

**Meeting of the Finance and Resources Committee held on Monday 15 March 2010  
 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 5.35 pm]

**In attendance**

Chris Lang, VP Finance and Resources  
 Charlotte Skinner, Head of Finance

**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 4 November 2009	The Minutes of the Meeting held on 4 November 2009 were agreed to be a true record and signed by the Chair.	Chair	
<b>4.</b>	Matters arising from the Minutes	Item 4 – Benchmarking data: information would be brought to the May meeting when cross-sector data would be available from the LSC and selective benchmarking being undertaken by Tenon would be complete. Item 10 – the Committee had requested that more papers were provided in summary form: this had been actioned and would be further refined to meet Committee needs.	CL  CL	

Section 1: Review of Current Performance			Action	By
5.	<p><b>F&amp;R/6/09-10 Head of Finance Report on Current Financial Performance, including—</b></p> <ul style="list-style-type: none"> <li>• <b>College Management Accounts, period 6 2009/10</b></li> <li>• <b>ILR and Student Numbers</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 Report (1/8/09 – 31/1/10)</b></li> <li>• <b>People Targets Report</b></li> <li>• <b>Amendments to College Financial Regulations (Depreciation Policy)</b></li> <li>• <b>Financial Breaches Report</b></li> <li>• <b>Sports and Social Club &amp; Student Union Accounts</b></li> <li>• <b>College Subsidiary Companies</b></li> </ul>	<p>Charlotte Skinner introduced the report on current financial performance. Period 6 Management Accounts showed a full-year forecast surplus of £602,000. The contingency was still in place as at Period 6, with the main hits generated by Commercial Operations, Work Based Learning, and Sustainable Development being offset by as much good financial news. The key financial risk to the College is in Period 9-12 Train to Gain delivery.</p> <p><u>Train to Gain Contract</u> Work is currently underway to ensure the whole of the Train to Gain contract is delivered. Almost half [£3.1m] is due to be delivered in last quarter [April to July]. Governors noted that while planning had been prudent, sensitivities were significant, and discussed—</p> <ul style="list-style-type: none"> <li>• degree of risk around meeting the learner numbers</li> <li>• proportion of provision delivered by subcontractors</li> <li>• impact of failing to meet targets on the bottom line [forecast takes account of bottom line impact of £350,000]</li> <li>• phasing of LSC payments and whether that phasing would continue into next year</li> <li>• comparative profile at this time last year</li> <li>• appropriateness of the level of contingency</li> <li>• mitigations being made at operational level</li> <li>• impact of the recession on employers and the impact of the fee for Train to Gain to be levied from 1 August 2010.</li> </ul> <p><u>Work Based Learning Contract</u> Problems recruiting 16-18 apprentices, especially early enough in the year and in the construction trades, have resulted in a substantial non-delivery and consequent hit against the contingency.</p> <p>Governors noted that College was in a low period for cash flow [full-year forecast for cash at bank was £2.4m]. Net current assets were forecast to increase to £800,000. Good news in the actuals, including additional ESF funding, offset the failure to meet the Train to Gain contract value and reduced the net call on the contingency. The Committee <b>requested</b> that, in future, all variances [both negative and positive] are listed to show the overall picture.</p>	CL	

		<p>The Committee then reviewed the detailed reports:</p> <ul style="list-style-type: none"> <li>• Management Accounts: Period 7 Management Accounts were distributed. Governors asked about vacancies and whether they were at a higher level than usual. Chris Lang explained the Framework for Excellence KPIs and the sensitivities round whether the College is judged Good or Outstanding.</li> <li>• ILR and Student Numbers</li> <li>• Termly Report on Sub Contractor Performance</li> <li>• Termly Report on KCRs 3, 4, 6: Governors asked for the flags to be shown in colour.</li> <li>• Procurement Report: Governors asked whether the investment is specialist staff remained cost effective and asked for the report to show performance against target and actual savings made.</li> <li>• Peoples Target Report: colour coding showed a number of reds – some of which were associated with long term sick leave, which has trended down over the last 5 years as the College has grappled with issues. Governors were disappointed to note that HR completed only 60% appraisal reviews and requested an update for the next meeting.</li> <li>• Amendments to the College Financial Regulations: this provided an opportunity for Governors to discuss asset management, and the need for a rolling programme of maintenance and replacement to ensure value of assets was maintained: Chris Lang will report to the June meeting on asset management [to provide background for consideration of the budget].</li> <li>• Breaches of Financial Regulations: Governors noted that the breaches did not demonstrate intent.</li> <li>• Sports and Social Club and Student Union Accounts Y/E 31 July 2009</li> <li>• College Subsidiary Companies: Governors discussed the use of subsidiary colleges as part of the College’s risk management strategy.</li> </ul> <p>The Committee <b>received</b> and <b>noted</b> the ten reports. The Committee <b>recommended</b> to the Corporation the Sports and Social Club and the Student Union Accounts for the year ended 31 July 2009, and the amendment to the Financial Regulations.</p>	<p>CL</p> <p>CL</p> <p>CL</p> <p>CL</p> <p>Clerk</p>	<p>5 May 2010</p> <p>Autumn Term 2010</p> <p>5 May 2010</p> <p>30 June 2010</p> <p>24 March 2010</p>
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Section 2 – Financial Planning			Action	By
6.	<b>F&amp;R/7/09-10 Director of Finance Report on Financial Planning</b>	<p>The report provided an overview and also covered— Budget timetable, Financial performance history, LSC funding methodology and allocations for 2010, and Budget 2010/11 [Benchmarking and strategy, Income and expenditure account, Capital budget, Cash and balance sheet position].</p> <p>The headlines to next year’s funding allocations were—</p> <ul style="list-style-type: none"> <li>• a £2.7 million increase in 16–18 funding, which was very good news with relatively low marginal costs in delivering the additional student numbers</li> <li>• a reduction in adult funding of £0.5 million</li> <li>• Train to Gain: £5.2 million, which is a reduction against last year and poorly profiled through the year.</li> </ul> <p>One impact of the reduced funding for Train to Gain was that the carrying value of learners on programme would be higher than the funds allocated by LSC – there was an opportunity to “need to smooth it back” but that would destabilise the current year budget. The College has until June to mitigate the impact on next year’s budget: if June and July starts were not delivered it would reduce the value of the carry into 2010/11 by £1 million, but also reduce 2009/10 income by approximately £400,000. Representations have been made to the LSC and the AoC. Chris Lang will report back to the Committee in May when decisions may need to be made.</p> <p>Also in relation to Train to Gain, the College anticipated losing learner numbers in 2010/11 as a result of the change from fee remission, to charging a fee in the order of 50% for employees who already have a Level 2 qualification. Governors asked at what point the College might consider pulling out of Train to Gain provision.</p> <p>Budget targets agreed were—</p> <ul style="list-style-type: none"> <li>• Surplus/contingency of £2 million</li> <li>• Year-end cash position of £3 million</li> <li>• Capital expenditure budget of £1.5 million [to include approx £1m Hive]</li> <li>• Year-end net current assets if £1.5 million.</li> </ul> <p>The Committee <b>noted</b> the LSC Funding Methodology and Targets and, in particular, the excellent outcome for 16–18 funding against the background of funding cuts. The Committee also <b>noted</b> the Financial Performance History, and</p>	CL	5 May 2010

		<b>approved</b> the outline Budget Timetable and Targets. A more detailed draft budget would be brought to the next meeting.	CL	5 May 2010
<b>Section 3 – Committee Business</b>			<b>Action</b>	<b>By</b>
<b>7.</b>	<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>The Committee endorsed the changes made to papers, the summaries provided, and presentation of the papers in bound form. The Committee considered that it had been a good meeting with lively debate in which all Governors had participated.</p>		
<b>8.</b>	<b>Any Other Business</b>	<p><u>Calendar of meetings for 2010/11</u>: the Committee agreed to have three meetings, not four, in the academic year with the Spring Term meeting to be held in March 2011. No April meeting would be held.</p> <p><u>Follow-up on initiatives</u>: the Committee asked for a brief report to be provided to the Corporation on proposed initiatives that Governors had approved, for example Fundraising.</p>	Clerk  CL	21 July 2010
<b>9.</b>	<b>Date of Next Meeting</b>	The date of the next meeting was confirmed as 5 May 2010.		

The meeting ended at 7.30 pm.

Julia Kennedy  
Clerk to the Corporation

Signed .....Chair

Date.....