

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

Minutes

Date	22 November 2017	Time	13.30 – H&S update 14.00 - meeting
Venue	Station Plaza Boardroom SP119		
Chair	Pat Farmer		

Membership:

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

Apologies:

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

Governors attended a briefing with Debbie Leslie (SDC) and Darryl Green (SCCH) which provided governors with a health and safety update. (PF, TC, SH, VK, PE, VP CS). The presentation has been circulated to the full Corporation.

The Chair apologised for the lateness of the papers and noted that there are mitigating circumstances with the SLT currently managing the merger project, the Transaction Unit application and a change of personnel in the Finance Team.

The Chair noted that he had attended yesterday's F&HR Committee at SDC. He reported that they have a combined session for Audit and F&HR to consider the financial statements which works well and would be a useful system for SCCH to adopt. The Chair noted that SDC F&HR governors are very clear about the situation the College is in and they are holding the management to account. It was agreed at SDC's F&HR Committee that policies will be updated jointly with SDC going forward.

	Item	Action
1.	Apologies were received from Sue Walton and Ken Melsom.	
2.	Declarations of interest There were no interests declared.	
3.	RESOLVED: The minutes of the last meeting held on 11 October 2017 were agreed as a true and accurate record subject to the following amendments: p.1 – matters arising should read ESFA non levy apprenticeships p.2 – the figure is £1.3m for pension charges p. 5 – to read compete Proposed: PF Seconded: TC; CARRIED	
4.	Matters arising on the minutes <ul style="list-style-type: none"> The VP CS reported that he has spoken to the interim FD at SDC. She has an action plan of eight key financial control issues and is recommending that additional support to carry out the required work based on her assessment of 	



	<p>the situation and external and internal audit opinions is provided.</p> <ul style="list-style-type: none"> Virtual classrooms – The VP CS noted that £500k is in as a discreet line in the TU bid to support virtual classrooms. The Chair reminded the VP CS that the recommendation from the Committee was to ensure that virtual classrooms are included in the IT strategy and the VP CS noted that this has been actioned Sussex Skills Solutions was included as part of year end consolidated accounts and has been audited. A profit of £208k has been made which will be shared 50/50 with SDC as per the original agreement. The Chair noted that SDC reported that the splitting of profit for SSS has not been approved by the Corporation and the VP CS agreed to action this Car park barrier – the VP CS reported that the parts have been ordered and there is a confirmed date at the end of November to complete the work. The VP CS confirmed that both barriers will be fixed Management structure – the Head of HR to include the Susan Bonnet reporting line to the VP EES and the additional change of Sarah Brown, appointed as the interim CAM for STEM sixth form and circulate to the Committee 	<p>VP CS</p> <p>Head of HR</p>
<p>5.</p>	<p>Update on merger items Transaction Unit (TU) update The VP CS reported there was a key meeting scheduled yesterday which was deferred with the TU – the Readiness Committee - to determine whether the case could go to the December Funding Panel. An email from the College advisor Tim Betts indicates that the December funding panel meeting will still go ahead although the TU haven't yet confirmed by email. All TU requests have been answered by the College and the TU have indicated that everything supplied to date has been positive. There are a large number of cases going through and there is no feedback to say that anything they have seen has a fundamental issue related to it.</p> <p>Due diligence The VP CS reported that there are two historic reports for SDC and SCCH and one report looking forward. The Audit Committee has asked for further time to consider the reports as they were only circulated last night and the Chair of F&HR asked for the same approach. The Committee agreed to send any comments through to the Director of Governance.</p> <p>There was a discussion about what the Corporation's role is around due diligence reports and it was agreed that members need to scrutinise the reports and use the outcomes of the reports to support the decision around merger.</p> <p>The Chair reported that there are areas in the due diligence reports which will inform the proposals to the TU and they should be used to plan the outcome of the merger. The Chair suggested that the IWG consider the due diligence report at the next meeting. It was suggested that the TB defer consideration of the reports to their meeting in December if members require more time to read the documents. The Principal suggested that a meeting with SDC to jointly look at the due diligence may be useful.</p> <p>Banking</p> <ul style="list-style-type: none"> Confidential item 	<p>All</p>
<p>6.</p>	<p>Key Performance Indicators relating to Finance and HR – agree Strategic Targets for 2017-18 RESOLVED: The Committee considered and recommended to approve the</p>	



	<p>strategic targets for 2017-18. They noted that some HR targets are missing from the paper and the Head of HR agreed to send through for approval by email prior to Corporation papers being circulated. Proposed: PF; Seconded: PE; CARRIED</p>	
<p>7.</p>	<p>Human Resources Report The Head of HR reported as follows:</p> <ul style="list-style-type: none"> • Voluntary turnover sits at 3.2% • Sickness sits at 4.2% • The Performance Management review cycle is underway and completion stands at 60% with two weeks left to run. This process includes target setting for 2017-18 <p>Merger update</p> <ul style="list-style-type: none"> • The launch of the tier 2 consultation has taken place and is due to end this Friday. There is work going on building the HR system to incorporate the transfer of SDC staff to incorporate their service conditions. The College is now waiting for the data from SDC for December to test early next year and there is still a lot of work to do on this • The project to move HR systems to a hosted platform is underway and the project is running smoothly with a test environment ready for this Monday and a planned date of January to move to the live platform. The Committee questioned how the system will work and it was noted that there will be one data set for the College Group • PE asked how staff are taking the changes. The Head of HR noted that it is still quite early; there have been questions from staff on all levels on the staff merger site. The most concern has been from curriculum staff. The Principal noted that the merger website is going well and is a good facility for staff to voice their concerns • Tier 3 recruitment will commence next but has been delayed while the College considers the timelines. The first workshop will take place in a couple of weeks • The UCU annual pay and conditions claim has been published requesting Colleges to consider a cost of living increase and unhindered progression up the pay scale. The Head of HR reported that the College will respond subject to affordability. The Chair noted that last year SDC staff were offered a 1% increase. It was agreed that it would be politic if there was a joint response from both Colleges. 	<p>Head of HR</p>
<p>8.</p>	<p>College year-end audited accounts 2016-17 including financial statements and regularity auditor's management letter. The Chair asked the VP CS to provide key highlights and the following was discussed:</p> <ul style="list-style-type: none"> • There are the expected adjustments • There has been some reconciliation on pensions as the balance sheet share of the pension deficit has reduced which is good news • The College is currently in negotiation with the external auditors on final audit adjustments. The VP CS explained that because of borderline Satisfactory Financial Health items which are not normally material are now material to the health grade • The Committee questioned whether there is any danger of pushing over into 	



	<p>non satisfactory financial health. The VP CS noted that he is clear that the College will maintain Satisfactory Financial Health</p> <ul style="list-style-type: none"> • The Committee considered the process for auditing the new College and the VP CS reported that the Audit Committee has requested that he looks into the process further • At the date of signing the wording around the merger will go into the accounts to ensure it reflects the current situation • The Committee questioned whether there is any contingency to build in for un prepared risks with SDC. The VP CS reported that SDC has increased audit time, an FE Associates Finance Director managing the work and he didn't think there were any further issues to uncover. He noted that the only contingency is the TU bid • The Committee asked how many other colleges are in the same position where one party has financial or quality problems and the Principal reported that this is common and merger is usually precipitated by financial or quality issues. He noted the example of Central Sussex and Chichester <p>RESOLVED: The Committee recommended to approve the College year-end audited accounts 2016-17 including financial statements. Proposed: PF; Seconded: TC; CARRIED</p> <p>Plaza Trading There was a discussion about whether a smaller loss could be generated for Plaza Trading. The VP CS noted that he had discussed this with the auditors. The company is set up with a management charge making it hard to generate a surplus and was set up for tax reasons. The auditors note that it would be very difficult to change the structure but the individual entities do generate a surplus. The set up means that a letter of support from the College is required. It was agreed that it is important that people realise why the company is set up this way and that it makes a valuable contribution to the College. The VP CS noted that there is the option for other outlets to move into Plaza Trading but this had complications.</p> <p>RESOLVED: The Committee recommended to approve the College year-end audited accounts 2016-17 including financial statements for Plaza Trading. Proposed: PF; Seconded: TC; CARRIED</p> <p>RESOLVED: The Committee recommended to approve the regularity auditor's management letter. Proposed: PF; Seconded: TC; CARRIED</p>	
<p>9.</p>	<p>October 2017 Management Accounts The VP CS noted that there had been difficult circumstances in relation to staffing and merger which led to the delay on the October Management accounts. He updated as follows:</p> <ul style="list-style-type: none"> • 16-18 enrolments have been good and met targets right up to the Right Choice period • The College is in the process of validating other income streams • The year-end forecast remains unchanged at this early stage and November's management accounts will have a lot more value. It was agreed it is an encouraging start • The College has been successful in a procurement round for another £150k of Adult Education budget funding; only 12 colleges have achieved an additional allocation and the VP CS passed on his thanks to the VP EES for 	



	<p>securing the funds</p> <ul style="list-style-type: none"> • CPO provision – the VP CS reported that he is in negotiation with BEIS to confirm that the first tranche of the repayment cannot be paid in March 2018 unless the TU bid is successful. The VP CS reported that there are two tranches of payment of 50% each and the figures are provided in the cashflow 	
10.	<p>Report on Student Union Accounts 2016-17 and budget for 2017-18 RESOLVED: The Committee considered the papers and recommended to approve the budget for 2017-18. Proposed: DBA; Seconded: PE; CARRIED</p>	
11.	<p>University Centre (UC) The VP EES reported as follows:</p> <ul style="list-style-type: none"> • There are to date 300 students in the UC, the same as last year and on target which is positive considering the 4.5% reduction in starts across the country • The majority of snags are now resolved and the students are settling in • The HEFCE funding is complete and the mid-year response has gone to them • A further meeting on the 4 December with the UoB to look at long term plans is scheduled • Brighton Film School has 116 students on the programme. The College subcontracts the provision and retains a small management fee and income in from the student loans company • A national collaborative outreach programme is providing funding for a school liaison role and £120k funding to develop better links with schools to focus on higher and degree apprenticeships. The College has employed a liaison member of staff and she is already going out to schools. The funding is to develop higher and degree apprenticeships and target students in deprived wards • The Committee asked how many students joined the UC from the College and the VP EES reported that the figure is low but understandable as until the UC was developed FE and HE students have been sharing facilities and students couldn't see the benefits of HE study at the College. Part of the funding is to focus on Level 3 students and encourage them to the UC as a step forward. 	
12.	<p>Sussex Skills Solutions The VP EES reported as follows:</p> <ul style="list-style-type: none"> • SSS was profitable. The headwinds for apprenticeships are stronger than anticipated. For the over 19s the expectation that employers will pay a 10% contribution is too much, particularly in Health and Social Care. Nationally there has been a 61% reduction for the over 19s apprenticeship take up • In August to October the College was 40-50% down which is the busiest period nationally and apprenticeships are a hard sell at the moment • Guidance is unclear on the 20% College part of the programme as it is calculated by hours for study meaning a one day release often doesn't cover the requirement with an additional 5 hours a week needed to make up the 20%. For small firms it is almost two days a week of College time. The Staff Governor noted that there are ways around this with in house training and time to carry out assignments 	



	<ul style="list-style-type: none"> Employers now have to sign the contract with the ESFA which is off putting. The VP EES noted that there is reticence nationally. In the circumstances SSS is doing well with an estimated 10-15% lower numbers than this time last year. The SSS meeting took place yesterday and November is showing signs of recovery The levy take up has been slow. There is talk of a public sector league table. There have been some successes with Brighton and Hastings Academy Trust and an NHS Academy Trust signed up. 	
13.	<p>Review of risks delegated to the Committee</p> <p>The VP EES noted that the paper provides an update until the end of October based on the risks agreed at the last meeting. The VP EES updated as follows:</p> <ul style="list-style-type: none"> Performance in terms of income for International is only slightly lower than this time last year, excluding a £60k contract that will start in January. Mark Allen (SDC International Manager) comes over one day a week to SCCH and what actual new business he will bring in for 2017-18 is unknown yet. It was agreed to invite Mark Allen to the next meeting of F&HR to look at what he is doing and his projections going forward 	Dir of Gov
14.	<p>E Learning Update</p> <p>The VP EES reported that progress on E Learning has been slow. The College is still working with a search engine optimisation process but has only had 40 new starts which is not where the College wants to be. The College is working with another company who have eight starts to date. The aim is for the business to break even. The number of E Learning courses for the newly merged College is large so it is important to continue working on different processes and drive forward. The Committee agreed that it needs to be done as a long term investment to make it work and needs really driving forward. The VP EES reported that the figures in the management accounts are very low but that is about the way the funding is flowing through the system.</p>	
15.	<p>Health and Safety report</p> <p>The Committee noted that the board development session on health and safety had been excellent.</p> <p>The VP CS reported as follows:</p> <ul style="list-style-type: none"> The report does identify the compound which is used in Science A level and had triggered a visit by the bomb squad to dispose of it. The VP CS noted that it is a common product in school sixth form labs. There are full controls in place managed by the science technician to ensure the incident doesn't re occur The Committee considered the departmental scoring and planned audit dates and the VP CS confirmed that all areas are compliant in 6 monthly audits. It was agreed that ownership across the organisation is not there yet for health and safety but progress has been made. The Committee asked the VP CS if he was concerned about this and he explained that Darryl Green had explained well that he is full time and on a journey to improve and he has urgent action plans in place. It was agreed it was important to ensure health and safety is taken seriously across the organisation and the presentation and advice from the Health and Safety Managers had demonstrated the importance of this. The Committee asked whether the management team are fully trained and understand their responsibilities. They asked if health 	Principal

	and safety can be included in PPRs and the Principal confirmed that this was a good idea and would be taken forward. The Committee noted that it is about getting the ownership at the right level and that it was important for management to send a message to the organisation about the importance of the organisation and how it is everyone's responsibility.	
16.	<p>AOB</p> <p>The VP EES provided an update from the Budget announcements as follows:</p> <ul style="list-style-type: none"> • No change to 16-18 study programmes with funding staying the same • £20m for FE colleges to start early implementation of T Levels • £600 additional funding per student who is taking A level or core maths • £8.5m for an innovation fund to improve maths re sit results 	
	MEETING CLOSED at 15.49	
	<p>Meeting dates for 2016-17 Wednesday 7 March 2018; Wednesday 9 May 2018; Wednesday 6 June 2018 (all 14.00 start)</p>	

Length of meeting: 1hr 49mins

Attendance for 2017-18 - tbc