings and Rother Task Force.	
3.	Minutes of the last meeting held on Wednesday 18 June 2014 The Committee considered the minutes of the last meeting. Subject to correcting a typo on p.5 and p.9 the minutes were agreed. RESOLVED: The minutes of the meeting held on Wednesday 7 May 2014 were agreed as a true and accurate record. Proposed: PF; Seconded: CC; CARRIED.	Clerk
4.	Matters arising on the minutes The matters arising were noted as completed and the following areas were raised: The Chair noted he would speak with the Student President about the pool tables. The Committee asked for an update on the new system of centralised timetabling and the VP CS reported that work had been carried out by the MIS department with further work to carry out. A great deal of time has been spent with the curriculum areas and concerns from staff have been managed. The Principal noted that this	Chair



	<p>term all students have been timetabling into the main sites instead of hiring rooms outside. Bigger issues for 2015-16 relate to the change in the market which will lead to accommodation being redistributed to match demand. He noted the issue of rooms which are specifically kitted out to accommodate specific curriculum areas. One governor noted the issues around the scheduling of classes for students with early morning classes followed by late afternoon classes which are frustrating for both students and teaching staff.</p> <p>One governor suggested staff could visit institutions that are exemplars of rooming to see how it works in other colleges.</p> <p>The Principal reported that the SMT are clear on the solutions required and the steps that need to be taken but that it was a sensitive area of change.</p> <p>The VP CS agreed to add in the age of debt to the debtor report.</p>	<p>VP CS</p>
<p>5.</p>	<p>Key Performance Indicators relating to Finance and HR – Update</p> <p>The VP CS reported as follows. Full details available in accompanying report: Total College Income is £19,909k. Operating Surplus is £60k. The College is disappointed it didn't meet the target of £371k but it was noted that the surplus is higher than earlier indicated. The overdraft is also higher than anticipated. Staff costs as a % of College income are slightly adverse against budget at 67.3% (target of 66.6%) Total Long Term Loans are as predicted at £8,197k The VP CS noted the Adjusted Current Ratio. It was noted that the budget will ensure Satisfactory Financial Health. It was noted that the College benefits greatly from the investments in the new buildings.</p> <p>The Head of HR reported as follows. Full details available in accompanying report: Average number of sick days per person is 4.4. She noted that the incentive for staff to drive attendance was very successful. Voluntary staff turnover is slightly higher than the AoC standard at 12.42% (against a target of 12%) Completed staff appraisals are slightly under the target of 100% at 89% and HR are working hard to meet targets. Managers completing MD in the last two years is unknown for 2013-14. A lot of the work is carried out with FE Sussex. The Head of HR reported that she was carrying out a lot of work on the staff development budget and would bring details to the next meeting.</p> <p>One governor noted that there didn't appear to be an emphasis on addressing non-teaching costs in terms of overhead and control in line with inflation. The VP CS reported that there is a huge amount of work carried out by the Procurement Officer around subcontracting and franchising to ensure best costs and value for money. The Committee questioned whether non-pay cost reduction should be a measure this year because it is so critical to achieve the surplus in 2014-15 to maintain Satisfactory Financial Health. The VP CS noted that there are cost reduction targets for every area and all purchase orders are reviewed by the Procurement Officer. He agreed that these measures were not advertised but were on-going and closely monitored. The VP</p>	<p>Head of HR</p> <p>VP CS</p>

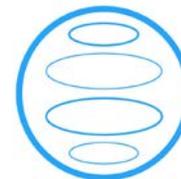
	CS agreed to look into a budget improvement plan which involved staff at all levels for the next meeting.	VP CS
6.	<p>Enrolment Update</p> <p>The VP CS reported as follows. See accompanying report for full details: The key concern is around 16-18 full time EFA Learner Responsive enrolments. All other key areas have gone well - Adult Skills budget, Apprenticeships and HE. In year the shortfall does not have a significant impact on budget but will affect next year due to lagged funding. He noted that there is enough money in the funding methodology for classes of 20.</p> <p>The Vice Chair asked that with less numbers the College will require less teaching and asked for details of reduction costs in year. The VP CS reported that all class sizes have been discussed with curriculum areas and although there are some savings to make they will not be significant as classes will still run with less students although it was noted that there would have to be a cut-off point. The Vice Chair suggested that those savings are identified and ring fenced and the VP CS agreed to bring an estimate of savings to the next meeting.</p> <p>The Committee considered the reduced pool of students in Hastings and Rother in 2014-15. The Principal reported that the VP EES had carried out a lot of work understanding the year groups and the reduction of numbers in 2014-15 and this demonstrated the College was still maintaining its market share despite the shortfall. The College is back at the size it was pre growth last year. The Vice Chair asked if the EFA numbers are being used to predict the resources needed. The VP CS noted that it is an aspirational target and curriculum planning is based on the number of students enrolled.</p> <p>The Committee considered the details from the governor link visit to Construction which showed that the faculty had lost Level 3 students to apprenticeship opportunities.</p> <p>The Chair of Corporation noted that the drive from Academies to have their own sixth forms is a real risk. He noted the recent meeting to look at the importance of brand and an institution's image.</p> <p>The Committee asked if savings are looked for early in the year and the VP CS reported that the budget is flexed from quarter one and all budgets are re aligned in line with enrolment numbers.</p> <p>The Committee thanked the VP CS for the report.</p>	VP CS
7.	<p>Human Resources report</p> <p>The Head of HR explained the revised the format of the report which provides a more commercial summary and the Chair noted that the Committee had requested a more succinct report and welcomed the change.</p> <p>The Head of HR reported on the following: Headcount/FTE to show the resources required by the College to operate and clear comparisons between teaching/non teaching numbers. She noted the anomaly in August 2013 with the re allocation of Additional Learning Support staff.</p> <p>In looking at the month on month comparisons the Committee questioned why staffing appears higher this year than last despite reductions in staff with the restructures. The Head of HR agreed to look further at the data and report back to the next Committee. From the report the Committee questioned why there is a pattern of increasing head count expenditure and an increase in sessional staff.</p> <p>The VP CS noted that he would like to look more closely at the report at the data</p>	Head of HR/VP CS

	<p>and report back to the next meeting. He noted that there were a number of projects in 2013-14 where staff were ring fenced against a project and this would have an impact on numbers.</p> <p>The Head of HR noted that the aim of the report is to show what is needed to run the business and the Chair reported that the information is useful and raises a number of questions but there needed to be a clarity in the data.</p> <p>The Committee looked at the benchmarking with other colleges and questioned the ratio of teaching to non-teaching staff which is high in comparison. They noted the usefulness of benchmarking data and the Head of HR reported that she hoped to be able to add benchmarking for Headcount figures in future reports.</p> <p>The Committees asked about part time staff and whether their hours were flexible. It was noted that they are contractual and only sessional staff have zero hour contracts.</p> <p>The Committee asked about turnover of staff and exit interview overviews and the Head of HR agreed to produce a chart of reasons for staff departing for a future meeting.</p> <p>The Committee noted the sections of the report on HR policies, Training and Development and the UCU strike next week.</p> <p>The Committee thanked the Head of HR for the report.</p>	<p>Head of HR</p> <p>Head of HR</p>
<p>8.</p>	<p>July 2014 Management Accounts</p> <p>The VP CS noted the following:</p> <p>There are two planned adjustments – FRS17 Pension accounting in relation to the LGPS scheme; and accounting for the disposal of Pyke House.</p> <p>The Vice Chair noted that the FRS17 had been included in the targets last year. There is a change of accounting in FRS103 standards for next year leading to capital grants moving into the top half of the balance sheet. This will lead to a negative net assets position. It is a sector wide issue and banks are looking at re setting their covenants. The Vice Chair suggested that the College get a letter from Barclays as soon as possible and the VP CS reported that he had been in discussion with Barclays about the changes.</p> <p>The College will need to reduce the overall level of overdraft, settle the retention payment and settle the liability payment from EDF. He suggested that the College may want to keep the overdraft level as it is for the next 12 months and is meeting with the bank shortly to discuss. Any agreements will be brought to the next Committee meeting for approval.</p> <p>The Committee asked for details of the legal, professional and audit budget and why it is £115k over budget. They questioned why the budget has been increased for 2014-15 and the VP CS reported that he hoped to see an under spend this year.</p> <p>The Committee noted the useful Contribution Analysis and queried the -51.5% for ESOL provision. The VP CS reported that there are a number of challenges in student numbers, management and funding changes and it is a very small area.</p> <p>The Principal noted that the area needs review for next year and discussions around subsidising or cutting provision.</p> <p>The Committee thanked the VP CS for the report.</p>	<p>VP CS</p> <p>VP CS</p>
<p>9.</p>	<p>Senior Post Holder and Governor expenses for 2013-14</p> <p>The Committee noted the report and questioned the comment on “not all eligible expenses being claimed.” The VP CS reported that this related to Corporation members who rarely claimed expenses.</p>	



<p>10.</p>	<p>Shared Systems Update The VP CS reported that four colleges have gone live. The College is on target to go live in early February with the financial strand only. A full time person is now in place to help with the building of the system. A couple of issues have arisen including parts of the system not working effectively and finances issues around the project. The Chair reminded the VP CS that there was no pressure to go live unless it is the right thing to do. The Committee noted the report.</p>	
<p>11.</p>	<p>Financial Regulations (annual review) The VP CS reported that minor updates had been made to the policy to bring it up to date including: Updating job titles Capitalisation of fixed assets now has a de minimis level of £1000 including VAT for all assets, raising IT assets from £500 including VAT Replace Office of Government Commerce (OGC) with Crown Commercial Services (CCS). The Committee agreed with the changes and asked that for future updates changes are tracked for ease of viewing. RESOLVED: The Committee recommended to approve the updates to the Financial Regulations. Proposed: PF; Seconded: SW; CARRIED.</p>	
<p>12.</p>	<p>Accommodation and Estates report The VP CS reported as follows: Negotiations are still on going with the issuing of the Making Good Defects Certificate. (confidential item) The Principal and VP CS are meeting with the Charities Commission on Monday to try to progress the Pyke House funds. The VP CS reported that there is a small sub paragraph of the main objectives which refers to the educational provision in Battle. The College has a clear cut argument that the money can be used to deliver the objectives at the College and Pyke House is still being used for educational purposes. Devonshire Road is on the market with PCM and an offer of £125,000 (sale price £129,950) from an investment buyer has been received. The offer will not be increased. It was agreed to leave the sale open until next Friday and close the deal if no further offer is received. The Financial Regulations state that the College must demonstrate best value for money. A letter from EDF notifying the College that they have put in a claim for land at Ore Valley was received last week. The letter is 2 days before the deadline for claiming. The College is having a meeting with the Homes and Communications Agency next week and an independent surveyor will provide an estimate. The VP CS noted that the College/Council is liable for interest from the date of the vesting of the clause. The Committee asked for the worst case scenario and it was noted at £550k. The Committee suggested that the College speaks with EDF asap about being an educational establishment and the VP CS will write to explain that due to the funding cuts the College is not in a position to pay any monies. It was noted that the planned occupation of the UoB residential construction works</p>	<p>VP CS</p>

	<p>has been delayed due to some issues around the ownership of the land.</p> <p>The College is seeking tenders for costs around the expansion spaces at Station Plaza and Ore Valley. The 23 October is the tender date and results will be reported back at the next Committee meeting.</p> <p>One governor questioned the lack of space at the Motor Vehicle Centre which had been apparent at a Walk and Talk with the Student Council last term. The Principal noted that due to a decrease in number the issues have been resolved.</p> <p>The Vice Chair noted that he had spoken to the Clerk about visits to other sites - Horntye Sports Facility and the Construction Industry Training Centre (CITC) and they would take place during 2014-15.</p>	<p>VP CS</p> <p>Clerk</p>
13.	<p>Health and Safety report</p> <p>The Vice Chair noted that there was a repeated case of managers not turning up to Health and Safety meetings. The VP CS agreed to rectify and the Head of HR agreed to attend meetings. The Committee proposed that the Health and Safety Policy training for staff is mandatory and the Head of HR agreed to action. It was agreed that governor attendance would also be mandatory on the Committee and the Vice Chair noted he was able to attend all meetings in 2014-15 and would contact the Clerk if necessary.</p> <p>The Committee asked for accident statistics in the next H&S report and the VP CS agreed to action.</p>	<p>VP CS</p> <p>Head of HR Clerk</p> <p>VP CS</p>
14.	<p>Risk Management (16.28 VP EES arrives)</p> <p>The VP EES reported that the paper at the last Corporation meeting on the 1 October had detailed a review of risk management. The Risk Register has been Streamlined from 133 to 28 risks including those noted for inclusion at the Corporation meeting. The revised register has been passed to Risk Champions with the final register being brought to the Audit Committee in November.</p> <p>The Committee considered the two strategic red risks. The VP EES noted that a number of the actions relating to the apprenticeships risk had been completed but due to a glitch in the system had not updated. The VP EES reported that the risk relating to Policies and Practices may be disregarded from future registers as managers are working hard to update policies and procedures.</p> <p>It was agreed that the new risks around changes of government policy and competition in the sector with the challenges of the FE sector and changes to 16+ were all significant risks.</p> <p>The VP EES noted that the register will be updated every 4 weeks explicitly addressing safeguarding and health and safety issues.</p> <p>The Committee noted the report.</p>	
15.	<p>Update on apprenticeship activity</p> <p>The VP EES reported that the College has doubled the number of new starts. 2 new frameworks have been introduced at the College - Front of House Hospitality and AAT Accountancy.</p>	



	<p>The College continues to negotiate with SAGA and Hastings Direct. It attempted to become the main provider for SAGA but was unsuccessful. Partners are doing well, slightly under their ambitious target but if they continue successfully they will achieve the budgeted allocation. 16-18 hit its maximum contract value and the College has applied for a growth case of £2m to allow internal and partner delivery to grow. The outcome is expected next week. 19+ more traditionally has smaller number. Last year the College was successful in a growth case of £600k. This year it has applied for £2.8m growth, the majority to be delivered through partners. The College is less confident that it will receive the full amount but hopes to get a proportion to support the growth agenda and partners. Higher apprenticeships. David Fowler is working with faculty areas to look at providing Higher apprenticeships and it is hoped this will lead to growth in the HE provision. The VP EES noted that funding for higher apprenticeships is complicated but likely to change with all funding being received by the SFA next year.</p> <p>The Vice Chair reported on the governor links visit around Construction. He questioned whether the courses provided by the College were the types of training local employers wanted. The VP EES reported that in apprenticeships the College hasn't had the take up of students mirroring the economic crash. One of the issues in Construction is the focus is on Level 1 to provide students with hand skills practice. There is now a move to deliver more Level 2 provision and Level 3. One governor noted that there are people are in the local area needing training who are travelling to other regions. It was suggested more interaction is needed with local employers. The VP EES noted that the College was unable to apply to be a CIBT provider while it had its Grade 3 and many employers can only reclaim with a CIBT approved provider. He noted that the College will apply for status in November. The VP EES reported that there is a lot of employer engagement in place and invited governors to attend the Build East Sussex event taking place at the College on the 4 November, 15.00-19.00. The Clerk to circulate details. The Committee asked how Construction tutors could be involved in promoting their courses and skills and the VP EES noted that 1 day a week there is remission to go out and speak to employers. Curriculum staff are involved in shaping the curriculum and the Principal reported on the Vacuum Technology programme where staff meet regularly with companies. The Committee reported that the facilities are very impressive and the visit demonstrated the skills and experience students would gain from studying at the College and the importance of demonstrating this.</p>	Clerk
16.	AOB No items received.	
	MEETING CLOSED: 16.49	
	Meeting dates for 2014-15 Tuesday 25 November 2014; Wednesday 4 March 2015; Wednesday 6 May 2015; Wednesday 10 June 2015 (all 15.00 start)	