

Policy & Resources Committee

Approved Minutes

Minutes of a Meeting of the Committee held on Monday 24 February 2014 at the Southend Campus at 6.00 pm.

Present: 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 Chief Executive)
Ms C Anson-Higgs (Vice Principal, Business Development)
Mr R I Millea FCA (Clerk to the Corporation)

In the absence of the Chairman at a reception at Lancaster House being given by the Skills Minister, the Vice-Chairman took the chair for the meeting.

1. Apologies for Absence

Apologies for absence were received from Mr R Launder (Chairman), Mr J Hayles (Deputy Principal), Mr R Hughes, Mrs W Barnes (Vice Principal, Teaching, Learning & Student Support) and Ms D Hurst (Director of Finance).

2. Urgent Business

a. The Clerk reported that the transfer of Terry Knight from this Committee to the Curriculum & Quality Committee had been ratified by the Board by written resolution.

b. The Clerk further indicated that there are now two vacancies on this Committee, following the retirement of Mr R Smith and the transfer of Mr T Knight, as noted above. The Search & Governance Committee will consider replacements at its next meeting in May 2014.

c. The Clerk reported the use of the College Seal to impress a temporary lease agreement in favour of UK Power Networks at the Nethermayne Campus, Basildon in order that UKPN can carry out necessary electrical re-siting work for the Hospice which is remaining there once the College moves.

d. The Committee received a paper with proposals for Fees for International Students of the College for 2014/15, prepared by the College's International Department, noting that, in broad terms, these fees are slightly higher than for UK students, but bursaries can and are offered to match the appeal in the market.

The Committee agreed to **RECOMMEND** these proposals to the full Board for approval at its next meeting on 17 March 2014.

3. Minutes of the Meeting held on Monday 27 January 2014

The Minutes of the Meeting held on Monday 27 January 2014 were **APPROVED** and **SIGNED** by the Vice-Chairman.

4. Matters Arising

The clerk reported that the updated College Risk Management Policy will come to the Committee for review at the next Meeting of the Committee on 12 May 2014.

5. Strategic Developments in South Essex (Paper PRC.14.04)

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. Annual Health & Safety Report (Paper PRC.14.05)

This Report was presented by the Deputy Chief Executive, in the absence of the Deputy Principal, covering the calendar year 2013.

The Committee noted the duty of the Board and the College to ensure compliance with legislation and to ensure provision of a safe environment for staff, students and visitors.

The Report indicated the number of reported incidents during 2012-13, divided between injuries and illnesses, and the Committee noted that the total number had reduced compared to the previous year.

The Committee **RECEIVED** the Report.

7. College Finances (Paper PRC.14.06)

The Deputy Chief Executive presented the **Finance Report** comprising the (a) **Management Accounts for the six months ended 31 January 2014** and (b) an **updated Forecast for the year to 31 July 2014, with comparison to the original Budget**.

The **Management Accounts** showed that, to 31 January 2014, total income amounted to £27.4 million and total expenditure to £27.7 million, giving rise to a deficit to 31 January of £370K.

After revaluation reserve transfer, and an exceptional credit of £65K (arising from the writeback of a provision previously made), amounting in total to £155K, the deficit for the year to date was £214K, compared to a budgeted deficit of £514K, a favourable variance of £300K.

At 31 January 2014, group net assets stood at £68.8 million, including cash and short term investments of £4.8 million and fixed assets of £94.4 million. All bank covenants continue to be comfortably met.

The current ratio at 31 January 2014 was 1.7. Pay as a % of turnover is running at 65.9% based on budget, against a target of 62.5%.

The updated Forecast to 31 July 2014 had been prepared on a bottom up basis with Department Heads, as proposed at the last meeting of the Committee and it shows a surplus of £820K (after exceptional items), broadly in line with the budget of £1.0 million. It could be slightly better depending on the final outturn on the apprenticeship figure noted in the next paragraph.

The main indicator reducing the budgeted surplus is the likelihood of total apprenticeship funding for the full year not reaching the target by £600K – the effect of this on the surplus for the year is 15% thereof, i.e. £90K. (current figures today).

Payroll is forecast to exceed budget for the year by around £800K due to use of agency staff, which has now been stopped. It is considered that usage of agency staff so far this year has not been fully controlled and not robustly authorised before being incurred.

On occasions when agency staff are used, it is often been because College managers have not explored existing staff being asked/able to cover the sickness or other absences.

Conversely, the original financing costs budget will not be required and a benefit of around £750K will result for the whole year, due to interest rates being lower than anticipated when the budget was approved and that these funds will have been drawn down earlier in the year.

It is quite clear that further staffing savings will be necessary next year when the expected lower funding allocations for 2014-15 are known.

A member asked whether the College's cash flow is robust given that £2 million is to be spent on the proposed new Southend building along with other commitments, but there is no doubt that it is tight and will be closely monitored.

(b) SFA/EFA Funding 2014-15

The Deputy Chief Executive reported that **SFA Funding** for 2014-15 has been indicated on a national basis by Government and it is confirmed that there will be a reduction of about 9% on this year's amounts, slightly better than anticipated.

The College has not yet received a definitive allocation from the SFA but that is expected in the next couple of weeks.

With regard to **EFA Funding** for 2014-15, the College still awaits confirmed target learner numbers and the relevant funding which that will generate. The rate per student is expected to be the same as the current year save that 18 year old students will have their funding cut by 17.5%.

(c) Learner Numbers and Financial Implications 2013-14

The Deputy Chief Executive gave the Committee an update of the College's progress in meeting the allocations for EFA and SFA Funding for the current financial year.

At this stage, it is anticipated that the targets for both 16-18 learners and 19+ learners should be met, but it remains a tough challenge.

The Committee were reminded of the potential impact if either target is not met – a clawback of funding this year in the case of SFA monies (some clawback does look likely – see item 7 (a) above) and a knock-on effect on next year's allocation of learner numbers for EFA monies.

It is clear that the College is over-delivering on its EFA-funded courses this year and the need to restrict delivery to what is funded needs to be stressed firmly to curriculum managers.

8. Shared Services Proposal (Paper PRC.14.07)

This is deemed to be a confidential item and a separate minute has been prepared as for 5 above.

9. Management of Change Strategy – Phase 2 (Paper PRC.14.08)

This is deemed to be a confidential item under the Instrument & Articles and a separate minute has been prepared as for 5 above.

10. Forthcoming Events (Paper PRC.14.09)

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

11. Date of Next Meeting

Monday 12 May 2014 at 6.00 pm at the Thurrock Campus, Woodview.

There being no further business, the meeting terminated at 7.50 pm.

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