



For the future you want

## **POLICY & RESOURCES COMMITTEE**

### **MINUTES OF MEETING OF 21 MAY 2019**

#### **15:00 Boardroom, Milton Road Campus**

**Present:** Ian Diamond; Lesley Drummond; Sam Hogrefe; Ann Landels (Chair); Niki McKenzie; Nigel Paul; Fiona Riddoch

**In attendance:** Sue Clyne; Nick Croft; Audrey Cumberland; Jonny Pearson; Lindsay Towns; Marcus Walker (Clerk); Alan Williamson

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

- 1.1 No apologies were received.
- 1.2 The new Committee Chair, Ann Landels<sup>1</sup>, introduced herself to the Policy & Resources Committee.
- 1.3 The Committee Chair welcomed Lesley Drummond and Sam Hogrefe to their first meeting of the Policy & Resources Committee, following their appointment as members by the Board on 19 March 2019.

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

- 2.1 The Board NOTED declarations of interest from Ann Landels in relation to Item 7, in light of her position as a members of the Edinburgh College Development Trust. The Committee Chair advised members that Nigel Paul, a Non-Executive Member of the Committee, would act as chair for this single item of business.

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

- 3.1 The Committee APPROVED the minutes from 19 February 2019 as an accurate record of the meeting.

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<sup>1</sup>Ann Landels was confirmed as Chair of the Policy & Resources Committee by the Board of Management on 19 March 2019.

## **4 MATTERS ARISING**

### **4.1 MATTERS ARISING REPORT**

4.1.1 Actions from the previous meeting were complete, overtaken or on the agenda, with the exception of the following:

4.1.2 *STRATEGIC NURSERY REVIEW (Minute 9.3/ 19.02.19 refers)*

The Committee NOTED an update on the proposed Strategic Nursery Review and AGREED that the Executive should consider its timing further and present a timeline to the next meeting of the Policy & Resources Committee.

4.1.3 *CONSTRUCTION INDUSTRY TRAINING BOARD (CITB) UPDATE (Minute 11.1/ 19.02.19 refers)*

The Committee NOTED that, with the support of Colleges Scotland, colleges were considering a position where they would become managing agents under a newly agreed CITB contract. The Principal advised the Committee that the sector had now received legal advice and were progressing contractual arrangements.

## **5 EXECUTIVE TEAM REALIGNMENT**

5.1 The Committee NOTED a verbal update from the Principal on a realignment of the Executive Team to better support the College's outward engagement with stakeholders. The Principal advised the Committee that the three Assistant Principals, with immediate effect, would become Vice Principals with the following titles:

- (i) Jon Buglass, Vice Principal, Innovations, Planning and Performance;
- (ii) Jonny Pearson, Vice Principal, Education & Skills;
- (iii) Michael Jeffrey, Vice Principal, Corporate Development.

5.2 The Committee NOTED that the Chief Operating Officer role would remain the same, and that Executive remuneration and terms & conditions would remain unchanged.

5.3 The Committee welcomed the realignment of roles outlined by the Principal, and NOTED that the Board would continue to review the implementation of these changes going forward.

## **6 RECRUITMENT & RETENTION DASHBOARD**

6.1 The Committee NOTED an update from the Vice Principal, Education & Skills, on the performance of the College against its 2018/19 recruitment and retention targets. The Vice Principal reminded the Committee that the SFC had set the College an activity target of 187,969 for current academic year.

- 6.2 The Committee NOTED the current credit position of the College and welcomed assurances provided by the Vice Principal that the credit target for 2018/19 would be achieved.
- 6.3 The Committee NOTED that since the recruitment process was changed in 2015/16, the College had seen a 17.4% increase in the number of credits achieved. The Vice Principal advised the Committee that although progress over the past four years had been very positive, the total number of credits achieved (on a year to date basis) had decreased by 2.4% since last year due to the drop in full-time students.
- 6.4 The Committee NOTED that full-time applications had increased by 6% since last year, however, there had been a 7% decrease in the number of offers made and accepted. The Vice Principal advised the Committee that recent industrial action had caused a delay in the number of offers being made and accepted, although it was expected that the current position would improve significantly over the coming weeks.
- 6.5 The Committee DISCUSSED the potential impact of the shift from full-time to part-time study on the overall credit score of the College and other areas of business. The Vice Principal advised the Committee that timetabling considerations were taking into account the need for flexibility around part-time learning.

## **7. EDINBURGH COLLEGE DEVELOPMENT TRUST: FUNDING SUPPORT UPDATE**

### ***Nigel Paul assumed the role of Acting Committee Chair***

- 7.1 The Committee NOTED that, at its meeting on 19 March, the Board had reviewed a business case put forward by the Edinburgh College Development Trust and agreed that a revised proposal would be brought forward to the Policy & Resources Committee.
- 7.2 The Committee NOTED that the Board had supported the continued funding of the Edinburgh College Development Trust in the short-term, however, the need for a planned approach to achieving sustainability going forward was required. The Principal advised the Committee that since the business case had been reviewed by the Board, she had met with the Chair of the Development Trust to discuss options further, to ensure that a self-sustaining funding model, with coherent milestones, was developed.
- 7.3 The Committee NOTED that discussion between the Principal and the Chair of the Development Trust had now concluded, and it was agreed that the College would provide support to the Trust for 2019/20. The Principal advised the Committee that this unrestricted donation would help the Trust achieve its annual objectives. Further to this, the College (through its Chief Operating Officer) would also renegotiate the current Memorandum of Understanding and Service Support Officer - in order to agree an appropriate level of in-kind support for 2019/20.
- 7.4 The Committee NOTED that since a dialogue between the Principal and the Chair of the Development Trust had taken place the Development Trust Manager, independently of these discussions, had submitted her resignation to the College. The Principal advised the Committee that in light of this development discussions would

continue between the College and the Trust to ensure that continuity of activity remained focused on the short to medium term.

- 7.5 The Committee DISCUSSED potential funding models and NOTED that the Principal would attend the Development Trust meeting, on 23 May, to discuss potential options with Trustees.
- 7.6 The Committee AGREED that it was content for the College to continue to financially support the Development Trust in 2019/20, subject to further discussions around the implementation of a financial sustainable business model.

***Ann Landels resumed the role of Committee Chair***

**8 FINANCE REPORT**

**8.1 MANAGEMENT ACCOUNTS TO MARCH 2019**

- 8.1.1 The Committee NOTED the financial performance of the College as outlined in the Management Accounts to March 2019.

**8.2 INDICATIVE COLLEGE BUDGET 2019/20**

- 8.2.1 The Committee NOTED an Indicative College Budget 2018/19, and a supporting presentation by the Head of Finance, which outlined the budgeting process, budgeting pressures, additional costs, budget reductions, savings, impact on cash-flow, risks and mitigations, and sensitivity analysis.
- 8.2.2 The Committee NOTED that Edinburgh College had made significant progress to achieving a position of financial sustainability over the period of the recent transformation plan. The Head of Finance advised the Committee that the College had removed £6.5m cash from its cost base since 2015/16 (approximately £1.1m above target) through the identification of budget reduction, efficiency saving and appropriate operational changes.
- 8.2.3 The Committee NOTED that 2019/20 Indicative College Budget showed a £0.6m underlying deficit. This outlined position was mainly due to the additional costs related to cost of living (£1.2m), pensions (£0.6m), and removal of debt servicing support (£0.8m). The Head of Finance informed the Committee that to address the underlying deficit there were planned meetings with Heads of Department/Faculties through to the end of May to identify opportunities for efficiency savings.
- 8.2.4 The Committee DISCUSSED the following matters related to the Indicative College Budget 2019/20:
  - (i) The importance of managing staff costs to achieve financial forecasts;

- (ii) the growth of the commercial budget through the College's commercial and international offering;
- (iii) the previous challenges around forecasting sales, and the enhancements made by the Commercial Team in this area;
- (iv) the efficiency of provision relating to course delivery, and the need to ensure that quality and student satisfaction were assured and enhanced.

8.2.5 The Committee AGREED to endorse the Indicative College Budget for 2019/20 (subject to the Executive identifying further budget reductions) to the Board for consideration on 18 June.

### 8.3 FINANCIAL FORECAST 2018/19 TO 2022/23

8.3.1 The Committee NOTED a five year financial forecast aligned with the 2018/19 Indicative College Budget, to help members assess the future financial position of the College. The Chief Operating Officer advised the Committee that the financial forecast was based against assumptions outlined by the SFC for 2020/21, in order to achieve a break-even underlying operating position.

8.3.2 The Committee DISCUSSED the following points in relation to the financial forecast:

- (i) The financial impact of removal of the debt servicing support;
- (ii) the repayment of £2.9m to the SFC for advanced voluntary severance funding from 2018/19 to 2020/21, given the changes in assumptions since 2015/16;
- (iii) the significant saving made by the College over recent years, in comparison with other large institutions in the sector;
- (iv) the underlying operating surplus for the years 2019/20 to 2022/23, future cost reductions required to achieve this, and the forecast levels of cash flow;
- (v) the need to share financial forecasting with the SFC, and outline a business case to lessen the financial impact of the loan repayment and removal of debt servicing support.

8.3.3 The Chair, on behalf of the Committee, thanked the Finance Team for the opportunity to review the financial forecast information and sensitivity analysis provided.

## 9 HUMAN RESOURCES REPORT

9.1 The Committee NOTED a Human Resources Report which included updates on employee relations, HR operations and organisational development.

9.2 The Committee NOTED that the internal Policy Committee had developed a timescale for consultation on a range of employment policies. The Head of HR & OD advised the Committee that the proposed timescale included updates to the current Redundancy Policy, which would be progressed in due course.

- 9.3 The Committee NOTED that following a national ballot, EIS had conducted a programme of four one day strikes to reject the 2018/19 pay offer. The Head of HR & OD informed the Committee that the Senior Management Team had implemented a pre-planned response to mitigate the impact of strikes on students, and that negotiations remained ongoing with the Employer's Association.
- 9.4 The Committee NOTED that a national job evaluation scheme for support staff had been launched in April 2019, as part of the 2017 pay and conditions settlement. The Head of HR & OD advised the Committee that the College had over 200 posts being considered as part of the evaluation, which covered 480 members of support staff.

## **10 HORIZON SCANNING REPORT**

- 10.1 The Committee NOTED a Horizon Scanning Report which outlined major political, economic, social, technological, legal and/or environmental developments that could impact on the five strategic plan aims of the college. The Head of Corporate Development advised the Committee that further to this, the report also indicated what the College was doing to address these impacts.
- 10.2 The Committee AGREED that the final edition of the report presented to the Board on 18 June should include reference to documents published by Audit Scotland, including the *Scotland's Colleges Report 2019*, and the new good practice guidance on college annual reports and accounts relating to governance statements.
- 10.3 The Committee DISCUSSED the Horizon Scanning Report and AGREED that the report's cover sheet should be used to highlight specific points of interest for individual committees of the Board. The Committee Chair welcomed this development and hoped that the Committee would have an opportunity at future meetings to discuss key developments that may impact on strategic operations within its remit.

## **11 REVIEW OF COMMITTEE OPERATION 2018/19**

- 11.1 The Committee NOTED that at the end of each academic year the Committee is required to review its annual activity. The Committee Chair advised the Committee that the same evaluation form, which asked members to consider the committee's operation and its performance monitoring and strategic roles, would be completed by all committees of the Board.
- 11.2 The Committee AGREED that its operation was compliant with its terms of reference, as outlined in 'Part 1' of the evaluation form.
- 11.3 The Committee DISCUSSED its performance in relation to its performance monitoring, strategic roles, decision-making and relationship. The Committee AGREED that it was important that progress against the three transformational themes within the Edinburgh College Blueprint 2017/22 were reported to every meeting.

- 11.4 The Committee AGREED that members' feedback should be relayed directly to the Committee Chair and Clerk to the Board, prior to a finalised version of the report being recirculated to the Committee (outwith the meeting cycle) for approval.

**12 ANY OTHER COMPETENT BUSINESS**

- 12.1 None.

**13 DATE OF NEXT MEETING**

- 13.1 The next meeting of the Policy & Resources Committee shall take place on 20 August 2019, in the Boardroom, Milton Road Campus.

***Meeting closed at 16:30***