

Meeting of the Finance & Resources Committee

Venue: Conference Room 1, South Shields Centre

Date: Wednesday 15 March 2017

Time: 4.00pm – 6.10pm

Present: George Clark (in the Chair)
David Byrne
Malcolm Grady

Apologies: Andy Walton
Andrew Watts
Lindsey Whiterod

In Attendance: Neil Longstaff (Clerk)
Helen Beaton (Deputy Chief Executive)
Catherine Donnelly (Director of HR) (part)

ITEM	ISSUES	ACTION
1.	<p>Apologies for Absence</p> <p>The Committee approved apologies for absence received from those identified above after having first considered the reasons for their absence.</p> <p>It was noted that comments on the papers had been received from Andrew Watts (AW).</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 24 November 2016 were approved and signed by the Chair.</p> <p>Matters Arising</p> <p><u>3.1 Review of Committee Performance against TOR</u></p> <p>Responding to a question it was confirmed that the marketing strategy was not due to be presented to the PVC Committee until the summer term.</p> <p>A governor indicated that performance against marketing KPIs should remain with the F&R Committee to determine whether the College was achieving value for money.</p> <p>MG informed the Committee that he had received communication from the Chair of</p>	

	<p>Audit, Governance and Search to share the concerns of governors over the auditors Employer Engagement report and to ask that appropriate reports were sought to monitor progress. MG indicated that there had been a feeling amongst some of the committee members that management was not actually marketing the college as well as it could.</p> <p>Resolved: That the Clerk is asked to review the workplan for the new College Board taking into account the comments above.</p> <p><u>3.2 Annual Report on Safeguarding</u></p> <p>The Director of HR had received assurances from the Local Children’s Safeguarding Board’s representative and would in future be having regular meetings with the Head of Contact and Referrals.</p> <p><u>3.3 Management Accounts</u></p> <p>HB confirmed that she had shared with the network of financial managers the difficulties being encountered in securing funding from Nimasa students in case they attempted to enrol at another College.</p> <p>It was noted that all the debt had been acknowledged but a significant amount was connected to the previous government and these now needed to be signed off by its treasury, which has created the delay in payment. Further students were due in March but the College would not be accepting them until the debt had been cleared.</p> <p><u>3.4 Student Union Accounts</u></p> <p>The work with the Student Union Executive Team was ongoing.</p> <p><u>3.5 College company</u></p> <p>It was confirmed that the Board had agreed to wind up South Tyneside Training Services Ltd.</p> <p><u>3.6 Potential Land Sale</u></p> <p>Confidential item</p> <p><u>3.7 Sickness Absence Report</u></p> <p>Confidential item</p> <p><u>3.8 Learner Recruitment and Funding Update 2016-17</u></p> <p>Confidential item</p>	NL
4.	<p>Human Resources Report</p> <p>Confidential item.</p>	

<p>5.</p>	<p>Staff Disciplinary Policy and Procedure Policy</p> <p>The policy and procedure for the handling of disciplinary matters for all staff other than senior Postholders had been revised.</p> <p>Minor alterations mainly to job titles had been made to update the policy in line with the College structure; the other key changes were as follows:</p> <ul style="list-style-type: none"> • Appendix A – Another example for Gross misconduct based on recent experience had been included in relation to Social Media. • Appendix B had been updated to take account of new Senior Postholders, Assistant Principals and job titles. <p>These changes had been consulted upon with the Trade Unions and were ratified by the JCC on 27th February 2017.</p> <p>Q. Correct version of document as footer date was 2014? CD confirmed that this was the correct version and the footer needed changing.</p> <p>Q. Para 9 states ‘may be ceased’? CD explained that the action to be taken depended upon the type of sickness absence.</p> <p>Q. Updated by TyneMet? No as this was South Tyneside College’s policy but would form part of the TUPE.</p> <p>Q. Staff Morale/absences? Too early to say. Good communication was the key to minimising stress and absences. CD explained that an annual report on staff absences would be presented to the Committee in due course.</p> <p><u>Pay Award</u></p> <p>Confidential item</p> <p>Resolved: That the Committee agree to recommend the revised Staff Disciplinary Policy and Procedure to the Board for approval.</p> <p>CD was thanked for her reports and left the meeting.</p>	
<p>6.</p>	<p>Management Accounts and commentary</p> <p>HB introduced this comprehensive report and advised that as at the end of January 2017, the College had made a £406k deficit, which was £243k below target but £311k above the 2015-16 position.</p> <p>Total income was £1,568k below budget due to low Adult Classroom, 16-18 Apprentices, Adult Apprentices and other tuition income.</p> <p>Payroll costs were £539k below target and £241k below 2015-16 costs. This was primarily due to low lecturer and classroom support costs resulting from lower than anticipated enrolments.</p> <p>Non-pay expenditure was £786k below target and £868k below 2015-16 costs. This was largely timing differences due to low partnership delivery and estates running costs.</p>	

	<p>The College's financial health was "Good", and was anticipated to be "Good" at the end of the academic year although there were some unforeseen factors e.g. severance costs..</p> <p>HB explained that this report focussed on the financial performance of the college for the academic year ending 31 July 2017 and did not include merger costs. AW asked if there was provision to cover the cost for due diligence and project management. HB confirmed that such costs were covered which currently stood at £84k and were likely to rise to £165k, excluding severance costs. The costs to the College would be £100k as grants covered up to the sum of £65k.</p> <p>Q. Consultants costs? Due diligence came in on budget and was now completed.</p> <p>Q. Depreciation £2m? On the fixed assets of the College. HB explained how depreciation was calculated and shown in the accounts.</p> <p>Q. Teaching Management costs? HB explained that this related to the departing Assistant Principal's notice period.</p> <p>The use of agency staff to cover certain positions within the College was outlined by HB. Some of these posts were either difficult to fill or part time positions.</p> <p>Q. £2,548K Nimasa deferred income? The Chair asked that this be highlighted in the report to the Board.</p> <p>Responding to a question HB confirmed that the College was likely to start the new financial year with a healthy reserve position. It was noted that there was a merger agreement to be signed which would prevent each Board from spending beyond its means.</p> <p>Q. Return to outstanding? This was likely to be a year after merger.</p> <p>Q. AW asked the question as to whether the College's Finance Committee could support the Academy's financial due diligence and reduce the reputational risks of the College/Trust, and sought clarification as to whether the College would be liable to underwrite any of the liabilities potentially taken though the academy e.g. pension? HB stated that the Academy was a separate body and not owned by the College therefore there were no liabilities attached to the College. Due Diligence and associated costs fell to the Academy but there was funding from central government to support this process.</p> <p>It was noted that South Tyneside Council had issued a letter to Head Teachers in the Borough indicating that they would be charging for tasks associated with the Academy conversion process. This was yet to be tested.</p> <p>Q. Funding for Trust? This would be top sliced from the schools budgets to create fund to cover the Trusts costs.</p> <p>A governor expressed concern over the level of some of the salaries being awarded to Executive Head Teachers.</p> <p>Resolved: That the committee agree to receive the report.</p>	<p>HB</p>
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7.	<p>Funding Allocations 2017/18</p> <p>The purpose of this report was to give the committee an update on South Tyneside College's allocations for 2017/18.</p> <p>HB explained that the only allocation the College had received to date was from the EFA. The College was also expecting to receive its SFA allocation by the end of March.</p> <p>It had been expected that programme funding would fall by approx. £800k, so a £754k reduction was slightly better than anticipated.</p> <p>Governors were also informed that the College had received notice to deliver apprentices under the new levy arrangements.</p> <p>Resolved: That Governors agree to receive the report and note the funding position to date.</p>	
8.	<p>Update on Subcontracting</p> <p>Confidential item</p>	
9.	<p>Approval of Contracts and Planned Expenditure in Excess of £100K</p> <p>Confidential item</p>	
10.	<p>Business Continuity Update</p> <p>The purpose of this report was to update the committee on the operation and use of the Business Continuity Policy during 2016/17</p> <p>This report included the following:</p> <ul style="list-style-type: none"> • A brief report on a loss of power incident • The latest version of the business continuity policy for reference. • Partial completion of documentation, in reference to the power loss, attached to the policy as would be used when it was formally invoked. <p>Q. Colour coded reasons? It was noted that there was no connection between colour and action (i.e. not RAG rated).</p> <p>Q. Closure notified to governors? The Chair of the Board had been contacted about the recent closure of the College.</p> <p>Resolved: That governors agree to receive the report and acknowledge the information presented.</p>	
11.	<p>Land opportunities</p> <p>Confidential item</p>	
12.	<p>Any other business</p>	

	<p><u>12.1 South Tyneside College financial statements 2015/16</u></p> <p>Members were pleased to hear that the College's financial health for 2015/16 and the College's underlying financial health had been graded as outstanding.</p> <p>The financial dashboard information was discussed. This incorporated various key performance indicators and measured those against both target benchmarks and against benchmarks achieved in the sector.</p> <p>Resolved: That the report is accepted.</p> <p><u>12.2 Local Government Pension Scheme – Chair's Actions</u></p> <p>The Committee was asked to endorse the Chair's actions in approving changes to the LGPS deficit repayment for South Tyneside College to ease the merger process with TyneMet College.</p> <p>It was noted that the Chair agreed to reduce the College's deficit repayment period from 14.7 years to 9.9 years thereby increasing the annual deficit payments from £265k to £366k in 2017/18.</p> <p>Resolved: That the Committee endorse the Chair's action.</p>	
13.	<p>Date of next meeting</p> <p>The next meeting of the Committee was scheduled for Wednesday 28 June 2017 at 4.00pm</p>	
14.	<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 (3.6, 3.7 and 3.8) • Item 4 – Human Resources Report • Item 5i – Pay award • Item 8 - Update on Subcontracting • Item 9 - Approval of Contracts and Planned Expenditure in Excess of £100K • Item 11 - Land opportunities 	

Signed:

Date: