

Meeting of the Finance & Resources Committee

Venue: Conference Room 1, South Shields Centre

Date: Wednesday 28 September 2016

Time: 4.00pm – 6.35pm

Present: George Clark (in the Chair)
Malcolm Grady
Andy Walton

Apologies: David Byrne
Andrew Watts
Lindsey Whiterod

In Attendance: Neil Longstaff (Clerk)
Helen Beaton (Deputy Chief Executive)
Catherine Donnelly (Director of HR) for Items 4 to 9 only

ITEM	ISSUES	ACTION
1.	<p>Apologies for Absences</p> <p>The Committee approved apologies for absence received from those identified above after having considered the reasons for their absence.</p> <p>The Chair welcomed Andy Walton to his first meeting of the Committee.</p>	
2.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
3.	<p>Minutes of the previous meeting</p> <p>The minutes of the meeting held on 22 June 2016, including the separately minuted confidential items, were approved and signed by the Chair.</p> <p>Matters Arising</p> <p><u>3.1 Marketing Strategy</u></p> <p>See item 10 re. Committee performance review.</p> <p><u>3.2 Follow-up to Actions</u></p> <p>The Clerk confirmed the following:</p> <ul style="list-style-type: none"> • The Management Accounts had been presented to the Board. • The 2016/17 Budget had been adopted by the Board. • The two year budget forecast was approved by the Board and sent to the SFA. 	

	<ul style="list-style-type: none"> • The Student Union budget of £20,000 for the 2016/17 academic year was approved by the Board. • The Public Value Statement was presented to the Board and adopted. This was now on the College's website. • The Committee Workplan had been presented and approved by the Board. <p><u>3.3 Potential Land Sale</u></p> <p>Confidential item</p> <p><u>3.4 Regional Finance Comparison</u></p> <p>Confidential item</p> <p><u>3.5 Payment outside Financial Regulations</u></p> <p>Confidential item</p>	
<p>4.</p>	<p>HR Report</p> <p>Confidential item</p>	
<p>5.</p>	<p>Annual Report on Safeguarding</p> <p>CD introduced this report and advised on the following safeguarding matters:</p> <ul style="list-style-type: none"> • The annual report for Safeguarding 2015/16 and the actions for 2016/17 • Issues that had been addressed by safeguarding leads, Training, Multi-agency working including serious case reviews • Statutory requirements and Ofsted guidance <p>Responding to a question CD explained how the safeguarding cases were collated and categorised.</p> <p>Q. Concern over increasing number of safeguarding cases? No. Staff were identifying cases much earlier and were alert to issues that might not have been picked up previously.</p> <p>Q. Extra resources needed? No. It was reported that a monthly report was presented to SEG to monitor safeguarding matters and any additional pressure being placed on staff. Support offered to students was outlined and noted.</p> <p>It was noted that the College had not been represented at the Adult Safeguarding Board partly due to a reduction in the number of safeguarding contacts at the College and a time lapse between appointing and training new contacts. However, in future the College was to send a representative.</p> <p>Concerns had been raised with the Local Children's Safeguarding Board as it appeared that the Borough's safeguarding was specified only in relation to school aged children. Examples were shared with the Committee.</p> <p>Q. College FE disadvantaged? No, as schools with over 16s would have been advised the same as the College, that is to say if the student did not have a previous history they were being classed as an adult.</p>	

	<p>Q. Pressure from Board needed? Only if an inadequate response was received following a letter sent on behalf of the Senior Executive Group.</p> <p>Resolved: That the report is accepted.</p>	
6.	<p>JCC Annual Report 2015-16</p> <p>The Director of HR presented the annual report from JCC for 2015-16 and a plan for 2016-17.</p> <p>With regard to unions, there continued to be a lack of representatives in the College from either AMIE or GMB. The College had been in contact with both regional offices and was aware that attempts had been made to provide local reps but to no avail. Relations with unions remained very good.</p> <p>Governors felt that this would be a crucial area particularly in light of the merger with Tyne Met College (TMC). It was confirmed that the UCU regional representative dealt with both colleges, which was likely to be beneficial during discussions.</p> <p>Progress on strategic matters and revised policies/procedures were reported and noted.</p> <p>Responding to a question CD confirmed that there were 10 members on the JCC.</p> <p>Resolved: That the Committee agree to receive the contents of the report.</p>	
7.	<p>HR Action Plan 2016/2017</p> <p>This report outlined the key actions for the HR department for the academic year 2016-17.</p> <p>It was noted that CD had met with the Chief Executive and agreed the actions within the plan. Meetings with TMC were to be held, from which it was hoped that CD would achieve a better understanding of the size of the task ahead with regard to HR matters.</p> <p>CD, in response to a question, outlined examples of support given to Ridgeway Primary and the working relationship with BT-South Tyneside's HR Team.</p> <p>Q. Could STC deliver HR services to the school? It would be difficult under current circumstances as the team did not have specific specialisms to advise at school level. However, should the Academy Trust grow there could be opportunities to employ specialist staff.</p> <p>Resolved: That governors agree to receive and accept the HR Action Plan 2016/2017.</p>	
8.	<p>Policies</p> <p>The purpose of this report was to recommend to the Committee a review of the Redundancy Policy and approval of the following new HR</p>	

	<p>Policies:</p> <ul style="list-style-type: none"> • Additional Annual Leave • Recruitment and Retention Premia <p>It was explained that the Additional Annual Leave Policy enabled eligible staff to increase their annual leave allocation for one year by purchasing additional days leave. The deduction was equal to the net pay for the period requested and was taken in equal monthly instalments. The increase in annual leave (of up to 2 weeks) was for a fixed period of one academic year and did not constitute a change in the contract of employment.</p> <p>The Recruitment and Retention Premia Policy provided a financial incentive for Lecturers and other key staff in priority subjects. It was only available to help South Tyneside College (STC) to recruit and retain staff for eligible shortage subject areas and to attract staff within eligible shortage subject areas. The Premia were available depending upon eligibility and the maximum payment equated to 10% of annual gross salary.</p> <p>At the start of the redundancy process for 2016 the college proposed, as part of the consultation process, the reduction of protection from 6 months to 3 months. This was implemented in this round of redundancies and the Redundancy Policy has been revised to reflect this. There were no other changes to the policy.</p> <p>It was reported that the policies had been considered by the JCC or in the case of the Redundancy Policy, the consultation sub group of JCC and the Senior Executive Group (SEG).</p> <p>Q. Was the additional leave to be monitored? Yes and a report would be presented back to the committee in due course.</p> <p>Governors were of the view that this was a good approach.</p> <p>It was confirmed that any additional leave would be taken during term time only subject to business needs as determined by the line manager.</p> <p>Recommendation: The Committee agree the above-mentioned policies.</p>	
<p>9.</p>	<p>Recruitment and Retention Premia - Approval following Chairs Action</p> <p>Confidential item.</p>	
<p>10.</p>	<p>Review of Committee Performance against TOR</p> <p>The report provided a report on the performance of the Finance and Resources Committee during 2015-16.</p> <p>The Clerk informed governors that members of the Committee (2015-16) were asked to complete an online survey to review the Finance and Resources Committee's performance. The results were provided as part of the report.</p> <p>There were no areas identified as being ineffective and only one partially effective, which was related to the Marketing Strategy. Three areas were judged to be outstanding (greater than 70% score) two of which had been outstanding in the</p>	

	<p>2014/15 survey.</p> <p>Discussion took place on the terms of reference for the Committee and clarification was given on the marketing aspect that currently fell within the committee's remit. It was felt that given the comments within the feedback and views of members of the senior executive group, the Marketing Strategy should sit under the remit of the PVQ Quality Committee and not F&R.</p> <p>Resolved:</p> <p>i. That the report is received, acknowledging the positive feedback. ii. That the Board is requested to move the annual review of the Marketing Strategy and an annual Marketing update against KPIs from the remit of the F&R Committee to the PVC Quality Curriculum and Community Committee.</p>	NL
11.	<p>Committee Workplan 2016-17</p> <p>The Clerk presented the Workplan 2016/17 as approved by the Board, which took into account changes made at the previous Committee meeting (proposed change in Item 10 above noted).</p> <p>Resolved: That the Workplan 2016/17, as presented, is received.</p>	
12.	<p>Management Accounts to 31 July 2016 and commentary</p> <p>HB introduced this comprehensive report and advised that as at the end of July 2016, the College had made a £160k operating loss, which was £440k below target and £1,508k below the 2014-15 position.</p> <p>Total income was £2,834k below budget due to low 16-18 Apprentices, Adult Apprentices and other tuition income. These results however did not include some apprenticeship achievement income, which was still being calculated. Any additional achievement income (and associated partnership delivery costs) would be incorporated into the statutory accounts as a post-audit adjustment.</p> <p>Payroll costs were £1,075K below target and £363k below 2014-15 costs. This was primarily due to low lecturer and classroom support costs.</p> <p>Non-pay expenditure was £1,361k below target and £2,384k below 2014-15. This was largely due to low marine accommodation, Professional & Vocational, partnership and estates costs.</p> <p>Compliance with the new reporting framework had a number of implications for the year end out turn and these were detailed within the report. The impact of these adjustments had worsened the overall college results by £477k. The operating surplus without these FRS102 adjustments would have been £318k, which would have been £37k better than budget.</p> <p>The College financial health under both the old and the new methodology was classified as "Good" at the end of the academic year.</p> <p>Governors were made aware that the auditors were due to visit the College within the next week.</p>	

	<p>Governors indicated that the College was performing well in a very challenging environment. HB felt that the judgement was a strong 'good'.</p> <p>Q. Apprenticeships? Numbers expected did not materialise as predicted. Examples of reasons were provided to governors. Attention was drawn to the apprenticeship levy and the opportunities which could be opened up for the College. Governors stressed that it was essential for the College to have the right staff to fully capitalise.</p> <p>Governors congratulated HB and her team on the management of the budget during a difficult year.</p> <p>Q. Pay expenditure below target but high casual costs? HB outlined the payments to agency and casual staff and explained how they were used in College.</p> <p>Q. Nimasa debt a concern? No, this was expected to be resolved.</p> <p>Resolved: That the Management Accounts are recommended to the Board for approval.</p>	
<p>13.</p>	<p>Accounting Briefing Note for Colleges</p> <p>This paper provided the Committee with information from the college actuaries as to why the pension charge (Local Government Pension Scheme – LGPS) and deficit had risen significantly during 2015/16.</p> <p>A number of colleges had requested the actuaries use different assumptions to try and reduce the scale of change. The assumptions used had to fall within the parameters the auditors were happy with in order for them to approve the accounts.</p> <p>KPMG had been asked about the assumptions used and their response was outlined for governors.</p> <p>Given that adjusting the future pay assumption was the one the College felt most comfortable being able to challenge, at least for the next few years and that there was a cost in requesting a new valuation, the College had not so far made a request for any changes.</p> <p>Resolved: That the information is received.</p>	
<p>14.</p>	<p>Bad Debt Provision and Annual write off of Bad Debts</p> <p>Confidential item.</p>	
<p>15.</p>	<p>Estates Report</p> <p>This paper was intended to give the Finance and Resources Committee a detailed update on strategic estates matters, works progress, ongoing maintenance, property issues and progress against the premises strategy.</p> <p>This report covered the following:</p> <ul style="list-style-type: none"> • LEP (Local Enterprise Partnership) funded project, giving an update on 	

	<p>project completion handover and defects liability.</p> <ul style="list-style-type: none"> • British Gas works update on project completion and defects liability • Other major estates works in the year • Capital plans for 2016/17 <p>Q. Feedback from students on environment? Yes through surveys and learner forums. This had been positive with returning students indicating that the changes had been a significant improvement.</p> <p>Q. Staff see difference? Yes.</p> <p>The improvement to the Halls had seen higher occupancy rates.</p> <p>Resolved: That the report is agreed.</p>	
<p>16.</p>	<p>Update on Partnership Activity</p> <p>Confidential Item.</p>	
<p>17.</p>	<p>Approval of Contracts and Planned Expenditure in Excess of £100K</p> <p>This paper advised the Committee of contractual and non-contractual expenditure which required governor approval in accordance with the College's Financial Regulations.</p> <p>The following were highlighted:</p> <ul style="list-style-type: none"> • Increase in the value of 7 contracts relating to the 2015/16 academic year. • Award of 10 contracts for the provision of educational training courses relating to 2016-17 delivery • The expenditure for 2015-16 contracts approved at previous meetings was detailed in Appendix A. • A £3m partnership budget had been included in the 2016-17 College budget. <p>Q. Could the College insist on companies taking on apprentices? This has been done previously but not for ones which the College manage.</p> <p>Resolved:</p> <p>i. That governors approve the following contracts for the 2015-16 academic year:</p> <ol style="list-style-type: none"> 1. Lease of IT equipment and marine simulator upgrade - increase the value of the contract awarded to Econocom from £671,000 to £704,563 to reflect the year end costs associated with this contract. 2. Buildings Maintenance – increase the value of the contract awarded to Esh from £270,000 to £273,146 which is within the 2015/16 budget for Repairs and Maintenance. 3. Buildings Maintenance – increase the value of the contract awarded to Opus from £102,000 to £214,537 which is within the 2015/16 budget for Repairs and Maintenance. 4. Contract for partnership activity – increase the value of the contract awarded to Hartlepool Training from £350,000 to £398,156 to reflect the year end costs associated with this contract. 	

	<p>5. Contract for partnership activity – increase the value of the contract awarded to Carillion from £300,000 to £302,208 to reflect the year end costs associated with this contract.</p> <p>6. Contract for partnership activity – increase the value of the contract awarded to Phoenix Employability from £170,000 to £178,313 to reflect the year end costs associated with this contract.</p> <p>7. HELM training courses – increase the value of the contract awarded to AFS Consultants from £132,000 to £174,798 to reflect the year end costs associated with this contract.</p> <p>ii. That governors approve the following contracts for the 2016-17 academic year:</p> <p>8. Academy of Music and Sound – contract value - £128,533</p> <p>9. Carillion Construction - contract value - £324,808.</p> <p>10. Foundation of Light – contract value - £218,063</p> <p>11. Hartlepool Training and Employment Services – contract value - £375,759</p> <p>12. Keith Stevenson and Associates Ltd – contract value - £518,591</p> <p>13. Monumental Training Ltd – contract value - £447,643</p> <p>14. Phoenix Employability Training Academy Ltd – contract value - £128,533</p> <p>15. Plumb Skills – contract value - £215,252</p> <p>16. TTE Technical Training Group – contract value - £429,730</p> <p>17. Wearmouth Learning Group – contract value - £152,352</p> <p>iii) That governors agree to receive and acknowledge the update on expenditure against contracts already approved.</p>	
18.	<p>Learner recruitment and funding update 2016-17</p> <p>The Deputy Chief Executive tabled an update on the current position of learner numbers and funding body income for 2016/17.</p> <p>It was reported that the 16-18 numbers were of concern and this was being monitored closely. HB was confident adult numbers would increase. It was stressed that these provided early indications and the figures were expected to change over coming weeks. Overall the College was approximately £3.5m under target.</p> <p>Q. When updated? An update on figures was to be presented to the Board in October and then within the management accounts for November.</p> <p>Resolved: That the report is received.</p>	
19.	<p>Any other business</p> <p><u>19.1 Due Diligence</u></p> <p>HB reported that KPMG (project Manager) had suggested a joint tender with Tyne Met College for financial and legal due diligence but with separate reports to be received. The alternative was for the Colleges to have their separate tenders.</p> <p>The joint tender was to include three different lots these being, TMC, STC and both STC/TMC.</p>	

	<p>A governor (Chair of F&R) was to be involved in the selection process and would be invited to a meeting in due course.</p> <p>Q. Costs? Split 2/3 and 1/3 between STC and TMC.</p> <p>Resolved: That the Committee agree to a joint tender with TMC for financial and legal due diligence to consist of 3 lots as recommended subject to the approval of TMC governors.</p> <p><u>19.2 Payment to Trustee's Employer</u></p> <p>Confidential Item</p>	
<p>20.</p>	<p>Date of next meeting</p> <p>The next meeting of the Committee was scheduled for Thursday 24 November 2016 at 4.00pm.</p>	
<p>21.</p>	<p>Identification of Confidential Items</p> <p>Resolved: That the following items are to remain confidential:</p> <ul style="list-style-type: none"> • Issues under Matters Arising (3.3, 3.5 and 3.5) • Item 4 - HR Report, • Item 9 - Recruitment and Retention Premia - Approval of Chairs Action • Item 14 Bad Debt Provision and Annual write off of Bad Debts • Item 16 Partnership Activity, • Item 15 Any other business (19.2 Payment to Trustee's Employer) 	

Signed:

Date: