

**CHELMSFORD COLLEGE
PERSONNEL FINANCE & GENERAL PURPOSES COMMITTEE
8 March 2016**

Minutes

Minutes of a Meeting of the Committee held at Moulsham Street, Chelmsford on Tuesday 8 March 2016 at 3.30 pm.

PRESENT: Michael Lager (Chair)
Elaine Oddie
Andy Sparks (Principal)
Graham Evans

IN ATTENDANCE: Debs Hurst (Assistant Principal, Finance & Risk)
Caroline Williams (Deputy Principal)
Mark Emerson (Director of Information Services)
Mike Tadman (Assistant Principal, People & Services)
Rob Millea (Clerk to the Corporation)
Jo Seward (Minuting Secretary)

PRESENTATION ON ESTATES MATTERS

The Committee received an update on Estates Developments from Annella Hall (Estates Co-ordinator), assisted by the Principal.

The **Key priority** is to maintain and improve the College estate through:

Essential works

'Wish list' of improvements

Condition assessment

Future plans (transform and improve the tired and jaded areas)

Health & Safety/Safeguarding (work being done on building security)

Long term maintenance (five year lifecycle maintenance plan)

Ofsted concluded that the estate/resource provision was Good at the November 2015 inspection.

Main priorities for the summer this year are the refurbishment of Dovedale House and Refectory refurbishment at Moulsham Street plus automatic door and gate systems and Phase 1 of the window replacement at Princes Road. There are high value priorities identified for Beacon House this summer.

However, a full structural analysis of Beacon House will be carried out shortly (cost around £8,000) to help make the property 'oven ready' for future disposal/redevelopment. It was noted that there is a dispute

regarding a part of the car park to Beacon House with the neighbouring freeholder – negotiations are continuing through our appointed professional advisers.

A number of **medium term priorities** were discussed, including completion of windows replacement at Princes Road, refurbished staff accommodation, some improvement to lighting, new lift and modernised Learning Resource Centre at Princes Road plus upgrade of the reception area there.

Long term priorities include replacement of construction practical facilities and car park redevelopment (Princes Road) and relocation of Hair and Beauty (from Beacon House), front car park redevelopment and refurbishment of the Dovedale Sports Centre at Moulsham Street.

The relocation of Hair and Beauty to Moulsham Street will require a new building there and this is likely to cost around £1.5million+. This cannot be funded for a number of years as we will need matched funding to go with our own resources. Meanwhile, we will proceed to planning permission, which lasts three years, so that we will be in a position to proceed with a new development when the time is propitious. It is not intended to enter into any further debt.

541. APOLOGIES FOR ABSENCE

There were no apologies for absence.

542. DECLARATIONS OF INTERESTS

There were no declarations of interest.

543. MINUTES OF THE MEETING HELD ON 24 NOVEMBER 2015

The Minutes of the Meeting held on Tuesday 24 November 2015 were **APPROVED** and **SIGNED** by the Chair.

544. MATTERS ARISING

544.1 Annual Report & Financial Statements 2014/15

The Clerk reported that the Annual Report & Financial Statements of the College and its subsidiaries for 2014/15 were approved by the Board on 11 December 2015, on the recommendation of this Committee and the Audit Committee.

The Clerk reported that the Annual Report & Financial Statements of Essex Shared Services for the year ended 31 July 2015 were presented to

the Board on 11 December 2015 for information, having been approved by the Directors of the Company.

544.2 Beacon House

The Clerk reported that the Board had agreed on 11 December 2015 that no action should be taken in respect of Beacon House, pending the outcomes of the Area Review. The SFA has been notified of this decision.

544.3 FRS 102

Debs Hurst reported on progress on the possible areas of restatement to the College accounts consequent upon the adoption of FRS 102. The College is potentially affected by holiday pay accrual, embedded leases and treatment of deferred capital grants in the balance sheet.

A Meeting with KPMG was held on 3 March to discuss this further and it was agreed that they will audit the restatement of the College income & expenditure statement and balance sheet for last year during an audit visit in late May/early June. The restated accounts and the report thereon from KPMG will come to the next Meeting of this Committee and then go to the Board.

KPMG raised the question of the value of Beacon House and we have told them that, in our opinion, its value is its current value in use as a Hair and Beauty Academy for the Group, On the open market value now as an 'office building', it is unlikely to realise its book value.

ACTION: DEBS HURST

544.4 Chelmsford Training Services Limited

A previous action point regarding unpicking of CTS Limited accounts has been superseded by the intention of winding up CTS. The mechanics for this are being discussed with KPMG including transferring assets to the College and TUPE staff across from CTS to the College. It was noted that CTS is the legal owner of Beacon House.

At the same time, CTS Essex, an intermediate dormant holding company will be wound up. Meanwhile, we will ensure all Companies House filings are up to date.

The Committee **ENDORSED** this approach.

ACTION: DEBS HURST

544.5 Health & Safety update

The Committee asked about an update regarding Health & Safety issues. They were informed that a presentation from the College H&S Manager was received by the Audit Committee last night and the minutes of that Committee detail the key points of his presentation. The Principal made the point, when questioned, that low level, minor accidents are often not reported.

545. HUMAN RESOURCES REPORT

The Assistant Principal, People and Services presented an update Report on current HR issues.

In response to a question from a Member, Mike said that the pay increase from 1 January 2016 (the first for a number of years) was well received by staff.

He explained that significant activity continues to be applied in support of post-inspection actions, financial recovery and general operational staffing.

Key issues include:

- Restructuring of middle management (including consultation with those affected in accordance with redundancy rules)
- Performance management refinement
- Staff turnover is stabilising (lower than last year) but still a concern at Moulsham Street Campus (down from 34% to 25% - AoC comparator is 18%)
- Employment relations generally positive but staff morale not so strong at Moulsham Street Campus
- Staff absence under control (3.3 days per person per annum against target of 3.5) and attendance rates within target
- Still some agency workers (10 FTE) and this is reviewed weekly

A number of actions are being taken to address morale issues which were itemised in the Report. These concerns revolve around personal relationships, student engagement and some behavioural issues, high workload and high expectations from management and complex procedures in the College.

The primary purpose of the restructuring is to increase accountability and transparency of curriculum leadership, through reduced bureaucracy but more effective management focus being displayed by middle management on their teams.

The Committee reviewed the entries on the Risk Register in the HR area and agreed the new actions being taken since the previous Report. In particular, it was noted that the appraisal system of staff is going well against target. 32% have been completed so far this year which is consistent with achieving the 100% target.

Members were concerned that it seemed difficult to extract useable information from a lot of data e.g in connection with observations of lessons. Staff will be educated to use the data intelligently so that it inform their decision making and their monitoring of aspects of the curriculum and students for whom they are responsible.

A demonstration of the new appraisal monitoring system will be arranged later in the year.

ACTION: CLERK

Once the academic restructuring has been completed, including the consultation, a copy of the new management structure will be made available on the Governors Portal.

ACTION: CLERK

It was suggested by the Committee that the Staff KPIs should include a forecast for the current year as well as the original target and the entries for 2013/14 should be dropped. The Principal agreed to look a revised format and present to the next Committee.

ACTION: PRINCIPAL

The Committee noted that current information regarding Safeguarding and the PREVENT agenda has been placed on the Governors' Portal.

The Committee **RECEIVED** the Report.

546. FINANCE REPORT

The Assistant Principal, Finance and Risk presented the Finance Report incorporating the Management Accounts of the College, for the six months

ended 31 January 2016, revised year end forecast for the year to 31 July 2016 and the current cash flow position.

The Report also addressed issues and actions related to Value for Money.

546.1 Management Accounts to 31 January 2016

For the six month period, the College is showing a deficit of £86,000 against a budgeted surplus of £67,000, and adverse variance of £154,000. The deficit at the same point last year was £92,000.

Total income amounted to £7.552 million and total expenditure amounted to £7.638 million.

The Accounts were accompanied by a Detailed Commentary explaining the variances from budget. These management accounts do not take into account any adjustments that would arise from applying FRS17 pension adjustments.

Key issues:

- Commercial income target of £100K is not being met and unlikely to recover
- Nursery income £50K below budget to competition taking some of our customers and the number of reduced price places which have to be provided. Nevertheless, the Nursery still shows a small surplus
- SFA income is phased and currently behind the profile, but this should recover by year end
- Favourable variance on staff costs despite agency costs as FTE vacancies have not been all filled

The College must maximise its Apprenticeship targets for the rest of this year to replace the commercial income shortfall noted above otherwise further cost reductions will be necessary for 2015/16.

In response to a question from a Member, Debs Hurst explained that developing a commercial income stream was a new initiative for Chelmsford College and the target of £100K was a stretching target in the first instance and, unfortunately, was distracted by Ofsted and the restructuring.

The Chair asked if the estimate for Hair & Beauty income for the year is likely to be achieved – presently, it is £6K behind the budget of £17.5K. Debs Hurst will review this again but felt it was still realistic.

The Chair asked for an explanation on the less than expected savings in maintenance which was provided and the Committee asked for the charge for audit fees to be reviewed.

For next year's budget, an attempt will be made to produce a contribution analysis so as to more closely match lines of income with the related direct costs.

ACTION: DEBS HURST

At 31 January 2016, group net assets stood at £10million, including cash of £0.4 million and fixed assets of £24million.

The College's Financial Health for 2014/15, as advised by the SFA, was deemed Satisfactory and should remain as such this year and next.

The current ratio stands at -0.5%, much the same as last month and in line with expectations. Pay expenditure as a percentage of income is 59% against target of 61%.

The Committee **RECEIVED** the Management Accounts and Report.

546.2 Year end Forecast

All budget areas have been reviewed and a revised forecast prepared for the year to 31 July 2016.

The anticipated surplus for the year is £104K against an original budgeted surplus of £220K.

The reasons for the likely shortfall against budget were itemised and discussed by the Committee, mainly reflecting the points noted in the Finance Report in 546.1 above.

On the basis of this, our Financial Health should be maintained at Satisfactory.

The Committee **RECEIVED** the Forecast.

546.3 Cashflow

The current position is very tight due to phasing issues with Funding Income from the SFA. A temporary short term overdraft of £300K has been put in place through to the end of April 2016, as previously approved by the Board.

The Cash Flow position was **NOTED**.

546.4 Value for Money

546.4.1 SMART Assessor

The Assistant Principal, Finance and Risk reported that the College has invested in Smart Assessor, a cloud based e-portfolio system that tracks every detail of an apprentice throughout their study period. It permits electronic submission of work and allows full tracking of the progress of each learner so as to keep employers informed.

As a central system, it also helps management tracking of staff and quality of delivery.

There are a variety of specific advantages to the College which were detailed in the Report to the Committee. Overall, it is anticipated that SMART assessor will enable an increase of up to 50% of apprenticeships currently allocated to each assessor. This will improve efficiency of administration, which presently is hampered by the total volume of apprenticeships which can be handled by each apprenticeship assessor.

546.4.2 EVOLVE

This system has now been implemented by the College replace the previous paper based system. It is an electronic visit planning and notification system that can be accessed over the internet and reduces the number of forms required to plan and deliver an educational visit.

It provides a systematic approach to planning and national pathways can easily be followed by staff. Again, it will streamline administration by using far fewer staff to process the permissions for such visits, including health & safety, safeguarding and risk assessments.

The Audit Committee was given a briefing on this system last night, particularly concentrating on the Safeguarding and Risk Assessment aspects which EVOLVE facilitates.

The Committee **NOTED** the acquisition and installation of these two new systems and the projected benefits in streamlined administration and general efficiency, in accordance with the College's Value for Money Policy.

547. FINANCIAL RECOVERY PLAN

547.1 General

The Assistant Principal, Finance and Risk presented an update Report to the Committee on the College's Financial Recovery plan.

A quarterly monitoring Meeting was held with the SFA on 10 February at which they advised various changes in the SFA (amalgamation of departments) and sharing a lot of services with the EFA.

They were given a revised three year plan and the risk register, as well as being updated on the current College financial position.

Our decision to hold the disposal of Beacon House, pending Area Review, was confirmed by the Skills Funding Agency by letter.

547.2 Revised three year Forecast

A copy of the Forecast was provided to Members, comprising the actual results for 2014/5, forecast outturn for this year and a forecast for 2016/7.

These show satisfactory financial health in each of the three years and SFA monitoring will continue until this year's actual outturn is known.

Our funding allocation for 2016/17 shows an increase of £100K which will have to be used to fund the costs of remaining in Beacon House. The forecast for 2016/17 is shown as a surplus of £0.2 million, lower than £0.5 million previously shown, again due to Beacon House costs.

Finally, a discussion on the future of Chelmsford Training Services Limited as a continuing entity is required (see Matters Arising above) and an options analysis will be presented to the next meeting of this Committee.

The Committee **RECEIVED** the Report and noted the improved position.

548. TREASURY POLICY

The Committee **DISCUSSED** the Draft Policy and **RECOMMENDED** it for approval by the Board at their Meeting on 18 March 2016.

549. ANY OTHER BUSINESS

The Assistant Principal, People & Resources mentioned a possible link up between Dovedale Nursery with Moulsham Street Infants' School. Negotiations are proceeding.

ACTION: MT

The Committee was made aware that the College is looking into an expansion of the work being done with Aspire GR on a sub contract basis. Further updates will be provided.

ACTION: ME

The Chair asked if governors could provide an indication of what they would like to see on the Portal in the future and inform the Clerk.

ACTION: CLERK

550. DATE OF NEXT MEETING

Tuesday 21 June 2016 at 3.30pm.

There being no further business, the Meeting terminated at 5.40 pm.

Signed.....Dated.....