



**Meeting of the Finance and Resources Committee held on Wednesday 20 May 2009
at 5.30 pm in the Principal's Office (B109), Science Park Campus, Kings Hedges Road, Cambridge**

MINUTES

Present

Barry Popplewell
Christopher Spokes
Rick Dearing
Andrew Herbert
Alex Plant

In attendance

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

Clerk

Julia Kennedy

Preliminary			Action	By
1	Declaration of Interest	The company of which Christopher Spokes is a partner (Bidwells) is acting as Planning Supervisor for the Single Site project. Alex Plant declared that Cambridgeshire Horizons, of which he is Chief Executive, has a funding interest in the ICE Project. Alex Plant also declared an interest in relation to item 7 [Northstowe: Application and Business Plan] and, as he chairs the Northstowe Delivery Board, he withdrew from the meeting for consideration of that item.		
2	Apologies for Absence	Paul Smith sent apologies for absence.		
3	Minutes of the Finance & Resources Committee Meeting held on 24 February 2009	The Minutes of the Meeting held on 24 February 2009 were agreed to be a true record and signed by the Chair.		

4	<p>Minutes of the Estates Working Group held on 27 April 2009</p> <p>Matters arising from the Minutes</p>	<p>The Committee received and noted the Minutes of the Meeting of the Estates Working Group held on 27 April 2009.</p> <p>The Chair confirmed his request for financial information to be provided in graphical form.</p> <p>The Committee noted that the simplified scheme of delegation requested at the Corporation meeting was being progressed.</p> <p>There were two matters arising from the Minutes of the Estates Working Group—</p> <ul style="list-style-type: none"> • <i>Single Site Project</i>: the project had been delivered ahead of time and under budget and was a tremendous achievement; eligibility for awards was being researched; Governors would be provided with a tour on 17 June 2009 • <i>ICE Project</i>: the College intended to do further work on the project to ensure that it met the requirements within the funding available. 	CL	8 July 2009
Section 1: Review of Current Performance			Action	By
5	<p>F&R/9/08-09 Director of Finance Report on Current Financial Performance:</p> <p>i. ILR and Student Numbers Update</p> <p>ii. Procurement Quarterly Report (1 Feb 2009 to 30 April 2009)</p> <p>iii. Termly Report on Franchise Activities and Sub-contractor Performance</p>	<p>ILR and Student Numbers Update: performance against key targets was sound, and this was against a background of many colleges struggling to achieve adult funding targets. Strategies were in place to meet the student numbers target and, although there was a small risk of in-year claw-back on 19+ ALR funding, the College was only £100,000 short overall of the target at Period 9.</p> <p>Procurement Quarterly Report: in-year cash releasing savings had been achieved of £121,670. Governors asked about the nature of items purchased. Governors noted the potential for joint public sector procurement initiatives and the contribution being made by the nominated Governor, Vernice Key.</p> <p>The Committee has a role in monitoring KCR 4 [Responding to funding changes and controlling finances] and 5 [Maintaining and developing equipment, resources and the estate]. The Risk Register covers current operational risks. Governors noted that KCR4 was amber overall and KCR 5 was green overall.</p>		

	<p>iv. Termly Report on Key Corporate Risks 4 and 5</p> <p>v. People Targets Report as at March 2009</p> <p>vi. College Management Accounts, Period 9 2008/9</p>	<p>Governors asked whether the mitigation was “optimistic rather than realistic”: Chris Lang explained that the risks and mitigation strategies were subject to rigorous internal reviews, a report was provided annually to the Audit Committee, and risk management was a requirement of the annual internal audit programme. Governors asked that a brief explanatory narrative is included to assist them to evaluate mitigation.</p> <p>People Targets: the staff turnover was much reduced at 10%, which was excellent news.</p> <p>On the Management Accounts, a significant risk to the forecast surplus had emerged when the LSC indicated that funding for Employer Responsive contract would be reduced in-year. However the LSC had now increased the figure to £5.7 million and Chris Lang was confident that the numbers will be delivered to achieve that funding. The forecast surplus was being reviewed and was likely to be updated to £358,000, with cash in bank close to £3 million and net current assets of about £1 million.</p> <p>Governors noted the benefit of the reduction in rate of VAT on both the I & E account and on the capital project. Further claims would be made to achieve VAT savings on the capital project and Governors discussed the accounting treatment, materiality of the potential savings, and the potential impact. Governors also discussed the appropriate level of surplus.</p> <p>The Committee received the Director of Finance Report on Current Financial Performance and noted the—</p> <ul style="list-style-type: none"> • ILR and Student Numbers Update • Procurement Quarterly Report (1 February 2009 to 30 April 2009) • Termly Report on Franchise Activities and Sub-contractor Performance • Key Corporate Risks 4 and 5 • People Targets Report as at March 2009 • College Management Accounts, Period 9 2008/09. 	<p>CL</p>	<p>8 July 2009</p>
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Section 2: Planning Review			Action	By
6	<p>F&R/10/08-09 Director of Finance Report on Financial Planning: LSC Funding Allocation 2009/10 College Budget 2009/10</p>	<p>By way of background to Governors' consideration, Alex Plant summarised the potential impact of the recession on future government strategy, including the likelihood of a decade of funding famine in the public sector. Currently, the combination of pre-election promises and the government strategy to spend out of the recession give the impression of a "phoney" period. The funding famine from 2011 would be likely to be "at a level that we have not seen before" and there is currently no indication of how funding will be prioritised, with the potential for local government to suffer a greater impact than central government. However there is also potential for FE funding levels to be maintained to mitigate the risk of youth unemployment.</p> <p>Chris Lang explained that levels were above the CSR [comprehensive spending review] level for both 2009/10 and 2010/11. He was aiming to gain a position of strength by 2011 and the next CSR.</p> <p>Governors discussed the impact of the new funding regime and the change to local authority funding for 16–18s – and whether or not that funding would be ring-fenced. The Committee discussed the need to be prudent in budgeting [see Minutes of the previous meeting] and to balance investing in delivery and development with maintaining a surplus. Governors noted there were 3 significant assumptions in relation to funding growth in the following areas—16–18 Learners, Additional Learning Support, and Employer Responsive – and if risks were realised in all three areas both the projected surplus and the contingency funding could be lost.</p> <p>In view of the risks, Governors considered that the surplus to be targeted should be £0.5 million, with a contingency of a similar size, and asked that the Director of Finance provide financial models of scenarios that demonstrate the impact of a reduction in funding streams.</p> <p>Governors asked about the pay review and the role of benchmarking. Negotiations between the AoC and the Unions, who have put in a claim of 6%, were underway. A 2% increase in the budget had been provided in the draft budget at this stage, balancing the need for prudence with the need to implement, if possible, the final AoC recommendation.</p>	CL	8 July 2009

		The Committee received the Director of Finance Report on Financial Planning. The Committee approved the Budget Timetable and process, and noted the backdrop of economic downturn and the LSC's Funding Methodology and Allocations for 2009/10. The Committee endorsed a "prudent proactive" strategy and it was proposed that a surplus of £0.5 million be budgeted.	CL	
Section 3: Matters for Decision			Action	By
7	F&R/11/08-9 Northstowe: Application and Business Plan	<i>This Confidential item is minuted separately.</i>		
8	F&R/12/08-09 Strategic Plan 2009/10–2011/12	The Committee received and noted the draft Strategic Plan 2009/10–2011/12, and deferred further consideration to the next meeting. The Committee also noted that the Principal would welcome input from Committee Members [by email, post, or telephone] before the next meeting.	All	8 July 2009
Section 4: Committee Business				
8	Self-assessment of Governor Performance	<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"> • Were the agenda and papers clearly presented? • Was there time for sufficient debate and critical review of each item? • Do members consider that they were able to participate fully? <p>The Committee confirmed that the agenda and papers were clearly presented and endorsed the new format. Governors considered there was valuable debate, they had been able to fully participate, but on this occasion that too great a proportion of the time was taken by the consideration of current financial performance.</p>		

9	Any other business	There was no other business.		
10	Date of next meeting	The date of the next meeting was confirmed as 8 July 2009.		

The meeting ended at 7.40 pm.

SignedChair

Date.....