

FINANCE AND HUMAN RESOURCES COMMITTEE MEETING

Minutes

Date	6 May 2015	Time	15.00
Venue	Ore Valley G31		
Chair	Ken Melsom MBE JP		
Membership: Ken Melsom MBE JP (Chair); Wendy Bennett; Tony Campbell OBE KSG FRSA; Principal (Clive Cooke); Paul Evans; Pat Farmer; Sue Walton			
Apologies: Tony Campbell; Sue Walton			
Lead officers: VP CS (Biram Desai); Head of HR (Jackie Travis) In attendance: VP EES (Dan Shelley)			

	Item	Action
1.	Apologies Apologies were received from Tony Campbell and Sue Walton. The Chair reported that he had received an email from SW with points to be raised at the meeting.	
2.	Declarations of interest Paul Evans and Ken Melsom declared their directorship of Hastings Plaza Trading Ltd. Paul Evans declared his membership of Hastings Academies Board. Pat Farmer declared his interest as a member of the Hastings and Rother Task Force.	
3.	Minutes of the last meeting held on 4 March 2015 RESOLVED: The minutes of the previous meeting were agreed as a true and accurate record. Proposed: PF; Seconded: CC. CARRIED	
4.	Matters arising on the minutes The Committee noted the completed actions. The Committee asked about the panic button at reception and the VP CS reported it will be installed with due urgency.	VP CS
5.	Student Support Funds Policy The VP CS reported on the updated policy. He noted that the one key change is to extend the priority household income on 16-18 to three tiers (Priority 1 – income under £21,000; Priority 2 – income under £25,000; Priority 3 – income under £30,000) He noted that the College has been close to an underspend in previous years. The Committee asked if students were aware of the fund and whether there was a College responsibility to remind students of funding opportunities. The VP CS reported that it is embedded in the enrolment process. The Principal explained that students don't come forward enough to present their circumstances, and criteria may be too narrow. The Student President reported that she had not received any enquiries about the funding during her sabbatical. The Committee questioned the total funds available and the VP CS confirmed it is around £150,000 with all the different pots. SW's comments on whether a higher standard of attendance than 85% for those in	



	<p>receipt of additional financial support would encourage an increase in attendance. The Chair passed SW's comments on updates to the policy to the VP CS to action. RESOLVED: The Committee recommended to approve the Student Support Funds Policy. Proposed: PF; Seconded: PE; CARRIED</p>	VP CS
6.	<p>Performance Update The Committee noted that the KPI dashboard had been discussed in detail at last week's Corporation meeting. The Chair asked the VP CS about the inclusion of catering costs in pay costs and the VP CS confirmed the College quotes all inclusive pay costs and is currently operating at 64% of College income. The Chair noted that this needed to be considered when comparing with other colleges who may use different methods of calculating pay costs. The Chair thanked the VP CS for his report and noted the high standard and quality and quantity of information.</p>	
7.	<p>Accommodation and Estates Report The VP CS noted that to support the Curriculum Strategy and Plan four projects have been identified at Station Plaza for next year's budget- Directed Student enhancements to the library and commercial salon, Pitman's full cost centre, revolving door on entry, enhancements to security at front office. The VP CS reported on the retention figure of £500,000 on the LOR Making Good Defects Certificate. [Confidential note]. Agreement to release the retention sum to Laing O'Rourke by written resolution was agreed. The Chair noted the section on capital proceeds and reminded the Committee that the College has one further property (22 South Terrace) which has not yet been sold. The Committee questioned the CPO provision and the VP CS reported the claim total is £684,000 which is the claim against Hastings Borough Council as well as the College. In terms of plots of land 5 of the 7 may have a liability with the College. The Committee questioned the process and how the matter will be resolved and the VP CS explained the current situation is incredibly complicated and he would update the Committee when progress was made. (WB arrives 15.21) Planned maintenance programme. The Committee noted the update on the programme.</p>	
8.	<p>Health and Safety report The VP CS noted that a report was commissioned with Darren Setters for an independent review of H&S practice, implementation and record keeping at the College and its satellite operations. The report highlighted a range of concerns which will be considered by the Health and Safety Committee at its next meeting. A detailed action plan has been provided and the College is working through it as a matter of urgency with the plan being rag rated to address priorities. The College is in discussion with Baker Tilly to plan unannounced health and safety audits next year. Other areas noted included:</p> <ul style="list-style-type: none"> • accident reporting is low and work is being done to ensure all staff are reporting accidents, in particular minor accidents • a good cloud based training system has been rolled out and staff are engaged 	



	<ul style="list-style-type: none"> vandalism has reduced following the demolition of the bike sheds, the last reported incident was the SLDD garden <p>The VP CS agreed to send the report to the Vice Chair as Health and Safety Link Governor.</p> <p>The Principal reported that the report had been commissioned to test whether there was sufficient knowledge in the College to have H&S running at an outstanding level. He noted that it is a good comprehensive report showing that many small areas are not being carried out at an outstanding level and there are a small amount of areas that need tightening up.</p>	VP CS
9.	<p>Human Resources Update</p> <p>The Head of HR reported on the main points as follows:</p> <p>Business Development Plan 2015-16. The restructure is well underway and is the most comprehensive and in depth review of the curriculum and other staff that the College has seen for some years. The focus on detail will ensure that the College improves how it runs in the future. The consultation has finished and there has been excellent feedback from staff and the unions were complementary about the conduct of the consultation. Applications have been received from staff who remained at risk and were invited to apply for specific ring fenced posts. They are being scored and moderated this week and feedback will finish by the end of next week. The amount of staff being made redundant will be a lot less than originally expected due to teams adapting and working in different ways and it is expected to be far less than 20. This has resulted in little required involvement from the job centre or external agencies.</p> <p>Exceptions</p> <p>The Head of HR reported on exceptions. [confidential note].</p> <p>The Vice Chair reported that individually the rationale for the settlements was reasonable but voiced concerns about whether a pattern was developing which would lead to a culture among staff around settlement agreements. The Head of HR reported that a line has been drawn and exceptions were only looked at in the best interest of the College and in close consultation with the finance team. She noted that external legal advice is provided for every case, guaranteeing insurance cover and that the College is demonstrating best practice.</p> <p>One governor questioned why there were a lot of downsizing operations taking place but they don't seem to be reflected in the budget and asked where the benefits were being seen. The VP CS reported that he would address the question as part of the draft budget item.</p>	
10.	<p>Financial Planning</p> <p>a) March 2015 Management Accounts</p> <p>The Committee noted that they had already considered the March accounts at the Corporation meeting and the Chair asked if there was any more up to date information and questioned when the April accounts would be available. The VP CS confirmed that they would be ready for the next meeting and the Chair asked that they are seen by the Committee before June. The Vice Chair asked if there was an opportunity with the new finance systems to receive the accounts earlier and the VP CS reported that there are no speed advantages with the new system [confidential note]</p> <p>b) Draft Budget 2015/16</p>	VP CS



The VP CS reported that following on from a comprehensive business planning cycle starting with the Curriculum Plan review in the Autumn term the draft budget 2015-16 is in the papers with the final budget and 3 year plan ready for the June committee. Key points raised were as follows:

- The Curriculum Plan has been completed and taken 20,000 hours out of the curriculum aiming for 95% efficiency on delivery
- The table on p.4 table shows the changing mix of the college's income in the last 4 years. There is a significant change in income streams and it is hard work to earn the same income in a competitive business world compared to recurrent grant income
- p.11 shows the College is budgeting for a surplus for £430,000 for next year. The VP CS noted that it is a conscious College decision to use subcontracting which does generate the surplus. One governor asked if any activity based costings had been carried out in that area to see whether it is a good return. The VP CS reported that internal costs are known and it is a profitable return for example 100% staff attributed is £120,000 and net income is around £500,000.
- The VP CS reported that the surplus is small and there is a constant need to show costs are under control and all areas are performing
- The College is being meticulous in looking at pay costs which currently stand at 65.6% The 2015-16 budget percentage is 64%
- The VP CS reported on the pay forecast for 2015-16 and explained that there are other factors including increased pension contributions, NI and increments and investment in generating new income streams and the curriculum plan which increase costs. Reduction in the pay budget is mitigating these increases
- The Committee questioned why admin staff budgets are up by 10%. The VP CS reported that these are not increased support functions like for like but costs that are going up with pensions, NI and increments and targeted investments, for example the Pitman's Centre
- Financial Health is satisfactory for 2015-16
- FRS102 is effective for the 2015-16 financial year and will have a big impact on the movement of capital grants to creditors to reduce net assets. The banks working with the SFA so when the covenants are reapplied there is not an unfair advantage.
- The Chair queried when the College expected to receive formal notification about the removal of the Financial Health Notice of Concern and the VP CS reported that he has received verbal confirmation. The Committee asked the VP CS to write to the SFA to request a specific date
- The VP CS to correct a typo on p.3 income (should be 14-15 not 15-16)
- The Vice Chair questioned the split of income chart on p.4 and the reduction in HE. The VP EES reported that it is a small reduction as a % of total income and HE provision has been stable for some time with different range and breadth of provision but there is no plan for a significant increase. HEFCE funding changes next year so the College is being prudent to see how it goes.
- One governor asked how the data on p.4 on income generation compares with other colleges in the area. The VP CS reported that the College is doing a lot of different strands of income generation that has mitigated recent funding cuts. The dedicated post for income generation at the College gives an advantage. The VP EES reported that the College started at a low base and have adapted and been quick to meet the demands and government priorities and been able

VP CS

VP CS



	<p>to get more of the market share.</p> <ul style="list-style-type: none"> • The Vice Chair asked about the switch to partners on adult apprenticeships (p.10) and how much risk is involved. The VP EES reported risks are low and there are 800 starts in adult apprenticeships this year • The Vice Chair noted that on his recent visit to Crossland and Dudson they had praised the GRID software that is being successfully used to generate forecasting in the area. The VP EES reported that twelve colleges are using it nationally and the College is the first to use the partner add on software. It was agreed to present the software to governors. • The Committee questioned the £45k increase in other consolidated effects including inflation, procurement outcomes and asked why in the current state of inflation it would need to be increased. The VP CS confirmed that the College can make net cost reduction in procurement and noted he would need to need look further into the other effects to provide details (p.17) • The Committee looked at the in ICT leasing to support the Curriculum Plan and questioned whether a major leasing decision should go forward to the Committee. The VP CS reported that the investment is in leasing for ICT to support the Capital and ICT strategy. He reported that the College had avoided leasing previously but the move would give head room on overdraft facility, and allow regular updating of equipment. He noted that the rationale for the decisions would be included in the IT Strategy <p>The Chair thanked the VP CS for the good presentation of the budget.</p>	<p>Clerk</p> <p>VP CS</p>
<p>11.</p>	<p>Review of risks delegated to the Committee</p> <p>The VP EES reported that there are 15 risks delegated to the Committee, 3 of which are high risks - Failure to achieve capital strategy development and implementation, Failure to achieve 16-18 apprenticeship income target and failure to achieve Subcontractor income target.</p> <p>The VP EES reported that there is increasing demand from the SFA about due diligence in subcontracting and this will be added into the risk register. A visit to Eastely College where 60% of their business is subcontracting is planned and colleagues at Northbrook and SCCH are developing a system of sharing best practice with other colleges in the south east in the confines of data protection. The Chair asked for background on the College's risk managers and the VP EES provided details on the Relationship Manager and the MIS Manager and their important role in the College.</p>	
<p>12.</p>	<p>Subcontractor and Supply Chain fees and charges policy and 2015/16 management fee for agreement</p> <p>The VP EES reported that as part of SFA funding requirements the College is required to produce an annual Supply Chain Fees and Charging Policy which will be published on the website before the start of the academic year the policy refers to. The revised report included minor changes to comply with new funding regulations and recommended to maintain a management fee of 20%.</p> <p>The VP EES reported that subcontracting can be split into two camps. The community partner who provides a service for the good of the community, partners are generally small and focus on specific areas. Larger partners who provide volume and gain value for the College.</p> <p>The Committee considered the 20% management fee and questioned whether it is a standard fee. The committee asked whether there was an opportunity to increase it. The VP EES reported that the SFA used to have a figure of around 15% which they</p>	

	<p>have now removed and management fees vary between providers. He noted that higher fees may squeeze delivery too much and reduce the quality of provision and there is the risk of losing businesses to more competitive providers. The Committee reported that the good administration by the College was a bonus for maintaining relationships and the VP EES reported that in the surveys partner relationship is always rated 9.9 out of 10 and that the Relationship Manager and her team provided an efficient service to partners.</p> <p>RESOLVED: The Committee recommended to approve the Subcontractor and Supply Chain fees and charges policy and 2015/16 management fee. Proposed: PF; Seconded; PE; CARRIED</p>	
13.	<p>AOB There were no items of business raised.</p>	
	<p>MEETING CLOSED: 16.15</p>	
	<p>Meeting dates for 2014-15 Wednesday 10 June 2015 (15.00 start)</p>	

Length of meeting: 1hr 45mins

Attendance for 2014-15: 82%