

4	Notes from the F&R Working Group on Financial Strategy held on 19 June 2009 Matters arising from the Minutes	The Committee received and noted the Notes of the Finance and Resources Working Group on Financial Strategy held on 19 June 2009. There were no matters arising that were not on the agenda.		
Section 1: Review of Current Performance			Action	By
5	F&R/13/08-09 Director of Finance Report on Current Financial Performance: <ul style="list-style-type: none"> • College Management Accounts, Period 10 2008/9 • ILR and Student Numbers Update • Procurement Quarterly Report • Termly Report on Franchise Activities and Sub-contractor Performance • Termly Report on Key Corporate Risks 4 and 5 • Student Debt Position 2008/9 • People Targets Report as at March 2009 	<p>Chris Lang introduced the Report on Current Financial Performance:</p> <p><u>Management Accounts</u> Period 11 accounts would be available in the next few days and were expected to support the forecast position – a surplus of £242,000 and year-end cash of £2.89 million. There was still potential movement around LSC Employer Responsive funding.</p> <p><u>ILR and Student Numbers Update:</u> On 16–18s, the target would be achieved and the College would suffer no claw-back. On 19+ the gap was small with the potential for claw-back of up to £90,000. There had been a reduction in number of fee paying adults.</p> <p><u>Procurement:</u> Governors noted the good progress on procurement and asked about potential for further public sector joint procurement activities.</p> <p><u>Termly Report on Franchise Activities and Sub-contractor Performance:</u> Governors noted the importance of developing innovative partnership funding, rather than relying on the availability of LSC funding in the future.</p> <p><u>Report on Key Corporate Risks 4 and 5</u> Most risks on the register were on an annual cycle and would be reassessed early in the new academic year and the Committee agreed that this should be a key agenda item in the autumn term.</p>	Clerk	4.11.09.

		<p><u>Student Debts Position 2008/9</u> Charlotte Skinner explained some of the difficulties associated with collecting payment. The bad debt written off at £7,000 was half last year's figure, and consequently the bad debt provision in the budget had been reduced. A flexible approach that took account of hardship needs, underpinned by regular monitoring, was working well.</p> <p><u>People targets</u>; Governors noted the much reduced staff turnover at 10%, which was and almost half the previous level and would allow the recruitment budget to be trimmed.</p> <p>Governors asked about–</p> <ul style="list-style-type: none"> • FfE performance indicators, which were Good but not yet Outstanding • variances on numbers in Employer Responsive: overall the contract had been exceeded, but there were variances in individual courses against targets • collection of student debt. <p>The Committee received and noted the Report on Current Financial Performance.</p>		
Section 2: Planning Review			Action	By
6	<p>F&R/14/08-09 Director of Finance Report on Financial Planning:</p> <ul style="list-style-type: none"> • College Budget 2009/10 (I&E and Capital) • Pay Award 2009/10 • Three-year Financial Forecast 2009/10 to 2011/12 	<p>Chris Lang summarised the main points from his paper. Core LSC funding 2009/10 for 16–18 was up by 6.65% against current year. The increase in ALS funding was 2.5%. The Employer Responsive contract of £6.6m was a good allocation in the regional context. There was an overall increase in the budget of £3 million to a total of £40 million. At that level, CRC was within the top10% colleges by income, with an overall profile in the top quartile – and targeting the upper decile.</p> <p>On costs, the increase in pay demonstrated the full-year impact of staff recruited in the current year. Governors asked how recently a review of efficiency and effectiveness had been carried out. Chris Lang explained the regular benchmarking was undertaken and he would provide a benchmarking comparison to the autumn term meeting.</p>	CL	Autumn term

		<p>A pay award of 1.5% was recommended, with the increase effective from 1 August 2009. This was subject to satisfactory negotiation. Governors noted that this was against background of reductions in one third of private sector firms but significant increases for HE and schools. Governors asked about the pay award, level of surplus and the balance between contingency and surplus, and contributions to pension schemes. There was further discussion about the financial strategy; the impact of the in-year variations – “good news” and “bad news”, and the need for transparency and to ensure that all Governors were using the same figures to assess college performance.</p> <p>Chris Lang then introduced the Financial Forecast, which must be approved by the Corporation before submission to the LSC by 31 July 2009. Growth was shown as 3% over the next 2 years with surpluses of £0.5 million. The aim was to achieve Outstanding financial health by the end of 2009/10. The recommendation made by the Estates Working Group earlier that afternoon in relation to developing the City Wildlife Site was not represented in the forecast. Governors were concerned that the forecast might be too optimistic, particularly in relation to funding body income, and suggested reducing the growth shown for 2011 [and possibly adjusting the level of surplus]. Governors agreed on the limitations of this form of financial forecast and the need for contingency planning in the present environment.</p> <p>The Committee noted the LSC Funding Methodology and Allocations for 2009/10, approved—</p> <ul style="list-style-type: none"> • Income and Expenditure Budget 2009/10 • Capital Budget 2009/10 • Three-Year Financial Forecast 2009/10 to 2011/12 <p>and recommended them to Corporation. The Committee noted the Balance Sheet and Cash Flow position and the relative benchmarking positions.</p> <p>The Chair offered congratulations on the outcomes achieved from the allocation process and on the budget setting. He considered CRC had maintained its position very well largely as a result of active management.</p> <p><i>Paul Smith and Alex Plant left at the end of this agenda item at 6.45 pm.</i></p>		
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Section 3: Other Matters for Decision			Action	By
7	F&R/12/08-09 Strategic Plan 2009/10–2011/12 (deferred from 20 May 2009)	<p>A version of the Strategic Plan was tabled that included the latest funding information. The Strategic Plan took account of the Principal’s visioning paper discussed at the last meeting of the Corporation and of adaptations to targets to take account of national educational policy, the current financial conditions, indicative targets provided by the LSC, and increased partnership and collaboration priorities.</p> <p>Governors discussed—</p> <ul style="list-style-type: none"> • targets and whether there was a need to keep moving forward on all targets • lesson observation grades and national benchmarks • the need to identify the steps in progressing to outstanding • the Mission and the importance of being “first choice” for training and skills • the balance between students “achieving potential” [being education driven] and employability: and the importance of “making sure they have a place in society”. <p>The Committee received the Strategic Plan 2009/10–2011/12, and recommended it to Corporation, subject to amendment arising from wider consultation.</p>	RD	As soon as practicable
Section 4: Committee Business				
8	F&R/15/08-9 Finance & Resources Committee – Terms of Reference	<p>The Terms of Reference had been recast to align more closely with the work of the Committee. The Clerk confirmed that a finance committee was not a statutory requirement. Governors discussed People Targets, whether they should be considered by the Finance and Resources Committee, and agreed that a single page KPI report would be adequate.</p> <p>The Committee approved the Terms of Reference and recommended them to Corporation.</p>	Clerk	22 Jul 09
9	Self-assessment of Governor	In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked the following questions—		

	Performance	<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 commented on the timing of papers: the Financial Forecast was delayed by the late notification of LSC allocations. Governors considered that the financial strategy meeting was very useful: and that it would be valuable to further consider scenarios for “stress testing” the resource.</p>	CL	
10	Any other business	<p>The Business Case for the Business and Skills Centre on the City Wildlife Site was recommended by the Estates Working Group. The Finance and Estates Committee endorsed the recommendation to Corporation, subject to no adverse impact on the three-year financial projection.</p> <p>There was no other business.</p>	CL	22 Jul 09
11	Date of next meeting	The date of the next meeting was confirmed as 4 November 2009.	Clerk	

The meeting ended at 7.15 pm.

SignedChair

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