



## **POLICY & RESOURCES COMMITTEE**

### **MINUTES OF MEETING OF 29 MARCH 2016**

**14:00 Boardroom, Milton Road Campus**

**Present:** Sandra Cairncross; Stephen Dunn; Alan Johnston; Ian McKay; Nigel Paul; Robin Stimpson; Ian Young (Chair).

**In attendance:** Annette Bruton, Penny Davis; Ken Rutherford (SFC); Marcus Walker (Clerk); Alan Williamson; Craig Wilson.

#### **1 WELCOME AND APOLOGIES**

1.1 No apologies were received.

1.2 The Committee Chair welcomed Stephen Dunn, a new Non-Executive Board member, to his first Policy & Resource Committee meeting.

1.3 The Committee Chair welcomed Ken Rutherford, SFC Outcome Agreement Manager, to the meeting to consider progress on the Business Transformation Plan proposal and the Regional Outcome Agreement 2016/17.

#### **2 DECLARATIONS OF INTEREST**

2.1 No declarations of interests were received.

#### **3 MINUTES OF PREVIOUS MEETING**

3.1 The Board APPROVED the Minutes from 18 January 2016 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 BUSINESS TRANSFORMATION PLAN

*Sarah-Jane Linton, Head of Performance & Planning, joined the meeting.*

### 5.1 WORKING GROUP MINUTES 18.02.16 & 21.03.16

5.1.1 The Committee NOTED the minutes of the second and third meetings of the Business Transformation Plan Working Group held on 18 February and 21 March.

5.1.2 The Committee NOTED that the Working Group on 21 March had considered a draft transformation plan proposal which contained a planning matrix, investment plan, Gantt chart, 19 Project Initiation Documents (PIDs) and Business Cases and a risk register. The Sub-Group Chair informed the Committee that Non-Executive members of the Working Group had each scrutinised a number of PIDs outwith the meeting, and feedback directly to the Head of Performance & Planning.

5.1.3 The Committee NOTED the Working Group had considered a proposed gateway-style review, to ensure effective review mechanisms were in place to assess the transformational plan. The Sub-Group Chair advised the Committee that members were supportive of the approach proposed by the Executive.

5.1.4 The Committee NOTED that the Working Group endorsed the proposed transformation plan, but had asked the Head of Performance & Planning to ensure that PIDs and Business Cases recognised further the significant external engagement across each programme strand.

5.1.5 The Committee DISCUSSED the role of the Working Group in the development of the transformation plan proposal, and its continued role (if any) in the strategic and operational aspects of the plan. The Committee AGREED that the Working Group would remain active until such time that the transformation plan was fully aligned with the College's operation.

### 5.2 BUSINESS TRANSFORMATION PLAN PROPOSAL

5.2.1 The Committee NOTED an introduction to the proposed transformation plan from the Principal, who explained the importance of an appropriately funded plan in order for the College to appropriately serve the wider community. The Principal outlined the contents of the endorsed proposal, which in addition to the information reviewed by the Working Group included a financial forecasting document to 2018/19 (based on a number of funding assumptions proposed in the plan).

5.2.2 The Committee NOTED the detail of the financial forecasting document, and the funding assumptions over a 3 year period. The Committee DISCUSSED the following aspects of the financial forecast:

- (i) the assumptions relating to the 'Debt Support Grant', which was due to end in 2018/19;

- (ii) the College's credit targets over the period and the potential for reductions across the sector;
- (iii) the voluntary severance support requested, and the ongoing need to appropriately redistribute staff across the College;
- (iv) the need to anticipate the potential removal of funding, if the sector's funding is reduced, and the need to make hard decisions whilst funding is available;
- (v) the potential for investment in the College's commercial interests 'to develop a new approach';
- (vi) the impact of past reductions in the marketing budget and its implications for student enrolments.

5.2.3 The Committee AGREED that benchmarking exercises should be undertaken by the College and/or the sector to understand the current levels of investment in marketing and commerce.

5.2.4 The Committee DISCUSSED THE College's HR capability to achieve the transformation plan, and whether additional HR and Organisation Development elements should be included within the documentation. The Committee AGREED that the Senior Management Team should include a more comprehensive HR structure within its planning for transitional funding. In addition to this, the Committee AGREED that Stephen Dunn, a Non-Executive member with HR and OD expertise, should review PIDs related to workforce development and structure.

5.2.5 The Committee NOTED the response of the College's Outcome Agreement Manager to the transformation plan and the financial forecasting document. The Outcome Agreement Manager informed the Committee that it was essential that the College achieved its student recruitment/retention targets, and hoped that following a successful transformation period the College's total number of credits would sit closer to 200k. The Committee NOTED that the SFC would hold a meeting with the Scottish Government in early April to discuss the transformation plan proposal.

5.2.6 The Committee APPROVED the transformation plan proposal, subject to changes emerging from the incorporation of matters outlined under Minute 5.2.4. The Committee Chair thanked senior management for their efforts in developing a 'well-formed' transformation plan proposal, and the Committee for holding a healthy and robust discussion.

### 5.3 PRIORITY BASED BUDGETING (PBB) UPDATE

5.3.1 The Committee NOTED a verbal update from the Chief Operating Officer on the ongoing PBB project, a key element of the Financial Sustainability Programme strand.

5.3.2 The Committee NOTED that the number of PBB options received, the broad themes of the most popular submissions, and the ongoing process of review. The Chief Operating Officer informed the Committee that recommendations from the PBB project would be presented to the Policy & Resources Committee on 14 June.

5.3.3 The Committee DISCUSSED the PBB timescales, the targeted savings through the project and the commonality between College staffs suggestions and the wider transformation plan proposals.

## **6 REGIONAL OUTCOME AGREEMENT 2016/17**

- 6.1 The Committee NOTED a final draft of the 2016/17 Regional Outcome Agreement, which included further information on SDS Regional Skills Assessment Data as requested by the Board.
- 6.2 The Committee NOTED that an indicative funding amount for the academic year 2016/17 would be confirmed by the SFC in November 2016, once the Scottish Government had confirmed the sector's final funding figure.
- 6.3 The Committee AGREED to endorse the 2016/17 Regional Outcome Agreement to go forward for consideration by the Board.

***Sarah-Jane Linton and Ken Rutherford left the meeting.***

## **7 FINANCE REPORT**

***Lindsay Towns, Head of Finance, joined the meeting***

### **7.1 FINANCE REPORT**

- 7.1.1 The Committee NOTED that the Further and Higher Education SORP Board had published a revised Statement of Recommended Practice (SORP) which would affect the current College accounting period. The Head of Finance highlighted the impact of the new regulations on the presentation of financial performance, assets and liabilities in the College's financial statements and accounting policies.
- 7.1.2 The Committee NOTED the Quarter 4 Resource Return and Cashflow as provided to the SFC. The Head of Finance outlined a net overspend within the full year forecast as a result of the shortfall in income relating to the reduction of 12,000 credits, offset by a positive variance on staff expenditure and student support funds.
- 7.1.3 The Committee NOTED update on the 2015/16 credit and 2016/17 application positions, as of 11 March. The Committee AGREED that the Head of Finance should include a 'full dashboard' overview of credits/applications to future meetings.
- 7.1.4 The Committee NOTED the main items arising out of the Scottish Government's Draft Budget proposal for 2016/17, including the planned funding for colleges.

## 7.2 COLLEGE BUDGET BI-ANNUAL REVIEW

7.2.1 The Committee NOTED a report detailing the College's financial position and budget for the six months to January 2016. The Committee Chair welcomed the summary report and recommended its presentation to the Board on 19 April.

## 7.3 MANAGEMENT ACCOUNTS TO JANUARY 2016

7.3.1 The Committee NOTED the financial performance of the College, as highlighted in the Financial Accounts to January 2016.

7.3.2 The Committee NOTED that the largest movement in expenditure had been related to staffing, due to the implementation of the 1% (or £300 whichever is greater) pay award.

7.3.3 The Committee NOTED an adverse variance on the year to date budget relating to SAAS fees, FT & PT tuition fees, associate degree programmes, bespoke contracts and scheduled short courses.

## 7.4 INTERNATIONAL TUITION FEES 2016/17

7.4.1 The Committee NOTED at its last meeting members had ratified a decision to approve a 4% increase in part-time course fees, based on a market review of other colleges and local universities. The Chief Operating Officer explained that, in January, the international tuition fees for 2016/17 had not been confirmed due to another ongoing benchmarking exercise.

7.4.2 The Committee NOTED that the Commercial & International Sub-Group had reviewed the proposed international tuition fees, and were in support of an increase to General English ESOL course fees for 2016/17 – in line with sector benchmarking.

7.4.3 The Committee APPROVED the proposed international tuition fees 2016/17. The Committee Chair reminded members that for 2017/18 tuition fees would be reviewed by the Committee in November 2016 (minute 29.03.16/6.3.1 refers), to allow a decision to be made within the normal Committee cycle.

## 7.5 LOTHIAN PENSION SCHEME DISCRETIONS POLICY DOCUMENT

7.5.1 The Committee NOTED details of the new Edinburgh College Lothian Pension Scheme Discretions Policy. The Head of Finance informed the Committee that in drafting the policy, the College had referred to statutory provision and took advice from the City of Edinburgh Council (as the pension scheme administering authority).

7.5.2 The Committee NOTED the risks of not implementing the policy and the mitigating actions taken by the College to ensure that cases can be reviewed on an individual basis.

7.5.3 The Committee DISCUSSED the following points relating to the policy:

- (i) The potential cost implications of staff seeking early retirement;
- (ii) the awareness staff of the proposed changes
- (iii) arrangement for new staff going forward;
- (iv) the various, and potentially more flexible, pension options available (e.g. Defined contribution pension schemes).

7.5.4 The Committee APPROVED the Edinburgh College Lothian Pension Scheme Discretions Policy, and the Head of Finance advised members that the approved policy would be lodged with Lothian Pension Scheme in due course.

## 7.6 PROCUREMENT REFORM ACT

7.6.1 The Committee NOTED that on 18 April 2016 changes to EU Procurement Directives would come into operation, and the Procurement Reform (Scotland) Act 2014 would become enforceable. The Head of Finance outlined the affect these changes would have for procurement at the College and across the Public Sector.

7.6.2 The Committee NOTED the transitional arrangements in place at the College to accommodate the legislation, which included informing all staff with budgetary control, authorisation and requisitioning rights to be aware of the changes. The Head of Finance highlighted the risks, mitigating actions and the procedural implications of the changes to the Committee.

***Lindsay Towns left the meeting.***

## 8 HUMAN RESOURCES REPORT

***Beth Dickson, the Interim Head of HR, joined the meeting.***

### 8.1 PROTECTION OF VULNERABLE GROUPS (PVG)

8.1.1 *Paragraph 8.1.1 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.1.2 The Committee NOTED that Disclosure Scotland had notified the College it would undertake a development audit of staff and student procedures, on 07 April, in relation to PVG checks. The Interim Head of HR informed the Committee that preparatory meetings had taken place between HR and Student Support, and that a further update on the audit would be provided at the next meeting of the Committee.

### 8.2 JOB EVALUATION

8.2.1 The Committee NOTED that all job evaluation appeals had been completed and that dates had been set for the appeals panels to oversee a consistency check of outcomes.

8.2.2 The Committee NOTED that a full breakdown (including cost implications) of appeal outcomes would be provided to the next meeting of the Committee.

### 8.3 EMPLOYMENT POLICIES AND PROCEDURES

8.3.1 *Paragraph 8.3.1 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.3.2 *Paragraph 8.3.2 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

### 8.4 EMPLOYMENT RELATIONS

8.4.1 *Paragraph 8.4.1 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.4.2 *Paragraph 8.4.2 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.4.3 *Paragraph 8.4.3 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs..*

8.4.4 *Paragraph 8.4.4 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

### 8.5 LOCAL RECOGNITION AND PROCEDURE AGREEMENT

8.5.1 *Paragraph 8.5.1 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

### 8.6 COLLEGE STAFFING REPORT

8.6.1 The Committee NOTED a report on staffing numbers across the College, which included an FTE summary for Teaching and Support staff.

8.6.2 The Committee DISCUSSED the report and AGREED that an overview of staffing trends across the College be provided to the next meeting of the Committee.

### 8.7 BUSINESS TRANSFORMATION PLAN & TRADE UNION RELATIONS

8.7.1 *Paragraph 8.7.1 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.*

8.7.2 Paragraph 8.7.2 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

8.7.3 Paragraph 8.7.3 presently exempt from publication under the Freedom of Information (Scotland) Act 2002, Section 30, Prejudice to the Effective Conduct of Public Affairs.

***Beth Dickson left the meeting.***

## **9 CAPITAL AND INFRASTRUCTURE REPORT**

***Christine McDougall, Head of Estates Services, joined the meeting***

- 9.1 The Committee NOTED a report on the utilisation of individual campuses in terms of curriculum activity and staff occupancy. The Head of Estates Services highlighted that the information presented would be valuable in assisting the proposed feasibility study for an Edinburgh College Engineering Centre.
- 9.2 The Committee NOTED that investment was sought from the SFC for the feasibility study as part of the Business Transformation Plan.
- 9.3 The Committee DISCUSSED the following aspects of the feasibility study and the report provided:
- (i) The large amount of non-teaching space highlighted;
  - (ii) the need for further information on benchmarking of space requirements;
  - (iii) the status of the Estates Working Group, previously created by the Committee;
  - (iv) the need to progress the feasibility study as a matter of urgency.
- 9.4 The Committee AGREED that the Estates Working Group, consisting of Robin Stimpson (Chair), Ian Young and the Chief Operating Officer, would oversee the feasibility study process and (when appropriate) bring forward a business case to the Committee for review.

***Chris McDougall left the meeting.***

## **10 LEGISLATION & COMPLIANCE**

### **10.1 COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 BRIEFING**

- 10.1.1 The Committee NOTED that the Community Empowerment (Scotland) Act 2015 had received royal assent on 24 July 2015, and would be enforced through a series of commencement orders. The Governance Director highlighted that as a public sector authority the College would be affected to some degree by the majority of the Act's provisions.



- 10.1.2 The Committee NOTED the 11 main provisions of the Act and their stages of commencement, prior to the publication of statutory guidance and regulations on key provisions later in the year. The Governance Director informed the Committee that the overall purpose of the Act was to empower community bodies through the ownership or control of lands and building, and by strengthening their voices in decisions about public services.
- 10.1.3 The Committee DISCUSSED the statutory duty on local authorities, under Provision 8 of the Act, to establish and maintain a register of all property held by them for the common good. The Committee Chair highlighted that the provision implied that all public bodies would be required to maintain a land register.

## 10.2 GENERAL DATA PROTECTION REGULATION

- 10.2.1 The Committee NOTED a briefing on the forthcoming reforms to data protection through the EU General Data Protection Regulation (GDPR), which would have a direct effect in the UK. The Governance Director informed the Committee that it was anticipated by the Information Commissioner's Officer (ICO) that a final agreement on the GDPR would be confirmed in July 2016, followed by a two-year transition period for organisations to become fully compliant.
- 10.2.2 The Committee NOTED that detailed guidance on the GDPR would be made available in the second half of the year, and in the interim the ICO had provided guidance for organisations to consider. The Governance Director advised the Committee of ongoing actions undertaken by the College, as a data controller, to prepare for the GDPR's implementation.

## 10.3 GOOD GOVERNANCE TASK GROUP BRIEFING

- 10.3.1 The Committee NOTED that the Scottish Government's Good Governance Task Group had published its college governance report on 18 March. The Governance Director provided an overview of the Task Group's recommendations and their wider implications for the College and the sector.
- 10.3.2 The Committee NOTED future actions for the Board and its Policy & Resources, Audit & Risk Assurance and Remuneration committees, in response to the 10 recommendations put forward by the Task Group.
- 10.3.3 The Committee DISCUSSED the recommendations and endorsed the actions outlined in the briefing paper. The Committee AGREED that the Board should receive the briefing document at its next meeting on 19 April.

## **11 ANY OTHER COMPETENT BUSINESS**

### **11.1 SECTION 22 REPORT**

- 11.1.1 The Committee NOTED that the Edinburgh College Section 22 Report would be considered by the Audit & Risk Assurance Committee on 14 April.

### **11.2 CORRESPONDENCE FROM THE EIS-FELA BRANCH SECRETARY**

- 11.2.1 The Committee NOTED a letter received by the Principal from the EIS-FELA Branch Secretary which made reference to a call for the Chair of the Board of Management's resignation.

## **12 DATE OF NEXT MEETING**

- 12.1 The next meeting of the Policy and Resources Committee will take place on 14 June 2016, in the Boardroom, Milton Road Campus.

***Meeting closed at 16:50***