



Finance and Employment Committee Minutes

Meeting held on Thursday 25 May 2018 at 5.30pm in Room 301

- Present:** Mr P Cook, Mr M Duffey, Mr D Johnson, Mr R McCallion (Chair) and Mr M White
Officials: Paul Hiser (HR Director), Fiona Sharp (Finance Director), Sarah Thompson (Clerk to the Corporation)
Apologies: Phil Hastie

No declarations of interest were made:

The Chair welcomed members to the meeting.

F18/18 Agenda Item 1 – Appointment of Chair

Members **agreed** to appoint Russ McCallion as committee Chair for the remainder of this academic year.

F18/19 Agenda Item 2 - Minutes of Previous Meeting

The minutes of a Finance and Employment Committee meeting held on 29 March 2018 had been circulated and were **approved** as an accurate record. Progress against actions was noted.

In respect of the requested review of the pay cost to income ratio, the Finance Director highlighted that, as the College was currently in a state of flux, it would be difficult to bring a meaningful analysis to the next meeting. However, the pay cost to income ratio would be monitored throughout the year as a matter of routine reporting. Members agreed that this was no longer required as a specific action.

In respect of the action related to cleaning up of chewing gum, it was clarified that bins had been ordered and a routine put in place to check levels of chewing gum. Members confirmed that this action was now deemed as completed.

F18/20 Additional item – Merger Update

The Principal reminded members to treat this merger update as strictly confidential.

[Redacted]

A recent senior leadership team away day had focussed on progress with operational matters. The College intended to launch a voluntary redundancy scheme, potentially in June, and this had been trailed in the recent Ask Penny publication. Alongside this, the requirement for compulsory redundancies was being considered via departmental reviews. This was in line with the usual staffing review processes but would be timed to align with the voluntary redundancy scheme. Following discussion with senior managers, it was intended to advertise new senior manager posts in June, with a view to appointment in August. A process for recruitment of a Director of Business Development was already underway, with interviews to take place in June. The post of Director of HR would be advertised in mid June and the post of Campus Principal for the Stockton site would also be advertised in June. The appointment of Campus Principal for Bede would also now be announced, following signature of contract.

Staffing structures at Redcar & Cleveland College would be aligned with those at SRC, with Heads of Departments replacing Curriculum Directors and Programme Area Leads replacing Deputy Directors. Three of the four positions were currently filled with interims. In response to a query, the Principal confirmed that there was expected to be a high level of staffing change at Redcar & Cleveland College, particularly as there were currently 30 interim staff. Members also queried whether any difficulties attracting staff were anticipated and the Principal highlighted that the College would need to very carefully consider wording of advertisements due to timing prior to merger. Members queried the impact of agency and finders' fees and the Principal highlighted that this had been an issue for Redcar & Cleveland College over a number of years. Members suggested involving former Redcar & Cleveland College staff in the recruitment process and the Principal confirmed that this would be considered. He also highlighted that the College was looking at strategies to become an outstanding employer, and this included the College's work on health and well-being and potentially use of Fair Trade products and local providers.

In terms of staffing reviews, there was a need to review the business engagement function and ensure an effective business engagement strategy was in place. The impact of the Director of Business Engagement leaving the College was recognised, as well as issues with business engagement at Redcar & Cleveland College for a number of years. Learning Support, Higher Education, Foundation Skills/High Needs and Student Services would also be reviewed, to ensure services were appropriate for requirements. In response to a query, a staff governor confirmed that the Ask Penny briefings were helpful in addressing staff queries and questions. The Principal highlighted that he held weekly staff briefings at Redcar & Cleveland College and also attended regular College Management Group briefings. Staff briefings were offered at Stockton but attendance was usually relatively low.

The update was received and noted.

F18/21 **Agenda Item 3 – Budget Development and Implications / 2018-19 Funding Allocations**

Members received the circulated report providing an update on budget development. The report on 2018-19 funding allocations was not available.

The Finance Director referred members to her circulated Income and Expenditure account [redacted]. She reminded members that there was a requirement to submit a three year financial plan to the Education and Skills Funding Agency, which would comprise a 2017-18 forecast for SRC as a standalone College and for 2018-19 and 2019-20 as a merged College.

Members queried the budgeting process at Redcar & Cleveland College and the Finance Director clarified that Business Planning Round 3 was currently in progress and SRC templates and meeting processes were being used. The Finance Director and Vice Principal Corporate Planning and Performance attended business planning meetings, together with other appropriate senior managers, for example, Vice Principal Curriculum for curriculum departments, Director of Marketing for student services. Budget plans for the merged college would be based on retaining separate curriculum departments. However, business planning for business support teams was more difficult because they would become shared services. Budget holders had been asked to develop separate budgets which would then be pulled together by the Finance Director. Members recognised the need to improve financial management at Redcar & Cleveland College and that it would be important to be cautious about accuracy of forecasts. The Finance Director highlighted that the business planning process had been rigorous but also supportive. Members queried whether budget holders were strong enough to cope with challenge and the Finance Director highlighted that some budget holders were performing well, although a very high number of staff were on interim contracts. It was also stressed that Redcar & Cleveland College would not exist as a separate unit post merger and budget plans would be focussed on departments.

Members confirmed that it would be helpful for a governor session to take place in the autumn term to refresh governor understanding of the budget setting process and their role within this.

Members were also advised that it was intended to introduce a system for charging costs of support departments to curriculum departments from 2019/20. Members discussed any impact of this on the relationship between curriculum departments and the Business Development team, for example, whether targets could be set by the curriculum departments. The Principal highlighted that this was not planned, in light of the potential to change the dynamic between business development teams and the curriculum departments. However, this could be an area for consideration in the future.

Managers should report at performance review meetings where they did not feel they were receiving value for money.

In response to further queries, it was clarified that departmental staffing structures at Redcar & Cleveland College would be aligned with SRC structures post merger. Staff would be transferred on existing terms and conditions, and terms and conditions would be aligned as part of an Economic and Technical Organisational review in October / November. This would include a review of staffing levels, for example, business support managers, although some issues could be resolved as part of the voluntary redundancy process.

Members received and noted the budget update and **agreed** that consideration of funding allocations should be deferred to the next meeting of the committee.

F18/22 **Agenda Item 4 – Tuition Fee Policy**

A report had been circulated asking members to approve the 2018-19 College tuition fee policy. Minor changes had been made to align with revised funding guidance.

Members **agreed** to approve the 2018-19 College tuition fee policy.

F18/23 **Agenda Item 5 – TVC Inter company loan**

A report had been circulated asking members to consider approving a loan agreement between the College and TVC up to a maximum of £100 k. Prior to approval, members were asked to consider the ability of TVC to repay this loan. The Finance Director reminded members that, on TVC being established, the committee had approved a loan facility. On the recommendation of the external auditors, a formal loan agreement had now been drawn up by the College's legal advisers. It was proposed to increase the loan facility to £100 k to reflect the highest level of loan of £99 k. This had been utilised to allow early payment of staff and suppliers over the Christmas period. The loan agreement had been considered by the TVC Board, who were happy with this.

The Finance Director also highlighted that TVC would be a continuing area of focus for 2018-19. Following the departure of the Catering Manager, the Estates Manager had taken over responsibility for management of TVC and was already identifying savings and improvements. She was also very happy to explore new initiatives, such as Fair Trade and reducing plastic bottle usage. The Finance Director confirmed that the overall direction was positive and the deficit was reducing. A staff governor also highlighted that positive progress had been achieved in erecting a smoking shelter and the Estates Manager was looking to involve Construction students.

Members **approved** the loan agreement for signature by the committee Chair.

F18/24 **Agenda Item 6 – Any other business**

The following matters of additional business were discussed:

Subcontracting Supply Chain Fees and Charges Policy

A report had been circulated asking members to recommend approval of the policy to the FE Corporation. Members queried whether the college was required to have in place Anti-Bribery and Corruption and Modern Slavery Policies and whether suppliers were also asked to provide evidence of such policies. The Finance Director confirmed that the College had in place an Anti-Bribery Policy and required all subcontractors to evidence such a policy as part of suppliers' questionnaires. The College was not currently required to have in place a Modern Slavery Policy as this was only applicable to organisations with income above £36 m. Members recognised that this was something for consideration as part of the College's best practice processes, once workload permitted, and it was suggested that the College's approach to corporate social responsibility could be considered at a future strategic seminar.

Governors **recommended** that the Subcontracting Supply Chain Fees and Charges Policy be approved at the next FE Corporation meeting in July.

Estates Manager

Members **agreed** that the Estates Manager should be invited to provide a presentation to a future meeting of the committee (approx. 15 minutes). In response to a query, the Finance Director clarified that the College had eight vehicles, comprising three minibuses, two vans, a crane (training use only) and jeep at NETA and a tractor at Bede, which was used for grass-cutting and snow clearance.

Payroll

The Finance Director reported that the new payroll system would go live on 25 May 2018. There were no concerns and a total of three parallel runs had been undertaken.

Board Packs / Governor Dashboard

In response to a query, the Clerk confirmed that all former governors no longer had access to Corporation and committee papers via Board Packs. Members recognised that Redcar & Cleveland College Board ran meetings in a paper-free way and recognised that there were opportunities to learn from this. It was also requested that use of the Governor Dashboard be reviewed to ascertain value for governors.

F18/25 Agenda Item 7 – Date and time of next meeting

The next meeting was scheduled to take place at 11 am on Thursday 21 June 2018.