

FINANCE AND RESOURCES COMMITTEE
1 NOVEMBER 2016

MINUTES

PRESENT:	Piers White (Committee Chair) Frances Wadsworth (Principal/CEO) Jackie Wilding Trevor Morgan Martin Corney
CLERK:	Evan Williams
IN ATTENDANCE	Keith Oxspring - Chief Operating Officer (COO) Andy Smith - Deputy Chief Executive (DCE) Jo Bland – representing the Director of Human Resources (DHR) Jill Small – Property adviser Robert Nelson – Doherty Baines
APOLOGIES	Gordon Smith
QUORUM	The meeting was quorate throughout
TIMING	6.00 pm – 7.55 pm

Item

1. Welcome and Apologies for absence

Evan Williams, as new clerk to the Corporation, was welcomed to the meeting and was asked to provide a brief overview of his skills and experience.

Apologies received from Gordon Smith, Chair of the Corporation.

2. Declaration of interests

There were no declarations of interest relating to items on the agenda.

It was agreed that, to enable contributors to leave after their items, 11 Capital & Estates and 10 Human Resources report would be taken before other business. The minutes reflect the order of the agenda.

3. Minutes of the meeting held on 28 September 2016

The minutes of 28 September 2016 were **approved** as an accurate record and were signed by the Chair

4. Matters Arising not covered elsewhere on the agenda

Actions from the previous meeting:

Item 5 from – Estates and Capital Development – feedback to the Principal – regarding the Committee's concerns about slippage in timescales be communicated at the forthcoming meeting with the Council.

It was noted that this had been actioned by Jill Small.

- i. That a Governor workshop may be organised, with the project team and legal advisor, to identify all key issues which the College would wish to see covered in the legal agreement.

Item

Item 6 – Health and Safety annual report

- Standards for evacuation times would be investigated, as it was difficult to tell whether the reported evacuation time of six minutes was satisfactory. More work was needed to ensure that students were familiar with the location of all fire exits, as this would help to avoid congestion on the main stairs.

It was noted that this action would be carried forward and fed back at the next meeting.

Action

PM to report back on standards of evacuation times and that students were familiar with the location of all fire exits in order to avoid congestion on the main stairs.

5. FINANCIAL MONITORING

Supporting paper – Year to September 2016 management accounts presented by the COO.

The Committee were advised that the tabled report summarised the College's financial position for the two months to 30 September 2016.

The COO informed the Committee that the performance in the 2 month period to 30 September 2016 was an overall deficit of £22k, which was smaller than original planned deficit, of £54k.

He advised the Committee that it was difficult to draw any conclusions from the results at such an early stage.

The COO highlighted two risks to the Committee:

- Additional contributions to LGPS;
- Pension scheme risks have now been increased due to new insolvency regime.

The additional points were also highlighted from the report, with the caveat that it was too early in the year to draw firm conclusions about any potential impact on the full year forecast;

- 16-18 ER learner numbers were targeted by the EFA at 1,440 for the year end 31 July 2017. The actual number of retained students as at 27 October was 1,419, which was higher than the curriculum plan of 1,333.
- The deficit for the month was lower than predicted. Partly due to pay costs being under-budget.
- HE tuition fee income levels currently 7% below budget
- Acquire income levels for both HE and FE were significantly down following their withdrawal from recruiting new students.
- Full cost income currently higher than budgeted with Apprenticeship charges totalling £23k and ESOL £23k.
- The bank balance at the end of September 2016 was in line with forecast.

PW asked those present if they had any further questions, no further questions were raised. PW thanked the COO for his report.

The Committee received the report.

6. 2016/17 STUDENT NUMBERS REPORT

Oral report by the Deputy Chief Executive,

16-18: The current number of 16-18 students was 1,419 against a contract target of 1,440 and a planned target of 1,333. The DCE informed the Committee that the College was continuing to recruit to the re-engagement programme and Ready to Learn, delivered with Chelsea FC Foundation. Students aged 16-18 who are in attendance on 30 November 2016 will be included in the count for the contract allocation for 2017/18. The DCE advised the Committee that the College expected to be close to its target by 30 November.

Adult Classroom based Learning: Confirmation of the Individual Learner Record (ILR) was expected by Friday 11 November. The DCE informed the Committee that the headcount in this category would be lower than last year due to the figure excluding all students aged 19-23 on level 3 programmes being included in the student loans income stream.

It was noted that the F&R Committee had previously agreed a £1m allocation to Learning Curve on a call-off basis. The allocation was due to be reviewed once the College was confident of its projected income.

Adult Learning Loans: DCE informed the Committee that the increase in income was largely due to the widening of eligible students to 19-23 years old.

Higher Education: The census date for numbers to HEFCE is 1 November. Current numbers are 211 enrolled HE students, which was a decrease from the figure of 240 for last year. DCE advised that the market had changed over the past year.

Apprenticeships: The number of apprentices recruited and in learning has increased significantly over the past two years. This is largely due to a change in management and a restructure. DCE advised the Committee that the challenge for the College was to increase the number of 16-18 apprentices by working closely with Learning Curve in the introduction of an Accountancy Academy due to be launched in December 2016.

PW asked those present if they had any further questions, no further questions were raised. PW thanked the DCE for his report.

The Committee received the report.

7. RISK REPORT

Supporting paper, presented by the Chief Operating Officer

PW asked those present if they had any comments or questions having read the Risk report. No questions were raised. It was noted OP4 would be addressed next term. PW thanked the COO for his report.

The Committee received the report

8. RECOMMENDATION OF FINANCIAL STATEMENTS 2015-16

Supporting paper, presented by the Chief Operating Officer

The COO informed the Committee that the draft audited Financial statements were 98% complete with small changes in the narrative still being drafted. He

Item

advised that additional comments needed to be added to page 10/12 relating to performance indicators, cash flow and curriculum development and page 21 Corporation performance; where the clerk was waiting for forms to be completed by members of the Governing body. Figures were still subject to further review by BDO and further adjustments may be made.

The COO referred the Committee to page 31 of his report and provided the Committee with a separate update sheet – Reconciliation of July 2016 management accounts to figures in the Financial Statements. A discussion ensued based on the surplus before FRS102 (28) adjustments. This also included a change in how holiday pay was recorded due to an update in accounting rules.

It was noted by the Committee that the document sent had track changes and going forward they would prefer track changes be removed for ease of understanding and improved reading. A few minor errors were highlighted to the COO, which he noted.

RESOLVED:

Subject to the further adjustments, the removal of track changes and ratification of the Audit Committee, the Annual Report and Financial Statements be recommended to the Board for approval and signing.

9. 9i. ANNUAL REVIEW OF FINANCIAL REGULATIONS AND FINANCIAL POLICIES

Supporting papers for approval, presented by the COO

The COO informed the Committee that the Financial Regulations set out the College's broad policies relating to Financial control. The COO advised the Committee that there were a small number of amendments to the previous version which were shown as track changes:

- Page 20 – removal of reference to College conditions of contract
- Page 20 – increase in tender threshold from £20k to £35k
- Extension of disclosure interest to COO and Director of IT and Estates

Action: Clerk to note Disclosure interest for COO and Director of IT and Estates.

The Committee noted the report.

RESOLVED:

That it be recommended that the Board of Governors approve the revised Financial Regulations.

9.ii ANNUAL REVIEW OF TREASURY MANAGEMENT AND BANKING ARRANGEMENTS 2016

Supporting papers for approval, presented by the COO

The COO informed the Committee that cash was rigorously monitored and managed to ensure that the College has sufficient funds to meet its requirements. Historically, the College had taken loans with Barclays Bank totalling £15.5m with two covenants that have to be complied with.

He advised that the College covenants were in need of reviewing due to the introduction of FRS102.

PW advised that the covenants would need to be agreed with the F&R

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Committee.

Action – COO to review and monitor the covenants and modelling options available and submit covenant details to F&R Committee for approval.

The Committee noted the report.

9.iii SUPPLY CHAIN CHARGES & FES POLILCY 2016/17

Supporting papers for approval, presented by the COO

The Committee approved the report.

10. HUMAN RESOURCES REPORT AND POLICIES

Supporting papers by the (Previous) Director of Human Resources (covering for the new DHR who was on annual leave)

i. Pay award and staff reward options

Oral report

The DHR informed the Committee that the 2016/17 AoC national pay recommendation was for 1% on all salaries or £250 whichever was greater. There had been no pay increases for the past two years.

The College had moved all lower paid staff onto the London Living Wage (LLW). The October 2016 rise in the LLW to £9.75 per hour meant that a small number of staff were now possibly below this threshold. The committee agreed that these staff should have their pay increased. The financial impact of raising the pay of these staff to LLW would be assessed and communicated to the Chair.

The Principal reminded the Committee that apprentices were not in receipt of the LLW. Following a discussion on apprentice's salaries it was agreed to include the College Apprentices in the review of staff eligible for the increase in the LLW.

AGREED:

- (i) That it would be reported to the Board that we would continue to apply increases for those staff who were now behind the LLW and that the implementation of a wider pay award would be kept under review in the light of affordability**

ii. Annual Staff Equality and Diversity Report

Supporting paper by the DHR

The headlines from the report were:

- Overall the age profile of staff had not changed significantly from 46 years over the past 4 years.
- The gender profile of predominantly female (64.3%) was stable, with an increase of five women in management positions
- Staff turnover, measured by voluntary exits had decreased by 2% over the year.
- The number of staff declaring a disability for 2015/16 was 4.4% similar to the percentage declared in 2014/15
- The number of staff from a BAME background has continued to grow over the year, the total number of BAME staff in the College was reported to be 36.5% which is an increase from 33.58% in 2014/15.

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- There had been a dramatic increase in applications received over the year. The College has advertised 63 vacant positions with 1420 applications being received.

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. This would be picked up for next year.

The Committee expressed an interest in collecting the governing body diversity profile.

Action – Clerk to collect Governing Body diversity data profile alongside the refreshed skills audit.

The Committee noted the report

11. CAPITAL AND ESTATES REPORT

Report by the Principal/ CEO and Jill Small

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

12. DATES OF FUTURE MEETINGS

24 January 2017, 7 March 2017, 25 April 2017 and 20 June 2017.

13. OTHER BUSINESS

Signed _____ (Chair)

Date: _____

Actions

Item	Action	By whom	Status
4.	PM to report back on standards of evacuation times and that students are familiar with the location of all fire exits in order to avoid congestion on the main stairs.	PM	
4.	The option to run a Governor workshop with the project team and lawyers to be reviewed.	JS/Clerk	
9.	Further adjustments, the removal of track changes and ratification of the Audit Committee, the Annual Report and Financial Statements be recommended to the Board for approval and signing	COO	
9	<i>Disclosure interest for COO and Director of IT and Estates to be collected</i>	Clerk	Complete
9	The revised Financial Regulations be recommended to Board of Governors for approval	COO/Clerk	
9	COO to review and monitor the covenants and modelling options available and submit covenant details to F&R Committee for approval	COO	
10.	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	DHR	
10	That it would be reported to the Board that we would continue to apply increases for those staff who were now behind the LLW and that the implementation of a wider pay award would be kept under review in the light of affordability	DHR	
10	Clerk to collect governing body diversity data profile	Clerk	