

SOUTHPORT COLLEGE

MINUTES OF RESOURCES COMMITTEE MEETING HELD ON WEDNESDAY 24TH APRIL 2018

Present:	Keith Millington	Independent Governor (Chair)
	Veronica Fell	Independent Governor
	Rob Firth	Independent Governor (Vice Chair)
	Kathy Passant	Independent Governor (Observer)
	Vipin Trivedi	Independent Governor
	John Clarke	Principal
	Stephen Breen	Associate Member
In Attendance:	Eddie Green	Vice Principal Services
	Lesley Venables	Interim Clerk to the Corporation
	Andrew Winrow	Head of Finance

APOLOGIES FOR ABSENCE

170 There were no apologies for absence.

DECLARATIONS OF INTEREST

171 A declaration of interest was received from Veronica Fell (Chair of the Corporation) as she is married to John Fell (Independent Governor).

MINUTES OF THE MEETING HELD ON 27TH FEBRUARY 2018

172 **Resolved -** That, with the addition of the word ' development' to paragraph 148, the minutes of the meeting held on 27th February 2018 be approved as a correct record and signed by the Chair

MATTERS ARISING

173 Governors received a list of actions resulting from the previous meeting and the progress made against each of these.

174 Under minute 114 the Principal/CEO reported that the shadow board for the second stage of the merger (consisting of 3 governors from each of the merged colleges, together with the respective principals) had not met since prior to the first stage mergers. It was likely that a meeting would be arranged for June 2018 and an update on progress would be provided at the Corporation's Strategy Day in May.

175 The Committee was advised that the ratio of staff costs to income was now included in the financial performance monitoring report (minute 141 refers).

176 Under minute 144 the Vice Principal Services reported that an approach had been made by NASUWT to reinstate its official recognition for negotiating purposes and that this should be honoured under the TUPE regulations. Management was currently checking the accuracy of this claim and, if upheld, would need to consult with the other recognised unions.

177 The College had published the outcomes of the Gender Pay Reporting process (minute 155) both on its own website and that of the Gender Pay Reporting office. Initial analysis had concluded that the College was placed in the middle of the range of data provided by other local colleges.

CONFIDENTIAL ITEMS

178 There were no items on the current agenda that were classified as confidential. However, it was agreed that minutes 161 to 168 from the meeting held on 27th February should be re-classified as confidential due to their commercial sensitivity.

ACCOMMODATION STRATEGY

179 Governors received for information a report on current capital projects.

180 At the February 2018 meeting the Corporation had decided that the HE Centre RG Building project should proceed to the next stage, with a total budget of £700K. The Vice Principal Services reported that tenders had been issued and would be returned shortly. Given that the work would need to commence prior to the next scheduled Corporation meeting, it would be necessary to hold a sub-group meeting to recommend the approval of the preferred contractor to the Corporation. Both these meetings would take place on 23rd May as part of the Strategy Day.

181 Final plans for the steelwork for the Reception area project at KGV were being prepared. The Committee was advised that one contractor had indicated that they would only bid for the work if the company could be considered for the RG Centre. A shortlist of at least 4 firms would be drawn up and an additional Committee meeting would be arranged to recommend approval of the successful bidder to the Corporation.

182 There had been a slight increase in the budget due to the use of a main contractor and a consultant, instead of some of this work being supervised in-house, following the resignation of the Head of Estates & Facilities and the volume of projects running concurrently.

183 Planning permission would be submitted during this week and it was anticipated that this would be granted in line with normal local authority timescales.

184 The Vice Principal Services reported that the College had been successful in its application to the College Improvement Fund (which supported sixth form college capital developments) for £996K for the replacement of the roof at KGV. The College's property consultant was currently preparing a plan of works and a tender process would commence prior to the end of the summer term, with the project taking place during the holidays and possibly the start of the new academic year.

185 A specialist consultant had now been engaged to advise the College on the Multi-Use Games Area project. It was likely that planning permission would be required due to the associated flood-lighting. It had been decided that only 2 of the College's football pitches would be developed, which would simplify the project.

- 186 **Resolved -**
- 1 That progress on all capital projects be noted
 - 2 That 2 special meetings of the Committee be arranged to make relevant recommendations to the Corporation on the contractors for the RG Centre at Southport College and the Reception Area at KGV

FINANCIAL ISSUES

Management Accounts

187 The Committee received for information the management accounts for January and February 2018. It was noted that the former was for Southport College only and the latter for the merged college.

188 The Vice Principal Services reported that both finance systems were now fully integrated but that it was possible to separate each element of income and expenditure for the individual colleges. The balance sheet was fully merged.

189 Governors were advised that the main item of variance in the management accounts for Southport College was the shortfall on adult funding (approx. £300K), which was a common issue amongst further education colleges this year. However, the impact was partly offset by savings in expenditure of £175K.

190 The VAT grant and expenditure had been reviewed and it was had been deemed more appropriate to capitalise the expenditure and treat the Grant as a deferred capital grant rather than income.

191 There had been lower than anticipated interest costs and the budget for consultancy services had been under-spent.

192 In terms of the key performance indicators, the EBITDA figure was -13.55% and the College was classified as being in 'Satisfactory' financial health. Governors were aware that there were still some risks in the achievement of the forecast outturn, such as apprenticeships, higher education and the adult learning loans.

193 Governors questioned the appropriateness of the 50 year depreciation period for capitalised VAT and were advised that this period was in line with the depreciation policy for buildings.

194 The Committee was concerned at the ratio for pay costs as a percentage of total income. The Vice Principal Services explained that this had increased for the merged college due to reductions in income, which in the case of Southport College had been partly offset by staff expenditure savings of £100k.

195 An overview of the College's financial plan would be provided at the Strategy Day, including information on performance against key indicators. The plan was based on growth in the 16-18 cohort and the staff required to deliver this increase were already in place. The Vice Principal reported that the College's performance was broadly in line with expectations, despite some one-off variations in expenditure. A key priority for management at this point in the academic year was to ensure that the target for adult funding was met or exceeded.

196 Governors asked whether there had been any reported difficulties with employers spending their proportion of the Apprenticeship Levy by the due deadline and any delays in the number of starts on apprenticeship programmes. The Principal/CEO advised that the system was complex, lengthy and bureaucratic, with a high error rate in the application process.

197 The College had been successful recently in being awarded a contract to recruit apprentices for Sefton Council's catering department and to increase its work within the local NHS. The Vice Principal reported that the College was performing in the top 10% of colleges nationally for its apprenticeship work (one of only a few colleges in this position locally) and that it was important to continue to provide a flexible, swift response to employers.

Financial Regulations 2018/2019

198 The Committee received a revised set of Financial Regulations for 2018/2019, an annual review of which was required under the terms of reference.

199 A number of amendments had been suggested, the first of which was to increase the Principal/CEO's delegated authority limit from £50K to £100k for each occurrence (as opposed to a cumulative limit). All instances would be reported to the Committee and it was agreed that adequate safeguards were in place to ensure that this authority was not abused.

200 It was proposed that the procurement level should be increased from 5% to 10%. This had resulted from experience during the merger process, where timescales had needed to be quicker.

201 Amendments had been made to the Financial Regulations to reflect the introduction of the General Data Protection Regulations and the Committee's revised terms of reference.

- 202 **Resolved -**
- 1 That the Corporation **be RECOMMENDED** to approve the revised Financial Regulations
 - 2 That any instances of the Principal/CEO using the proposed delegated authority limit of £100k be reported to the Committee within the Accommodation Strategy Update

Investment Policy & Performance, including Treasury Management

203 The Vice Principal Services presented the Investment Policy and advised that no further amendments were proposed for 2018/2019.

204 The investment institutions used by the College had minimum credit ratings, in line with the policy. Governors noted the impact of the merger on the College's cash balances and borrowings. There would be a draw-down of £3m of the grant from the Transaction Unit in advance of it being required by the College and there would be some maturing deposits. This meant that £2m could be invested in a 12 month deposit account.

205 A further institution had been identified for short-term deposits, with a 90 day notice period, which provided a good rate of interest. An account was being set up and funds from the current RBS account would be transferred to it.

206 The Committee concurred that the College should not invest in any financial institutions with a credit rating lower than 'A' for long-term investments and 'P2' for short-term investments. However, the consequences of short-term investment in RBS, whose credit rating had fallen recently, were noted and accepted. Management would continue to monitor the situation and further updates would be provided to future meetings.

207 It was noted that the College's actual practice was more aligned to Section 4 of the Investment Policy than Section 3. Clause 7.2 was felt to be obsolete, as the Principal had the authority to open new bank accounts, as long as these were not the College's main operating account.

208 **Resolved -** That, subject to the amendment of clause 7.2, the Investment Policy be approved, pending the opening of a short-term deposit account

UNION-MANAGEMENT FORUM

209 The Committee received for information the minutes of recent Union-Management Forum (UMF) meetings held since February 2018.

GENERAL DATA PROTECTION REGULATIONS

210 The Vice Principal Services presented a report on the College's arrangements for the introduction of the General Data Protection Regulations (GDPR), which would come into force on 25th May 2018 and built on the College's existing data protection processes.

211 One of the key actions to be undertaken in preparation for the new regulations was an information audit by all departments. Additional processes such as privacy notices were currently being reviewed. A steering group of staff from across the College had been established, the first meeting of which would take place shortly.

212 Under the Regulations a Data Protection Officer needed to be appointed and it had been determined that the most appropriate person would be the Head of Management Information Systems. This individual would have direct access to governors on GDPR issues, through the Clerk to the Corporation. In response to questions about arrangements for governors, the Vice Principal Services reported that a training session would be provided on their responsibilities and that the Clerk would participate in the data audit. It was agreed that a set of guidelines on data handling procedures for governors should be prepared.

213 The Committee noted that the GDPR would have implications for other College policies, such as Document Retention and Deletions.

214 Feedback on progress would be reported to the Committee in the Autumn Term.

HEALTH & SAFETY UPDATE

215 Governors were advised that some work was required on health and safety issues in certain curriculum areas, but that there were no overriding concerns.

MERGER UPDATE

216 The Vice-Principal presented a report on recent discussions held at Corporation level on a change to the management structure and the appointment of an Assistant Principal post (who would be designated as a senior postholder) for Curriculum & Quality. These proposals had resulted from the retirement of the current Vice-Principal Curriculum & Quality at the end of the academic year.

217 The roles of the current Vice Principals for Sixth Form & University Studies and Curriculum & Quality would be merged and the remaining single post would be supported by an Assistant Principal with particular responsibility for safeguarding and student conduct.

218 There had also been a small number of resignations amongst the management team, which had enabled the Principal/CEO to restructure the organisation earlier than anticipated and make some expenditure savings, in line with the plans submitted to the Transaction Unit.

A more detailed report on the intended management structure would be shared with governors at the Strategy Day.

219 Governors questioned whether the resignation of the Director of HR would result in a loss of impetus to bring together the two groups of staff and HR processes. Management responded that every effort would be made to mitigate this, including additional external resourcing if required.

220 The Committee formally recorded its gratitude to the Directors of Estates & Facilities and HR, who had provided inputs to its work over a number of years.

221 Work on the merged College's IT systems continued and was progressing according to the agreed schedule. A group of students had been identified to provide feedback on the implementation of the new facilities.

222 In terms of financial systems there were still a small number of operational issues to resolve.

223 On behalf of the Committee the Chair thanked the College Executive and Management Teams for the smoothness of the transition process for the merger.

TERMS OF REFERENCE

224 The Clerk presented revised terms of reference for the Committee. These had been updated to reflect changes to the number of members. Governors agreed that the section on the College's IT Strategy should be amended and that a further paragraph should be added on the oversight of data protection arrangements.

225 **Resolved -** That, subject to the amendments outlined above, the Corporation **be RECOMMENDED** to approve the revised terms of reference

ITEMS TO BE REPORTED TO THE CORPORATION

226 The Chair summarised the outcomes of the meeting and identified the following matters which would be brought to the attention of the Corporation at its meeting on 4th July 2018:

- Management accounts to 28th February 2018 were received for information
- Recommendations to the Corporation would be made at two separate special Committee meetings on the contractors for the RG Centre at Southport College and the Reception Area at KGV
- Reports received for information on Post-Merger Issues, GDPR, Union-Management Forum, Health & Safety
- Investment Policy for 2018/2019 was approved
- Revised terms of reference and Financial Regulations for 2018/2019 were recommended for approval by the Corporation

DATE OF NEXT MEETING

26th June 2018, 4.00 p.m.