

Policy & Resources Committee

Approved Minutes

Minutes of a Meeting of the Committee held on Monday 27 April 2015 at the Thurrock Campus, Grays at 6.00 pm.

Present: Mr R Launder (Chairman)
Mr D O'Halloran (Vice-Chairman)
Ms O Buck
Dr R Gray
Ms A O'Donoghue CBE
Mr N Kelleway FCA (co-opted member)

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)
Ms C Anson-Higgs (Vice Principal, Business Development)
Mrs W Barnes (Assistant Principal, Student Support)
Mr S Smith Vice Principal, Corporate Resources)
Ms D Hurst (Director of Finance)
Ms D Brown (Vice Principal, Curriculum & Quality) (item 5 only)
Mr S Hope (Head of Health & Safety) (Item 9 only)
Mr R I Millea FCA (Clerk to the Corporation)

An invitation had been extended by the Chairman to all Board Members to attend this Meeting to participate in part of the discussion on item 5 below. The following Board Members were in attendance:

Terry Knight, Bob Patterson, Sally Carr

This discussion was held as the first item on the agenda.

1. Apologies for Absence

Apologies for absence were received from Mr S Burrell and Ms M West.

In respect of the discussion on part of Item 5, apologies were received from Tom Thompson, Gwynn Williams, Paramjit Singh Narang and Lisa Rieffel.

2. Urgent Business

There were no items of Urgent Business.

3. Minutes of the Meeting held on Monday 26 January 2015

The Minutes of the Meeting held on Monday 26 January 2015 were **APPROVED** and **SIGNED** by the Chairman. It was noted that the Meeting of this Committee, scheduled for 23 February 2015, did not take place, as it was very close to this meeting.

4. Matters Arising

The Clerk reported that the Board had given its approval, by written resolution, of an amendment to the Joint Venture agreement with Chelmsford College.

5. Strategic Developments in South Essex (Paper PRC.15.05)

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.

6. Estates Matters

The Deputy Principal & Chief Executive presented a verbal Report, focusing on potential capital and refurbishment plans for the summer of 2015, noting the likely limits on available funds. Proposed expenditure will be brought to the next Meeting of this Committee, as part of the budget setting process.

ACTION: Anthony McGarel

7. Student Numbers/EFA & SFA Funding/Income 2015-16 (Paper PRC.15.06)

The Deputy Principal & Chief Executive presented a Paper on the implications on College finances for 2015-16 of the now confirmed funding allocations from the Education Funding Agency and the Skills Funding Agency for next academic year.

Both the allocations are lower than the existing funding levels for 2014-15.

In summary, the EFA allocation has been reduced by 504 learners, totalling £835,000, mitigated in effect by the College having more learners allocated within the highest funding band. That figure has increased by 1594 learners over 2014/15.

The SFA allocation has been reduced by £325,000 (excluding last year's in year allocation of £700,000) and the 16-18 Apprenticeship allocation remains the same as the 2014/15 figure. The 24+ Advanced Learning Loans facility has risen by £290,000 (25%).

The overall cut in SFA funding is 5% (or 14% if the £710,000 funding is included).

The Committee **NOTED** the funding allocations for 2015/16.

8. College Finances (Paper PRC.15.07)

a. Management Accounts and 2014/15 Forecast

The DPCE and the Director of Finance presented the **Management Accounts for the eight months ended 31 March 2015** and the **Forecast outturn for the year ended 31 July 2015**.

The **Management Accounts** showed that, to 31 March 2015, total income amounted to £37.8 million on a consolidated basis and total expenditure to £37.4 million, giving rise to a surplus of £350K to 31 March.

This compares to a budgeted surplus to 31 March of £446K.

At 31 March 2015, group net assets stood at £113.7 million, including fixed assets of £109.8 million. At that date, there was a book overdraft with the bank of just over £1 million, which has since been cleared. No overdraft requirement is expected for the remainder of the year.

Agency costs remain an ongoing concern with the expenditure to 31 March running at £1million, against a budget of £650K. The underlying causes of this overspend remain the same, although a number of agency staff have been advised that their contracts will be ending in the short term. For next year, a separate budget will be allocated to long term sick and maternity leave to enable better analytical control and thereby decrease the agency budget and the actual spending.

Despite the above overspend, the overall pay bill is running at 62.7% of turnover as against the KPI target of 62.5%. .

The Committee **RECEIVED** the **Management Accounts for the period to 31 March 2015**.

The forecast for the year ended 31 July 2015 is unchanged from the previous forecast tabled at the January Meeting. A full detailed forecast will be presented to the Committee at its Next Meeting. The College remains on track to achieve the consolidated forecast outturn surplus of £400K for the year to 31 July 2015, as currently forecasted. The original budgeted surplus was £671K.

This forecast does not take into account any adjustments that might be required from FRS17 application.

ACTION: Debs Hurst

b. Indicative Budget Overview 2015/16

The Director of Finance tabled a preliminary Budget Overview for 2015/16 based on EFA/SFA funding allocations, which have now been received, as noted above. The Overview includes some overall assumptions for other areas of the Budget. On the basis of this information, an operating surplus of £400K is intended for next year in line with this year's expected outturn, on total budgeted income of about £52 million. This surplus would amount to just under 1% of turnover against the College strategic target of 1.5%.

The Director of Finance indicated that the final detailed budget will aim for a surplus of 1% of turnover. To accommodate the reduced funding, discussions are taking place with all departments as to how savings can be made through, for example, natural wastage, renegotiation of teaching contracts and control of agency staff expenditure.

The Chairman stated that this is the right approach and if a small surplus can be achieved next year, that would be an excellent achievement in the light of serious cost cutting in the sector and some Colleges finding themselves in really difficult financial situations. The Committee **endorsed** this approach.

It was noted that Colleges in the sector generally are struggling financially due to Government funding restrictions and inability to recruit students (particularly 16-18). The Director of Finance tabled information regarding the other Essex Colleges for the year to 31 July 2014, noting that the College compared well against them. Two Colleges had posted significant losses on operations.

On College Finances generally in the sector, the Clerk reported that the pattern of Colleges in significant difficulties continues.

The Director of Finance indicated that a full Budget will be presented to the next Meeting of the Committee on 8 June for recommendation to the Corporation for approval at its Meeting on Monday 6 July. To comply with the terms of the College's Financial Memorandum with the SFA, a Budget must be approved for 2015/16 no later than 31 July 2015.

A Member was concerned about the level of agency spend on staff in the current year and challenged as to how can this be managed for next year, as such staff are expensive. This is going to be explored through the detailed budget setting process. The use of a dedicated 'bank' of contracted staff to accommodate long term sickness is one option.

The Committee **NOTED** the indicative Budget for 2015/16 based on a surplus of £400K, with the proviso that the aim will be to achieve 1% of total income in the final iteration, which will come to this Committee at its next Meeting, for review and recommendation to the Board for approval on 6 July.

ACTION: Debs Hurst

c. Learner Numbers and Financial Implications 2014/15

The DPCE presented a paper on progress by the College in meeting the allocations for SFA and EFA Funding for the current financial year.

In summary, the College is anticipated to meet the 19+ allocation but it is unlikely that the EFA learner number target will be met.

The College continues to focus on improving attendance and retention for 2014/15. It is noted that current learner retention for 16-18 students has increased over last year by 0.5% but that there is still considerable work required to ensure the learner number is met.

The 16-18 achievement through 2 April is 90% of the College target of 7068 (711 learners short). The 2015/16 allocation is consequently lower as it is based on the learner numbers submitted on 4 December 2014.

Although there is confidence about achieving the SFA funding target, it does depend on close monitoring of partner provision to ensure it is achieved.

The Committee **NOTED** the Report.

9. Annual Health & Safety Report (Paper PRC.15.08)

Steve Hope (Head of Health and Safety) presented this Annual Report for 2015, which included the Annual Health & Safety Plan for the year beginning 1 September 2014, marked up with achievements against that Plan thus far during this year.

Steve summarised the conclusions of the Report:

- Improvements in the H&S culture in the College
- Staff involvement in the management of H&S, especially risk and control measures
- Restructuring of the H&S Team
- Introduction of an annual strategy for 2015-16

- Regular review of relevant legislation and updating of College policies and procedures
- Delivery of training to staff
- Proactive risk management strategy, especially in informing and educating students and staff to help in the provision of a safe place of learning and working

The Report addressed the management of Health & Safety in the College and identified key staff members in the Department. It reported on the progress and key developments undertaken this year, as explained in the Plan for 2014-15 noted above.

A new H&S Policy will be presented to the SLT shortly and it is intended to seek Governors' approval at their July Meeting. This will be accompanied by KPIs relevant to this area, including national benchmarking.

The Report referred to the risk assessment process under the relevant legislation and the further development of staff training. The inspection process was outlined which now involves half-yearly inspections, with the aim to go quarterly. These include safety tours, safety surveys, incident reviews and the like.

Health and Safety works with the Head of HR and Student Services on Safeguarding, linked with policies and procedures in this area including PREVENT and the staff Code of Conduct.

External audit is carried out by a number of external bodies, in particular Essex Fire and Rescue Service. Basildon and Southend will be inspected shortly – all other sites have been reviewed since last September. No issues have arisen.

It was confirmed to a member that the College Assurance Map will include the rated value of the Health & Safety risk.

Steve confirmed that he is confident that staff are embracing the culture and are more engaged with the Health & Safety requirements and policies than in the past and this will continue to improve.

The Committee **NOTED** the Report and **RECOMMENDED** that it be approved by the Board at its Meeting on 6 July 2015.

ACTION: Clerk.

10. HR Matters (Paper PRC 15.09)

The DPCE presented this Report, which was prepared by the College Head of Human Resources and is a regular monthly Report on KPIs in this area.

The sickness absence rate (8.42 days per person) is above the KPI set for the College of 7 days per person in the twelve month rolling period and has worsened over the winter. It equates to the AoC average. This rate has been a contributing factor to the difficulty in controlling agency spend.

The turnover rate of 9% to date this year is on track to reach 17% for the year, which exceeds the KPI target of 15%, and could even be 18%. Further action is already underway to review the whole recruitment and induction process along with the management support within the 12-24 months in employment to ensure the right staff are recruited and appropriately inducted and integrated into the College.

The Committee **NOTED** the Report.

11. Forthcoming Events (Paper PRC.15.10)

The Committee **NOTED** the schedule of forthcoming events, provided by the Clerk.

The Committee was notified of the FE Celebrating Success evening to be held at the Southend Campus on Tuesday 9 June at 7.00 pm. All Board Members will be formally invited. The Principal & Chief Executive outlined the format for the evening, which will be different to previous years and a more 'intimate' event.

12. Date of Next Meeting

Monday 8 June 2015 at 6.00 pm at the Southend Campus.

There being no further business, the Meeting terminated at 8.45 pm.

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