

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

Draft minutes

Date	12 March 2014	Time	09.30
Venue	Station Plaza Boardroom		
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: Paul Evans; VP EES (Dan Shelley)

Lead officers: VP Finance (Biram Desai); VP Resources (Stephen Hagues)

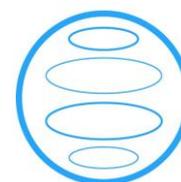
In attendance: VP EES (Dan Shelley)

Following the meeting the Head of International, Jeremy Oughton, gave a presentation on the College's Long Term Strategy and Plans for International.

Attendees: Ken Melsom (MBE JP); Tony Campbell OBE KSG FRSA; Pat Farmer; Sue Walton; Vic Kempner; Graham How.

	Item	Actions
1.	Apologies Apologies were noted and accepted from Paul Evans and the VP EES Dan Shelley (who was away on College business in Libya)	
2.	Declarations of interest Sue Walton declared that she was an employee of Pestalozzi. Ken Melsom declared his directorship of Hastings Plaza Trading Ltd. Pat Farmer declared his interest as a member of the Hastings and Rother Task Force. Stephen Hagues, Biram Desai and the Clerk declared their interest as members of the College's East Sussex Pension Fund.	
3.	Minutes of the last meeting held on Monday 25 November 2013 and 20 December 2013 The Committee considered the minutes. RESOLVED: The minutes of the previous meetings were agreed as a true and accurate record. Proposed: PF; Seconded: SW; CARRIED.	
4.	Matters arising on the minutes The completed actions were noted. Other areas raised included: <ul style="list-style-type: none"> Long Service Awards – it was noted that this had been received by email. The VP Resources reported that the policy has been implemented and will be reviewed every two years. One governor questioned whether the award was adequate for staff who had worked at the College for such a long time. The Principal reported that the feedback on the award is positive and in FE 	

	<p>it is not common practice to do anything to recognise long service. He noted that it is not being used as a tool to retain staff. One governor noted that a higher award would be eligible for tax. It was agreed the scheme is a good incentive for staff and would not be revisited by the Committee.</p> <ul style="list-style-type: none"> • Management Training – the Principal reported that the College is currently considering a part time trainer on a fixed term contract and looking at whether the budget for 2014-15 can sustain the post. SLT is currently looking at the management development programme to see what is needed. • Governor attendance – the Clerk noted that the attendance figures at the end of the minutes are cumulative and used by the Search and Governance Development Committee to monitor attendance and effectiveness of committees. The Clerk agreed to check the attendance figures for the Committee. • ALS restructure – the VP Resources tabled a paper from the Head of Support Manager for information. 	Clerk
5.	<p>Performance Update Key Performance Indicators relating to Finance The VP Finance reported as follows:</p> <ul style="list-style-type: none"> • The College is on target to achieve/exceed its funding stream which is very positive • The Adult Single Budget and Learner Loans are on budget to achieve • Adult learner loans – SCCH is the only college in Sussex which has used all of its allocation and it is identified by the SFA as area of growth • Apprenticeship funding is re forecasted following the changes to provision • Operating surplus is the key challenge. The College has confirmed satisfactory financial health for 2012-13. Achieving the same for 2013-14 is very tight but the VP Finance reported he is confident it can be done. • The Committee discussed the unprecedented change and challenge in the sector and the number of colleges with large deficits. <p>Key Performance Indicators relating to HR The VP Resources reported as follows:</p> <ul style="list-style-type: none"> • Sickness reached a low of 5.3 days at Dec 13 which is the lowest on record. He noted this is due to rise due to some long term sickness. • Voluntary staff turnover is slightly up on target at 13.01% • Staff appraisals is at 85% completion • Managers completing Management Development is down to 72% <p>The Committee questioned why the overdraft is better than target but still rated red and the VP Finance reported that the cash position is a challenge and requires constant oversight.</p> <p>The Committee questioned why staff costs as a % of income are rising. The VP Finance reported that the position will improve by year end. The focus on Ofsted was noted as a reason for the high ratio.</p> <p>The Chair thanked the VP Finance and VP Resources for the report which he noted as very well presented and easy to understand.</p>	VP Resources
6.	<p>Financial Planning The VP Finance updated the Committee as follows: (see reports for full details) January 2014 Management Accounts - including updated year-end forecast & commercial summary confidential item</p>	



End of January mid-year allocations update

The VP Finance updated the Committee as follows:

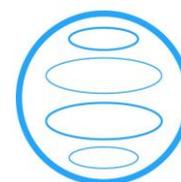
- The SFA request a mid-year allocations update in order to assess progress of colleges which helps them to manage national budget. From the Colleges point of view the update gives confidence to the SFA that the College can deliver.
- The SFA is going through a very large restructuring exercise, in finance it is losing 50% of its staff, meaning scrutiny is going to be reduced. Going forward the College will be much closer to the EFA.
- Adult apprenticeships have received growth from the original allocation of £173,000 to £843,000
- 16-18 apprenticeships have suffered 3 quarterly reductions and the College is now focusing on a revised forecast.
- The mid-year Allocations are not flagging any concerns.

Budget 2014/15 – initial assumptions.

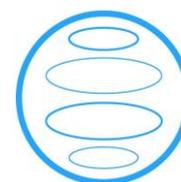
The VP Finance updated as follows:

- Yesterday the College started staff meetings across the College around the budget. There has been a 9% reduction in the Adult skills budget for 14-15 and a further 11% in 15-16
- The rate changes are imposed by the government with the aim of providing the same amount of activity for less money. The College has to make cost savings. It has limited it to 4% of the pay budget or £400,000. Week by week planning started yesterday with the staff meetings. Pay costs are aimed firmly at the sector benchmark of 65%. The ratio of teaching to non-teaching salaries increases to 67%/33% from 65%/35% in the current year and the College continues to focus on the student first approach
- Opportunities are focused around 16-18 and adult apprentices and level 3 loans where students do not have to pay back loans if they don't meet the salary band, and an increase in international work.
- The £2.75m overdraft is high by SFA standards. The College has a good relationship with Barclays but they will not be minded to increase the overdraft facility and the aim is to try to reduce it as far as possible for next year. SLT are looking at investments such as rebuilding the energy centre and developing the 5th floor at Station Plaza.
- Other colleges are facing problems and do not have the benefit of saleable assets and a new capital build.
- The Chair reiterated that it does take time to get capital projects to fruition and the College should be thinking about priorities for capital expenditure and concentrating on the lack of space.
- The Committee asked about the costs from the overdraft and the VP Finance reported that the College is currently paying 1.5% over base.
- The Committee agreed that the initial assumptions were a sensible draft of the budget for next year. They reported that the College has been trying to reduce the overdraft for many years and to grow other areas of income but has not done it very successfully. Now having got through the Ofsted it was suggested that the College put in dedication and focus on finances to turn the College around financially. They suggested it needs a different approach, a need to look at big ideas and commit to them and a need for focus.

SW/
Principal



	<ul style="list-style-type: none"> • The Chair of Corporation proposed looking at HE as a funding stream and putting energy directly into the financial aspects of the College to drive it forward. • The Principal reported that business planning has started very early, the SLT has been upfront and clear with staff who have respected the sharing of information. • The College's biggest worry is cash and the difficult challenge on capital in terms of growth. Measures are being put into place to ease the situation with better use of rooming, centralised timetabling including timetabling on a Friday afternoon. The market needs more construction and there are issues with capacity and ICT requires investment on the infrastructure. • The Committee considered risks to the business including the low base international has started from, the issue with employers not being on board with 16-18 apprenticeships. The VP EES reported that to thrive the College would need to open centres outside of Hastings and Rother as there is not enough appetite to continue locally. • The Principal reported on putting capital proposals together and the very tight deadlines coming from the LEP. Colleges need to be ready to move with capital money which is now honed down to sectors. • The staff (teaching) governor reported that there is a real problem with timetabling and rooms. She noted that her faculty is looking at delivering teaching until 20.00 to deal with both rooming issues and attendance for adults with family commitments. • The Chair of CQS reported that the CQS Committee was looking at the strategic side of curriculum development. 	
7.	<p>Shared Systems Update – confidential item</p>	
8.	<p>Policy for tuition and other fees The VP Finance reported that the policy has been updated to increase the administration fee to £50 and to reflect changes in government policy. It is proposed that fees are kept the same as last year so as not to deter learners. One governor questioned 11.3 which suggests that if a course is withdrawn a student will be charged. The VP Finance noted the sentence should read if a student withdraws from a course they will be charged. On item 3.8 one governor clarified that the correct terminology of the legal right to be resident in the UK is the right to be ordinarily resident in the UK and the VP Finance agreed to check and update the wording. It was noted that in most cases this can be done by reviewing the students' passport. The VP Finance reported that the Data Service also carry out their own checks.</p> <p>RESOLVED: The Policy for tuition and other fees was recommended for approval to Corporation subject to the changes agreed above. Proposed: TC; Seconded: PF; CARRIED.</p>	VP Finance
9.	<p>Subcontracting In the absence of the VP EES the VP Finance provided an update on the overall subcontractor landscape 2013/14. All partners had signed contracts on or before the 1 August and were challenged to achieve targeted volumes and values during 2013-14.</p>	



	<p>The College applied for growth in 19+ apprenticeships and received a successful application from the SFA for £600k (notified in January 2014). New partners followed the due diligence process and met with the VP EES and VP Finance to discuss their model and business plan. All new partners are SE based. Nationally there has been a second year of under delivery on 16-18 apprenticeship funding and starts and this funding is available from all colleges and large providers. Classroom based funding via the Adult Skills budget is further reducing (-9% nationally) and is therefore a premium which the College should use as leverage to secure 16-18 apprenticeship volumes.</p> <p>The Committee asked about the due diligence process and how effective it had been following the issues with Synergy. The VP Finance reported that he would look back and revisit but confirmed the three year financial statements had been received and did not show any areas of concern.</p> <p>The Committee asked if the list of partners could be consistent in the comparative tables to help with reading the report.</p> <p>The VP Finance reported that the maximum contract values have been discussed with the VP EES in detail and it is noted that not all partners will deliver on those.</p> <p>RESOLVED: The Committee recommended to approve the proposed changes to some contracts and agreed the proposed process for agreeing the 2014-15 subcontractor list. Proposed: PF; Seconded: SW; CARRIED.</p>	<p>VP Finance</p> <p>VP EES</p>
<p>10.</p>	<p>Facilities, Health & Safety and Risk Management Update</p> <p>The VP Resources took the report as read and updated the Committee on the following items:</p> <p>Issues re outstanding building works.</p> <ul style="list-style-type: none"> The art work at Ore Valley is progressing and the College is waiting for approval of the new entrance gates before submitting another planning application for the art work. The piece of work has not been agreed yet. <p>Security at Station Plaza – The Estates team are managing the issues well, staff are vigilant about students wearing lanyards and there have been significant improvements in students wearing ID both at Station Plaza and Ore Valley. The VP Resources brings in an external security person for a few weeks when there is a run of trouble and this sends a clear message out. The Committee questioned whether the College is doing enough to address the issues and noted that the idea of the building is to be welcoming to the public and introducing barriers would be difficult in terms of the different access points and also goes against the ethos of the College.</p> <p>The staff (teaching) governor asked for clarification on who was allowed access to the lifts and it was confirmed it is staff and HE students only. She suggested an all staff email is sent out to clarify.</p> <p>Governors noted that they were aware of managers on entrance duty challenging students about ID and the Principal reported that lanyard policy is well abided by at the College.</p>	
<p>11.</p>	<p>Human Resources Update</p> <p>The VP Resources took the report as read and updated the Committee on the following:</p> <ul style="list-style-type: none"> Both the HR team and Construction and Engineering teams are working hard to recruit people. The most successful recruitments have been through word of mouth. The College is regularly recruiting people and training them as teachers. The costs of training from those areas has gone 	

	<p>up.</p> <ul style="list-style-type: none"> Sickness has gone down even further to 3.8 days however there is some long term sickness coming through in February. <p>Pensions – the East Sussex Pension Fund (ESPF) require the College to have an employer’s policy on the exercise of a number of discretions. SLT have considered and would recommend a no to all questions but it is a matter of decision from the Committee. The changes start from April and the College must notify ESPF with decisions on 1 July.</p> <p>The VP Finance reported that the document is asking whether the College wants to make discretionary enhancements on a number of areas.</p> <p>RESOLVED: The Committee voted to opt out of all discretionary enhancements Proposed: KM; Seconded: TC; CARRIED.</p> <p>The Committee asked that less paperwork is produced for the HR reports. It was noted it is important to monitor diversity and it was agreed that full details are produced annually for the Committee with updates at all other meetings.</p> <p>Update on the Organisational Development Working Group update</p> <p>The VP Resources reported that the meeting scheduled for next week has been rescheduled due to the focus on the restructuring programme. The group has met once since the last Committee meeting and has been looking at culture maps, the unanimous views of staff, SLT and governors, how the organisational development strategy is changed and where the College wants to take the culture. The next stage is to redraft the strategy. The VP Resources reported that the update comes under FHR’s remit as it is predominately about people.</p>	VP Resources
12.	<p>AOB</p> <p>The Principal reported that staff have been notified about the organisational restructuring programme that SLT are working on. The consultation is open to staff with decisions made in early May for implementation in May and June 2014.</p>	
	<p>Meeting dates for 2013-14</p> <p>Wednesday 7 May 2014, 15.00 start</p> <p>Wednesday 18 June 2014, 15.00 start</p>	

Meeting closed at: 11:35

Governor attendance 2013-14: 95%

Meeting length: 2hrs 5mins