

SOUTH EASTERN REGIONAL COLLEGE

Governing Body – Finance and General Purposes Committee

Minutes of the meeting of the Governing Body Finance and General Purposes Committee,
held on Tuesday 30th April 2019, 5pm, Lisburn Campus

<p>1.</p>	<p>Chair's Business</p> <p>a) Attendance and Apologies:</p> <p>Present: Mrs B. Larkin, Professor A. Woodside, Mr A. Corbett, Mrs K. Fraser, Mr K. Webb (Principal) In attendance: Mr T. Martin (Chief Finance Officer), Mr P. Smyth (Chief Human Resources Officer), Mrs C. Williamson (Secretary to Governing Body), Mrs S. Kerr (Boardroom Apprentice) Apologies: Mr G. Hetherington (Temporary Chair of the Governing Body, Mrs. H Reid In the Chair: Mrs B. Larkin</p> <p>b) Conflicts of Interest:</p> <p>The Chair asked if any members wished to declare an interest in respect of any item on the agenda. There were no declarations of conflicts of interest.</p> <p>c) Minutes of the meeting held on 15th January 2019</p> <p>The Chair asked members to review the minutes from the previous meeting on 30th January 2019. Members agreed the presented minutes were a true and accurate record of the meeting. Proposer: Karen Fraser Secunder: Andrew Corbett</p> <p>d) FGP Action Points and Key Decisions from meeting on 15th January 2019</p> <p>There are no outstanding actions from the previous meetings.</p>
<p>2.</p> <p>Correspon dence</p>	<p>a) Indicative 19-20 Resource Allocation</p> <p>The Chief Finance Officer directed members to the correspondence received from the Department for the Economy on 20th March setting out the indicative budget for 2019/20. He began by advising members that the allocation is largely in line with the previous year and the College will have to absorb the rising costs of all pay and price pressures such as pension</p>

contributions. The CFO advised that the College has an unfunded shortfall and he will have to build the budget to mitigate some of these pressures.

In response to questions from the committee the CFO advised that he had not begun to budget build yet but that absorbing these costs will be a challenge because the College is already working to extremely lean budgets. The CFO informed the committee that in terms of staffing the structure has been defined so that it aids in the delivery of the College's targets so any reduction would have a direct impact on services and delivery and so therefore is not being considered, he reminded the committee that the College also chose not to partake in the last round of the Voluntary Exit Scheme, also to protect current delivery.

The committee had a brief discussion around various elements of Grant in Aid funding and the CFO explained for example that "notional" amounts within GIA are to be used (as one example) for Learning Support services and if the College has additional students that require this type of support the College cannot (as was previously the case) request additional funding to meet the demands of this service. He concluded by advising the committee that, in his opinion, there's an argument to review the new funding as now, at the end of the first/transitional year, it is evident that breaking the link between delivery and funding isn't always holding true.

The CFO went on to update the committee on the recent bi-lateral meeting with DfE that had taken place since the enclosed letter was received. He began by advising that minor amendments had been requested to be made to the College Development Plan and that the meeting had been largely constructive. However, during the meeting the College was informed that the MaSN for the sector will be reduced and this will have a significant impact on the indicative budget. The CFO acknowledged that this had been signalled in the letter from the Department, but it had not mentioned individual funding cuts for the College and as yet the College has not been informed of the exact amount that will be cut from the budget.

The Principal advised the committee that he was disappointed in the manner in which this had been communicated to the College by DfE and advised that the baseline budget will be presented to the committee in June.

Action Point: The CFO agreed to provide the committee with an update on the progress of the funding model at the meeting in June

	<p>b) Reappointment of Governing Body members</p> <p>The Chair asked members of the committee to note the recent correspondence from the Director of FE setting out the proposals to reappoint Governors finishing their first terms.</p>
<p>3.</p>	<p>Items for Information:</p> <p>a) Financial Governance Report</p> <p>The CFO presented the Financial Governance Report to the committee which sets out the forecasted financial position as at both 31 March 2019 (DfE year-end) and 31 July 2019 (SERC year-end). The CFO highlighted that the report shows that the College’s financial performance up to the end of March is on target. The CFO gave a brief overview of the narrative within the report commencing with the original target of £32,275k and highlighted DfE subsequently amended SERC’s approved Resource Budget for the period April 2018 to March 2019 to £32,931k as follows:</p> <ul style="list-style-type: none"> • Curriculum Hub Funding - £100k increase • Lecturers 2015-2017 Pay Award Funding - £298k increase • Re-allocation of DfE Resource Underspends - £144k increase <p>b) NDPB Budgeting and Forecasting Submission</p> <p>The CFO asked the committee to note the presented NDPB Budgeting and Forecasting Submission for information that had been submitted to DfE in April 2019.</p> <p>c) Debt Report</p> <p>The CFO asked members to note the live debt report of 16th April 2019. The committee noted that there is currently £1.5m of debt and that student tuition fees over 120 days and amounting to £577,312.22 is due to the timing of payments from the Students Loans Company and this will be cleared. The CFO advised the committee that as part of the College’s focus on managing debt recruitment has started for a dedicated credit controller to join the finance team.</p> <p>d) Bank Report</p> <p>The CFO asked members to note the Bank report which sets out the current Cash & Cash Equivalent position of the College as of 31st March 2019. As the CFO had previously communicated to the committee this is the final Bank report the committee will be presented</p>

with. This is in line with the new draw down procedure from the Department for the Economy, which has become operational from 1 April 2019 and will ensure cash balances are maintained within DfE target levels. The CFO confirmed that the new procedure worked well in April and the finance team will continue to monitor the process. The committee were advised that DfE will manage each College's cash balance to a target of 7.5% of annual turnover to allow a buffer for any contingency allocation that may be required.

e) Estates & Capital Expenditure Report

The CFO directed members to the Estates report which sets out the position as of the end of March and provided an overview of the executive summary. The following points were highlighted during discussions:

- The CFO highlighted that the College had been very successful in securing additional capital spend. The final allocation for the College was £1.5m and the original allocation had been £315k. The CFO highlighted that the College failed to utilize £56k of this allocation due to the same issues that have previously been reported with the quality of service provided by Properties Division.
- Members enquired about the feasibility of replacing lights with LED's in the PPP Buildings. The CFO explained that this will work like a contract variation, as savings will be realised in both utility bills and life cycle costs the College can negotiate with the PPP partner.

Action Point: The Principal agreed to arrange for the Committee Chair to visit the Business Services team to gain a better understanding of their role and the work they are doing in the College

f) Procurement Update Report

The CFO presented the procurement report to the committee for noting.

4. Update on Applications and Enrolments

The Principal directed members to the update on applications and enrolments and highlighted the following points:

	<ul style="list-style-type: none"> • The College will have met its enrolment target by the end of the academic year. Overall student numbers have increased marginally especially where the College can offer a unique product. • Applications are well ahead from where they were this time last year and plans are being rolled out to tighten up the application procedure to ensure that students are choosing the correct course which will aid retention rates also.
5.	<p>Collaboration Programme; and Systems Technology Services Project</p> <p>The Principal presented a written report on Behalf of the Director of Curriculum & Information Services. The committee were advised that due to personnel issues with the project the go live date has been pushed back, and as previously reported the College has its own internal systems that are still fully functional to use until the new systems are implemented. The Principal advised the College had carried out a review on behalf of the Sector to identify any other potential issues that need to be addressed before the go live date of September 2020.</p>
6.	<p>Policy Review</p> <p>a) Smoking Policy</p> <p>The Chief Human Resources Officer presented the amended policy for review, he highlighted that amendments had been made to update the policy and in particular to highlight the issue of vaping in the lifts and smoking areas.</p> <p>Agreed; The committee recommended the policy to the Governing Body for approval</p>
7.	<p>Staffing Items for Discussion</p> <p>a) HR Priorities 18/19 plan and status update</p> <p>The CHRO presented the report and advised members that everything is on target to complete or is complete, there are no concerns to report at this point in the year. In response to a question from a member the CHRO confirmed that the bespoke programmes set out in the report to develop future managers are accredited courses.</p> <p>b) KPI Report 2018/19</p>

The CHRO began his report by advising that the reduction in staff sickness is due to the reduction in long term sickness rates and is currently sitting at 3% which is a considerable improvement from 5%.

In response to a query from a member the CHRO confirmed that there are 22 vacant posts across the College, and all are included in the budget build so there would be no impact financially if all the posts are recruited. The CFO advised that the forecasts are updated throughout the year for any changing plans including any for staffing.

c) Case Management Review

The CHRO presented the annual Case Management review and gave an overview of Activity 01 Apr 18 – 31 Mar 19. The committee were advised that in terms of harassment the cases are recorded as live, but the College will always try to resolve these through an informal approach first. The CHRO also reported that there are no trends emerging for any particular department or staff grouping.

In summary the CHRO advised that there has been an increase in the number of cases, and he highlighted that the timeframe needs to reduce further for all case types. He asked the committee to note that whilst the harassment policy sets out a completion date of within 20 working days, complications around availability of staff and their representatives often cause unavoidable delays. Further delays can also be attributed to engaging with employees on the informal stage of the process.

In response to a question from a member the CHRO confirmed that in all current cases, Trade Union representatives are involved and there is regular and effective communication between reps and HR Staff.

d) Annual Staff Survey – progress

The CHRO advised the committee that the staff survey had just closed a few days prior to this meeting and therefore there has been no opportunity to conduct an analysis on the results yet however, he was able to report that 524 responses were submitted which is a 10% increase from

the previous year. The Principal highlighted that the increase may be attributed to the timing of the staff briefings where the CHRO encouraged all staff to complete the survey.

e) Pay Remit Update

The CHRO provided the committee with an update on both the teaching and non-teaching pay awards, in discussion the following points were noted:

- The CHRO provided members with an overview of the two year pay award agreed for non-teaching staff through the NJC which the College are duty bound to implement. He advised that in the second year of this deal there will be a realignment of pay scales which will have implications for grade boundaries.
- The CHRO asked the committee to note that this will be very complex to implement, and no guidance has been given by the NJC. The sub group that consists of management and the Trade Unions have suggested a two-phase approach that is consistent with other employers. Firstly, deal with how employees assimilate and secondly, look at the grade boundaries, this will have further implications on job evaluations
- The CHRO advised the committee that the pay award for teaching staff is somewhat different as there is no national agreement and in the current financial climate the Sector cannot afford to implement any pay increases without seeking additional funding.
- The College has been working with TU's to deliver a sustainable pay award for teaching staff. The CHRO referred to the recent pay increase award to the school sector and that the additional cost (£73m) was met by the Department of Education. . The CHRO added that as the increase for teaching staff will result in them earning significantly more than FE staff this will inevitably add to the current retention difficulties in FE.
- The CHRO advised the committee that it is therefore critical that DfE support the sector when a business case is presented to the Department of Finance seeking additional funding to implement an increase.

8.

Any other business

The CFO provided a brief verbal update on the use of Properties Division and the business case to use an alternative method that had been submitted by the Sector. Members were informed that

	<p>the FE Director has communicated with the Principals group to advise that the sector should not proceed with the business case as there has been a change in personnel at PD, and instead time should be given to allow this change to make an impact on the service. The Principals group have expressed disappointment and concern over this suggestion as this has been a long-term issue with negative impacts both financially and on health and safety matters across the sector.</p> <p>The CFO advised that the Principals group have suggested that the sector business case should run concurrently with PD and; if PD can demonstrate that they can offer better value for money the sector can return to using their services.</p> <p>The committee noted that this update will also be reported to the Audit committee at their next meeting as the continued use of Properties Division has been included on the Strategic Risk Register.</p>
<p>9.</p>	<p>Confidential Business</p> <p>The Chair advised that the planned items under confidential would be added to the agenda for the next meeting when more members were present.</p>
	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Tuesday 18th June, 5pm, Bangor Campus</p>

The meeting concluded at 6.36pm