

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

Minutes

Date	4 March 2015	Time	15.00
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 (co-opted); Pat Farmer; Sue Walton

Apologies:

Lead officers: VP Corporate Services (Biram Desai);

In attendance: Head of HR (Jackie Travis); VP Enterprise, Employment and Skills (Dan Shelley)

At 14.15 Otto Haas, LSM for English, Maths and ESOL provided governors with an update of the work in his area. Attendees: KM, WB, TC, PE

	Item	Action
1.	Apologies There were no apologies noted.	
2.	Declarations of interest Sue Walton declared she was an employee of Pestalozzi. Paul Evans and Ken Melsom declared their directorship of Hastings Plaza Trading Ltd. Paul Evans declared his membership of Hastings Academies Board. Pat Farmer declared his interest as a member of the Hastings and Rother Task Force.	
3.	Minutes of the last meeting held on Monday 25 November 2014 RESOLVED: The minutes of the previous meeting were agreed as a true and accurate record. Proposed: TC; Seconded: SW. CARRIED	
4.	Matters arising on the minutes The action list was noted by the Committee.	
5.	Human Resources Update The report was taken as read. See report for full details. The Head of HR reported on the following points: Business Development Plan 2015-16. The curriculum plan for 2015-16 indicates a substantive reduction in the required teaching hours when compared to the requirement for 2014-15. This will have an impact on current teaching staff. Teaching hours have been reduced in line with EFA and SFA funding rules for 2015-16. Communications have started with LSMs who will have their remission	



	<p>reviewed against objective criteria and the remission allocated to them at the start of 2014-15 will be reduced overall with some sub-faculty areas merged. LSMs will have increased teaching hours.</p> <p>In the week commencing 16 March plans will be communicated to teachers and sub faculties.</p> <p>Pay structures will be reviewed, primarily with teaching staff, with the aim of addressing perceived and actual discrepancies including the 'glass ceiling'.</p> <p>The Committee asked if there had been any resistance from staff around the harmonising of pay structures. The Head of HR reported there were no issues at the moment and the College's pay protection policy ensures there are no pay related concerns. She noted that SLT will be meeting this week to discuss the glass ceiling and the financial impact of changes.</p> <p>The Committee asked if new staff will be required in the English and maths restructure. The Head of HR reported that the departure of the Head of English and Maths last year provided the College with an opportunity to look at the coordination of the department. The VP EES reported on the School of English, the length of courses for students and noted that students pay for their own courses</p> <p>Exceptions. The Head of HR reported on payments through settlement agreements. [confidential note] The Committee considered the updates and the Head of HR assured governors that settlement payments are only undertaken after a rigorous process by the Head of HR. She gave reassurance that money that is not deserved will not be given.</p> <p>The Committee thanked the Head of HR for her report.</p>	
6.	<p>Strategy documents:</p> <p>The VP CS reported on two draft strategies. See full strategies for details.</p> <p>Draft ICT Strategy</p> <p>The VP CS reported that he had worked with the Deputy Principal closely to ensure the ICT strategy was informed by the revised curriculum plan. Further feedback is being collated and a final strategy will come forward to the Committee at its next meeting. He reported that the expectation by OFSTED is that over the next 5 years there will be a year on year increase in the percentage of teaching delivered via digital means to 50% of teaching and learning being delivered by digital based means by 2017.</p> <p>The Committee considered the different issues of getting the ICT strategy in place and getting all teachers on board in taking forward their aspects of ILT in the classroom.</p> <p>The VP CS explained that the focus of the strategy is "Most of what people need most of the time". In addition there will remain specialist requirements in specific curriculum areas and these will also be supported. The structure needs to be seamless and easy to access and will need to support students and staff using their own devices as well as supporting those without devices. IT security is an issue and the VP CS reported on the current guest network which is secure. The vast majority of the ICT infrastructure is very good and can be built on, with the exception of a couple of areas that need updating. The VP CS reported that he is confident the ICT can be supported in the College over the next few years with the current infrastructure. It is early days for the E ILT strategy but he is optimistic the College will be able to deliver.</p> <p>A main focus for the curriculum plan is a reduction in teaching hours and a move to self-supported study. To facilitate study areas need to be available to allow self-</p>	



<p>directed and partly guided study. The VP CS reported that he is confident space in the College can be utilised, for example in the LRC to create less bookshelf space and replace with wifi enabled spaces to allow large groups of self-study. The same model will be followed at Ore.</p>	
<p>One governor questioned how the College will ensure that the investment to E ILT is taken up and all staff engage with it. There was a discussion on the use of Promonitor and whether this is used across the College. The Principal noted he was happy to provide data on Promonitor usage by staff if required by the Committee. The Staff Governor (teaching) reported that Promonitor is well used by staff in Health and Social Care, with the only exceptions being sessional staff. She reported that the ILT manager is excellent at providing training and ad hoc advice on the system. The Chair of Corporation noted that data on use of Promonitor could be provided to the Chair of CQS and the Committee at a different time if necessary. The Principal agreed that take up of E ILT has been slow and the training for staff needed to be attractive for staff to engage. He welcomed advice on how others have engaged staff with e learning within an organisation.</p>	Principal/ PF
<p>The Principal explained that a big part of the strategy is about independent learning. In the current funding climate colleges do not have the money to teach the same number of hours and alternative ways of learning for students are necessary. He noted that the next round of capital bids in September 2015 will have a far greater emphasis on ICT space.</p>	
<p>The Committee considered how the College will ensure all staff are trained to an appropriate level and are engaging with the E ILT strategy. The Committee suggested looking at the College's potential students and their skills and the way academies are going through the changing delivery of the curriculum by speaking with their ICT areas. Buddy schemes where staff are grouped with pioneers of E ILT in the College was suggested. It was agreed that the changes are essential to provide learning for the future and there can be no excuse for staff to move forward. The Committee discussed the importance of E ILT being used where appropriate in every lesson. They asked that staff are clearly informed that everyone needs to take part in the process.</p>	
<p>The VP EES noted that the bottom up approach of the VLE will improve communications between teachers and their staff and that the roll out of Moodle was going well.</p>	
<p>The Vice Chair of Corporation reported that he was happy with the direction of travel for the strategy but was disappointed not to have the timescales and projects to consider. The VP CS noted that these will be in place for the June Committee meeting.</p>	VP CS
<p>One governor provided advice on Data protection and reported that there is helpful and appropriate guidance available on the Information Commissioners Office website (ICO) that can be used by the College. The VP CS agreed to follow up.</p>	VP CS
<p>Draft Property Strategy The VP CS reported that the strategy is in an early stage. The aim of the first draft of the strategy is to take the viewpoint of looking at all ideas across the College and addressing them in a broad report. It is linked closely to the curriculum strategy. He highlighted a number of points as follows:</p> <ul style="list-style-type: none"> • The most important part of the strategy is the self-study spaces and areas at the LRC and Ore will be reconfigured to accommodate this • SLT presence at Ore is a key area to implement 	



<ul style="list-style-type: none"> • Adequate security for all sites is important. The Chair of Corporation reported his concerns about security and the need to address this immediately. The VP CS confirmed that a uniformed security guard has been appointed from Monday through Friday, midday to 9pm at Station Plaza. The SLT has concluded that at Ore Valley there are no issues of concern around security at present and the situation is being monitored. The Estates Technicians roles are being reviewed for potential to combine with security and proposals will be developed by the Head of Facilities. The Committee asked about card system for entry into the College and the VP CS reported this had not been taken forward as the public come into the building to use the facilities and it may affect revenue opportunities • The Committee asked about partnership working and whether there are opportunities for security across different buildings allowing a shared cost. The VP CS noted that this had been at an advanced stage with the UoB when they were planning to acquire the land beside the College • The Committee asked about hot desking and whether this was a solution to SLT presence at Ore • One governor asked about using the sports facilities at William Parker and whether a partnership working would be beneficial both for the use of facilities and for linking future students with the College <p>The VP CS thanked the Committee for their contributions and agreed to review for inclusion in the strategy.</p> <p>The Staff Governor (teaching) noted that some staff are finding the open door policy of the College is impacting on teaching with students leaving classes to meet with their friends in the atrium [confidential note] and asked whether there was a discussion for governors around whether the College can be used as a social space as well as a space for students to feel secure. The Committee discussed the importance of providing a space for students to come in for self study and asked whether the problems were examples of poor behaviour by students that needed to be addressed. It was agreed it was important for staff to challenge students across the College and to address immediately students who are not complying with College protocols. It was agreed the example demonstrated the security element of the strategy is important. The Principal reported that the College is facing the biggest challenges so far and that other Colleges in close proximity to town and city centres faced similar issues. He concluded that the examples were a management issue around student performance and behaviour and would be addressed through the appropriate channels.</p> <p>The Vice Chair of Corporation reported he felt the document was about strategy issues rather than a Property Strategy and asked that the revised strategy for the June Committee addresses key issues such as the expansion strategy and how the curriculum development translates into property. The VP CS reported that the long term strategy is to reduce the number of buildings to a minimum.</p> <p>The Vice Chair of Corporation asked the VP CS to ensure that a planned maintenance programme is put in place asap.</p> <p>The VP CS thanked the Committee for their contributions and noted that a final Property Strategy will come forward to the Committee in June.</p>	<p>Principal</p> <p>VP CS VP CS</p>
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<p>7.</p>	<p>Performance Update Key Performance Indicators relating to Finance and HR – Update The VP CS reported on finance KPIs as follows:</p> <ul style="list-style-type: none"> • Total College Income is on target with a small surplus • Operating surplus is on target • The overdraft facility is rag rated red because of its status • Financial Health is satisfactory and the VP CS has had verbal confirmation of the clearing of the Financial Health Notice of Concern <p>The Head of HR reported on HR KPIs as follows:</p> <ul style="list-style-type: none"> • Voluntary staff turnover is above target. There is no common denominator across staff or departments. Reasons are due to ill health (1) and resignations (2). • Appraisals are under the target of 100% at 71%. The Head of HR explained that Facilities have completed their reviews but have not been put onto the system due to staff absence and English and maths are below target due to the departure of the Head of English and maths. The Performance Management objectives (PMO) review outcome was not as positive as hoped but SLT are reviewing how to move forward with training. Performance related pay will not be on the agenda for the moment • Good results were received for teaching staff with L2+ English and maths qualifications. The HR department took this forward as a major project • Sick days are above target. This is mainly due to a flu outbreak during the winter. [confidential note] The Head of HR reported that the 3 day annual leave motivation if staff are not off sick during the year is well known among staff and works well. The Committee asked about the length of the long term sickness and the Head of HR reported it is around 2-3 months and is being managed with HR • [confidential note] <p>The Vice Chair of Corporation questioned why a full KPI document is not produced for the meeting and the VP CS reported that the report was produced to pull out key data for the Committee. It was agreed to move to a full KPI document going forward and the VP CS to confirm that all relevant data is included.</p>	<p>VP CS/Clerk</p>
<p>8.</p>	<p>Financial Planning (a) January 2015 Management Accounts (see full accounts for details) The VP CS reported that he had identified some additional costs including staffing costs for security and making sure there is enough capacity on the restructuring process. The full year forecast stands at £619k which is slightly ahead of budget. In March 2015 the SFA should confirm Satisfactory Financial Health for 2013-14 which will be the second year and clear the Financial Health Notice of Concern. The forecast includes the EDF, CPO compensation provision and the Station Plaza retention and once these are settled it is hoped there will be less pressure on the overdraft facility. There is further work to be done on the final funding position. The VP CS noted that the Head of MIS uses specialist software to ensure the College is in a good position with its funding position. [confidential note]</p> <p>(b) End of January mid-year allocations update The VP CS noted that the College is required by the SFA to carry out a midyear</p>	



update which enables them to manage the national budget. He noted that historically the College has been very good at forecasting which provides confidence with the SFA. The summary was noted as follows:

Adults Skills Budget

Earned to January 2015 - £1,926,054

Forecast to July 2015 - £2,619,594

Total - £4,545,648

The rate of Classroom Learning ALR 19+ will increase in the latter half of the year in line with expectation.

(c) Budget 2015/16 – initial assumptions

The VP CS summarised as follows:

- The budget is challenging in terms of maintaining the surplus. The College has made an early start with an early detailed curriculum plan. Every effort has been made to integrate the key assumptions and figures with the 3 year ICT and Capital Strategies and related key priority issues such as cash flow.
- A brief piece of consultancy work by MCA Cooper confirms the College is doing well with its business planning. A 20,000 reduction in hours and class sizes of 18 are planned. The College needs to move towards pay costs of 62% (present target is 64% for 2015-16) as further progress to a stable financial model. The level of subcontracting is high which gives some advantages – 20p in the £1 and maximises allocation but to move towards maximising income the ability to reduce subcontracting and grow College delivery is important.
- Extra funding of £40,000 on the main 16-18 allocation allows extra funding for 11 students.
- The SFA Adult Skills Budget is expected to have further reductions (excluding apprenticeships and 24+ loans which remain well supported).

The VP CS noted the cuts are a challenge and the biggest issue is around pay. The pay cost saving is approximately £800k (on a like for like basis) and the College needs to deliver efficiently and follow the guidelines of the funding in order to continue running the College.

One governor suggested the College builds in different communications to staff to help with morale in the current climate. He suggested that they bring to the forefront a different message from the culture of a job for life and let staff know that if they want to be part of a successful college they can have a good career when they are here and the best training and facilities to do the job.

The VP CS noted the following points going forward:

- Final confirmation of savings is not yet in place
- The College will work on growth opportunities and the unlimited pots of funding for apprenticeships and 24+ loans.
- The College is not allowing the cuts to impact on teaching and learning, but teaching and learning will be done in a different way
- The Chair of Corporation reported that the development of partnerships and collaborations is a necessary part of the future and is already well advanced in schools

It was agreed that that message to staff that this is happening everywhere is very important.



	<p>(d) Update on the overdraft facility</p> <p>The VP CS reported that Barclays have attended a number of sector conferences and are well aware of the funding and finance situations in colleges. The Committee noted the letter of variation dated 6 February 2015.</p> <p>The VP CS reported as follows:</p> <p>The College has an overdraft facility which is retained by Barclays at the level of £2m until it is re-negotiated. The proposal is that a £250k reduction takes place this year and next. The College has made some capital disposals and the reduction can be accommodated. The College does need to support the ICT strategy and Barclays understands that the College needs to invest to make the business more efficient. He reported that the overall interest is relatively small and the excess is minimal.</p> <p>The Committee agreed that the proposal was reasonable and noted that there was the £1.05m contingency liability for LOR retention/EDF CPO compensation provided for.</p> <p>RESOLVED: The Committee agreed to approve the Variation letter from Barclays (attached). Proposed: PF; Seconded: SW; APPROVED.</p>	
9.	<p>Shared Systems Update</p> <p>The VP CS reported that the system went live on 9 February 2015. There is significant work to do to get the system and reporting to the required level, plus some intermittent faults. The College had one member of the Build Team to assist in the implementation (compared to 3 for other colleges) and the VP CS noted that he will try and recharge the costs of additional support since 9th February back to SISSC. He noted that there is a lot of extra work in the Finance Department at the moment as a result of the system.</p> <p>The Principal reported that at a recent FE Sussex Principal's meeting there had been similar issues reported from colleges but they are now up and successfully running and are satisfied with the system. [confidential note]</p>	
10.	<p>Policy for Tuition and Other Fees</p> <p>The VP CS confirmed that a detailed review was undertaken with the Head of MIS and other key stakeholders. Only 2 changes have been identified in terms of legislation and changes in the business:</p> <p>Paragraph 5.2 – Clarification where the College splits a 2 year course into two 1 year courses</p> <p>Paragraph 7.2 – Clarification where the College offers degree level programmes not accredited by a university</p> <p>Given the positioning of competitors and the current climate it is proposed fees remain the same for next year.</p> <p>Subject to a re numbering of 9.2 to 10.2 the Committee agreed with the changes proposed.</p> <p>RESOLVED: The Committee recommended to approve the Policy for Tuition and Other Fees. Proposed: TC ; Seconded: PF; APPROVED.</p>	VP CS
11.	<p>Subcontracting (see full report for detailed tables)</p> <p>a) Update on overall subcontractor landscape 2014/15</p> <p>The VP EES reported that subcontractors went through an application and due diligence process in June. Overall subcontractors are performing well. 16-18 apprenticeships are challenging but improved from last year. There was a high</p>	



	<p>amount of carry in from last year. Table 1 details the partners who have signed contracts and their challenged volumes and values during 2014-15.</p> <p>b) Approval of proposed changes to some contracts – to recommend to Full Corporation.</p> <p>14 existing contractors and 1 new partner are proposed. In the Autumn the College successfully applied for £1.5m of 19+ Apprenticeship growth which was confirmed by the SFA in November. The request estimated that 90% of this would be subcontracted out to meet demand developed by partners. At the end of January the College received £200k for Adult Skills Based classroom based funding. Table 2 details the additional allocations with one change where Rye Partnership pulled out and the Education Futures Trust have stepped in.</p> <p>The likely outcome is that the College will under deliver by c. £100k and Crossland and Dudson have agreed to utilise this at a revised 50-50% contract value. There is a further £60k to distribute in the next two months and an update of these allocations will be provided at the May Committee. The Vice Chair of Corporation questioned why the partner would deliver at a revised contract value and the VP EES reported how well the College works with its partners and how the partner was able to effectively deliver.</p> <p>c) Overview of proposed process for allocating 2015/16 volumes</p> <p>The VP EES reported on the proposed process for next year's allocations and the timelines for bidding. He noted that this works well with partners submitting business plans and rationale outlining their proposals. Indicative allocations will be provided at the June Committee meeting.</p> <p>The VP EES reported on changes in funding in apprenticeships. (see full report for details) He noted that additional activity is planned for 24+ loans which are benefitting from an increase in available funding in 2015-16.</p> <p>RESOLVED: The Committee recommended to approve the proposed changes to some contracts and noted the update and the proposed process for agreeing 2015-16 subcontractors. Proposed: PE; Seconded: PF; APPROVED.</p>	<p>VP EES/ Clerk</p> <p>VP EES/ Clerk</p>
<p>12.</p>	<p>Risk Management Update – Risks allocated to F&HR Committee</p> <p>The VP EES reported that he had been working on the ways of measuring and managing risks effectively. The risk register has now been consolidated into 25 risks which are managed by risk owners and overseen by SLT. Corporation committees will review their relevant risks as part of the new process starting from the next round of meetings. The VP EES explained the risk matrix which gives a snap shot of the 25 risks and is the first phase of looking at the assurances in place to manage and monitor risks.</p> <p>The Committee noted the process.</p>	



13.	<p>Accommodation and Estates Report (see full report for details) The VP CS reported as follows:</p> <ul style="list-style-type: none"> • LOR continue to address building latent defects. Negotiations are still on going with the issuing of the Making Good Defects Certificate • The Committee noted the section on security issues at Station Plaza and noted that the bike shed is being taken down as part of a drive to reduce gangs congregating in this area • The substantive item is the update on the EDF compensation claims. The VP CS updated on the situation to date (see report for details) [confidential note] • The Charity Commission have released the Pyke House proceeds for the sole purpose of developing the Station Plaza site • The Devonshire Road house has been sold for £127,500 with an expected completion date of 20 February 2015 • The Pyke house car park has an imminent completion date. <p>The Committee noted the report.</p>	
14.	<p>Health & Safety Report The report was taken as read. The following points were noted:</p> <ul style="list-style-type: none"> • The Vice Chair thanked the VP CS for ensuring excellent attendance to Health and Safety Committee meetings. • There has been a reduction in accidents • An external H&S consultant will come in and review the Colleges' processes and procedures to ensure it is robust. Findings will be reported back to the Committee • The Chair of Corporation asked about how the College was addressing the health and safety issue of the exposed reception area and the drafts from the main doors. The VP CS reported that the expensive solution would be a revolving door. He noted that when the doors are open it affects the buildings heating system and is a drain on resources. The VP CS reported that extra heaters had been located in reception. The Vice Chair asked the VP CS to look back at the earlier proposals and confirm whether it was a three year pay back for the project. It was agreed if this was the case the project made good financial sense and should be done. The VP CS noted that he would need to verify figures. The Committee asked that it comes up on priority list for capital investment with a timeframe. They suggested October 2015 with inclusion in the budget for the summer. The VP CS agreed to include in the final Property Strategy document following review of the financial viability. • The Vice Chair asked if there a panic button in reception and the VP CS agreed to check. 	<p>VP CS</p> <p>VP CS</p>
15.	<p>AOB The Chair and Clerk to ensure that the May meeting agenda includes as many of items of business as possible to allow time for strategic discussion about the ICT and Property strategies in June.</p>	<p>Clerk</p>

	Meeting dates for 2014-15 Wednesday 6 May 2015; Wednesday 10 June 2015 (all 15.00 start)	
	MEETING CLOSED: 17.10	

Length of meeting: 2hrs 10mins

Attendance for 2014-15: 82%