

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING MINUTES

Date	8 June 2016	Time	14.30 governor update 15.00 meeting
Venue	Board room Ore Valley		
Chair	Ken Melsom MBE JP		

Membership:

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

Apologies: Pat Farmer

Lead officers: VP CS (Biram Desai); Head of HR (Melanie Price)

In attendance: VP EES (Dan Shelley); Student President (Brad Toft) for item 9; Finance Manager (Alison Rowland)

At 14.30 Richard Nesbitt and Kim Christmas provided an update for governors on work experience and employability at the College. Attendees: Paul Evans, VP CS (Biram Desai); Sue Walton; Tony Campbell; VP EES (Dan Shelley); Ken Melsom. It was agreed that the area was so important to the College that the presentation would be brought to the full Corporation and an informal update of work in the area took place.

	Item	Action
1.	Apologies Apologies were received from Pat Farmer.	
2.	Declarations of interest Ken Melsom and Paul Evans declared their directorships of Hastings Plaza Trading Ltd. Pat Farmer declared his interest as a member of the Hastings and Rother Task Force.	
3.	Minutes of the last meeting held on Wednesday 4 May 2016 RESOLVED: The minutes of the meeting were agreed as a true and accurate record. Proposed: TC; Seconded: PE; CARRIED	
4.	Matters arising on the minutes The actions were noted.	



<p>5.</p>	<p>Performance Update KPI dashboard The VP CS reported as follows: A full review of the KPI dashboard is being undertaken following the changes to the Common Inspection Framework, Curriculum management structure and the relevance of key statistics at given points in the year.</p> <ul style="list-style-type: none"> • The majority of areas are performing well and to target • Total income is on target, slightly ahead of budget • Operating surplus stands at £430k • Staff costs as a percentage of income stands at 64%, which includes catering and car parking in pay costs. The Chair of Corporation asked whether it would be useful to provide costs with and without these costs as it would benchmark more effectively against other institutions. • The College has recruited well on the 16-18 Learner Responsive Funding • Apprenticeship funding overall is on target • The Adult Single Budget is exceeding target • The current bank balance is marginally ahead of target • Learner responsive success is a meaningless target at this stage on the dashboard and would be helpfully ghosted out until relevant data is available <p>The VP CS reported that the data is based on the April management accounts and a tabled paper which shows an impact on the targets will come later in the agenda.</p> <p>The Head of HR reported as follows:</p> <ul style="list-style-type: none"> • Sickness is below target • There are some instances of long term sickness which are being managed • Voluntary turnover remains relatively low • HR is putting measures in place in case there is any under reporting on sickness absence. The Committee agreed that there is a huge positive difference to last year • The new dashboard will have performance management put on when required. <p>The Committee asked if morale among staff is better with the introduction of reasonable curriculum structures. The Head of HR reported that the restructure has gone relatively well and morale has stayed positive.</p> <p>The VP EES reported as follows:</p> <ul style="list-style-type: none"> • The growth case has been submitted to the SFA and results are likely over the summer • The Committee questioned why student attendance is low. The VP EES noted that it is a CQS matter and is a QIP action for next year. The Committee noted that it is a critical focus as an employability skill. The VP EES reported that English and Maths is a big drag factor for attendance • The Employer Satisfaction survey results have gone up from 8.4 to 8.98 from last year with a total of 250 employers responding. 	<p>VP CS</p> <p>VP CS</p>
<p>6.</p>	<p>HR Report The Head of HR report as follows:</p> <ul style="list-style-type: none"> • The restructure is mostly complete. There has been only one requested redundancy and no losses. 4 teaching area posts are left to fill. The 	

	<p>updated organisational charts were noted as effective from 1 August 2016</p> <ul style="list-style-type: none"> • The Employee forum is being set up and a campaign for nominations is in progress • The Staff survey was launched this week. It is in collaboration with other colleges in the UK to benchmark results. The staff forum will work on outcomes and responses received from the survey. There are terms of reference, a timetable for the year and remission for staff for attending meetings. The Head of HR agreed to send details to the Committee. The Committee noted the importance of consulting with staff and asked to see details of the comparative data from the survey which will be available at the end of July. <p>Pay Harmonisation Proposal The Head of HR reported that the proposal has been presented to the SLT and was discussed at the last F&HR Committee. She reported as follows:</p> <ul style="list-style-type: none"> • Significant number of colleges have harmonised their pay scales • Currently the College has 3 pay scales- business support, teaching and management • The proposal gives more flexibility and with a job evaluation scheme it will allow roles to develop for the future • The Committee questioned if a job evaluation scheme is being run alongside the proposal and the Head of HR reported that the College are not looking for a full overhaul at the current time. Those below the national living wage will change and one or two other points with low numbers on fixed term posts will be removed when appropriate • Confidential note. A lot of work has been done across gender analysis and the Head of HR confirmed that she was comfortable that is not going to be an issue • The Committee noted that job evaluation is key to a salary structure. The proposal is a good stepping stone and they asked what the planned action is to complete job evaluations. The Head of HR reported that HR are currently looking at systems such as AoC and the Education Forum. • The Committee asked about costs and the Head of HR reported that the cost is £1500 for immediate changes from the 1 August. SLT have approved the financial spend. <p>RESOLVED: The Committee recommended to approve the Pay Harmonisation Proposal. Proposed: KM; Seconded: SW; CARRIED</p>	<p>Head of HR</p> <p>Head of HR</p>
7.	<p>April 2016 Management Accounts The VP CS reported that the majority of areas are operating in line with profile. He presented a briefing document to the Committee around a legacy issue that has arisen following a meeting with HEFCE on 20 May and reported as follows:</p> <ul style="list-style-type: none"> - The post pilot Acquire business, primarily the SFA funded e-learning ILM Level 3, is performing well financially and in line with expectations / planned volume & profile for 2015-16. - It continues to play a crucial part in the college's budget and for 16 / 17 represents gross income of £1.25m, which is 6% of total income and 24% of operating surplus. - Financial controls are tight and effective for Acquire provision, meetings are 	



<p>held internally every 2 weeks and reports are of a high quality.</p> <ul style="list-style-type: none">- There is a financial challenge to this year's budgeted surplus (15/16) which is a 'legacy hit' from the pilot phase of Acquire, which started in August 2014 , and with final new enrolments being made during March 2015.- The financial claw-back by HEFCE for the HNC students that withdrew from their course is some £170k greater than the prudent provision provided in July 2015 as part of the 2014-15 financial statements. The original provision of some £380k was deemed prudent at the time based upon the information arising from the national e-learning platform, and was audited by our external auditors BDO- The reason for the discrepancy is that data extracted from the national e-learning platform, which was then used to generate fee income per student, did not pass the data requirements set by HEFCE's auditors- This means 3 things –<ul style="list-style-type: none">o the forecast surplus for 2015-16 will be reduced by some £170k due to the additional claw-backo the College will be required to refund some £550k of fees received from Student Finance England in respect of the pilot, and to complete this by 31st July 2016o There is a risk that we will breach the available cash-flow covenant on our loans; the second test relating to operating surplus has enough headroom to remain compliant.o There is a risk that the college will be judged financially inadequate by the SFA given that operating surplus and current ratio will be more suppressed than planned.- The College is fully focused on ensuring the following mitigations are in place<ul style="list-style-type: none">o A student by student analysis of the refunds is being undertaken to meet HEFCE requirements by 31st July 2016o All budgets have been locked-down until the year end except business critical expenditureo The VP CS has informed Barclayso A detailed review of all aspects of the income and expenditure account and balance sheet will be undertaken between now and 23rd September 2016, when the draft statutory accounts are due for completion prior to the annual BDO Financial Statements audit 2015-16- The College has received a positive letter from HEFCE who have thanked the College for its response in clearing the final outstanding points of the audit. The VP CS to forward a copy to the Committee- The VP CS reported that the tabled report was presented to the Audit Committee this morning and both sets of auditors were present <p>Discussion included:</p> <ul style="list-style-type: none">• The Committee asked about the effect on students and the VP CS reported that students have been refunded from the student loan company• The Committee asked if the software programme now used for Acquire is in line with SFA guidelines and the VP CS confirmed that it is and the original Pearson's platform has been discontinued.• The Committee asked if the College is sure that going forward the e learning programme is covered appropriately and the VP CS confirmed that it was. He noted that e learning is at the innovative end of the market and the	<p>VP CS</p>
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	<p>College has been through a huge learning curve.</p> <ul style="list-style-type: none"> • The Committee questioned whether the issue was around the platform or the management of the platform and the Principal reported in part it was to do with both. The national platform was from an international company and used by many other colleges for e learning. Those colleges will be at risk by continuing to use the Pearsons platform for HEFCE work • The Committee asked about the level of risk to becoming financially inadequate. The VP CS noted that the College is doing everything possible to ensure it stays with Satisfactory Financial Health. He confirmed that the balance will be written off in 2015-16 so there is no impact in 2016-17 • Confidential note. 	
<p>8.</p>	<p>Final Budget 2016-17 and 2017-18 The VP CS reported that a detailed draft budget was presented to the May 2016 F&HR Committee. The SFA have amended their modelling for 2016-17 and 2017-18 only and it now incorporates only the additional one year and the budget reflects that and includes extracts from the spread sheet model. The VP CS noted that he is reasonably pleased with the final budget and reported:</p> <ul style="list-style-type: none"> • Enrolment is going well and is looking positive • The College is earning where it can • Pay costs remain at 64% • The College continues to focus on delivering income against the budget • There is not a big buffer against non-delivery • The view of the external auditors is that the College is doing well on income generation • The College is seeking further redress from Acquire. <p>The Principal reported that the VP CS and VP EES have done a phenomenal amount to get the curriculum where it should be with the Head of HR to create a robust and healthy budget.</p> <p>RESOLVED: The Committee recommended to approve the final 2016-17 and 2017-18 Budget. Proposed: KM; Seconded: PE; CARRIED</p>	
<p>9.</p>	<p>Student Union Budget 2015-16 The Student President noted the following:</p> <ul style="list-style-type: none"> • Spend has been positive in 2015-16 • The next Student President will not be a paid post. He asked that the College contribution to the Student Union will remain the same and the SP will be the budget holder. The VP CS confirmed that it would. <p>The Chair noted that little money has been spent on the students in 2015-16 and asked if the money will be used up by year end. The Student President reported that only a small surplus will remain. He reported that in line with his aspirations presented to Corporation at the start of the year this year the money had been used to benefit students by refitting the Dine area and funding for the Student Awards Ceremony to celebrate student achievement. Budget had also been used to send students to the NUS conference.</p> <p>The Student President reported on a scheme that had not gone ahead working with the Sportsmaker to encourage students to take up sporting activities. It was</p>	



	<p>agreed there is a lot of cross over between the Students Union and the Sportsmaker and working together on student engagement going forward may benefit students.</p> <p>The Chair suggested it would be worth asking for feedback from students about their view on the use of funding for this year. The Student President reported that at the start of the year the students were engaged to provide feedback and were behind the proposals for Dine.</p> <p>The Principal reported that College managers have little influence over the SU budget at the moment. The Principal suggested that the next Student President could share their spending plans with an appropriate manager.</p> <p>The Committee questioned how the College proposed to improve the coordination with the sports area and suggested mentoring for the Student President from a member of staff would be beneficial. It was agreed that there needs to be a more joined up system between SLT, Curriculum, Student Services and the Student Union to allow effective student engagement to evolve at the College and benefit students.</p> <p>The Principal reported that it is the line management above the Student President that could make this happen.</p> <p>RESOLVED: The Committee noted the Student Union budget for 2015-16 and agreed that the budget will remain at £2500 (College contribution) for 2016-17. Proposed: PE; Seconded: TC; CARRIED</p>	<p>SP</p> <p>SP</p>
<p>10.</p>	<p>Agreement of the 2016/17 Supply Chain Fees and Charging Policy</p> <p>The VP EES reported that as part of the SFA funding requirement the College is required to produce an annual Supply Chains Fee and Charging Policy approved by the Corporation and published on the College website before the start of the academic year.</p> <p>He noted that the SFA have sent letters to over 60 providers who have been noncompliant and are unable to subcontract for 2016-17. The College is fully compliant. The VP EES explained that there are a few changes from last year in the policy; it has been shortened and there are slight changes in the way the SFA require recording. The management fee remains at 20% with sector norms being between 15 and 35%.</p> <p>The Committee reviewed the policy. They questioned the flow chart section on identifying the need to contract and asked what qualified as a need. Whether it is to generate income to feed other areas of College business or the need of students or the area we serve. The VP EES reported that the College use as much of the funding as possible for its own delivery. He noted that as long as there is a rationale behind identifying a need the SFA are comfortable. They check that the Policy is published but their limited staffing means they are unlikely to scrutinise individual policies.</p> <p>The VP EES noted that subcontracting has grown over the last 3 years but in a managed process and reported through F&HR.</p> <p>RESOLVED: The Committee recommended to approve the 2016-17 Supply Chain Fees and Charging Policy. Proposed: TC; Seconded: PE; CARRIED</p> <p>Recommendations for 2016/17 subcontractor allocations</p>	



	<p>Recommendations for 2016-17 subcontractor allocation</p> <p>The bid process was completed on the grid software by local partners with a total of over £5m applied for. Decisions were made on the quality of the submissions of the business case and the current year performance in term of hitting agreed contract profiles and maintaining high Success and for Apprenticeships, Timely Success Rates. A total of £4,494k of maximum contract values was agreed. The College is trying to lock in partners to a higher amount to receive the actual requirement and income they draw down. The majority of this over contracting is with a new national partner – 3AAA- who are rated Outstanding by Ofsted. The College is negotiating a new strategic relationship with them linked with the Apprenticeship Levy reform agenda. They mainly deliver 16-18 and are aggressively targeting the levy. They are looking for regional providers who don't deliver the areas of their expertise. Last year they were capped by the SFA on their own delivery. The VP EES noted that the College has a good relationship with them.</p> <p>It was agreed that the College wants to be involved with as many partners as possible due to the uncertainty of the Levy.</p> <p>RESOLVED: The Committee recommended to approve the proposed allocations. The contract negotiation phase will be completed for all partners to enable the timetable to remain intact and for contracts signed and delivery to commence on 1 August 2016. Proposed: KM; Seconded: SW; CARRIED</p>	
11.	<p>Review of risks allocated to the Committee</p> <p>The VP EES noted the 11 risks associated with F&HR and identified those higher than 16 net. There are currently 7 risks as follows:</p> <ul style="list-style-type: none"> • Failure to achieve Apprenticeship income target • Failure to achieve Subcontractor income target • Failure to achieve the income target for 24+ loan funded provision • Failure to recruit and retain staff in key (shortage) subjects • High levels of staff turnover and sickness absence • Failure to realise the growth potential for the L3 e-learning project delivering leadership and management and AAT courses • Failure to comply with banking covenants <p>Two new risks have been raised and are in scope for reporting. The Head of HR reported that plans are in place with the new Curriculum Managers and the Committee asked whether the risk needs to be re looked at as it is about the management of turnover and sickness absence.</p> <p>The VP EES reported that the current risk register will be reviewed for the new academic year.</p>	VP EES
12.	<p>Accommodation and Estates Report</p> <p>The report was taken as read. The following points were considered:</p> <ul style="list-style-type: none"> • A successful tender for flooring the 5th floor has completed and a large company specialising in raised flooring was selected as the front runner. The critical priorities for capital investment in IT are being reviewed before any decision is made. The Chair asked how long the quote is valid for the VP CS agreed to look into. He noted that a review of IT is taking place over the coming weeks 	VP CS



	<ul style="list-style-type: none"> • The College working with the UoB on HE provision may result in taking on a building in Hastings as long as it is financially sustainable • Glazing in the realistic working environment has been installed on 3 sides. <p>Planned Maintenance Plan The VP CS reported that costs for planned maintenance are included in the budget but it is run off a number of spread sheets and databases. The Chair of Corporation asked if all risks are covered within the databases. The VP CS reported that it has been forensically reviewed. The College is currently looking at planned maintenance systems which are free and low cost options and the independent H&S consultant suggests the College looks at a simple system in the first instance. The VP CS confirmed that risks are covered and costs are budgeted. The Committee noted that the College has one remaining residential property with landlord responsibilities. The VP CS confirmed that the Head of Facilities oversees both facilities and health and safety.</p>	
13.	<p>Health and Safety Report The report was taken as read. The notes from the H&S Committee were included. There have been no RIDDOR incidents (the VP CS to follow up on one possible hospital incident logged) A survey on screen display equipment is underway. There have been some security concerns at Station Plaza and a capital bid for turnstiles for £100k was considered and turned down.</p>	VP CS
14.	<p>a) Appointment of the Chair and Vice Chair for 2016-17 The Committee approved the appointment of Pat Farmer as Chair and Sue Walton as Vice Chair of the F&HR Committee for 2016-17.</p> <p>b) F&HR Committee annual cycle of business 2016/17 The Committee recommended to approve the cycle of business for F&HR for 2016-17.</p> <p>c) Review of effectiveness for the F&HR Committee 2015-16 The Committee noted the review and further work for 2016-17.</p> <p>d) Terms of reference for the F&HR Committee The Committee recommended to approve that the terms of reference for F&HR Committee remain unchanged.</p>	
15.	<p>AOB PE questioned the link with the UoB who have struggled to enrol adequate numbers of students and asked how the College will meet this need. The VP EES reported that the UoB were operating a cost model based on four buildings whereas the College can deliver in house to make enough of a return. He confirmed that the College will recruit and will franchise from the UoB as well as marketing through the College. The UoB will take a management fee. Degree courses will cost £7500 at the College. The Committee asked what the advantage of studying in Hastings is for the student apart from lower fees and the VP EES noted that the College will focus on what it is good at and expand models</p>	

	in the future as well as looking at fulfilling skills need nationally. At the current time the aim is only to double the number of art students. There is a lot of work to do, starting from a low cost base with low student numbers.	
	MEETING CLOSED: 16.59	
	Meeting dates for 2016-17 6 October 2016; 23 November 2016; 1 March 2017; 3 May 2017; 7 June 2017 (all 14.00 starts)	

The Chair thanked members and the SLT for their support and gave particular thanks to the VP CS and his staff.

The Chair of Corporation thanked KM for his great contribution over the years and for staying on as a co-opted member for the F&HR Committee.

Attendance for 2015-16: 87%

Length of meeting: 1hr 59mins

Impact of governance: Challenge and support at the meeting:

Planned maintenance – as requested from May the Committee received an update on planned maintenance and health and safety and requested confirmation that risks are covered and costs are budgeted under the current system. Further action is to look at as inclusion as part of the internal audit plan and to receive updates when a new system is implemented.

HR report – management responses from the HR audit to be closely followed by the Audit Committee and relevant information to come back to the F&HR Committee.

Curriculum restructure discussion and questioning about the moral of staff

Staff survey – results to come forward and benchmarking data brought to the Committee

Pay Harmonisation – assurance sought from the Head of HR on the introduction of the process and questioning about job evaluation and costs.

Management Accounts – elearning and HEFCE. Reassurance from the Committee from the SLT that the system in place for Acquire is fit for purpose and robust. The effect on students and financial health was requested.

Final Budget – following on from the detailed discussion around the draft budget in May the Committee considered and recommended the final budget.

Student Union accounts and budget for 2016-17 there was a detailed discussion with the Student President about the use of budget, the needs of students, feedback on the work carried out by the SU and work for next year.

Agreement of the 2016/17 Supply Chain Fees and Charging Policy and subcontractor list for 2016-17 was considered in detail by the Committee and the performance of subcontractors discussed.

Risks delegated to the Committee – Following no report in May a full discussion was held with the VP EES as requested.

Staff welfare – the Committee continued their discussion on the importance of boosting morale. Following the Chair's request to reinstate the Organisational Working Group or a similar group the Head of HR noted that she was speaking with SLT about an Employee forum and would report back on progress.

Student Support Funds Policy – Following the Committee request in May the policy was updated. The money can be transferred to other courses. Students are informed about the funds through transition and the school liaison activities that take place. E.g:

Yr 8/9 students taster session explain what a bursary can help them with.

Yr 10 – Assemblies and Open days

Yr 11 – Assemblies, Open days, Interviews and Get to Know day.

Governance the Committee reviewed their effectiveness and actions for 2016-17 and their terms of reference and annual cycle of business for 2016-17.