

**Meeting of the Finance and Resources Committee held on Wednesday 15 November 2010  
at 5.15 pm in Room B109 at the Science Park Campus**

**MINUTES**

**Present**

Barry Popplewell, Chair  
Christopher Spokes  
Anne Constantine  
Andrew Herbert  
Nichola Harrison

**In attendance**

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

**Clerk**

Julia Kennedy

Preliminary			Action	By
1.	Declaration of Interest	Christopher Spokes declared his interest as a Partner of Bidwells who are acting as CDM for the College, and Nichola Harrison declared her interest as a Councillor in anything that that the County Council and City Council has an interest in.		
2.	Apologies for Absence	Alex Plant provided apologies for absence.		
3.	Minutes of the Meeting held on 30 June 2010	The Minutes of the Meeting held on 30 June 2010 were agreed to be a true record and signed by the Chair.		
4.	Matters arising from the Minutes	In the context of the pay award, Chris Lang confirmed that CRC salaries remained competitive. There were no other matters arising.		

Section 1 – Review of Current Performance		Action	By	
5.	<p><b>F&amp;R/1/10-11 Head of Finance Report on Current Financial Performance</b></p>	<p>The report covered—</p> <ul style="list-style-type: none"> <li>• Draft Year-end Statutory Accounts 2009/10 and Period 12 Management Accounts 2009/10</li> <li>• ILR and Student Numbers Update 2009/10</li> <li>• Annual Procurement Report 2009/10</li> <li>• Period 2 Management Accounts 2010/11</li> <li>• KCRs 4 and 6</li> <li>• Long Term Deposits</li> <li>• Sub-contractor Performance Report</li> <li>• College Insurance Levels 2010/11.</li> </ul> <p><u>Statutory Accounts 2009/10</u> The year to date actual surplus was £675,000. Main hits to the Contingency were Commercial Operations [£245,000], Work Based Learning [£355,000], and Sustainable Development [£232,000]. Governors asked about the impact of the short-fall in WBL recruitment and noted that it had been reflected in the budget for WBL in 2010/11; discussion also covered the single figure 19+ budget line for 2010/11, and the impact of FRS 17 and the actuarial valuation of the pension fund on the Statutory Accounts [notes on pages 4 and 21 to be amended when final guidance is received on this].</p> <p><u>Annual Procurement Report 2009/10</u> In this context the Committee discussed the impact of the Bribery Act on procurement processes, and noted that the College had been short-listed for a Beacon Award for Smarter Procurement. [<i>Clerk's note: further information on the impact of the Bribery Act 2010 will be provided to the next meeting.</i>]</p> <p><u>Management Accounts September 2010</u> Performance was ahead of budget and, although it reflected that some contract payments were front-loaded, Chris Lang anticipated exceeding the £462,000 forecast surplus at year end. The budget contingency had not been drawn on, payroll costs were lower than anticipated and less had been spent on agency staff. There were 38 vacancies, of which 34 were L&amp;A teaching staff.</p> <p>Nichola Harrison asked about the level of contingency and Governors discussed the risks, which include 16–18 WBL, 19+, Fee Income, and Improving Choices. Governors noted that ER income was down and Apprenticeships and T2G were</p>	CL	9 Mar 2010

		<p>behind profile by £300,000. The meeting discussed the impact of the abolition of T2G—the fall in income was coupled with a reluctance to commit additional resources to meet this target. Governors also asked about the ratio of fixed and variable costs, and KPIs and the score needed to achieve an outstanding rating.</p> <p>By the time of the Away Day, discussion would be informed by the Government’s Skills Investment Strategy and CRC’s indicative contract for 2011/12. Governors noted the possibility of fiscal [rather than academic] year contracts.</p> <p><u>Review of College Financial Risks</u>  The Committee’s discussion covered—</p> <ul style="list-style-type: none"> <li>• exposure to risk and whether a single sheet report could be provided</li> <li>• opportunities and risks in international business [agreed that it would be included in agenda for the Away Day]</li> <li>• mitigation of the risk presented by T2G</li> <li>• whether lack of accommodation for international students was holding back the ability to grow.</li> </ul> <p>The Committee also considered the appropriate level of examination by Governors of risk, [Governors noted that page 7 of Management Accounts is reproduced from the Risk Register], the importance of Governors being briefed on areas of vulnerability and the issues that may prevent the SMT achieving their goals, and the importance of receiving clear summary information in relation to high risks and their mitigation.</p> <p><u>Long Term Deposits</u>  Charlotte Skinner’s request to put surplus cash on deposit prompted a discussion on the Treasury Policy, which provides the basis for the deposit strategy – and Andrew Herbert offered his expertise. Governors also asked how the cash flow profile compared with previous years, and identified that a conservative policy should be pursued based on investment within UK high street banks.</p> <p><u>Sub-Contractor Performance Report</u>  Governors discussed the reporting format that would be most useful.</p> <p><u>College Insurance Levels 2010/11</u>  Governors asked whether the College had an insurance broker and where advice was obtained on insurance. Governors also asked about the level of excess, terrorism cover, and the movement in insurance costs over time, and noted that overall cost was reducing – partly because some areas of market have become</p>		
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		<p>more competitive. The Chair asked for advice on Governors' liability and the appropriate level of insurance. The Clerk agreed to follow up with Eversheds' Governance Helpline and Chris Lang with the insurance broker.</p> <p>The Committee—</p> <ul style="list-style-type: none"> <li>• <b>received</b> the Report on Current Financial Performance</li> <li>• <b>recommended</b> the Financial Statements 2009/10 to Corporation, subject to amendments as agreed</li> <li>• <b>noted</b> the overall excellent performance on T2G for 2009/10 [within £1,000 of FSA target]</li> <li>• <b>commended</b> Noel Cassidy for his achievements as Purchasing Officer</li> <li>• <b>approved</b> the proposed investment plan for long term deposit of College funds on the basis that the current account be maintained at a minimum of £1 million</li> <li>• <b>requested</b> clarification of the Treasury Policy at their next Meeting</li> <li>• <b>requested</b> information on Governors' liability and the appropriate level of insurance.</li> </ul>	<p>CL</p> <p>CL</p> <p>CL</p> <p>JK/CL</p>	<p>2 Dec 2010</p> <p>Immediate effect</p> <p>9 Mar 2011</p> <p>2 Dec 2010</p>
<b>Section 2 – Financial Planning</b>			<b>Action</b>	<b>By</b>
6.	<b>F&amp;R/2/10-11 Director of Finance Report on Financial Planning</b>	<p>Financial Planning—</p> <ul style="list-style-type: none"> <li>• Funding Allocations 2011/12</li> <li>• College Financial Strategy Draft Framework of College Budget 2011/12 I&amp;E, Capital, and Pay Award including Timetable and Highlights from CSR</li> <li>• Draft College Fees Strategy and Regulations 2011/12 and Fee Income Targets</li> <li>• VAT Refund.</li> </ul> <p>Governors discussion included—</p> <ul style="list-style-type: none"> <li>• the level of cash balance as percentage of turnover, and whether the cash reserves could be used to mitigate risk [for example increased investment in advertising]</li> <li>• the need for the context of the College's future strategy</li> <li>• benchmarking, critical ratios, and comparative work undertaken by Tenon.</li> </ul> <p>Chris Lang identified that the Government's Skills Strategy [due to be published later in the week] and departmental budgets that would be available at the end of November would expand on the information in the CSR.</p>		

		<p>In relation to the VAT refund, Chris was confident of securing a final position of the order of £1.6 million before Christmas. Governors discussed the process and the risk and recommended accepting £1.5 million immediately and subsequently dealing with residual issues.</p> <p>Governors discussed the fees strategy at some length and whether the “political” implications meant that it was more than a financial issue – and a financial issue only in regard to income. Governors asked about the basis of fee remission and discussion covered whether there were any government guidelines or market evidence.</p> <p>The Committee <b>received</b> the Director of Finance Report on Financial Planning and <b>agreed</b> the Budget Timetable and the proposed financial strategy for 2011/12 and <b>noted—</b></p> <ul style="list-style-type: none"> <li>• the benchmarked College financial position</li> <li>• the update on the major VAT refund and recommended settlement at an early date</li> <li>• the possible impact on the College of the CSR.</li> </ul> <p>The Committee <b>referred</b> the fee proposals for 2011/12 to the Corporation.</p>	CL	9 Mar 2010
<b>Section 3 – General Business Reports</b>			<b>Action</b>	<b>By</b>
7.	<b>F&amp;R/3/10-11 General Business Reports</b>	<p>Governors asked specifically about the Annual Report on Energy/Utility Consumption and noted that costs were down – the new buildings were more energy efficient than Newmarket Road, and better prices had been negotiated as part of the consortium approach. Governors also asked whether the new building was carbon neutral and the impact of the wind turbine.</p> <p>The Committee <b>received</b> the executive summary of the</p> <ul style="list-style-type: none"> <li>• Annual Health and Safety Report</li> <li>• Annual Report on HR KPIs</li> <li>• Annual Environmental Report</li> <li>• Annual Report on Energy/Utility Consumption.</li> </ul> <p>The Committee <b>recommended</b> the Annual Health and Safety to the Corporation</p>	CL	2 Dec 2010

Section 4 – Committee Business			Action	By
8.	<b>F&amp;R/4/10-11 Review Committee Work Plan 2009/10 and agree Work Plan 2010/11, including Timetable for the Management Accounts 2010/11</b>	<p>The Committee discussed the Estates Plan, which was approved by Corporation in July 2010. Two concerns had been raised: that the gap analysis and the resulting plan needed further work, and the need to ensure sufficient investment in capital asset to maintain the facilities as a high level.</p> <p>The Committee <b>approved</b> the Work Plan 2010/11, including the timetable for the Management Accounts.</p>	CL	Immediate effect
9.	<b>F&amp;R/5/10-11 Finance &amp; Resources Committee Performance Report 2009/10</b>	<p>The major committees provide an annual performance report to Corporation on their work and its benefit. The report sets out the significant change in the capital replacement principles to ensure that the college equipment is maintained at the same standard as the buildings.</p> <p>The Committee <b>approved</b> the Performance Report subject to noting that the Estates Working Group would be re-activated if required, and <b>recommended</b> it to Corporation.</p>	CL	2 Dec 2010
10.	<b>Self-assessment of Committee Performance</b>	<p>In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the following questions were considered—</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 they were able to fully participate?</li> </ul> <p>Governors provided a positive response to the questions but requested more summary and trend information.</p>		
11.	<b>Any Other Business</b>	There was no other business.		
12.	<b>Date of Next Meeting</b>	The date was confirmed as 9 March 2011.		

The meeting ended at 7.30 pm.

Julia Kennedy  
Clerk to the Corporation

Signed .....Chair

Date.....