

## Policy & Resources Committee

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### Approved Minutes

Minutes of a Meeting of the Committee held on Monday 26 January 2015 at the Southend Campus at 6.05 pm.

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

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)  
Mrs W Barnes (Assistant Principal, Student Support)  
Ms C Anson-Higgs (Vice Principal, Business Development)  
Ms D Hurst (Director of Finance)  
Mr S Cain (Finance Co-ordinator)  
Mr R I Millea FCA (Clerk to the Corporation)

### 1. Apologies for Absence

Apologies for absence were received from Mr S Smith (Vice Principal, Corporate Resources), Ms D Brown (Vice Principal, Curriculum & Quality) and Mr N Kelleway (co-opted member)

### 2. Urgent Business

The Committee noted that there is a vacancy on the Committee caused by Rhys Hughes ceasing to be a Member of the Board. This will be considered by the Search & Governance Committee on 18 May 2015.

### 3. Minutes of the Meeting held on Monday 17 November 2014

The Minutes of the Meeting held on Monday 17 November 2014 were **APPROVED** and **SIGNED** by the Chairman.

### 4. Matters Arising

The Clerk reported that the Board at its Meeting on 8 December 2014 had approved the Annual Report and Financial Statements for the College and its subsidiary and joint venture companies for 2013-14 and the Joint Venture Agreement with Chelmsford College in connection with Essex Shared Services Limited.

### 5. Strategic Developments in South Essex (Paper PRC.15.01)

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

## 6. College Finances (Paper PRC.15.02)

### (a) Management Accounts to 30 November 2014

The Deputy Chief Executive and the Director of Finance presented the **Finance Report** comprising the **Management Accounts** for the month ended 30 November 2014.

To 30 November 2014, total income amounted to £17.4 million and total expenditure to £17.8 million, giving rise to a deficit to 30 November of £436K, compared to budgeted surplus to 30 November of £218K, an adverse variance of £654K.

The **Management Accounts** to 31 December 2014 had been completed and were tabled at the meeting. To that date, total income amounted to £22.5 million and total expenditure to £22.5 million, giving rise to a deficit to 31 December of £45K, compared to a budgeted surplus of £280K, an adverse variance of £325K compared to budget.

This represented an improvement from November against budget of £329K.

The two main variances are lower SFA funding income offset by a reduction in sub-contract costs (which are shown in teaching costs).

In total terms, income is currently 5% lower than budget and expenditure 3% lower than budget.

At 31 December 2014, group net assets stood at £113.6 million, including cash of £0.3 million and fixed assets of £110 million. All bank covenants continue to be met, but the cash situation remains tight in the light of recent capital expenditure outflow and the profile of funding receipts.

The current ratio at 31 December 2014 was 1.31.

As part of the Report, the Director of Finance informed the Committee that an **updated forecast for the year to 31 July 2015 is currently being prepared.**

It is being thoroughly reviewed on a bottom up basis with Department Heads, in the light of the challenges for the rest of the year and the performance so far, and the results of this will be reported back to the next meeting of this Committee.

Department Heads have been told that they must seek efficiency savings of 10% over the rest of this financial year.

Members were reminded that the lease claim (see confidential minutes) is not provided for in the management accounts.

The Committee **APPROVED** a modification of the application of the Fee (refund) Policy to make practices consistent and efficient.

In response to a member's question, the Committee were told around 90% of student fees are collected and that the accounts department will not pursue relatively trivial amounts. The overall policy is to collect all fees and that is unchanged.

## **(b) SFA/EFA Funding 2015-16**

No letter has yet been received from the EFA indicating the 16-18 allocation and learner numbers for the College for the year ended 31 July 2016, but it is expected by the end of this week. The expectation is that funds per student (headline funding rate) will not be reduced and may even slightly increase, given that it is an election year.

The Funding allocation for SFA will not be known until March 2015. It is widely expected to reduce by 11% for 2015/16 in line with earlier Government indications.

The Committee **NOTED** the position.

A member asked whether the current funding formulae will remain in force from both agencies – as far as one knows, they will.

The Committee also noted that further growth in Apprenticeships is being funded by Government but there is not an unlimited supply of employers offering apprenticeship placements, particularly in the SME sector.

## **(c) Learner Numbers and Financial Implications 2014/15**

The Deputy Principal and Chief Executive presented a paper showing progress this year against the allocations for EFA and SFA funding.

At this stage, the EFA learner numbers and funding is currently below target (96.1% of target – approx £1.3 million short). The College is not expected to meet the learner number target of 7,068 learners but will strive to meet the funding target of £31,377,713. As a consequence, the 2015/16 allocation is anticipated to be reduced but, under the current funding arrangements, there will be no claw back of 2014/15 funding within this year.

**Items 6 (e) (f) & (g)** were deemed to be Confidential Items under the Instrument & Articles and a separate minute has been prepared and is attached to these minutes.

SFA 19+ funding is currently below target but is anticipated to increase and the same applies for SFA 16-18 Apprenticeships. The outturn for the year should meet the overall SFA target, which is funding based, not based on learner numbers.

The Committee **NOTED** the Report.

The Committee also **NOTED** that the failure to meet these targets puts achievement of the budgeted surplus at risk for this year. If these under achievements produce less allocations and therefore income for 2015-16, then inevitably cost reductions will have to be made next year. Reductions would need to be across all areas, both academic and support services.

## **(d) Appointment of Additional Director of Essex Shared Services Limited**

The Board had indicated at its last Meeting, when considering the Joint Venture Agreement with Chelmsford College, that having only two directors of the company may be restrictive, if either was unavailable for any reason and thus affect the smooth governance of ESS Limited.

Chelmsford College Board had also expressed a similar concern.

The Committee therefore **AGREED** that both Colleges should appoint an additional director to the Board of ESS Limited and **RESOLVED** that Mr R Launder (Chairman of the Board) should be the nominee of South Essex College. Ms Oddie will be the nominee of Chelmsford College: she is its Vice-Chairman.

## **7. HR Matters (Paper PRC.15.04)**

The Committee **RECEIVED** a Report from the Head of Human Resources on HR KPIs.

The sickness absence rate (6.88 days per annum) is slightly below the KPI set for the College of 7 days per person in the previous twelve month rolling period. Action is being taken to support staff and attempt to facilitate a return to work in a timely manner.

It was reported that the absence experience in December in the College worsened.

It was noted that there is a correlation between absences and poor results in Departments.

The turnover rate of 18.6% exceeds the KPI target of 15%, but is hoped to reduce in the next few months, however, it will need close monitoring and, if necessary, appropriate action to be taken.

The HR Department will continue analysing staff departures to ensure the quality and experience of the workforce can be continued.

## **8. Forthcoming Events (Paper PRC.15.04)**

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

The Clerk informed the Committee that he will attend the AoC Governance Conference in London on 4 March and report back to this Committee and the Board.

## **9. Date of Next Meeting**

Monday 23 February 2015 at 6.00 pm at the Basildon Campus.

There being no further business, the Meeting terminated at 7.30 pm.

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