

**Meeting of the Finance and Resources Committee held on Wednesday 4 November 2009  
 at 5.15 pm in Room B109 at the Science Park Campus**

**MINUTES**

**Present**

Barry Popplewell, Chair  
 Christopher Spokes  
 Rick Dearing  
 Alex Plant  
 Andrew Herbert  
 Paul Smith [from 6.35 pm]

**In attendance**

Chris Lang, VP Finance and Resources

**Clerk**

Julia Kennedy

<b>Preliminary</b>			<b>Action</b>	<b>By</b>
<b>1.</b>	Declaration of Interest	There were no declarations of interest.		
<b>2.</b>	Apologies for Absence	There were no apologies for absence.		
<b>3.</b>	Minutes of the Meeting held on 8 July 2009 and of the Meeting of the Estates Working Group held on 8 July 2009	The Minutes of the Meeting held on 8 July 2009 were agreed to be a true record and signed by the Chair. The Committee <b>received</b> and <b>noted</b> the Minutes of the meeting of the Estates Working Group held on 8 July 2009.	Chair	
<b>4.</b>	Matters arising from the Minutes	<p><u>Item 7: Benchmarking</u>: Governors asked when some comparative data would be available.</p> <p><u>Estates Working Group</u>: Governors considered in view of the completion of the Single Site Project whether there was any need for this sub-group. The Committee <b>recommended</b> to the Corporation that there is no longer a requirement for the Estates Working Group.</p>	Clerk	3 Dec 2009

Section 1: Review of Current Performance		Action	By	
5.	<p><b>F&amp;R/1/09-10 Director of Finance Report on Current Financial Performance, including—</b></p> <ul style="list-style-type: none"> <li>• <b>Draft Year-end Statutory Accounts 2008/09</b></li> <li>• <b>College Management Accounts, period 12 2008/09</b></li> <li>• <b>College Management Accounts, period 2 2009/10</b></li> <li>• <b>Termly Report on Sub- Contractor Performance</b></li> <li>• <b>Termly Report of KCRs 3,4, and 6</b></li> <li>• <b>College Procurement Briefing Update</b></li> <li>• <b>Financial Breaches</b></li> <li>• <b>Staff Pay Award 2009/10</b></li> </ul>	<p><u>Draft Year-end Statutory Accounts 2008/09</u> Chris Lang provided the background to the deficit, and his paper covered— context, changes since the period 11 management accounts, significant adverse impacts across the year, carry through of the risks to the 2009/10 budget, and internal or infrastructure problems.</p> <p>The College had an income deficit against budget of almost £900,000. International had shown a decrease in income late in the year and JIF delivered only £180,000 of anticipated £.5m. There was significant reduction in the interest payments received, and although there was substantial growth in Employer Responsive provision, the costs had not been managed well. Tighter controls were now in place.</p> <p>The headline deficit of £662,000 included an adjustment for FRS 17. There had been a correction to the value of the Newmarket Road site with a reduction in the profit from the sale, and some other minor adjustments. The audit had gone very well, with a good contribution from new Financial Controller.<sup>1</sup></p> <p>Governors wanted to understand the issue and the causes, so that they could ensure proper remedial action was in place. Governors asked about—</p> <ul style="list-style-type: none"> <li>• pension finance costs: Chris Lang explained that he did not expect it to get materially worse; the key issue was volatility: difficult to make year on year comparisons</li> <li>• remedial action taken by SMT to reduce the likelihood of a repeat of a deficit</li> <li>• cost and commitment tracking and the need for ownership by all budget managers of the cost management or contribution target as well as the income target</li> <li>• need for clear lines of financial responsibility and appropriate frameworks and procedures: Governors noted that Andrea Chilton was reviewing business planning, procedures have been enhanced with a monthly budget review of each directorate and weekly monitoring of operational data</li> <li>• whether there was sufficient capacity and capability in the finance department</li> </ul>		

<sup>1</sup> Amendments noted to page 6 [end of 2<sup>nd</sup> sentence], page 7, and the Members List  
F&R Committees Minutes 04.11.09.

		<ul style="list-style-type: none"> <li>• whether governance arrangements need to be scrutinised and the need for effective controls to be in place : Governors discussed the steps necessary to achieve proper business planning and to achieve the confidence that budgeting was working effectively</li> <li>• whether KPIs were as valuable as proper understanding by managers of the actions required</li> <li>• the key areas of risk, and risks associated with employer responsive provision, and the benefit of reviewing the business model</li> <li>• the importance of all Corporation Members understanding the complexity and volatility of managing in the FE environment, and having sufficient information to be confident that their fiduciary responsibilities were being appropriately managed, that vulnerable areas were being monitored and the risks mitigated as far as is possible.</li> </ul> <p>Governors <b>noted</b> the significance of the risk associated with volatility and that the January Away Day would include presentations from the Principal and senior managers that would address the issue of managing that volatility, and would demonstrate that they were “learning from past to better manage for the future”.</p> <p><u>College Management Accounts Period 2 2009/10</u> The accounts showed that the College was ahead of budget. Chris Lang explained that was needed in order to mitigate the level of risk in periods 9 to 12. The KPIs demonstrated that the College was on target to get back to the “Good” financial category.</p> <p>Governors asked about—</p> <ul style="list-style-type: none"> <li>• the extent of risk associated with income levels, and specifically Train to Gain and WBL [Work-based Learning] income</li> <li>• the level of fees, accruals, staff costs, and learner numbers</li> <li>• availability of additional LSC funds, and when and whether the increase in learner numbers would be consolidated in funding</li> </ul> <p>Governors noted the good start to the year, recommended further mitigating risks by showing “contingency” as a separate line, and discussed the balance between achieving a surplus and reinvesting for delivery.</p> <p>The Committee <b>received</b> the review of current performance and <b>noted</b>—</p> <ul style="list-style-type: none"> <li>• College Management Accounts, period 12 2008/09</li> <li>• College Management Accounts, period 2 2009/10</li> <li>• Termly Report on Sub-Contractor Performance</li> </ul>		
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<b>Section 2 – Planning Review</b>			<b>Action</b>	<b>By</b>
6.	<b>F&amp;R/2/09-10 Director of Finance Report on Financial Planning</b>	<p>The report covered Public Spending, National Commissioning framework, 16–18 Learner Numbers, Train to Gain, Fees Policy, and VAT Reclaim on the Single Site Project. A separate paper was provided on the Development of Scenario Planning that set out the process and timescales, defined planning, drivers over a 10-year horizon, and getting from Scenarios to Strategy.</p> <p>Governors discussed the impact on funding of the machinery of government changes and the recession, and noted that the adult responsive budget is likely to be redirected to employment-focused courses, with funding linked to job outcomes. Governors also considered the extent of likely funding cuts, and the opportunity to gain ESF contracts. Governors noted the thorough review of fees that will include benchmarking against other colleges and asked about the timing of any increases. The paper set out the issues in relation to VAT reclaim and the possible positive impact on I&amp;E in the current year.</p> <p>The Committee <b>received</b> the Report on Financial Planning and <b>noted</b>—</p> <ul style="list-style-type: none"> <li>• information provided on public spending, the national commissioning framework, and issues around 16-18 learner numbers, Train to Gain, and the Fees Policy</li> <li>• the position in relation to the VAT Exemptions Claim</li> <li>• the process and timetable for Scenario Planning.</li> </ul>		

Section 3 – Other Matters for Information			Action	By
3.1	<b>F&amp;R/3/09-10 General Business Report, including—</b> <ul style="list-style-type: none"> <li>• Annual Health &amp; Safety Report 2008/9</li> <li>• College Insurance Level 2009/10</li> <li>• Annual Report on HR KPIs 2008/09</li> <li>• Annual Environment Report 2008/09</li> </ul>	<p>Governors discussed these papers, and noted that the Health &amp; Safety budget had been integrated into each departmental budget, and that Governors liability would be added to the Insurance. Governors considered that the HR papers exactly met their requirements for useful and succinct reporting.</p> <p>The Committee <b>received</b> and <b>noted</b> the General Business Report.</p>	CL	As soon as practicable
Section 4 – Committee Business			Action	By
8.	<b>F&amp;R/4/09-10 Review Committee Work Plan 2008/09 and agree Work Plan 2009/10, including Timetable for Management Accounts 2009/10</b>	<p>The Committee considered that it had effectively completed the requirements of the Work Plan 2008/09. The Committee <b>approved</b> the Work Plan 2009/10, including the Timetable for Management Accounts 2009/10.</p>	Clerk to note	
9.	<b>F&amp;R/5/09-10 Finance and Resources Committee Performance Report 2008/09</b>	<p>The Committee <b>agreed</b> the Performance Report for 2008/09, and <b>recommended</b> it to the Corporation.</p>	Clerk	3 Dec 2009
10.	<b>Self Assessment of Governor Performance</b>	<p>In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked the following questions—</p> <ul style="list-style-type: none"> <li>• Were the agenda and papers clearly presented?</li> <li>• Was there time for sufficient debate and critical review of each item?</li> <li>• Do members consider that they were able to participate fully?</li> </ul> <p>On this occasion the papers for Section 3 – Other Matters for Decision had been emailed to Governors and not provided in printed form. The Committee <b>requested</b> that these papers are included with the printed papers in future. The Committee also <b>requested</b> that more papers were provided in summary form in the style of the Annual Report on HR KPIs 2008/09.</p>	Clerk/ CL	Next meeting

		Governors considered that the time that had been spent in considering the financial statements and management accounts had been useful and necessary, and confirmed that all Members had been able to fully participate in the debate with effective critical review of each item.		
11.	<b>Any Other Business</b>	<p><u>Making Cambridgeshire Count</u>: Governors <b>noted</b> that this initiative was planned to commence in September 2010 and, although it has not yet involved FE, it will generate some major strategies, for example making better use of office space and pooling capital land assets that may impact on the College. Alex Plant is involved as a Member of the Public Services Board [check] in Cambridgeshire.</p> <p><u>ROSPA Award</u>: the Committee <b>resolved</b> that their congratulations should be passed on to those involved with gaining the ROSPA award for the College.</p>	Clerk/ CL	As soon as practicable
12.	<b>Date of Next Meeting</b>	The date of the next meeting was confirmed as 24 February 2010.		

The meeting ended at 7.30 pm

Julia Kennedy  
Clerk to the Corporation

Signed .....Chair

Date.....