

FINANCE AND HUMAN RESOURCES COMMITTEE MINUTES

Date	7 June 2017	Time	13.30-Visit to the University Centre 14.00-meeting
Venue	Station Plaza Boardroom		
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: Ken Melsom MBE JP; Paul Evans			
Lead officers: VP CS (Biram Desai); Head of HR (Melanie Price) In attendance: VP EES (Dan Shelley)			

Before the meeting governors visited the HE centre on the 5th floor to look at progress. The VP EES provided governors with an overview of how the floor will be laid out and the marketing that was underway.

	Item	Action
1.	Apologies Apologies were received from Ken Melsom and Paul Evans.	
2.	Declarations of interest The Chair declared an interest as a member of the Hastings and Rother Task Force. SW declared an interest as an employee of Pestalozzi.	
3.	RESOLVED: The minutes of the last meeting held on 3 May 2017 were agreed as a true and accurate record. Proposed: PF; Seconded: SW; CARRIED.	
4.	Matters arising on the minutes The Committee considered the matters arising and the following points were noted: Plaza Trading – The VP CS reported that from there have been two expressions of interest for a Director role and the Plaza Trading Company will take forward.	
5.	Performance Update KPI dashboard The VP CS reported as follows: <ul style="list-style-type: none"> • Total college income is slightly ahead of budget • Surplus is below the budgeted figure • Staff costs are in line with budget • Performance against funding streams is good. In relation to 16-18, whilst funding income is on target, additional sub-contracting costs were incurred in relation to a letter of comfort from the ESFA, to support displaced students. The College was expecting additional in-year funding as a result of this letter of comfort. This was not forthcoming despite the support the College provided 	



	<p>and challenges to the ruling</p> <ul style="list-style-type: none"> The bank balance is looked at on a daily basis and is currently positive. <p>The Head of HR reported as follows:</p> <ul style="list-style-type: none"> There have been no significant changes Sickness is 6.5% just below the target of 6.6 and significantly lower than the sector average of 8.1 Staff turnover is below target Performance Management Reviews (PMRs) are close to 90% completion. There might be a slight increase mid-year but the figures are positive 19+ loans are still rated red, due to Acquire. 	
<p>6.</p>	<p>HR Report The Head of HR reported as follows: Gender pay gap reporting. A lot of data crunching has taken place and additional guidance has been consulted. The College is now standing at 15.6% which is under the UK average of 18%. The College has been able to include commissions and bonuses which are almost exclusively awarded to women. A lot of work on term time only individuals, with the majority being women, brings down the figure even further. The data looks positive and the Head of HR recommended to the Corporation that it is published soon as it shows the College in a positive light. RESOLVED: The Committee approved the publishing of the gender pay gap reporting. Proposed: PF; Seconded: TC. CARRIED</p> <p>[confidential note].</p> <p>The Chair of Corporation asked about the security aspect and costs associated with it. The Principal reported that it is an extra cost to bear in 2016-17. The College has increased its security threat rating to critical which resulted in actions being taken and an increase of security guards to two personnel. It was noted that there had been instances of students not wearing lanyards.</p> <p>The SLT portfolios have taken place. The Principal will meet with SLT this week. The next level down structure will go on the Principal's report to the Corporation. It is anticipated that internal recruitment for Director of Curriculum for Ore Valley will go out internally.</p>	<p>Principal</p>
<p>7.</p>	<p>University Centre update The VP EES reported as follows:</p> <ul style="list-style-type: none"> The contract is with the College lawyers The UoB are going through their first redundancy process ever which has resulted in slow progress on UC matters Last week all provision was verified. 6 new courses are able to be delivered and gives the foundation to build on for the UC Re tender took place and 4 tenders are being reviewed tomorrow Applications are up from this time last year, it is a trickling effect in HE because people decide at different junctures and there hasn't been a full year of marketing as a UC as an entity. To date it looks positive with 136 applications (compared to 102 last year) and there are a number of courses that are not yet 	



	<p>included in the figures</p> <ul style="list-style-type: none"> • There are no courses that can't be run on a reduced timetable if needed • The wing of the 5th floor is going to be used for the degree show on the 23 June and there will be a welcome area to advertise the UC. The College is hoping that a lot of potential students will attend the event • A national collaborative outreach programme, particularly targeting level 3 students, is getting engineers and art students from SDC bussed over to experience the UC. The College is going out to Bexhill in two weeks to do some more work with them. Money from that funding stream will be available for the next 18 months to carry out more of that activity. The VP EES reported that it is included as part of the revised budget that has been put forward to the Committee. The aim is to help Level 3 students and to encourage them to progress. In 2018-19 there should be even better recruitment. • The Committee asked if the College was getting access into the Ark academies and the VP EES noted that the HE Manager David Fowler has been into the schools. Next year there will be a HE liaison post. At the UCAS fair in Brighton David made a good contact with Collyers and sixth form students will be bussed over to see the UC. • A new BA illustration course is just below 10 students, each is worth £7500. A big illustration company called Blink in Soho approached the College to offer internships for those students. Once signed off it will be advertised to the students and as part of clearing to encourage enrolments • The Chair asked for an update on UoB furniture and the VP EES reported that the UoB are doing work on what they need down there and he is confident that they will provide some furniture • The Chair of Corporation noted that he would like to know the numbers that are coming locally to the UC. The VP EES reported that these are much higher and the longer term strategy is to hit enrolment numbers locally and then any nationals are additional to that. There is a lot more competition for national students and fees do not seem to be a major contributing factor. He explained that the College should be targeting SFCs towards Portsmouth as there would be more interest than further north. • One target to focus on for next year is the numbers that internally progress to the UC • Any update on university issues will be sent to the Chair from the VP EES and circulated to the Committee as appropriate. 	VP EES
8.	<p>Sussex Skills Solutions (SSS) The report provides an overview of progress to date. Progress is looking very promising. The Director is doing a very good job. SCCH is not doing quite as well as SDC but is still doing better than last year in terms of income which is up by 4%. The Committee asked how profit can be sensibly measured. The College is working with SDC and by year end will have the reconciliation. There are no anticipated issues. Overall it is a positive start. SSS has engaged with 40 levy payers and it is starting to gather a pace. Each bigger Authority likes to have its own dynamic purchasing system and SSS has to get on their system in order to tender which is making progress slow. See full report for further details.</p>	
9.	<p>April 2017 Management Accounts The VP CS reported as follows:</p>	



	<p>Total income for the year is forecast at £23,018k Strong performances in apprenticeship enrolments, fees and the development of projects have assisted the College in meeting its overall budget income targets. The budget surplus has not been met, mainly due to additional SFA sub-contracting undertaken not supported by additional in year income. The College continues to follow up on the monies from Acquire. Acquire in Australia have gone into insolvency The surplus is £11k which is below forecast but is sufficient for Satisfactory Financial Health and passing the banking covenants Some of the costs due in year have included increased security, southern rail strikes and buses put on to support students, support of the curriculum in terms of preparing for Ofsted. They are all costs to support the College.</p>	
<p>9a</p>	<p>Banking Covenants The VP CS reported that discussions with Barclays have been finalised around FRS102 and the banking covenants. The finalised agreed figures with Barclays are: Debt service cover remains at 100% Operational gearing at 910%</p> <p>The aim of Barclays is to get all sector clients to a 300% operational gearing ratio over time. In the short term they are happy to accommodate that generous margin which passes banking covenants. Following approval by the FHR committee the item will go forward to the Corporation and the Chair of Corporation will sign the appended letter after the 6 July.</p> <p>The Committee noted the loan amendment letters and values. The VP CS reported that they have subsequently been adjusted and it is a Barclay's technicality and not an issue for the Committee.</p> <p>RESOLVED: The Committee recommended to approve the revised covenants as per the board resolution set out in appendix a (appended to minutes). Proposed:PF; Seconded:TC. CARRIED</p> <p>SW noted that the VP CS had done a good job negotiating and maintaining the relationship with Barclays.</p>	
<p>10.</p>	<p>Final Budget 2017-18 and 2018-19 The VP CS reported that he would focus on the amendments made since the May F&HR meeting. A review has resulted in budgeted increases with a net effect of increasing the budgeted operating surplus by £193k to a new total of £223k. Table 7 (p.19) in the attached document itemises these adjustments and are summarised as follows:</p> <ul style="list-style-type: none"> • A 100% review of non pay costs in the College has been undertaken which generated £30k • The budget assumes static interest rates which adds £20k • The Erasmus project is working with two other colleges and a third charity sector provider. It develops work experience abroad. The majority of money is used to send students to Spain and Italy. The College will receive a project manager admin fee of £40k. The VP EES confirmed that the figure will be paid in euros so the College will need to manage the exchange rate risk • A new Pitman Centre Training Manager has been employed and has increased income from £3k to £7k It has been agreed with the SFA that there 	



	<p>are a couple of courses that Pitman offer that can be used to earn ESF funding</p> <ul style="list-style-type: none"> • NCOP project funding from HEFCE of £125k • The new ESF current funding round is out, and a bid is being developed with others. It has been negotiated to use as match funding. The VP EES reported that he is confident to secure the funding, it is advertised across the SELEP and is an open and competitive tender process but not many are going for it • The College is working with Glynne Stanfield from Eversheds around Adult learner loans. [confidential note]The VP CS is ensuring that the internal auditors have looked over the scheme to manage the risks. It has great potential for subcontracting. The VP CS reported that it is currently being looked at by VAT advisors and all the necessary due diligence will take place with a start date in August. <p>The May FHR budget was prudent and realistic, and this increase takes the budget to an ambitious level, that does deliver Satisfactory Financial Health and bank covenant passes, albeit with very fine margins with an additional £805k and contribution of £159k. Individually the items have quite small contributions but together are significant.</p> <p>The Chair reported that he accepted entirely the inherent risks in this budget but that it is important to put forward a budget that demonstrates Satisfactory Financial Health. The Committee thanked the VP CS for re visiting the budget.</p> <p>RESOLVED: The Committee recommended to approve the final budget 2017-18 and 2018-19. Proposed: PF; Seconded: SW; CARRIED</p>	
11.	<p>Student Union Budget 2016-17</p> <p>The VP CS reported that the College makes an annual donation of £2500 towards the Student Union budget each year and contributes 50% of the costs from the Student Awards Ceremony. The College's contribution to the SU for 2016-17 is £4195. The balance carried forward to 2017-18 is £2618.50. The Committee congratulated the Student President on her excellent work this year.</p>	
12.	<p>2017/18 Subcontractor allocation update</p> <p>The VP EES reported that it is a unique year. Allocation for non levy is in place until the end of December. It has taken time to look at internal and external needs from the levy changes. Tendering has been delayed until June to provide adequate time. Some of the Adult Education Budget (AEB) has been used to encourage partners to give a few more apprenticeship starts. The College is working with East Sussex County Council and SDC on a new pilot for AEB.</p> <p>The VP EES requested a revised timetable is approved. The College does want to push forward with the carry in contracts with activities from before the 30 April and that is following the rules from the ESFA and will provide some security and commitment from the College to partners.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Albion in the Community be awarded £400k for delivery of 16-18 Student Programmes in 2017-18 • Carry-in contracts for all apprenticeship delivery partners are produced and prepared for signing by the Chair of the Corporation following July's board meeting based on RO10 data, as per ESFA guidelines • The revised tender process is agreed for new starts in apprenticeships and AEB with existing partners to ensure the process is accurate and appropriate 	



	<p>The VP EES reported that Crawley Town will not be working with the College next year.</p> <p>New cold tendering has been introduced to go out to deploy AEB that can't be spent. Discussions with SDC about being more of a strategic partner with ESCC and identifying priority needs has taken place and James Harris and Caroline McKiddie have been involved and ESCC has agreed to run a pilot with family learning (literacy, numeracy and ESOL need) and health and wellbeing, working with key agencies to agree the priorities. It is a third way to encourage ESCC not to take the AEB away when it is devolved to them. The Chief Executive of ESCC, Becky Shaw, is positive about the work.</p> <p>RESOLVED: The Committee recommended to approve the subcontractor allocations. Proposed: PF; Seconded: TC. CARRIED</p> <p>RESOLVED: The Committee recommended to approve the 2017/18 Supply Chain Fees and Charging Policy and the management fee rate of 20% for 2017-18 subject to amending the funding body to ESFA through the document. Proposed: PF; Seconded: SW. CARRIED</p>	
<p>13.</p>	<p>Review of risks allocated to the Committee</p> <p>The VP EES provided an update on all the risks owned by the F&HR Committee. There has not been much change from the May meeting. The far right column of the annex has updated minor changes since May.</p> <p>There was a discussion about the riskier side of the budget going forward in terms of Satisfactory Financial Health and the banking covenants and it was agreed that a further column for 2017-18 is included on the register. The Principal agreed that the SLT are worrying about key issues and trying to mitigate risk for next year so it would be helpful to include this on the register.</p>	<p>VP EES</p>
<p>14.</p>	<p>Accommodation and Estates Report</p> <ul style="list-style-type: none"> • The VP CS thanked the Chair for his support in opening the tenders and providing input to discussions • £300k capital expenditure has been put in the budget for next year. The VP CS is working with management at SP and Ore Valley to create more flexible space and better zoning for curriculum areas. There are also opportunities for space on the 3rd and 4th floor at Station Plaza with the opening of the UC on the 5th floor • Notice on lease – Automotive Training Centre. There is a 10 year lease with a 5 year break clause. The College has been in contact with the landlord to negotiate a revision to the remaining 5 year lease to split it into something smaller. If numbers dropped to an unsustainable point the contract could be terminated early. There is no intention of closing the centre. There is a good centre at SDC Eastbourne. There are also developments taking place behind Ore Valley to develop some industrial space, there is a charity working with motor vehicles that might provide an opportunity for the future. The PPRs show that there is a increase to the enrolments in motor vehicle. It was agreed that if it is not losing money and is providing a service to the community and young people in the area then it will continue • In order for the TU bid to include a grant element valuation of all owned buildings in existing and alternative use are required. They will be on five 	

	<p>estates. There was a discussion about the high costs of the valuations and the VP CS noted that he hoped the actual costs will be lower but that it is a specialist service to evaluate what another educational establishment will pay.</p>	
15.	<p>Health and Safety Report The VP CS thanked the Chair of Corporation for standing in for the Vice Chair at the H&S Committee. The VP CS is working to improve the quality of H&S reports. Advice from SDC around H&S is being sought. The Committee noted that there has been a huge increase in accident reporting. The Chair noted that the system does require consistency and suggested a random audit on accident reporting and sending out guidance to managers on what should be reported. The VP CS confirmed that all training on H&S for staff is online.</p>	VP CS
16.	<p>RESOLVED: The Committee approved the appointment of Pat Farmer as the Chair and Sue Walton as the Vice Chair of the Committee for 2017-18</p> <p>RESOLVED: The Committee recommended to approve the F&HR Committee annual cycle of business 2017/18</p> <p>RESOLVED: The Committee recommended to approve the Terms of reference for the F&HR Committee</p> <p>Proposed: PF; Seconded: TC. CARRIED</p> <p>The Committee noted the Review of effectiveness for the F&HR Committee 2016-17 and the Chair thanked the Director of Governance for producing the document. There were no amendments proposed.</p>	
17.	<p>AOB The Principal gave his thanks to the Chair for his support around SLT re looking at budget 2017-18. The Principal reported that free Pitman training for staff has been extended to governors. The Principal updated the Committee on the joint FHR and CQS Committee on the 22 June. The version coming from FEA to the Committee will not be the final one but there will be reasonable assumptions made about SDC's finances.</p>	
	<p>MEETING CLOSED: 15.45</p>	
	<p>Meeting dates for 2017-18 11 October 2017, 22 November 2017, 7 March 2018, 9 May 2018, 6 June 2018 (all 14.00 starts)</p>	

Attendance for 2016-17: tbc
Length of meeting: 1hr 45mins

Impact of governance:

Plaza trading: 2 Corporation members have expressed an interest in becoming a Director on Plaza Trading
HR – Gender pay. Final figures discussed and recommendation to publish the figures as a positive message for the College

Draft budget – the Committee requested the May submission is reviewed more carefully. A revised version achieves Satisfactory Financial Health and does not breach the banking covenants

Risk register – request to include a column with forward risks for 2017-18 to provide a more forward thinking look at risk management

Review of effectiveness – measuring whether the committee is carrying out its remit effectively