



POLICY & RESOURCES COMMITTEE

MINUTES OF MEETING OF 05 MARCH 2015

14:00 Boardroom, Milton Road

Present: Ian McKay; Nigel Paul; Robin Stimpson; Ian Young (Chair).

In attendance: Su Breadner; Penny Davis; Elaine McMahon; Marcus Walker (Clerk); Alan Williamson; Craig Wilson.

1 WELCOME AND APOLOGIES

- 1.1 Apologies had been received from Martin Crewe and Alan Johnston.
- 1.2 The Committee NOTED that David Rutherford, formerly the Chair of the Audit & Risk Assurance Committee, had stepped down from the Board of Management.

2 DECLARATIONS OF INTEREST

- 2.1 None.

3 MINUTES OF PREVIOUS MEETING

- 3.1 The Board APPROVED the Minutes from 14 January 2015 as an accurate record of the meeting.

4 MATTERS ARISING

- 4.1 Actions from the previous meeting were complete, overtaken or on the agenda.

5 TERMS OF REFERENCE

- 5.1 The Committee NOTED a revised terms of reference for the Policy & Resources Committee. In light of amendments to the reporting requirements within the Financial Memorandum, Item 2.4 in the Terms of Reference was updated to outline the Committee's duty to *'retain an overview of the write-off of student debt and the reporting of that subject to the SFC'*.
- 5.2 The Committee APPROVED the revised Policy & Resources Committee Terms of Reference for recommendation to the Board.

6 *Paragraph 6 presently exempt from publication under the Freedom of information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

7 FINANCIAL REPORT

7.1 NET DEPRECIATION

7.1.1 The Committee NOTED that the SFC had proposed a solution to the shortfall in student support funding, to allow colleges to use the cash allocated through 'net depreciation' for this purpose, and allow colleges to spend the cash to meet specific funding challenges.

7.1.2 The Director of Finance provided the Committee with an overview of the impact of net depreciation on the College's funds over the next four academic and financial years. The Committee NOTED the adverse impact on the College's Income and Expenditure Account and associated Net Current Assets and Reserves.

7.1.3 The Committee NOTED an alternative solution, whereby the age limit for EMA could be extended from 18 to 20, allowing students aged 19 or 20 to be paid from the EMA funds, rather than from bursary funds. The Committee NOTED that this approach would not adversely impact on College's financial position.

7.1.4 The Committee DISCUSSED the following aspects of net depreciation and its impact on the College and sector's financial sustainability:

- (i) the SFC's willingness for colleges to accrue losses over future years, placing individual colleges under enormous financial pressure;
- (ii) the failure of the net depreciation approach to recognise colleges individual circumstances, as a 'single formula' had been applied across the sector;
- (iii) the additional restrictions placed on the college sector through net depreciation, supplementary to the continued effects of the ONS Reclassification;
- (iv) the potential to lessen the impact by spending the College's funding allocation within the financial year;
- (v) the College's current financial position and the Director of Finance's confidence in reaching the forecast year end projections.

7.1.5 The Committee NOTED that the Director of Finance had informed the SFC of the impact of net depreciation of the College's finances, and the limited 'headroom' it allowed in terms of the College's position and sustainability.

7.1.6 The Committee AGREED that the impact of net depreciation on the College needed to be highlighted to Colleges Scotland, in order for a robust sector wide response to the SFC's proposal to be developed.

7.2 MANAGEMENT ACCOUNTS TO JANUARY

7.2.1 The Committee NOTED the financial performance of the College, as highlighted in the Financial Accounts to January 2015.

7.2.2 *Paragraph 7.2.2 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 33, Commercial Interests and the Economy.*

7.3 SFC EFFICIENT GOVERNMENT RETURN

7.3.1 The Committee NOTED the summarised efficiencies delivered by Edinburgh College for 2013-14, as part of the Efficient Government Initiative. The Committee were satisfied with the detailed efficiencies and AGREED that the Interim Principal (as Accountable Officer) should sign-off the return.

7.4 BUDGET APPROACH (2015/16)

7.4.1 The Committee NOTED an approach and timetable put forward by the Director of Finance for the review, approval and sign-off of the College Budget 2015/16.

7.4.2 The Committee DISCUSSED the Zero Based Budgeting (ZBB) approach, which would be implemented across the College for the first time. Members DISCUSSED the importance on introducing a proactive mechanism within the budgeting system to eradicate the possibility of individual errors at departmental level. The Director of Finance confirmed that Department Heads would have responsibility for their own agreed budgets, which would subsequently be approved by the Executive.

7.4.3 Members NOTED the importance of contextualising the College budget within the College's current financial situation, and asked the Executive to consider how communications would be cascaded through the management structure.

7.4.4 The Committee AGREED that the Policy & Resources Committee meeting on 03 June 2015 would primarily focus on the College budget, prior to its consideration by the Board.

8 ORGANISATIONAL AND STAFFING REPORT

8.1 HR UPDATE

8.1.1 The Committee NOTED an update on the status of business critical HR projects across the College.

8.1.2 The Committee NOTED the appointment of the new Principal, Annette Bruton, as approved by the Board on 10 February 2015. The Committee NOTED that the new Principal's contract had been approved, issued and accepted, following consideration by the Remuneration Committee.

8.1.3 *Paragraph 8.1.3 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.1.4 The Committee NOTED that a communications plan on policy development had been agreed, and that an explanatory letter to staff would be circulated on 6 March 2015.

8.1.5 *Paragraph 8.1.5 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.1.6 *Paragraph 8.1.6 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.1.7 *Paragraph 8.1.7 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.2 STAFF UTILISATION / TEMPORARY STAFFING REPORT

8.2.1 The Committee NOTED a report on staff utilisations levels and temporary staffing budgets across the College.

8.2.2 The Committee Chair commended the Executive for 'drilling down' into this important staffing information, and the Committee NOTED that such information would be useful for supporting culture change across the College.

8.2.3 The Committee AGREED that the Executive would re-draft the report prior to the next meeting of the Committee, to include:

- (i) a further explanation of the allocated departmental budgets;
- (ii) an overview of cross-budgeting and data trends;
- (iii) a breakdown excluding the College's statutory obligations (e.g. sick leave).

9 BRAND REVIEW

9.1 The Committee NOTED an update on the current status of the brand project, following refinements by the project group. The Director of OD & Communications informed Members that the brand wheel had been altered following 'unanimous feedback' from the project group, leading to a revised brand essence.

9.2 The Committee DISCUSSED the brand project's progress to date, and were content for the project group to continue in the manner outlined. Members were also pleased to note Jan Cutting's continued involvement in the brand development process.

9.3 The Committee AGREED that all brand development should remain within the College, until such time that a brand launch becomes appropriate. The Director of OD & Communications informed the Committee that the brand wheel (and other associated materials) were currently only used as 'internal tools'.

9.4 The Committee Chair informed Members that the Nominations & Engagement Committee would review a finalised brand wheel at its next meeting, prior to approval by the Board.

10 ANY OTHER COMPETENT BUSINESS

None.

11 DATE OF NEXT MEETING

The next meeting would be held at 14:00hrs on 08 April 2015 at the Granton Campus.

12 CLOSED BUSINESS

No closed items of business were considered.

Meeting closed at 16:25