

Meeting commenced: 18.00

Meeting ended: 19.20

PRESENT

Mr Andrew Baird
Dr Barbara Spittle
Mrs Liz Rushton
Mrs Jayne Dickinson

Independent Member
Independent Member
Independent Member
Principal and Chief Executive

Chair

IN ATTENDANCE

Mr Kevin Standish
Mrs Ann-Christine Harland

Deputy Principal: Curriculum and Standards
Vice Principal: Finance and Resources

APOLOGIES FOR ABSENCE

Mr Ray Elgy
Ms Mitzi Gibson

Independent Member
Director of HR and Professional Development

CLERK

Mrs Sue Glover

Clerk to the Corporation

FRC.41.15 DECLARATION OF INTERESTS

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

FRC.42.15 APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Mr Ray Elgy - business commitments
Ms Mitzi Gibson - personal commitments

The Committee agreed to accept the apologies for absence.

FRC.43.15 APPOINTMENT OF CHAIR OF THE COMMITTEE

The Clerk advised the Committee that at the meeting of the Corporation Board held on 9 July 2015 a new committee structure was approved effective 1 September 2015 and it was agreed that each Committee would elect a Chair for appointment by the Corporation Board.

Members were informed that, in accordance with the Terms of Reference and Standing Orders of the Committee, the Chair shall be appointed from among the independent members of the Committee. The current Chair, Andrew Baird, offered himself for re-appointment and there being no other nominations the Committee members elected Andrew Baird as Chair of the Committee.

RESOLVED

The Finance and Resources Committee recommends to the Corporation Board that Andrew Baird is appointed the Chair of the Committee.

FRC.44.15 NOTIFICATION OF ANY OTHER BUSINESS

Members agreed that there was no other business to be considered.

FRC.45.15 UNCONFIRMED MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 18 JUNE 2015

The minutes of the meeting were approved and signed as a correct record, subject to the policy number being inserted against a new policy.

FRC.46.15 MATTERS ARISING AND ACTION POINTS FROM THE MINUTES OF THE MEETING

Members agreed that there were no matters arising from the minutes of the meeting.

Members noted that all Action Points arising from the meeting had been addressed to the satisfaction of the Committee.

FRC.47.15 COLLEGE POLICIES

The Vice Principal: Finance and Resources presented, for consideration and approval, two College policies:

**ESC 49 Business Continuity Plan and IT Disaster Recovery Plan
ESC 60 Health and Safety Policy**

The Committee was advised that

- A regular cycle of reviews ensure that College policies take account of any changes in legislation
- The policies have been reviewed and approved by the College Directorate

Members were advised that

- the changes to the Business Continuity Plan and IT Disaster Recovery Plan reflect the additional robustness to the systems from a secondary internet line to Gatton Point South and changes to the data back-up system, from tapes to disc, introduced in January 2015
- the changes to the Health and Safety Policy reflect the new Personal Care Policy and the Fitness to Study Policy introduced for students.

Members reviewed each of the policies, noting the proposed changes and approved the policies for further consideration and approval by the Corporation Board.

Members noted the key impact measures arising from the report, in particular the Risk implications.

RESOLVED

The Finance and Resources Committee approves and commends for endorsement by the Corporation Board the following policies

**ESC 49 Business Continuity and IT Disaster Recovery Plan
ESC 60 Health and Safety Policy**

ESC.48.15 UPDATE TO BANK SIGNATORIES

The Vice Principal: Finance and Resources presented, for consideration and approval, a report relating to amendments to College bank signatories.

Members were advised that the College Finance Manager has returned from maternity leave and that it is necessary to reinstate the name of the individual to the list of authorised signatories to the National Westminster Bank current account.

RESOLVED

The Finance and Resources Committee approves and commends to the Corporation Board amendments to the College bank signatories in accordance with Financial Regulation 14.3 Banking Arrangements.

ESC.49.15 EAST SURREY COLLEGE BUDGET 2015/16

The Vice Principal: Finance and Resources presented, for consideration and approval, changes to the annual budget for the College.

Members were advised that, following the approval of the budget by the Corporation in early July 2015,

- on 20 July 2015 the SFA announced to the sector that it was further reducing the 2015/16 Adult Skills Budget by 2.5% for all FE Colleges as well as clawing back the grant distributed for Mandatory ESOL funding
- in recognition of the effect on Colleges, the SFA is allowing Colleges to resubmit their 3 year Financial Plan to 31 July 2017 by 30 September, should they consider this to be a material change to their outturns

Members noted that

- the effect on the 2015/16 Classroom Adult Skills Budget (ASB) income is a reduction of £69,763 reducing the grant from £1,292,489 to £1,222,726
- the Executive consider that this reduction in income should be funded by a reduction in the Contingency from £110k to £35k for the year, thus the historical break even position budgeted for the year will not be affected
- the effect of this further reduction to ASB is that the College will not be able to offer as many funded courses to adults as planned. However, the reduced grant may not be difficult for the College and once the ILR has been run for 2015/16 in November 2015 the College can assess availability for any further subcontractor to access the funding
- the statement of the income in the 3 Year Plan will however require restating, as the contingency was applied to tuition fees for presentation and the reduction in grant assumed for 2016/17 is now less than 7% on the revised figures, which may not match any cuts. However, it is not considered advisable to change the 2016/17 forecasts at this early stage as further detailed review will be more relevant after the Government's Spending Review in November
- due diligence is currently still ongoing for the appointment of the new subcontractor for 180-190 EFA funded learners. The assessment of additional funding will be made following the ILR F04 data return in early December and ratified after the R06 submission in early February with payment 'in the Spring'. The EFA have agreed to re-profile the grant to 31 March to enable payments from November to January to be fully funded. However, if payment from the EFA is not received until after 1 April the College could be funding up to £680k of the contract from reserves over a short period pending re-imburement. The effect of this is modelled in the 2015/16 cashflow forecasts in the Management Accounts to 31 July 2015

In response to questions from members, the Committee was informed that

- apart from the risk with the new subcontract, at this stage there is no reason to believe that the net contribution to College overheads of £200k will not be generated for 2015/16 and the budget remains unchanged
- College financial health for 2014/15 is expected to be good and to maintain this for 2015/16 will require an enormous focus on staying within pay and non-pay budgets

The Committee noted the key impact measures arising from the report.

RESOLVED

The Finance and Resources Committee approves and commends to the Board the changes to the 2015/16 budget following late announcements of further cuts to funding by the SFA to the College sector but will keep the budget under review following the outcome of the Government's Spending Review and the due diligence for the appointment of the new subcontractor

FRC.50.15 ESTATES – PROPERTY UPDATE REPORT

The Vice Principal: Finance and Resources presented, for information, the Estates - Property Update Report.

The Committee was advised

- that the summer works at Gatton Point South has included the installation of a security barrier and refurbishment of construction workshops and a science room
- the potential partnership bid for the Coast to Capital Skills Capital (Gatwick Skills) Fund for the construction of local Skills Centres for the delivery of skills training to support airport and related operations could lead to works at Gatton Point South. This would support student growth expected from 2019 onwards. The deadline for Expression of Interest is 9 October 2015
- the College has three service contracts in the early stages of retendering through either OJEU or Crescent for catering services, facilities management and cleaning.

Members noted that

- in terms of timing for the catering contract, the appointment is to be confirmed 1 December 2015 with the service commencing 4 January 2016, allowing a short mobilization period should the contract be won by a new supplier. As interviews of those shortlisted takes place on 25 November, approval of the decision may be tabled at the next meeting of the Committee and if this is not achievable a request will be made for Chair's Action to approve the appointment with ratification at the Corporation meeting in December

The Committee noted the impact measures arising from the report, in particular the Strategic and Risk implications.

AGREED

The Finance and Resources Committee receives and notes the Estates – Property Update Report.

FRC.51.15 ENROLMENT: 2015/2016

The Vice Principal: Finance and Resources presented, for information, a report on the enrolment position for 2015/16 at 23 September 2015.

Members considered the report, which provided information in respect of the preliminary position on enrolment at this date relative to:

- 16-18 full time enrolments
- 16-18 part time enrolments
- 19+ full time enrolments
- 19+ part time enrolments
- Recruitment of 16-18 Apprenticeships
- Recruitment of 19+ Apprenticeships
- Recruitment of CITB Apprenticeships
- JCP referrals
- HE enrolments
- Community learning enrolments
- 14-16 recruitment
- Traineeship and Kickstart enrolments, scheduled to commence in October, January, February and April

Members noted that

- the College tracks all enrolment and student data rigorously and reports regularly to members on the current position and the implications
- the first student numbers return is due in December 2015, data from which is likely to be used as the basis for the initial 2016/17 grant allocation
- current EFA guidance is that 16-18 student growth can only be allocated for 2016/17 if achieved, and unfunded, in 2015/16, 'lagged funding'. The College has not budgeted to take any unfunded learners

Members agreed that overall it was currently a pleasing result with good apprenticeships recruitment. However, members were reminded that the position was still fluid at this stage.

Members noted the key impact measures arising from the report, in particular the Strategic, Risk and Learner implications.

AGREED

The Finance and Resources Committee receives and notes the report.

FRC.52.15 MANAGEMENT ACCOUNTS FOR THE PERIOD TO 31 JULY 2015

The Vice Principal: Finance and Resources presented, for information, the Management Accounts for the period to 31 July 2015.

Members were advised that the Management Accounts for the year form the basis of the Annual Financial Statements after FRS 17 adjustment and any late audit adjustment.

Members considered the detail of the accounts, noting:

- the Board approved a full year operating surplus budget of £50k in July 2014 and the current outturn position is a surplus of £248k
- no income budget assumption was made for either ESF Funds or High Needs ALS claims to Local Authorities, which have contributed to the higher outturn

- income has outturned higher than budget (£766k) and forecast (£495k) following high activity level in completion of ESF grants, greater outturn for the SFA Classroom Based Grant, due to activity from subcontractors and Surrey County Council
- tuition fee income is currently showing a positive variance of £247k
- pay costs are currently 64.97% of income compared with the full year budget of 66.9%
- non pay costs are currently exceeding budget by £402k, due largely to subcontractor costs and HR recruitment
- the cash balance at 31 July 2015 is over £2.2m and is forecast for 2015/16 to stay above £1.3m

All budgets have been monitored to ensure that they outturn within full year budget.

The Committee noted the impact measures arising from the report, in particular the Strategic and Risk implications.

AGREED

The Finance and Resources Committee receives and notes the Management Accounts for the Period to 31 July 2015.

FRC.53.15 KPI DASHBOARD

The Committee received and reviewed the KPI Dashboard: Period 13 to July 2015.

AGREED

The Finance and Resources Committee receives and notes the KPI Dashboard: Period 13 to July 2015.

FRC.54.15 ANY OTHER BUSINESS

There was no other business.

FRC.55.15 SCHEDULE OF MEETINGS: 2015/2016

Thursday 26 November 2015
 Thursday 3 March 2016
 Thursday 23 June 2016

All meetings commence at 18.00

At the conclusion of the Part 1 meeting, members moved into a meeting restricted, in accordance with the Instrument and Articles of Government and with Section 22 of the Freedom of Information Act 2000, to the members of the Corporation Board and to senior members of staff of the College.

SIGNED AS A CORRECT RECORD:

DATE: 26 November 2015