



**Meeting of the Finance and Resources Committee held on Wednesday 26 November 2008
at 5.15 pm in the Principal's Office (B109), Science Park Campus, Kings Hedges Road, Cambridge**

MINUTES

Present

Barry Popplewell
Christopher Spokes
Alex Plant
Rick Dearing

In attendance

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

Clerk

Julia Kennedy

The Chair welcomed Alex Plant to his first meeting.

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, as Chief Executive of Cambridgeshire Horizons, is involved in decision-making on the ICE Project.		
2	Apologies for Absence	Paul Smith sent apologies for absence.		
3	Minutes of the Finance & Resources Committee Meeting held on 7 July 2008;	The Minutes of the Meeting held on 7 July 2008 were agreed to be a true record and signed by the Chair.		

4	<p>and Minutes of the Estates Working Group held on 7 July 2008</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 7 July 2008. Governors discussed the developments at that day's meeting: and need to gain City Council support for both projects on the one site.</p> <ul style="list-style-type: none"> • The Clerk confirmed that a letter to Ros Francis had been prepared for signature by the Chair. • The Committee noted that the nominated Governor on Procurement, Vernice Key, had moved to the Audit Committee but continues to be active on procurement. <p>There were no other matters that were not elsewhere on the agenda.</p>		
<p>Section 1: Review of Current Performance</p>			<p>Action</p>	<p>By</p>
5	<p>F&R/1/08-9 Director of Finance Report on Current Financial Performance:</p> <ul style="list-style-type: none"> i. Draft Year-end Statutory Accounts 2007/8 and Full Reconciliation to P12 2007/8 Management Accounts ii. P3 2008/9 Management Accounts iii. ILR & Student Numbers Update 2007/8 & 2008/9 iv. Procurement Quarterly Report 	<p><i>The Chair drew attention to the new structure of the agenda, which is now in four sections. On this occasion there were two key issues for Committee consideration, in section 1 on employer responsiveness and in section 2 on the loan situation.</i></p> <p><u>5.1 Statutory Accounts 2007/08</u> The Audit Committee has confirmed that the statutory accounts are fully compliant [from the audit point of view]. The Finance and Resources Committee was asked to consider the financial content. The pre-FRS17 outcome was £542,000 against a forecast of £600,000.</p> <p>Governors asked about—</p> <ul style="list-style-type: none"> • The increase in the FRS17 deficit. There is no CRC liability for the funds in the county council pension scheme and the teachers' pension scheme but there is a regular increase in contributions. • ESF disclosure in the statutory accounts and whether Governors considered the level of disclosure is appropriate. <p><u>5.2 Management Accounts</u> The new format of the accounts highlights headlines and the KPIs. The College is on track for learner numbers and employer responsive targets. Governors noted—</p>		

	<p>v. OCP Review of 2007/8 including Termly Report on Franchise Activities & Sub-contractor Performance</p> <p>vi. Key Corporate Risks 4 & 5</p>	<ul style="list-style-type: none"> • ahead of budget profile on the Income and Expenditure account, with a cumulative favourable position of £160k against budget • vacant posts are not critical and do not impact on any specific teaching areas • all HR KPIs are improving <p>Governors asked about the areas where income is currently lower than budget. In some cases this is because payment is made on results and in arrears. Governors were concerned about CRC exposure to diminishing employer funding (but CRC enables employers to source government funds for training) and vulnerability to loss of international fees: on historical performance there is little risk that income targets will not be met.</p> <p><u>5.3 ILR and Student Numbers Update 2007/08 and 2008/09</u> For the 2007/08 the value of the LSC contract was close to £20.35 million, and the College adequately performed against the priorities in the contract. There is no risk of claw-back for 2007/08 and 2008/09.</p> <p>Governors asked about the risk of students failing to secure jobs. The traditional pattern in a recession is that the part-time numbers decline and full-time numbers increase. The College is working with Job Centre Plus to provide integrated employment and training service.</p> <p><u>5.4 Procurement Quarterly Report</u> Annual savings have been realised of £270,000. The College is being used as an example by the LSC of best practice. Governors noted that the new processes are about achieving added value.</p> <p><u>5.5 OCP Review 2007/08, including Termly Report on Franchise Activities 2008/09 and Termly Report on Sub-contractor Performance</u> For OCP activity overall in 2007/08, the College's franchise activity is slightly over target. Information was also provided on contract values for 2008/09. The report on commercial sub-contractors being used in the College's Employer Responsive provision highlights the selection process for sub-contractors.</p> <p><u>5.6 Key Corporate Risks 4 and 5</u> Governors noted that KCR 4 is currently at amber risk overall, and KCR 5 at green risk overall, and noted the robust process of risk management.</p>		
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		The Committee received and noted the report from the Director of Finance on Current Performance. The Committee recommended the Statutory Accounts 2007/08 to the Corporation.		
Section 2: Planning Review			Action	By
6	F&R/2/08-9 Director of Finance Report on Financial Planning: <ul style="list-style-type: none"> i. Capital Financing ii. Area Cost Allowance iii. Financial Management Training iv. College Fees Strategy 2009/10 v. Cambridge College Limited 	<p>i. The report sets out the 2008/09 capital financing requirements to support the single site project and in order to re-finance the loan for F Block that was temporarily discharged with funds from the sale of Newmarket Road. In accordance with the recommendations of this Committee and decisions made at the Strategic Corporation meeting in October 2008, the College has sought borrowing from Lloyds TSB Bank Plc. The proposal is to secure a term loan for 25 years of £2.826 million and to take a flexible revolving credit facility for 3 years of £2.5 million. The proposed terms for these loans are set out in the paper, taking advantage of the low interest rates being offered, and providing for a draw down in full on 1 January 2009. The revolving credit facility provides an option to convert to term loan, to ensure that net current assets can be maintained at a sufficiently high level. The LSC have approved both borrowings.</p> <p>Governors discussed the loan conditions, monthly costs of maintaining the College, the management of any risk, and agreed that the risk adverse strategy is to secure funds from a large financial institution rather than split the transaction. No legal charge over the site is required. Governors also discussed the merits of a further fixed term loan over a ten year period in place of a revolving credit facility.</p> <p>ii. An Area Cost Allowance at the level of 2% has been confirmed from the 2009/10 year and will be ongoing. The College will now work to secure an Interim ACA payment for 2008/09 and, in the long term to achieve an increased rate from the north of the county. Governors noted the need to ensure the ACA is maintained in the transition of funding to the local authority.</p> <p>iii. Financial management training has been reviewed and a new programme developed, which has been positively received. Governors discussed the appropriate level of training for SMT members in response to the increased business focus of the College.</p>		

		<p>iv. In relation to the College Fees Strategy 2009/10, Governors noted that this would be brought to the Spring meeting.</p> <p>v. The College has purchased Cambridge College Limited as part of the strategy for managing overseas operations. Use of the company enables management of substantive overseas operations at “arms length”. Governors endorsed the initiative and identified the need for consideration of the relationship between the Corporation and the CCL as part of the agenda for the January Away Day.</p> <p>The Committee received and noted the report from the Director of Finance on Financial Planning. The Committee approved entering into a long-term loan with Lloyds TSB Bank Plc for £2.826 million on a 25-year term, at a fixed interest rate for the entire term as outlined in the report, and recommended to the Corporation securing a further fixed term loan for £2.5 million over ten years.</p>	CL	
Section 3: Updates on Other Matters			Action	By
7	<p>F&R/3/08-9 General Business Report:</p> <ul style="list-style-type: none"> i. Annual Health & Safety Report 2007/8 ii. Annual Report on HR KPIs 2007/8 iii. Annual Environment Report 2007/8 iv. College Insurance Levels 2008/9 	<p>i. The Health & Safety Report demonstrated a high level of activity during the year. Governors noted the work of the Health & Safety Committee and that the College had received the RoSPA President’s Award, which is presented to organisations that have received 10 consecutive gold awards. The Committee resolved to send a letter of congratulation from the Chair to Andrea Chilton, Jeff Moody and Trevor Smith.</p> <p>ii. The report for the 2007/08 year on College Performance Indicators Against Strategic Objective Number 4 demonstrates the progress on Staff Recruitment, Staff Turnover, Sickness Absence Levels, Probationary Reviews and Appraisals Completed, and Teaching Qualifications.</p> <p>iii. The Annual Environment Report shows that the College is committed to developing its response to environmental matters and sets out the initiatives, including advice for low carbon living and pursuit of ISO 14001. .</p>	CL	

		<p>iv. In relation to College Insurance Levels2008/09, Governors sought clarification on whether there has been an increase in premiums, whether any potential liability of the Governors was covered, and noted that there is no “key person” insurance.</p> <p>The Committee received and noted all four reports.</p>		
Section 4: Committee Business				
8	F&R/4/08-9 Review Committee Work Plan 2007/8 and agree Work Plan 2008/9, including Timetable for Management Accounts 2008/9	<p>The Committee reviewed its work and performance for 2007/08 and considered the Committee work plan for 2008/09.</p> <p>The Committee approved the work plan 2008/09, including the timetable for the publication and circulation of monthly management accounts.</p>		
9	F&R/5/08-9 Finance & Resources Committee Performance Report 2007/8 to the Corporation	<p>The Committee considered the report and requested that key items are brought to the front of the report.</p> <p>The Committee recommended the Performance Report 2007/08 to the Corporation with amendments incorporated.</p>		
10	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>Governors confirmed that an increased use of graphics in the management accounts would be helpful, that the meeting had successfully focussed on the right areas, and they were able to contribute effectively.</p>		

11	Any Other Business	The Chair thanked Members of the Committee for their contributions to the meeting.		
12	Date of Next Meeting	The next meeting was confirmed as 18 March 2009.		

The meeting ended at 7.30 pm.

SignedChair

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