

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

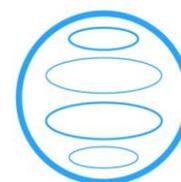
MINUTES

Date	20 June 2012	Time	2pm
Venue	Station Plaza boardroom		
Chair	John Cosson	Minutes taken by	Louise O'Byrne
Membership	Mrs W Bennett; Mrs S Blackford; Mr J Cosson (Chair); Mr P Farmer; Mr C Cooke; Mrs S Walton		
In attendance	Officers: Biram Desai; Stephen Hagues Item 4: Dr T Strickland, CEO of FE Sussex		

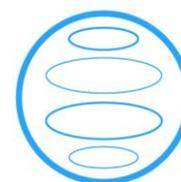
Item no.	Item	Actions
1.	<p>Apologies No apologies had been received.</p> <p>Declarations of interest Mrs Walton declared that she was an employee of Pestalozzi. Mrs Blackford declared that she was an employee of Plumpton College.</p> <p><i>Item 4 was taken at this point.</i></p>	
4.	<p>FE Sussex Shared Systems – Proposed pilot of new accounting and HR software and best practice processes</p> <p>This was taken as a confidential item.</p> <p>RESOLVED: Subject to Mr Cooke being content with the details outlined in the paperwork, the Committee would recommend to Full Corporation:</p> <ul style="list-style-type: none"> a) To approve the overall policy decision to participate in shared systems. b) To sign up to the specific proposals for shared accountancy system. <p>Proposed: Mr Farmer; Seconded: Mr Cooke; CARRIED.</p> <p>It was noted that the proposal was for shared systems and not shared services at present, although shared services were likely to be explored as the project matured. Mr Cooke would recommend timescales for implementation, in view of reinspection and other priorities.</p>	

	<i>Mr Strickland left the meeting at 2.40pm.</i>	
2.	<p>Minutes of the previous meeting RESOLVED: The minutes of the previous meeting held on 9 May 2012 were accepted and signed as a true record, including the confidential minutes. Proposed: Mr Cosson; Seconded: Mr Farmer; CARRIED.</p>	
3.	<p>Matters arising on the minutes</p> <p>The SLT had discussed the staff survey and agreed to conduct it in the autumn term, around a year after the previous survey.</p> <p>Two other matters were discussed as confidential minutes</p>	
5.	<p>Key Performance Indicators relating to Finance and HR – May 2012 update</p> <p>Mr Desai and Mr Hagues presented this item. Refer to accompanying paper for details. Mr Hagues explained that the HR data had been further updated since the papers were circulated, and that completed appraisals now stood at 88% rather than 79% as reported. Governors noted that the report contained April data for both Finance and HR, and requested that future reports contain more timely data. It was further noted that the College was below targets for most of the indicators.</p>	Mr Desai / Mr Hagues
6.	<p>April 2012 Management Accounts including updated year-end forecast</p> <p>Mr Desai presented this item. Refer to accompanying paper for details. He explained that the College's income was currently forecast at around £400k over budget for the year. A final year-end outturn operating surplus of £26k (before restructuring costs) was anticipated, and this was not expected to change materially. However the restructuring costs were expected to be at least £100k and potentially significantly more once notice periods and so on were taken into account.</p> <p>The SLT had been focussing on some intensive targeted investments to ensure that Work-Based Learning and 16-18 Learner Responsive targets for the year were met. Governors endorsed this approach.</p>	
7.	<p>Risk Register – update</p> <p>Mr Hagues presented this as a verbal item. He explained that the risk register was currently under review to align with the new strategic priorities agreed by Full Corporation on 2 May 2012. The recent internal audit report had concluded that risk management was not embedded across the organisation. RSM Tenon (the auditors) also had suggestions to improve the risk management policy, and were scheduled to give some comprehensive support with this area in July. All being well, these</p>	

	<p>measures would secure an unqualified audit opinion in the autumn term. The report had included recommendations for governors to receive training in risk management, and for the policy on Board setting of risk appetite to be formalised. Mr Farmer commented that he and Mr Cooke had discussed this serious area of concern at length, and considered it a high priority. Risk would now be a standing item at SLT meetings and the Principal's Performance Reviews.</p> <p>Mr Cooke added that the SLT had begun a rigorous programme of reviewing risk management across the organisation. This comprised the following strands:</p> <ul style="list-style-type: none"> i) Preparation for the SFA external funding audit. This would incorporate responding to the Tenon recommendations. Peter Jones was leading this work, and Mr Cooke anticipated successful completion. ii) Ensuring an unqualified internal audit opinion in the autumn term. Mr Cheetham (RSM Tenon) was leading this work. Within the scope were: <ul style="list-style-type: none"> - Governance (assessed as low risk by RSM Tenon) - Funding eligibility – Mr Cheetham had advised that a successful external SFA funding audit would effectively assure this area - Financial controls (rated amber/green by RSM Tenon; Mr Desai was leading on the remedial actions) - Risk management – Mr Hagues was leading on this area 	
	<p>The SLT had built an interim head/director of MIS into the budget to ensure the success of this work.</p> <p>Governors agreed that regular updates would be needed. Mr Cooke agreed to produce an action plan for Corporation monitoring. Mr Desai observed that the next F&HR / Audit Committee meetings were not until November 2012, by when many of the actions would have been completed. It was agreed that additional less formal committee meetings, or 1:1s between Mr Farmer and Mr Cooke, might be needed. One governor observed that this represented an interim approach, and asked when a formal agreed process would be in place. Mr Farmer replied that the 17 October strategy day would seek to create a coherent framework from the strategic objectives, strategic risks, targets and KPIs, and so on.</p>	<p>Mr Cooke</p> <p>Mr Cooke and Mr Farmer to agree monitoring approach</p>
<p>8.</p>	<p>Final budget 2012/13 and three-year financial forecast</p> <p>This was taken as a confidential item.</p> <p>RESOLVED: Considerable debate had been held around various forecasts, especially in terms of staff costs and staff cost ratios. While the Committee would have preferred to see more ambition, it recognised the reinspection pressures. In the light of this, and the responses received from management, it decided to recommend</p>	

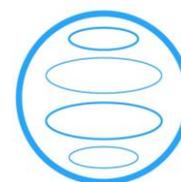


	<p>the proposed budget to Full Corporation on 4 July 2012. Proposed: Mr Cosson; Seconded: Mr Farmer; CARRIED.</p>	
<p>9.</p>	<p>Refreshed financial regulations and report on their effectiveness Mr Desai presented this item. Refer to accompanying paper for details. He explained that this was an annual item to confirm any updates to the regulations. One governor asked how often the regulations were properly refreshed. Mr Desai replied that this was last done in 2010. In addition, the SISSC project team had recently reviewed all colleges' financial regulations.</p> <p>It was noted that the HMRC recommendation for an increased mileage allowance was not statutory; however all agreed that the College should increase mileage rates in any case, in the interests of staff morale. One governor asked for this annual report in future to confirm whether there had been any waivers to the financial regulations</p> <p>RESOLVED: The Committee would recommend the refreshed financial regulations to the Full Corporation on 4 July 2012. [Please see also Item 10 for a further amendment to the regulations.]</p>	<p>Mr Desai</p>
<p>10.</p>	<p>Subcontracts Mr Desai presented this item. Refer to accompanying paper for details.</p> <p>Firstly, on 13 June 2012 the Audit Committee had considered the proposals for 2012/13 as per the Financial Regulations. It had agreed that the processes appeared sound, and could be endorsed.</p> <p>Secondly, Mr Desai presented a report on franchise activity during 2011/12. This report included a summary of which partners were recommended for 2012/13 and the reasons why.</p> <p>Thirdly, Mr Desai asked the Committee to recommend to Full Corporation the list of preferred providers for 2012/13, and the indicative contract values.</p> <p>Fourthly, Mr Desai recommended a change to the Financial Regulations in order to formalise the process for in-year contract changes. The proposed wording was:</p> <p><i>The Vice Principal Finance and Commercial or the Principal shall also be authorised to approve in-year variations to contracts, subject to the agreement of the Chair of Corporation, and Chair of Finance and Human Resources Committee. Any such variations shall be notified to the F&HR Committee and Corporation at their next meeting."</i></p> <p>The number of contract partners would reduce radically, from 23 in 2011/12, to just four in 2012/13. Governors asked Mr Desai whether he was certain these four providers could deliver the work. He replied that managers had held detailed discussions with the four companies in</p>	



	<p>recent months, and were very confident that they would deliver within budget and to the required standard. He was then asked what the College would do if they failed to deliver. Mr Desai explained that there were a small number of other local providers who could potentially pick up the work if needed. After some discussion, it was agreed that these should be added to the list of preferred providers for Corporation approval, in case of any difficulties mid-year with the main providers.</p> <p>One governor asked how much provision had not been delivered as planned during 2011/12. Mr Desai replied that the College had met all its main allocations. However, some providers had failed mid-year, and their contracts had been redistributed to other providers. He was then asked about due diligence processes, and gave a brief summary of the processes in place.</p> <p>RESOLVED: The Committee would recommend the list of preferred providers to Full Corporation, subject to the inclusion of a small number of preferred “reserve” providers. The Committee would also recommend the inclusion of the suggested wording in the Financial Regulations, regarding contract variations. Proposed: Mr Cosson; Seconded: Mrs Blackford. CARRIED.</p>	
<p>11.</p>	<p>Casterbridge accounting policies Refer to accompanying paper for details. Mr Desai explained that the sector had a standard template set of accounts, produced for a model college called Casterbridge. This template followed the preparation of accounts in accordance with the 2007 Statement of Recommended Practice (SORP) – Accounting for Further and Higher Education. The College had prepared accounts on this basis and achieved clean audit reports in the past as a result. However, it would be good practice for the F&HR Committee to formally approve the template, which included standard accounting policies.</p> <p>RESOLVED: The Committee approved the accounting policies for the 2011/12 Financial Statements. Proposed: Mr Cosson; Seconded: Mrs Walton; CARRIED.</p>	
<p>12.</p>	<p>Motor Vehicle Centre relocation update Mr Desai presented this item. Refer to accompanying paper for details. The project to relocate the Motor Vehicle Centre to Ore Valley was well underway, although the attendant business plan was still subject to final approval by the Principal. Mr Desai gave a brief update on progress. No difficulties were anticipated with the planning permission, and the facility would be fully operational by 7 January 2013. The tender exercise had been completed, and a panel had selected Faircloth as the preferred supplier. Mr Cosson had viewed and advised on the bids, but not yet had sight of the proposed contract terms.</p> <p>RESOLVED: The Committee would ask Full Corporation on 4 July</p>	

	<p>to delegate approval of the final contract to the Principal and Chairman, on the basis of the tender made by Faircloth. Proposed: Mr Cosson; Seconded: Mrs Blackford; CARRIED.</p> <p>It was agreed that Mr Desai would circulate a synopsis of the bid to Full Corporation with the 4 July meeting papers in w/b 25 June.</p>	Mr Desai
13.	<p>Update from Human Resources Mr Hagues presented this item. Refer to accompanying paper for details.</p> <p>Firstly, Mr Hagues highlighted the issue of staff sickness absence, which was currently at 10.1 days per person – the highest ever recorded at SCCH. This then impacted on other staff, who had to cover for absent colleagues. Mr Hagues presented a breakdown of this figure into short / long-term absence, and listed by complaint. The most common reasons for absence included mental health (an issue of national concern), operations and recovery, and musculoskeletal complaints. The HR department was monitoring staff sickness carefully, and referring colleagues to Occupational Health as needed. Staff feedback was that the OH support was very helpful. Clear monitoring systems and counselling support were also in place.</p> <p>Secondly, Mr Hagues updated the Committee on the current restructure. As previously discussed with the Committee and with Full Corporation, the 12/13 budget required the College to make a £1.3 million pay saving. The SLT had reviewed every post in the College in order to achieve these savings. It had also taken the opportunity to propose changes to staffing structures to help meet key aims including:</p> <ol style="list-style-type: none"> 1) improvements in learning, assessment and teaching 2) improving outcomes for learners 3) achieving a grade 3 at reinspection 4) a flexible curriculum design to enable learner participation to be widened and increased 5) effective leadership 6) increased control of the ILR and funding 	
	<p>Under the consultation proposals there would be a net loss of 32 posts from the College, as 78 posts full time and part time were likely to be removed from the structure, and 46 to be made available. In addition to this the College had also removed a further ten posts over the last six weeks through redundancy and ending fixed term contracts. The SLT had formally consulted the Unions. Staff had also actively participated in the consultation, and made constructive suggestions for alternatives, despite this being a very difficult time for staff. The consultation closed on 28 June, after which the Principal and SLT would make the final decisions.</p>	



	<p>Within Curriculum, the SLT was proposing two faculties, supported by Learning and Standards Managers. An alternative to the original proposals for this area was currently under development following substantial staff feedback.</p> <p>Governors asked for more clarity on the fact that the proposals appeared to save £1.3m overall, which now contradicted the proposed budget. Mr Desai confirmed that the proposals would save £1.3m, but that some of the proposals were extremely tough, and therefore there was some scope for movement where the stress of reorganisation was most severe.</p> <p>A more detailed briefing including proposed structure charts would be circulated to Members in the next few days.</p>	Mr Cooke
14.	<p>Facilities Management Update This was taken as a confidential item</p>	
15.	<p>Capital Projects Update This was taken as a confidential item</p>	
16.	<p>Commercial Update Mr Desai presented this item. Refer to accompanying paper for details. He gave the Committee an update on commercial activity to date, and asked it to recommend the transfer of Costa Coffee and the Art Shop to Plaza Trading Hastings Ltd from 1 August 2012. This was primarily to achieve greater flexibility of staff deployment, and lower staffing costs alongside some VAT benefits.</p> <p>Governors expressed concern at the continued losses incurred by the Dine restaurant. Mr Desai explained that this outlet had always made a loss, even when under private sector management. Mr Hagues added that the staff restructure was seeking to address this, for example by making better links with Coast, and reducing the staff cost base. Mr Cooke stated that potential strategic issues relating to the large number of catering outlets within the building might need to be addressed in future.</p> <p>RESOLVED: The Committee would recommend to Full Corporation that the management of Costa Coffee and the Art Shop should transfer to Plaza Trading Hastings Ltd from 1 August 2012. Proposed: Mr Cosson; Seconded: Mr Farmer; CARRIED.</p>	
17.	<p>Claims reimbursed to Senior Postholders Mr Desai presented this item – refer to accompanying paper for details The report indicated that Senior Postholders were failing to claim all or part of the expenses they were entitled to. The Committee strongly encouraged those SPHs present to claim these expenses in future. One governor asked whether this was a widespread problem across the</p>	

	College; Mr Hagues confirmed that it was only the SLT who did not claim.	
18.	<p>Finance and Human Resources Committee Annual Cycle of Business 2012/13</p> <p>The Clerk presented this item. Refer to accompanying paper for details. It was acknowledged that the cycle of business presented here was likely to need updating during the year, due to the pace of internal and sectoral change. The Committee agreed that the presentation of initial budget assumptions during the Spring Term 2012 had been helpful and should be repeated in 2013.</p> <p>RESOLVED: The Committee would recommend the annual cycle of business to the Full Corporation on 4 July 2012. Proposed: Mr Cosson; Seconded: Mrs Walton; CARRIED.</p>	
19.	<p>Financial Notice to Improve – received May 2012</p> <p>Mr Desai presented this item. Refer to accompanying paper for details. He explained that the Audit Committee had discussed this in detail on 9 June 2012, and would oversee the necessary actions. The paperwork was now presented to the F&HR Committee for information only. One governor asked whether the College should share this with its bankers. Mr Desai confirmed that he had already done this.</p>	
20.	<p>Health and Safety update</p> <p>Mr Hagues presented this item, which included tables of accident figures. One governor commented that it would be helpful for future reports to include a comparison with previous years. A worrying number of staff appeared to have been involved in accidents, however Mr Hagues believed this was due to high awareness and a policy of reporting all incidents however mild. There were concerns about the risks associated with deleting the Health and Safety Manager post in the restructure, and Mr Farmer as Health and Safety Governor asked to be kept informed.</p>	Mr Hagues
21.	<p>AOB</p> <p>No items were raised.</p> <p>This was Mr Cosson's last meeting before he retired as a governor on 21 June 2012. On behalf of the Committee, Mr Farmer thanked Mr Cosson warmly for his sustained and expert services to the committee and the College over the years.</p> <p>The meeting closed at 6.00pm.</p>	
	<p>Date of the next meeting</p> <p>Wednesday 14 November 2012 at 2pm</p>	