

**CHELMSFORD COLLEGE**  
**PERSONNEL, FINANCE & GENERAL PURPOSES COMMITTEE**  
**11<sup>TH</sup> MARCH 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)  
John Fowl (Clerk to the Corporation)  
Joanne Seward (Minuting Secretary)

**473. Apologies for Absence**

There were no apologies

**474. To Receive Declarations of Interest and to Notify Confidential Items**

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

**475. To Approve the Minutes of the Meeting Held on 27<sup>th</sup> November 2013**

Under item 468, the final sentence should refer to the academic year 2013–14 and not as shown in the minutes.

With this amendment the minutes were approved.

**476. Matters Arising**

465 (i) Dilapidations, Copleston Court

The dilapidation negotiations continue with the Cooperative Society who are claiming £138,000. Unless agreement is reached by 14<sup>th</sup> March the matter will go to arbitration. Debs Hurst was hoping to settle the matter in the sum of £120,000 but was trying to obtain a lower figure. It was noted that £85,000 had been paid already to the Cooperative Society on account of this claim. The Committee was advised that if the final settlement figure was £120,000 it would add an additional £20,000 to the revenue expenditure.

470. Whistleblowing Policy and Procedures

Mike Tadman informed the Committee that he had added an additional sentence to the Policy and Procedures to make it clear to staff that the "Press" was not an exempt organisation for the purposes of this legislation.

**477. To Receive the Human Resources Report**

Staffing and Shared Services

It was agreed that this part of the minute should remain confidential.

### Principal Recruitment

The advert for the post of Principal had been placed on the College website and advertised in the Times Educational Supplement. Thirteen application forms had been downloaded from the College website since 7<sup>th</sup> March 2014 and over 300 people had looked at the information in that time.

### Employment Tribunal

The Committee was informed that one claimant had withdrawn their claim at the last minute and hence that case was now closed. A second tribunal had been scheduled for the end of February but this was cancelled and rescheduled for September 2014. It was confirmed that the College is fully indemnified and that this cancellation will incur no extra cost.

### Management Development Programme

The College investment in this initiative appears to be paying off with managers now more confident and teamwork improving.

### Pensions

The College had introduced auto-enrolment in compliance with the current pension legislation. All new starters were being offered the new pension arrangements and four existing staff have also joined.

### Safeguarding

Governors were reminded that they should complete a safeguarding training questionnaire online and were asked to ensure this was completed by the Board meeting on 28<sup>th</sup> March 2014.

### Staff Turnover

Mike Tadman informed the Committee that staff turnover had remained relatively consistent with that in November 2013 when it was last reported. Members noted the number of staff leavers had not been replaced. A number of staff have resigned, often before or just after intervention on capability grounds. Resignations of this type account for 71% of all staff leaving the College and reflect the robust stance taken by the College in requiring high teaching standards. It was noted that not all staff leaving the College were being replaced and this had resulted in a reduction in staffing numbers overall.

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

## **478. To Receive the Management Accounts, January 2014**

The Committee received the management accounts for January 2014 and noted the end year prediction that there will be a projected deficit of approximately £135,000. This was due mainly to the shortfall in apprenticeship numbers offered by employers and the reduction in the Adult single allocation which is lower than that budgeted for. Governors were informed that similar reductions had occurred across the whole FE sector. Members noted the main variances in both income and expenditure.

Members were informed that the budget targets set for 2014/15 will be more tightly tested to aid compliance with forecast income.

Governors were concerned about the income shortfall from Lee Stafford Academy and this will be dealt with elsewhere on the agenda but now it was accepted that the initial projections for income from this source had been over-ambitious.

There had been a shortfall in nursery income due primarily to the extra places coming on stream later than planned. It was hoped however that some of this shortfall might be clawed back by the year end.

Additional costs have been incurred due to more sub-contracting to ensure that the College target student numbers were achieved.

The Governors queried the staffing budget figures and Debs Hurst advised that agency workers were used to cover sickness absence and formed only part of the overspend on this budget heading. Mike Tadman outlined the difficulties in recruitment to cover sudden absences and to maintain the quality standards expected in the College.

Members noted the cashflow statement and compared it to the budget projections. The view was expressed that the report format was still being refined in order to show the cashflow information more clearly for the benefit of Governors.

The strategic KPIs were presented and Debs Hurst recommended that in the current financial position a minimum operating surplus of 1% should be set. Governors asked that the more stringent KPIs agreed in June 2013 by the Governors should be used for future reports rather than the less stringent KPIs expected under the bank covenant rules regarding the loans.

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

#### **479. Lee Stafford Academy Strategic Plan**

The Governors were reminded that the intention of the Lee Stafford Academy was to lead to diversification of income for the College. Whilst achievements by students were good with high quality education being demonstrated when in a realistic and high quality business environment, overall income levels were disappointing. In response to the under-achievement of business income a number of steps have been taken to reduce costs. The SLT has set up a "task and finish" group to undertake a full review of the Academy. The Governors were informed that the take-up by new students has grown and the number of applications for the academic year 2014/15 has increased. The view was expressed that pricing may also be an issue given the competition in the immediate area. The Committee raised a number of questions on such matters as product sales, cost and hair services. Depreciation was possibly an issue and Governors expressed the view that they will not support this provision as a loss making offering and that it should at least be targeting a breakeven position for the next financial year. The Principal confirmed that this was the intention of SLT.

Debs Hurst confirmed that she was looking at all aspects of the work of the Chelmsford Training Services to ensure that having the company continues to be worthwhile. A revised three year business plan will be produced in summer 2014 and presented to the Governing body once complete.

It was **Resolved:**

- i) that the report be received
- ii) that the Lee Stafford business plan 2014/15 be presented to the next meeting of the committee
- iii) that the business plan should show at least a breakeven position for the financial year 2014/15

#### **480. Shared Services Proposal**

The Committee had been provided with the proposal to set up a joint venture company with South Essex College on a 37.1% to 62.9% share between Chelmsford College and South Essex. The proposal suggests relocating the existing finance teams of both Colleges to a neutral office based in Basildon as well as moving Chelmsford College onto the same finance system as South Essex College. It was intended to commence the shared service provision from 1<sup>st</sup> August 2014. Members considered the options but were told not to expect big savings in the first year. Debs Hurst was confident that other customers will come via other Colleges, academies and possibly schools. It was noted that South Essex College Finance Committee had recommended adoption of the shared financial services proposal by their Board of Corporation.

The Committee members were supportive of the proposal but accepted that one to one meetings with staff may throw up unforeseen problems so this would require careful management. The Governors asked for some additional information about the cost sharing – net cost reduction plans. Debs Hurst undertook to provide this. The Governors discussed whether a single base in Basildon or whether separate offices at both Colleges would be preferable. Debs Hurst confirmed that whilst it was intended for the main finance function will be based in Basildon there would still be locally based staff in each College to handle day to day matters.

The Chair expressed the view that the College should look at this proposal as establishing a better service for Chelmsford College and South Essex College with any future commercial development being considered only if considered it was appropriate. It was confirmed that the Heads of Agreement should be presented to the Board of the Corporation on 28<sup>th</sup> March 2014.

It was **Recommended** that the Board:

- i) Approves the progression of a shared service operation to establish a joint venture company between South Essex College and Chelmsford College
- ii) Enter a cost sharing agreement including service level agreements with a provision for procurement finance and payroll

(5)

iii) Relocate to new premises and be operational from 1<sup>st</sup> July 2014

**481. Any Other Business**

There was no other business

**482. Date of Next Meeting**

The next meeting will take place on 24<sup>th</sup> June 2014

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Chair

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Date