

CHELMSFORD COLLEGE
PERSONNEL, FINANCE & GENERAL PURPOSES COMMITTEE
24TH JUNE 2014

Present: Elaine Oddie (Chair)
Michael Lager
David Law (Principal)
Graham Evans
Bill Pigram
Janice Maclean
Phil Bridge

In Attendance: Debs Hurst (Director of Finance)
Caroline Williams (Director of Quality & Learning)
Mark Emerson (Head of Information, Systems & Planning)
Mike Tadman (Director of Human Resources)
Bill Lumsden, KPMG (FRS102 presentation only)
John Fowl (Clerk to the Corporation)
Joanne Seward (Minuting Secretary)

Prior to the main agenda began Bill Lumsden provided the Committee with a briefing on the new FRS102 accounting standards which all Colleges need to use to prepare and present their accounts with effect from 1st August 2015. The Governors were informed of the various changes which they will have to adopt under the requirements of the standard although some aspects did provide the option to continue to handle things using the current method of accounting. This applied to two aspects of government grant income and property plant equipment.

As a result of the presentation Debs Hurst undertook to produce a recommendation for the Committee to consider and subsequently for the Board to approve at the autumn 2014 meetings.

Bill Lumsden was thanked for his presentation and left the meeting at this point.

483. Apologies for Absence

There were no apologies

484. To Receive Declarations of Interest and to Notify Confidential Items

There were no declarations of interest made and no confidential items notified.

485. To Approve the Minutes of the Meeting Held on 11th March 2014

A number of amendments were made in respect of the Lee Stafford Academy/ commercial salon.

Under item 478 the reference to Lee Stafford Academy should refer to the commercial salon not the academy, which is generating a good source of income for the College. At the end of the first paragraph the wording should be amended to read "Governors were concerned about the commercial income shortfall from the Lee Stafford commercial salon".

The third paragraph should read "additional costs had been incurred due to more partnership working to ensure that the College target student numbers were achieved".

Under item 479 the first sentence should be amended to refer to the Lee Stafford commercial salon and not the Academy. Further within the paragraph the minute should read "the SLT has set up a task and finish group to undertake a full review of the Academy and commercial salon".

Under item 480 the third recommendation should be amended to read "approve the relocation to new premises and be operational from 1st July 2014".

With these amendments the minutes were approved.

486. Matters Arising

- i) Members were informed that the College had finally settled with the Cooperative Society for Copleston Court in the sum of £120,000.
- ii) The Committee was informed that the Lee Stafford commercial salon business plan was near to completion and surpluses were projected for 2014/15 and have been built into the College budget for 2014/15. The revised business plan will be circulated to the PF&GP Committee members for comment prior to the Board of the Corporation meeting on 11th July 2014.
- iii) Shared Service
Debs Hurst confirmed that the finance shared service will be relocating to the Basildon campus of South Essex College in July and that all staff affected will be transferred to the new financial service business "Essex Shared Services Ltd". Baker Tilly is checking the VAT position of the new company and will report to the College in due course. The company has been named Essex Shared Services Ltd and the final report will be presented to the Board on 11th July 2014. Governors were informed that the IT support was being provided by the Colleges with the main server data being held via Cloud technology. Chelmsford College will be providing IT support for the email systems with South Essex College providing the IT network. The Governors sought assurance that the need to put the business out to tender was not necessary and Debs Hurst undertook to obtain confirmation of this.
It was noted that the transfer of finance staff to the Essex Shared Services Ltd company has been achieved without any redundancies although two existing vacancies had not been filled as a consequence of the change.

487. To Receive the Human Resources Report

- a) Staffing changes 2014/15
It was resolved that this part of the minute should remain confidential.

b) Shared Services

Mike Tadman confirmed that the consultations with the College finance staff had been concluded successfully and the staff had been transferred to Essex Shared Services Ltd with effect from 1st August 2014. He informed the Committee that he had been in talks with South Essex College regarding the potential for other shared services between Colleges.

c) Principal Appointment

All contractual matters and vetting checks have been completed and Andy Sparks would start as the new Principal on Tuesday 26th August 2014.

d) Employer Relations

There were no outstanding trade union disputes and only one historic tribunal outstanding which is now due to be held in September 2014.

e) OfSTED

Members were informed that the feedback on HR matters by the inspectors emphasised the need for HR matters to consider the impact on students and learning.

f) Other HR Matters

The pension auto-enrolment for Chelmsford Training Services had been deferred until 1st August 2014 when the staff affected will be auto-enrolled within NEST.

The Committee noted that the majority of Governors had completed the online Equality & Diversity and Safeguarding training with just three Governors yet to fully complete this training.

The Committee was asked to provide their views regarding accreditation with C2E. At the time of the OfSTED inspection Mike Tadman confirmed that the inspectors appeared to give little value to this accreditation. The cost of re-accreditation would be £2,000. The Committee was asked to consider whether it felt this accreditation was of value to the College. The view of the Governors was that if this assurance can be obtained through the internal audit service then the College should not seek to re-accredit under C2E and thereby save the £2,000 cost.

Members received a variety of staffing data and were informed that staff turnover figures showed a reducing turnover level at just 9.6%. The number of formal interventions within the College had increased and members noted that dismissals may occur as part of these interventions. Part of the data provided staff performance rankings graded on the same basis as OfSTED inspections. Staff rated "inadequate" were given the opportunity to improve but if they did not improve within a reasonable period, dismissal would result.

The Governors stated that they found this information helpful and requested that it be recalibrated once the OfSTED report was publicly available.

It was **Resolved** that the HR report be received

488. To Receive the Management Accounts, April 2014

Management Accounts presented to the Committee indicated an increase in the projected deficit for the year. The view was expressed that there had been over optimism when setting the budget and income targets which had not been achieved. A financial error regarding historic utility bills in the sum of £120,000 had come to light and this again highlighted the inadequacy of the current finance systems.

The main variances within income and expenditure were explained to the Committee. It was noted that there is currently a moratorium on all expenditure within the College until the end of July 2014.

Despite the unexpected deficit it was noted that the College cash position remained healthy at least until December 2014 when it will worsen slightly for January/ February 2015 before improving again later in the financial year. It was emphasised that it was the assumptions made in setting the budget which were at fault not the budgetary controls subsequent to that. The May accounts will go to the Full Board on 11th July 2014 and it was hoped this would give a clearer picture in respect of the deficit incurred.

It was **Resolved** that the Management Accounts, April 2014 be received

489. To Consider the Draft Budget 2014/15 for the College Group

The Committee was informed of the assumptions made whilst setting the budget. The strategic target is to maintain a surplus of 1% of total income with salary costs being fixed at 65% of expenditure. Based on the figures produced, to date, the College was anticipating a balanced budget for 2014/15.

The Committee discussed the position of the College regarding the SFA financial grading which was expected to remain "satisfactory" despite the high level of expenditure on premises in recent years. The draft income budget for 2014-15 was noted and that the reduced level of income would cause problems in the year ahead. It was stressed there is no apparent over optimism in setting budget income targets for the year ahead. The payroll and non-payroll costs have been reviewed in detail by the SLT and Governors noted the capital expenditure programme 2014/15.

The College management team will look at the depreciation policy for its assets to see if this cost can be spread over a longer period. Further work is to be undertaken on budget preparation and the final draft will be presented to the Board of the Corporation for approval on 11th July 2014.

It was **Resolved** that the report be received.

490. To Consider the Financial Plan 2014/15 – 2015/16

Debs Hurst provided a verbal update on the Financial Plan that will also be presented to the Board of the Corporation on 11th July 2014 in conjunction with the budget for 2014/15.

491. To Approve the Revised Financial Regulations

The Financial Regulations in their current form were introduced in 2009 and therefore required updating. Debs Hurst had followed the 'CIPFA' guidelines from June 2013 which had included a model set of Financial Regulations for Colleges to be able to note current best practice. Some discussion ensued regarding whether the recommendation for approval of the Financial Statements should be undertaken by the Audit Committee or the PF&GP Committee. After discussion the Committee agreed that there should be no change in the current practice at Chelmsford College, whereby the Financial Statements are presented to the PF&GP Committee to recommend approval by the Board. Debs Hurst and the Clerk will check the practice at other Colleges and this will be reviewed again in the future if needed.

It was **Recommended** that the Board of the Corporation approves the revised Financial Regulations pending the review of regulation 15.1

492. Sickness Absence Benefits

The Committee was informed of the proposed changes to the College staff Sickness Absence procedure with effect from 1st September 2014. The changes had been based on the recent survey undertaken by the AOC which identified a trend in Colleges for the maximum period of full sick pay entitlement being limited to three months.

It was **Resolved** that the Committee approves:

- i) The Chelmsford College Staff Sickness Absence Procedure for staff whose employment commenced on or after 1st September 2014.
- ii) The Chelmsford College Staff Sickness Absence Procedure for staff whose employment commenced on or before 31st August 2014

493. To Review the College Strategic Plan 2014-17

At the Board of the Corporation meeting held on 28th March 2014 the Principal was requested to produce the Strategic Plan to take account of the amendments put forward by the Governors at that time. A view was expressed that the order of items in the Strategic Plan could be prioritised and a suggested order was put forward for consideration. It was agreed that this should be approved but given more consideration at the October 17th 2014 workshop for Governors in order to reflect the content of the OfSTED report when it is received.

494. To Approve the Terms of Reference and to Complete the Committee Self-Assessment

Members reviewed the Committee Terms of Reference and no changes were recommended.

(6)

A view was expressed that the Terms of Reference of the Committee should be less procedural and should give an indication of how the work of the Committee would impact on learners. Further thought would be given to this by the Deputy Principal, Caroline Williams.

The Governors completed their self-assessment forms and returned them to the Clerk to the Corporation.

495. Any Other Business

There was no other business

496. Date of Next Meeting

The next meeting will take place on 25th November 2014

Chair

Date

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