

Policy & Resources Committee

Approved Minutes

Minutes of a Meeting of the Committee held on Monday 24 April 2017 at the Thurrock Campus, Grays at 6.00 pm.

Present: Dr R Gray (Chairman)
Ms O Buck
Ms A O'Donoghue CBE
Mr D O'Halloran
Ms M West

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)
Ms R Brooks (Head of Human Resources – items 5 and 6)
Mr S Hope (Head of Health & Safety – item 7)
Mr S Smith (Vice Principal, Corporate Resources)
Mr P Moore (Deputy Director of Finance)
Mr R I Millea FCA (Clerk to the Corporation)

1. Apologies for Absence

Apologies for absence were received from Mr R Launder and Ms D Brown (Vice Principal, Curriculum & Quality).

2. Urgent Business

The Committee **NOTED** the resignation of Stuart Burrell as a Member of the Board in February and hence as a Member of this Committee. There are therefore two vacancies for Board Members on the Committee and for one co-opted Member.

These vacancies will be considered by the Search and Governance Committee at their next Meeting on 15 March 2017.

ACTION: CLERK

3. Minutes of the Meeting held on Monday 6 February 2017

The Minutes of the Meeting held on Monday 6 February 2017 were **APPROVED** and **SIGNED** by the Chairman, subject to a correction on Page 9 thereof.

4. Matters Arising

There were no Matters Arising save for matters covered elsewhere on this Agenda.

5. HR Matters (Paper PRC.17.05)

Staff Absence and Turnover

The Committee **RECEIVED** a Report from the College's Head of Human Resources providing the Committee with information regarding staff absence and staff turnover in relation to the KPIs set by the Board. This is a standing item on the agenda of this Committee.

The **current rolling absence rate** is 8.5 days absence per person per annum (previous year 10.58) against the College KPI of 7 days per person per annum during the twelve month rolling period to 31 March 2017. It is slightly better than the last Report. The present trend indicates that the KPI for the year will not be achieved.

Short term sickness remains a key concern as it equates to 84.5% of absences, the balance being long-term.

Sickness absence management remains a high priority for the College and will continue to be managed robustly in order to improve attendance. There is a clear message in the College that absence is not a right but a necessity when required.

The Head of HR reported that recent Benchmarking data shows an average of 5.8 days absence in FE Colleges (AoC survey). It was noted that there was previously a differential in comparing AoC figures with our statistics as AoC previously used FTEs as their measurement and we used headcount. The figures are now in line, but we are well over the FE average.

Additionally, the Chartered Institute of Personnel Development have published figures recently which show 6.3 days absence per person per annum, also below our figures.

The Committee noted staff who have met a key trigger point under the Bradford Factor scoring system and were told that action taken in these cases (753 staff met this trigger during the recent 12 month rolling period) is continuous and recorded in the casework log.

The Head of HR indicated that the KPI for 2017/18 will be brought to the first Meeting of the next academic year.

A governor asked how the College makes a determination of illness of a member of staff and by whom is it done. The College places key reliance on medical evidence, especially for longer term absences, and short absences are covered in return to work interviews by line managers. In those interviews, relevant questions are asked to be confident that the absence was real and justified.

A governor commented that the absence target of 7 days or less is not being met and asked as to the consequences of not meeting the target and does it matter if it is not met. Management responded that it is important to work to the target in the interests of efficiency and to set a clear aspiration for staff as to what is expected of them. Furthermore, regular absences of a short term nature have a negative impact on other staff in those areas. Sometimes there is a need to use agency staff but this is limited now because changes in teaching contracts recently mean that other staff have to cover for absences of staff. Also, absences hamper delivery of provision to students and create inconsistency.

It was noted that, in some curriculum areas where it is difficult to recruit staff in any event, absences are even more critical.

The **staff turnover** rate for September 2016 to March 2017 was 13.81% and it remains likely that the KPI for the year of 15% or lower may well not be met. This rate equates to 136 departures since last September, approximately two thirds of which were 'natural wastage' where individuals decided to leave of their own volition.

Performance Management

The Head of HR maintains a casework log which is reviewed with the Deputy Principal & Chief Executive on a regular basis. Currently, there are 176 cases being managed, most of which relate to capability – sickness or capability – performance.

A governor noted that 10% of performance management issues (18) related to Safeguarding and asked whether there was any underlying trend or concerns here. The Head of HR responded that there had been some complaints from learners and some staff had been dismissed due to safeguarding issues. However, there was no consistent trend just occasional incidents. Governors reiterated their concern as this is a highly visible area

Legal Update

The College has received two ACAS Conciliation notices. Both cases have now been concluded with reasonable financial settlements including compensation being made where chance of defending not considered high.

As a result of these cases, our procedures have been reviewed and lessons learnt so that the cost to the College of defending such claims can be minimised.

The Head of HR informed the Committee that the College continues to manage performance and sickness data actively.

The Committee **RECEIVED** the Report.

6. HR Policies (Paper PRC.17.06)

The Committee **RECEIVED** a Paper from the College Head of Human Resources comprising the Annual Review of the College Recruitment Policy and the Pay & Retention Policy, accompanied by a covering summary.

Both Policies were implemented in 2016 and approved by the Board on 11 July 2016. The Recruitment Policy was in response to the requirement for the College to have a Recruitment Policy in place to comply with the legislation behind the Section 11 Safeguarding Audit and the Pay & Retention Policy is to comply with legislative requirements, best practice and safer recruitment guidance.

Both Policies are to be approved by the Governing Body and to be reviewed annually. They support the College's effective management of Safeguarding and give assurances that employees are valued and receive proper recognition and remuneration for their work and contribution to the success of the College. The Policies incorporate safer recruitment and best practice and are legislatively compliant with equality and diversity embedded.

The Head of HR made the point that, in line with the College Trade Union recognition Agreement, the College will pursue dialogue with the Joint Negotiating Committee in respect of any matters relating to pay.

After discussion, the Committee **RECOMMENDED** that the College Recruitment Policy and the Pay and Retention Policy be approved by the Board at its next meeting on 10 July 2017.

ACTION: CLERK

7. Annual Health & Safety Report and Action Plan (Paper PRC17.07)

The Head of Health & Safety (Steve Hope) **PRESENTED** the Annual Health & Safety Report for consideration by the Committee.

The reported incidents are lower than previous years (86; 2015-16 142) – the average number of reported accidents for 2015/16 of similar sized Colleges was 95, suggesting that the College is on a par with other similar Colleges.

Only 1 injury was reported to RIDDOR during the year, which related to an incident from a member of staff and it has been fully investigated by the Health & Safety Team.

The approach to managing Health & Safety mirrors HSE guidance and the strategy has been reviewed to comply with the new HSE management approach – Plan, Do, Check, Act. Steve explained that the College is about to procure a new software management system to manage Health & Safety, including incident reporting, training resource, risk management software and an audit module.

The Committee reaffirmed the Board's duty to provide a healthy and safe workplace for staff, contractors and visitors.

The Health & Safety Team have set a number of performance indicators for 2016/17 which are subject to continuous monitoring. They were itemised in the minutes of this Committee's Meeting of 20 June 2016 (item 7). Progress against the Annual Health & Safety Plan for 2016/17 was provided to the Committee.

The College continues to be subject to audits by various external bodies and has achieved compliance. The Link Governor is informed of any issues arising from ongoing internal H&S audits of each Campus.

Steve Hope explained some of the highlights of his Report and why the reported incidents had reduced over previous years:

- Better auditing and reporting of Health & Safety issues
- Regular meetings of H&S staff to review activity and progress against the Plan
- Training of more first-aiders and better coverage across each Campus
- More timely investigations of incidents

In response to a governor question, Steve Hope explained that movement of staff within the College (including across Campuses) has to be watched carefully to ensure that training is kept up to date with individual staff and in specific departments and no area of the College is deficient. He also clarified the target he is pursuing for staff training.

A governor also suggested that Health & Safety induction for new staff appears to be an issue and the College should change probationary period conditions so that Health & Safety training is a requirement in induction with no exception.

Steve Hope reported that a Fire Safety visit recently at Thurrock was very successful. He also reported that deaf students in the College are now catered for specifically but there still is an issue to address regarding communication of Health & Safety issues with students who do not speak English (ESOL & EFL).

A governor wanted to know how students are informed of Health & Safety issues and behaviours. Primarily, it is covered as a key element within classroom practice, particularly during the student induction period.

The Committee **RECEIVED** the Report.

8. Strategic Developments in South Essex (Paper PRC.17.08)

This matter was deemed to be a confidential item under the Instrument & Articles and a separate minute has been prepared, which is attached to these Minutes.

9. College Finances (Paper PRC.17.09)

Items 9 (a), (c), (d), (e) and (f) were deemed to be confidential items under the Instrument & Articles and separate minutes have been prepared and are attached to these minutes.

(b) Finance Report

The Deputy Principal and Chief Executive and the Deputy Director of Finance presented the **Finance Report** comprising the **Management Accounts** for the eight months ended 31 March 2017, a **Cash Flow Forecast** for the rest of this academic year and the **Forecast Outturn for the year ended 31 July 2017**. He illustrated this through a PowerPoint presentation for Members. All Members received a hard copy of this presentation. In addition, the Report provided an update on progress against KPIs for the year.

Management Accounts

Total income to 31 March 2017 amounted to £32.2 million and total expenditure amounted to £33.6 million, giving rise to a deficit to March 2017 of £1.35 million, compared to a budgeted reforecast to that date of a deficit of £448K, an adverse variance of £904K.

The Committee were reminded that the results in the Management Accounts do not include any adjustments for FRS17 Pensions nor for accrual of holiday pay (which now has to be provided under FRS102).

The Committee was informed that the draft College Budget for 2017/18 and draft Financial Plan for the next two years will come to the next Meeting of this Committee on 26 June, along with a final estimate of the likely outturn of the College's operations for 2016/17.

The Management Accounts include a detailed Commentary on all major lines of income and expenditure. On income, the biggest threat to achieving the College revised reforecast to 31 July 2017 of an operating deficit of £553K is non-achievement of the Adult Education Budget, which is currently considerably behind target.

A separate paper to address this issue was provided to the Committee for discussion and comment (see **item 9d** in confidential minutes).

On expenditure, most lines will be within the original budget but there is expected to be some overrun on staffing costs and catering and transport costs.

A governor was concerned as to how £200K of costs arose this month from unpaid invoices which were booked this month for the first time and why were they not accrued. It was explained that no purchase orders existed for these invoices and, whilst the expenditure was valid, it did not fall within authorised POs and it took time until they were recognised and authorised. This is a one off occurrence and it will not recur.

The Deputy Director of Finance was still double checking the situation to ensure that there was no duplication between these 'unrecorded' invoices and previously recorded invoices.

In response to a governor question, this one off hit will affect the College's ability to meet the reforecast for the year to 31 July 2017 of a deficit of £553K.

The DPCE explained the current Financial Health position which remains Inadequate and that the objective is to try and manage our year end position to give a Satisfactory rating at 31 July 2017.

Looking to next year, governors noted that the 17/18 EFA allocation is a reduction of £2.8 million as the allocation is based on the under-achieved 16/17 Learner Numbers figure against the 16/17 allocation.

The Adult Allocation for next year is now known and will be £3,496K, approximately the allocation for the current year.

Outstanding debtors

The Committee were provided with an analysis of outstanding debtors at 31 March 2017 amounting to £4.4 million, of which £2.6 million relates to HE fees. A significant proportion of these fees have now been received from the Student Loans Company. The bad debt provision amounts to £444 K and is deemed to be sufficient.

Balance sheet

At 31 March 2017, group net assets stood at £35.5 million, including fixed assets of £109.5 million. General provisions of £24.5 million represents virtually entirely the FRS17 pension liability, being the amount calculated at 31 July last year.

All bank covenants continue to be met. The current ratio at 31 March 2017 was 0.51.

Pay expenditure to 31 March 2017 was 65.2% of turnover against target of 60.7%. Borrowing as a percentage of income (gearing ratio) stands at 43% against the sector target of no more than 60% and that 40% is reasonable.

The College Financial Health using the SFA methodology remains at Inadequate (90 points). Satisfactory Health arises when the points score reaches 120 or more.

The Management Accounts were **NOTED**.

Cash flow forecast

The College's cash position remains tight and the overdraft facility put in place till the end of April 2017 of £2 million has been used with the cash balance at the end of March being an overdraft of £1.7 million.

Cash balances at 30 April 2017 are now positive following the receipt of significant EFA and SFA Funding during this month. The College is now in a position whereby all outstanding invoices can be cleared.

The Committee **NOTED** the position.

(g) Anti-Money Laundering Policy

The Clerk **TABLED** a revised Anti-Money Laundering Policy for consideration by the Committee. The existing Policy was approved by the Board on 9 December 2013 and is therefore due for review.

The draft Policy has been amended to reflect changes in the Regulations since it was first adopted and wording has been tidied up. The Policy has been independently reviewed by a Member of the Anti-Money Laundering Committee at the ICAEW.

The Committee reviewed the Policy and **RECOMMENDED** it for approval by the Board at its Meeting on 11 July 2017.

The Clerk informed the Committee that he will bring revised and updated versions of the College Anti-Bribery Policy and Ethics Policy to the next Meeting for review.

10. Forthcoming Events (Paper PRC.17.10)

The Clerk **TABLED** a Schedule of proposed Meeting Dates and Locations for the next academic year 2017-18 and this was **AGREED**.

The Clerk also provided details to the Committee of Forthcoming Events in the College.

The Principal & Chief Executive informed the Committee that the FE Event 'Celebrating Success' will be held at the Southend Campus on Wednesday 7 June 2017.

ACTION: CLERK

11. Any Other Business

There were no items of Any Other Business.

12. Date of Next Meeting

Monday 26 June 2017 at the Southend Campus at 6.00 pm.

The Chairman gave his apologies for this Meeting and David O'Halloran agreed to chair this Meeting.

There being no further business, the Meeting terminated at 8.40 pm.

Signed.....Dated.....