

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

Draft minutes

Date	11 October 2017	Time	14.00
Venue	Ore Valley Room OV257		
Chair	Pat Farmer		

Membership:

Pat Farmer (Chair); Sue Walton (Vice Chair); Tony Campbell OBE KSG FRSA; Paul Evans; Ken Melsom MBE JP; Principal (Clive Cooke); Staff Support Governor (Debbie Baldock-Apps)

Apologies: Tony Campbell OBE KSG FRSA; Staff Support Governor (Debbie Baldock-Apps)

Lead officers: VP Corporate Services (Biram Desai); VP EES (Dan Shelley); Head of HR (Mel Price)

	Item	Action
1.	Apologies were received from Tony Campbell and Debbie Baldock-Apps	
2.	Declarations of interest Pat Farmer declared an interest of the Hastings and Rother Task Force. Sue Walton declared an interest as the Chief Executive of Pestalozzi.	
3.	RESOLVED: The minutes of the last meeting held on Wednesday 7 June 2017 were agreed as a true and accurate record. Proposed: PF; Seconded: SW; CARRIED	
4.	Matters arising on the minutes <ul style="list-style-type: none"> The Head of HR agreed to send through an updated management structure to the Committee. The Chair asked for an update on the ESFA non levy apprenticeship funding. Re tendering process finished in September and allocations are in place until December. The Chair asked when the results of the non-levy tender are announced and the VP EES confirmed that an announcement is expected on the 22 or 23 November. The Chair asked if there is any material effect on the lower cap to the levy funding and the VP EES noted that there was not. 	Head of HR
5.	Due Diligence The VP CS reported as follows: <ul style="list-style-type: none"> The executive summary lists the key issues The Local Government Pension Scheme of both Colleges is the same 	

which makes the merger more straight forward. Both Colleges have a share of the pension deficit; in section 9 the details are identified. SCCH pays an additional 0.75% as assurance against redundancies of employees over the age of 55. SDC don't pay the equivalent and this is being worked through. The Committee asked what the share of the pension deficit is for both Colleges and the VP CS confirmed that £ is detailed in the July management accounts. The SDC share of the deficit is less. The Colleges have separate contribution rates and the Committee questioned how this would work going forward. The VP CS noted that there is a conversation to take place. In the immediate SCCH will inherit SDC's current rate. He noted that further work is needed to look at all the associated risks

- There is some unregistered land at Lewes which the solicitors at SDC are currently looking into. It was noted that this is not an unusual situation in Lewes
- Both reports refer to challenges around TUPE

Eversheds noted that there has been a high quality of returns from both Colleges. There is nothing to see of concern in the report and the two areas that are being looked at further are banking and pensions.

Financial due diligence will be available in mid-October. The VP CS noted that there are operational challenges for the financial due diligence.

[confidential note]

The Principal reported that SDC has now got Steve Hutchinson carrying out a cost recovery plan against a national benchmark. That will be ready for the end of November. [confidential note].

The Chair noted that the Principal of SDC was unable to attend F&HR but will attend the Corporation meeting on the 18 October to talk through the financial issues.

[confidential note]

A full internal audit of all the financial controls was requested by the Committee.

The Principal reported that by statute SDC are due an Ofsted visit by mid-November. The VP C&Q is with SDC tomorrow validating their SAR.

The VP CS reported that a key highlights paper for financial due diligence will be ready for the 18 October. The papers will go to the Transition Board.

VP CS

6.	<p>Banking position</p> <ul style="list-style-type: none"> [confidential note] 	
7.	<p>Review of Capital and ICT Strategy</p> <p>The VP CS passed on his thanks to the Head of Facilities and the Head of IT for the strategies. The Committee noted the reports and the following:</p> <ul style="list-style-type: none"> take up of Turing is significant work on the 5th floor has gone well merger work streams for ICT and capital teams are underway <p>The Chair asked that the virtual classroom work stream is included in the ICT strategy as this is an item in the TU bid. The VP CS agreed to include.</p>	VP CS
8.	<p>University Centre</p> <p>The VP EES reported that excellent work has taken place and the 5th floor is virtually complete. The students are excited to be in the space. HEFCE have paid the first tranche of the catalyst fund of £100k and the interim update report has gone to them triggering £50k. The UoB loan is being paid this month. The contract and loan agreement has been signed by Pinsents their legal representatives and all red lines have been included.</p> <p>Enrolment – there are 292 students on HE programmes excluding AAT, hospitality and SPAR at level 4. These are at around 350 which is the same as last year. Applications nationally have been down 4-5% and there is a dip of 16-18s so standing still is a success.</p> <p>The VP EES reported:</p> <ul style="list-style-type: none"> The UoB have visited and are impressed with the facilities. An opening will take place at the end of November. The unused side of the 5th floor is floored and half will become temporary storage and the other half will be a marketing suite for the UC. Currently there is capacity for up to 600 students which is sufficient. There is a new separately branded website launched which is linked but standalone from the College website. It looks likely that internal progression will increase. There should be more progression from SDC students, for example SDC has no HE engineering provision but has more than 50 students on its Level 3 programmes. Students will be bussed between sites to see the UC An increase is hoped for 2018-19 <p>The Committee questioned whether the College has a strategy to be experts in certain subjects. The VP EES reported that art subjects have been the strongest and an animation degree has been introduced. There is a plan to develop around the arts, engineering and advanced manufacturing, computing, business and higher level business programmes. The UC is currently targeting the local market as it can't yet compete with the main HEIs.</p>	



<p>9.</p>	<p>Sussex Skills Solutions (SSS) The VP EES reported:</p> <ul style="list-style-type: none"> • The report on the year-end of SSS was presented to the SSS Board in September. The Chair of F&HR, a governor from SDC and 7 employers are on the board • Finances overall combined revenue is £2.6m, around 8% over the target. SCCH was 3% up and SDC 15% up • Apprenticeship starts increased by 15%, 655 combined to 751, an 8% increase for SCCH and 21% increase for SDC • This year's targets are higher • Overall income is just over £3m, this is mainly apprenticeships with some programmes for the unemployed • Last year there were a lot of opportunities for SSS to take up • 40 levy employers have been contacted but it has been very slow on the uptake. The VP EES provided an update on the difficulties around the levy contracts • 20 teaching assistant qualifications are being delivered for Brighton Academies Trust. An NHS Trust covering East Sussex, Marshall Tufflex and a few other local employers are on board • A number of new standards have been launched and SSS has met its targets. <p>The Committee noted the update. The Chair reported that the College have not yet got in place a KPI to demonstrate whether SSS is making money. The VP CS noted that they have been chasing data for a while and a provisional figure that shows a profit has come through that will be shared with the Committee shortly.</p>	<p>VP CS</p>
<p>10.</p>	<p>Key Performance Indicators relating to Finance and HR – Update (see full report for details) The VP CS reported:</p> <ul style="list-style-type: none"> • College income total turnover is ahead of target • Operating surplus - unable to make budget (challenges around the ESFA letter of comfort, the Southern Rail strike, extra security at Station Plaza) • Staff costs as a percentage of income is still positive • Funding streams are positive • The bank balance is slightly ahead of target <p>The Head of HR reported:</p> <ul style="list-style-type: none"> • Number of sick days stands at 5.6 • Staff turnover is 8.5% <p>Complaints and compliments- the Committee asked about the categories for complaints. The Principal noted that there are a lot around the Right Choice period and after this they are mainly around teaching or financial matters for students.</p> <p>The Committee noted that student attendance has crept up. The Principal reported that there are lots of interventions in place. The Chair noted that it is encouraging that the VP C&Q and his team have taken it forward successfully.</p>	



11.	<p>Enrolment update The VP CS reported:</p> <ul style="list-style-type: none">• 16-18 enrolment. There is an allocation of 1639 and currently the College stands at 110 over. The principle was to maintain the funding stream of the allocation in a falling demographic.• Adult Education Budget. It is early days but going well• SSS has a significant amount of pre-employment and unemployed programmes planned• HE has a further 100 students on HNC and D Film Studies programme in Brighton at the Brighton Film School which is a £600k a year funding stream• Apprenticeships are slightly down. The VP EES noted that he is not overly concerned and there are levy contracts starting but they are slower• For 19+ apprenticeships employers have to pay 10% and this is a shock for companies so there has been a gap in starts. A few have spoken to competitors and are now coming back to the College. It is a national issue. The fastest growing apprenticeship in the country is an MBA. The statistical first release is due out in November• Enrolment at SDC is not meeting targets on 16-18 (just under a 100 down which is material). There has been a late revision to their financial forecast. The Committee questioned whether this has been seen. The VP CS reported that SDC is forecasting a loss of £1.5m for next year and is revising the budget but not the bottom line• Business planning for 2018-19 will commence shortly. Official returns to the government for this year are being sent off and lagged funding for next year will be confirmed. The College now needs to play with the variables which will primarily be around apprenticeships• The Committee asked if the press exposure on Level 4 higher apprenticeships makes a difference to the College and the VP EES reported that it usually takes 6-12 months to impact on the system.	
12.	<p>E Learning update The VP CS reported that the College struggled in 2016-17 and had a small deficit. It remains a growth area and the College has an experienced support and delivery team in place but needs to get leads landed. There is a target of £480k with a 20% contribution.</p> <p>The VP EES reported that the College has developed a relationship with Dizzla who generate enrolments through social media but take up is slower than anticipated. There were 20 in first couple of months and 20 in train to get student finance. London Central College is another relationship which has 10 students going through the process. The College is also working closely with ABE and is about to launch into their database working in ex commonwealth countries. The College is slowly adding to its portfolio, at the moment it has 3 programmes and is aiming to add another couple.</p> <p>The Committee questioned whether there could be an arm into SSS and the VP EES reported that there may be some funding available related to work experience which would provide funds for the College to act as a contact centre looking at work experience.</p> <p>The VP CS reported that the College will need significant volume to replace</p>	

	Acquire but it still sees a major market for the future in eLearning.	
13.	<p>Human Resources report The Head of HR reported as follows:</p> <ul style="list-style-type: none"> • A number of processes from 2016-17 are running well. Harmonising pay scales is now embedded and the impact is it enables easier structures for developmental roles. It will be easier for the new merged organisation when looking at restructures. Job evaluations – this is still going through the process and there have been some good examples of re grading roles. All roles will be re-evaluated by the end of the year. Performance Management Reviews provides the ability to identify good performers and link to outcomes for learners • The Employee Forum has expanded with 5 representatives. It is a communication channel and staff are engaged • Employee recognition –there is an outstanding teacher award and starfish award in place • Letters went out to all staff at SCCH and SDC and TUPE clinics were launched on Monday. There has been no feedback from SCCH staff. At SDC there have been some concerns about take over • The Trade Union meetings from both colleges start tomorrow. A joint meeting with SDC to formally inform them of the proposed transfer will take place. Some of the measures are as a result of the merger as the College may well have to do some restructuring because of the dual roles. It was agreed that getting the message right for staff is extremely difficult • [confidential note] • [confidential note] • The VP CS and VP EES reported that the Heads of Service at SDC are very good but there are issues with accountability • SDC has 6 pay scales and 43 different terms and conditions for staff. The SCCH HR system is going to be adopted for the merger which is positive but there will be a lot of work going forward to align HR systems • The Head of HR confirmed that harmonisation cannot take place immediately after merger but job evaluations can be used when looking at restructuring. <p>Recruitment update There are still concerns in Construction. Plumbing is a major concern and interviews are taking place this week.</p>	

14.	<p>July 2017 Management Accounts The VP CS reported:</p> <ul style="list-style-type: none"> • Operating surplus stands at £178k • The auditors will commence work next week • There is a deficit in the statutory accounts because of the changes to pension reporting • The target to pass Satisfactory Financial Health and banking covenants has been met <p>The Chair noted that it is pleasing to see that even with the Ore CPO there is only one month that the College is required to dip into the overdraft</p> <p>The Committee noted the variances to budget and why the College is spending so much on admin and the big variance on the teaching salaries. The VP CS noted that some are activity related increases, some are merger costs. It was agreed that it is a question of perception and how it comes across to people and an explanation in the notes would avoid this.</p> <p>The Committee asked for a comparison of contribution per student between the two colleges to understand where the efficiencies would come from. The VP CS noted that SDC has a 70% staff costs as a percentage of income which would be an immediate cost saving.</p>	VP CS
15.	<p>Senior Post Holder and Governor expenses for 2016-17 The Committee noted the report and commented on the small amounts of expenses. The VP C&Q expenses were noted as being higher than the Principal or VP EES's and it was noted that it was likely that the VP C&Q was putting other staff expenses onto his account.</p>	
16.	<p>Accommodation and Estates report The VP CS thanked the teams for the upgrades to the College last year. He noted that the Estates team rota is now embedded allowing them to be more customer focused in the day.</p> <p>The H&S officer is now full time and managed by an experienced H&S manager at SDC.</p> <p>The VP CS noted that the barrier for the car park will be fixed ASAP. It was agreed it is a security risk and dangerous while it is out of action.</p> <p>The VP CS noted that there is money in the TU bid to move Motor Vehicle and CITC to Ore.</p>	VP CS
17.	<p>The Health and Safety report and Health and Safety Policy have been deferred to the next meeting. The VP CS noted that there are no concerns to report.</p> <p>The Chair asked about the action from the last meeting around an audit of accident reporting. The VP CS reported that with the additional capacity and better training there is more reporting taking place but there are no concerns.</p>	
18.	<p>Risk Management The VP EES reported: The majority of risks remain. A couple of amendments include using the whole apprenticeship target (not just 16-18) going forward and HR has been added as a capacity issue as part of the merger. [confidential note]</p>	

	A new risk around the risk to financial health if the Colleges don't merge was discussed.	
19.	<p>Data Protection update</p> <p>The VP CS provided an update on the general data protection regulation (GDPR). He explained that the MIS manager (David Willcox) and Eve Johnson from SDC are leading to ensure that the Colleges are compliant before the regulations come into play in May 2018. The Committee suggested it is added to the audit programme and it was confirmed that it already was. The VP CS and SW to liaise about GDPR.</p>	VP CS
20.	<p>AOB</p> <p>There were no items raised.</p>	
	MEETING CLOSE	
	<p>Meeting dates for 2017-18</p> <p>Wed 23 November 2017; Wednesday 7 March 2018; Wednesday 9 May 2018; Wednesday 6 June 2018 (all 14.00 start)</p>	

Meeting closed at 16.10

Length of meeting: 2hrs 10mins

Attendance for 2017-18: tbc

Following the meeting there was an opportunity to look at the HE facilities at Ore