

**FINANCE AND RESOURCES COMMITTEE
3 NOVEMBER 2015**

MINUTES

PRESENT:	Piers White (Committee Chair) Gordon Smith (Chair of Governors) Frances Wadsworth (Principal/CEO) Jackie Wilding Trevor Morgan (from 6.30pm)
CLERK:	Melissa Drayson
IN ATTENDANCE	Keith Oxspring - Chief Operating Officer (COO) Andy Smith - Deputy Chief Executive (DCE) Jo Bland - Director of Human Resources (DHR)
APOLOGIES	Kevin Zuchowski-Morrison
QUORUM	The meeting was quorate throughout
TIMING	6.05 – 7.55pm

Item	Action Lead
15.61 Apologies for absence Apologies received as above	
15.62 Declaration of interests There were no declarations of interest relating to items on the agenda.	
15.63 Minutes of the meeting on 15 September 2015 The minutes of 15 September 15 were approved as an accurate record and were signed by the Chair	
15.64 Matters Arising not covered elsewhere on the agenda <u>15.57 Terms of reference</u> The Clerk confirmed that the current Scheme of Delegation only described the relationship between the Board and its Committees in terms of delegation of its statutory responsibilities. The Principal and Executive were asked to undertake a more comprehensive review of the delegations to ensure that they were relevant and fully aligned with other documents, in particular the Financial Regulations.	
AGREED: that the Executive would review the Scheme of Delegation and bring recommended changes back to the meeting on 19 January 2016.	Executive
15.65 FINANCIAL MONITORING <i>Supporting paper – Year to September 2015 management</i>	

accounts, including student association expenditure, presented by the COO.

An income risk grid was tabled and discussed.

The Committee noted that a full year forecast income and expenditure account had not been included in the September accounts as the value of various potential income streams had yet to be confirmed. The October management accounts would include these figures.

The following headlines were highlighted, with the caveat that it was too early in the year to draw firm conclusions about any potential impact on the full year forecast;

- The surplus for the month was higher than predicted. Part of this was due to pay costs being under-budget. Pay costs did not, however, reflect any significant sessional or agency costs at this time of year;
- 16-18 enrolments were below the funding target and the financial plan targets, with the financial impact occurring in 2016-17;
- Funding for Adult Learner Responsive activity was included at a lower level than budget reflecting the reductions announced by the SFA in July 2015. Higher Education income and FE Tuition Fee income were broadly on budget; Acquire funding was not included in the HE income figures;
- The debtor analysis had been simplified as requested at the last meeting. It was noted that where provisions had been made some time ago, some write-offs would occur in October which would be reflected in that month's management accounts;
- The cashflow showed a reducing balance over the year, due to the inflationary effect of the additional SFA income at the start of the year. Fluctuations in-year related to known funding timing issues.

The Committee acknowledged that it would be necessary to start to plan now for the predicted impact of funding reductions on income in 2016-17, and to link any decisions around cost reduction to wider strategic thinking. Strategic thinking on long-term curriculum plans would be picked up by the Learning and Quality Committee in the first instance,

The annual report on student association expenditure showed a slight overspend. The Committee asked management to ensure that the association sought permission for any overspend in future.

15.66 2015/16 STUDENT NUMBERS REPORT

Oral report by the Deputy Chief Executive, Risk OP2

16-18: The current number of 16-18 students was 1360, with a worst-case scenario figure of 1306 predicted for the 42 day census point. So far, 190 students had left since enrolment, which was considerably lower than the previous year. Of these, 60 had

enrolled but not started. The number of drop-outs was proportionally higher among entry-level and Level One students. Current interventions to offset further losses included interviews with students pending possible reinstatement.

Governors asked if certain courses had suffered greater losses than others. Managers will provide a full report once the final picture is clear.

Adult Learner Responsive: Confirmation of the Individual Learner Record (ILR) was expected the following week, at which point numbers would be confirmed.

Apprenticeships: The target for 2015/2016 is 480 against recruitment of 320 apprentices in 2014/2015. Staffing had been increased in key areas, including apprenticeship sales, to support the growth plan. So far, 60 apprentices were on programme, with a further 60 in the pipeline. Discussions with large employers are taking place, some of which are at an advanced stage, to recruit large numbers of apprentices. There was reasonable confidence that the college would achieve its target for apprentices but not the income target.

Higher Education: Final numbers will be confirmed once the HEIFES return has been completed. Approximately 90 students were studying the HNC Business online.

The associated entry on the risk register, OP2 was noted. The Committee recommended that this should be updated to reflect new lines of business activity as potential remedial action.

AGREED: that OP2 of the risk register should be updated to reflect new lines of business. DCE

15.67 RECOMMENDATION OF FINANCIAL STATEMENTS 2014-15

Supporting paper, presented by the COO

Since preparing the financial statements issued to the committee, a number of changes had already been agreed with the auditors and these changes were not yet reflected in the figures. There were more changes pending, in particular, the revaluation of the College Rd and Barclay Rd premises together with the write off of West End related expenditure, some of which had been capitalised in the year to July 2015. The current income and expenditure statement had been reconciled to the management accounts with the inclusion of the actual FRS17 provision. It had also been necessary to release Free School Meal income of £136k into the I&E account. Taking these amendments into account a retained surplus of £187k was being shown in the current version of the accounts. Based on these figures an overall financial grade of outstanding would be achieved.

The property revaluation figure would be provided on 6 November, which would be reflected in an adjustment to the Statement of Total Recognised Gains and Losses.

Item	Action Lead
<p>All changes would be made to the statements in due course with an updated version being circulated to the committee members as quickly as possible to allow questions and feedback.</p> <p>The Clerk was asked to re-check the Members table for accuracy with regard to individual attendance (<i>subsequently checked and verified as accurate</i>)</p>	Clerk
<p>The COO undertook to contact Committee members by email to explain the treatment of the FRS17 provision.</p>	COO
<p>RESOLVED: that, subject to the further adjustments above and the ratification of the Audit Committee, the Annual Report and Financial Statements be recommended to the Board for approval and signing.</p>	
<p>15.68 FINANCIAL REGULATIONS AND FINANCIAL POLICIES <i>Supporting papers for approval</i></p>	
<p>The Committee discussed the proposed amendment to the Treasury Management Policy to increase the limit to the sum to be held on deposit up to 6 months. On balance, it was agreed not to raise this, as the Committee considered that it would be preferable to spread the risk over different time spans.</p>	
<p>RESOLVED: that it be recommended that the Board of Governors approve the revised Financial Regulations and note the consideration by the Committee of the annual review of Treasury and Banking Arrangements and the approval of the Supply Chain Charges and Fees Policy 2015/16.</p>	
<p>15.69 HUMAN RESOURCES REPORT AND POLICIES <i>Supporting papers by the Director of Human Resources</i></p>	
<p>i. Pay award and staff reward options <i>Oral report</i></p>	
<p>The Committee noted that the AOC national recommendation was for 0% in 2015-16. The proposal was supported to review the college position later in the year in the light of affordability.</p>	
<p>UCU and Unison had made a claim for an additional £1 per hour for all staff plus an increase of an additional £2,065pa (pro rata for full-time) on London Weighting. This would have a financial impact on the college which would be unaffordable. A ballot had been held by UCU for industrial action in colleges which had not accepted the claim.</p>	
<p>The college had moved all lower paid staff onto the London Living Wage. The rise in the Living Wage to £9.40 per hour meant that a small number of staff were also now below this threshold. The financial impact of raising the pay of these staff to Living Wage would be assessed and communicated to the Chair. The Committee agreed that this should be a priority for pay and that the Chair could confirm on its behalf agreement to implementing the</p>	

November 2015 London Living Wage rate.

The varying pay arrangements for teaching staff and business support staff was discussed. Permanent teaching staff were on a performance related pay scale, whereas historically business support staff were on an incremental pay scale. In each case there was no scope for progression once the top of the scale had been reached. The Chair asked for the numbers of permanent teaching and business support staff at the top of a pay scale. The majority of managers and some business support staff were on spot salaries.

The need to target resources to maintain a competitive advantage by attracting and retaining the best staff in hard-to-recruit areas was recognised. The use of one-off payments to recruit and retain key staff had increased.

The Executive Committee would consider further staff rewards, possibly linked to a positive Ofsted outcome and bring proposals to F&R.

The need to gather staff feedback was discussed. It was agreed that there would be value in conducting a follow-up to the Investors in People exercise the previous year, which had led to the Silver Award being attained. This would be targeted at particular areas and involve a range of methodologies including a questionnaire.

AGREED:

- (i) **That it would be reported to the Board that the implementation of a pay award would be kept under review in the light of affordability**
- (ii) **that a proposal regarding implementing the new London Living Wage, including costs, should be circulated to Committee members by electronic resolution**

ii. Annual Staff Equality and Diversity Report

Supporting paper by the DHR

The headlines from the report were:

- Overall the age profile of staff was increasing
- The gender profile was stable, with an increase in women in management positions
- Staff turnover, measured by voluntary exits, had increased very slightly by 0.3%.
- The college was working hard to encourage more staff to declare a disability, including informing the college of the onset of a disability whilst in post. This would enable the college to discuss requirements and make reasonable adjustments where required;
- There were some fluctuations in terms of recruitment by disability, ethnicity and gender compared to 2013-14, with a higher proportion of appointments of BAME individuals than the previous year.
- Due to the small numbers involved, the number of BAME

managers appeared to fluctuate.

Management assured the Committee that no issues of concern had been highlighted by the analysis and that E&D objectives for staff were being met. The Committee expressed an interest in knowing how the staff profile compared to the local population, and the college's student population. It was confirmed that the staff profile was unlikely to be as ethnically diverse as the student population. A comparison with the local population could be undertaken by referring to census data, with the caveat that this was now four years old so may not be accurate.

It was noted that the Equality and Diversity Strategy would be reviewed in March 2016.

iii. Staff Grievance Procedure

Supporting paper by the DHR

The Committee noted that the procedure was compliant with the latest ACAS code of practice and that it was proposed not to make any changes at this date but to review it again in two years' time.

RESOLVED: that it be recommended to the Board that the current Staff Grievance Procedure remain unchanged.

iv. Recruitment Procedure

Supporting paper by the DHR

The procedure contained minor revisions to update staff job titles and reflect the introduction of the Prevent legislation. It was noted that staff training was planned on identity checking

RESOLVED: that the revised Recruitment Procedure be approved.

15.70 CAPITAL AND ESTATES REPORT

Oral report by the Principal and CEO

RESOLVED: that, due to the commercially sensitive nature of the discussion, a confidential minute should be taken.

15.71 DATES OF FUTURE MEETINGS

19 January, 8 March, 26 April and 28 June 2016.

15.72 OTHER BUSINESS

Jackie Wilding circulated details of an online student induction product, Student Transition Experience Management and Support. Management undertook to look into it.

Signed _____ (Chair)

Date: _____