

Minutes of the Finance and Resources Committee meeting held in the Executive Boardroom at 1630 hrs on 20 March 2018

Present	David Pennell (Chair)	Peter Fraser	Anthony Partington (Item 35/17on)
	Marvin Solowo-Coker		
In Attendance	Andrew Clare (VP (F&R))	Ralph Devereux (Clerk)	Alison Fox (AP (P&S))
	Carol Hargreaves (Head (HR&Org Dev)) (Items 30-34/17 only)	Janet Meenaghan (Principal)	
Apologies	Anthony Partington (Late arrival, traffic)		

PART ONE

STANDING ITEMS

30/17 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS

- a. The Principal joined and the meeting was quorate, no notice had been received of any Member becoming ineligible to hold office and there had been no interests declared.
- b. It was agreed to propose to the Corporation that the Principal should formally join the Committee. **(Action 1)**
 - a. **The information was received.**
 - b. **Action had been identified (Register at 52/17)**

31/17 MINUTES AND ACTIONS

- a. The Minutes of the last meeting held on 13 December 2017 were confirmed for electronic signature; action delegated to the Clerk. **(Action 2)**
- b. Action Register;
 - (i) re Action 1 Penny Lane Shop. It now appeared that the final lease expiry date would be in August this year and possible interim uses for the facility were being considered; and
 - (ii) all other actions from the previous meeting had been completed or closed.
- c. Matters Arising from the Minutes. There were no matters arising from the Minutes.
- d. Urgent Business. There was no urgent business requested.
 - a. **The information was noted.**
 - b. **Action had been identified. (Register at 52/17)**

BUSINESS ITEMS

32/17 HUMAN RESOURCES (HR) AND LEGAL

Staff and Development (S&D) Report. The S&D Report was delivered by the Head (HR&Org Dev); it emerged that the circulated report erroneously differed from the intended version, which would be distributed the next day. **(Action 3)** Personal details in the document would be erased. There were some details in the document which were not normally included in the accepted format (vacancies and graphical/tabulated data), which would be welcomed in future reports and it was agreed to include a digest. **(Action 4)** The comprehensive verbal report was welcomed and noted; it would also inform later consideration of the information.

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 52/17)

The Head (HR&Org Dev) left the meeting

33/17 BUSINESS DEVELOPMENT AND PARTNERSHIPS

Contrary to the national trend, there had been an 8% increase in apprenticeship starts at period 7 and this was welcomed. The concentrated work with Levy paying employers was now returning results, with new employer partners (all listed in the paper) now providing apprentices, and work with sub-contractors, planned to increase from September, further widened the profile; additional staff were required, which hopefully would be provided by a new apprenticeship adviser and College apprentices. Appropriate funding had been secured with the possibility of additional growth money later. The unique selling point (USP), which would continue to make a significant contribution, was the close attention to personal contact and individual development; members took comfort from the performance. Associated areas were fully detailed in the paper, they were noted as all positive and the widening contact and networking was welcomed. The RAG rated Apprenticeships Action Plan was scrutinised and was noted as largely amber and green, reassurance was given that the red items were being addressed. Questions on individual elements were taken and dealt with satisfactorily.

The information was noted and received.

Anthony Partington joined the meeting.

34/17 SUBCONTRACTING (VAT)

“FE Today” had published detail that HMRC were considering the imposition of VAT on sub-contracting fees; enquiries by national agencies including the Association of Colleges (AoC) had resulted in confirmation that the information was spurious. Nevertheless, it was difficult to dismiss the suggestion in the light of other charges being imposed on the FE Sector and associated misgivings remained.

The information was noted and received.

35/17 MANAGEMENT ACCOUNTS

The comprehensive management accounts accurate to 28 February 2018 were then considered and discussed. Just past the halfway point in the year, the situation was encouraging. The overall variance was c£146k against budget, favourable income by c£174k with all variances clearly tabulated, payroll expenditure adverse c(£42k), non-payroll costs positive; again with all variances clearly tabulated in the detailed Summary of Financial Performance (Key Performance Measures), which was welcomed. The additional transport costs, together with Refectory/Bistro and Borderville performance were explained, the latter would also be further considered later in the meeting. The balance sheet remained positive with a strong cash balance, although slightly lower because of payments profiling. Identified Risks and Opportunities were discussed and all Bank Covenants were noted as in-scope.

The information was received and noted.

36/17 LEARNER NUMBERS/FUNDING

The comprehensive Learner Number/Funding comprised tabulated data for each funding stream and apprenticeship targets for the current year. Apprenticeships were likely to be over-delivered, although it was unclear whether any additional ESFA funding would be available, however additional AEB funding was welcomed. The implications of the numbers were discussed and the positive effect on 2018/19 was recognised.

The information was noted and received.

37/17 GENERAL DATA PROTECTION REGULATIONS (GDPR) ACTION PLAN

The RAG rated GDPR Action Plan, based on guidance from the Information Commissioner's Office was scrutinised. There were no areas of concern and the 7 red areas were generally awaiting detail yet to be received. Notwithstanding, measures would be ready for the implementation date of May 25 and, should necessary information not be forthcoming then that would similarly affect all agencies and it was extremely unlikely that penalties would be forthcoming. An on-line training and certificated package was now available for staff and corporation members.

The information was received and noted.

38/17 BUDGET ASSUMPTIONS

A comprehensive tabulated presentation of Budget Assumptions for 2018-2021 was scrutinised and discussed in detail. Twenty income streams, 24 (11 pay and 13 non-pay), 3 Capital and 4 Project expenditure details had been listed in the considerations; all were closely scrutinised and discussed. Provision for a cross-college pay rise of 1.5% was included and pension contributions had been set at 16.4%. Capital expenditure, spread over the 3-year life of the plan was noted as a generous proportion of turnover. The size of the target surplus was particularly discussed in the light of the incremental increase in charging for previously included services (34/17 also refers), a policy that would inevitably lead to failure of some sector colleagues. The assumptions were noted and approved **(Action 5)**.

- a. The information was noted.**
- b. Action had been identified. (Register at 52/17)**

39/17 BANK COVENANTS

A loan with Lloyds Bank had been drawn down on 31 March 2016 and the associated conditions and covenants had been detailed in line with the extant accounting and financial standards. However, the introduction of Financial Reporting Standard 102 (FRS 102) required variation of those conditions and covenants and associated negotiations had continued for the last 12 months. Agreement had now been reached and the necessary documents were attached:

- a. Annex 1. The current Loan Facility Letter dated 24 January 2014, properly amended; and
- b. Annex 2. The proposed changed Loan Facility Letter dated 26 January 2018 including full comparison with the existing version.

The documents were fully discussed and it was unanimously agreed to recommend the revised Bank Covenants for Corporation approval and signature in accordance with Bank Mandate. **(Action 6)**

- a. The information was noted.**
- b. Action had been identified. (Register at 52/17)**

40/17 FEES POLICY 2018/19

The Fees Policy (College Policy Statement 21) had been amended for the coming year; the fully marked up version was scrutinised, changes noted, discussed and recommended to the Corporation for approval. **(Action 7)**

- a. The information was noted.**
- b. Action had been identified. (Register at 52/17)**

41/17 COLLEGE FINANCIAL DEMANDS

Notification had been received of 2 new annual subscriptions required for previously provided service (See also 35/17 and 39/17)s:

- a. Broadband. Broadband services were currently provided by JISC - the UK higher, further education and skills sectors' not-for-profit organisation for digital services and solutions, which operates the JANET network; and
- b. Office for Students (OfS). The OfS is planned to replace the Higher Education Funding Council for England (HEFCE) in the near future.

Proposed charges for these services had been advised as an annual average of c£20k and £22-30k respectively; since the costs (c£45k) would become effective in the coming year there would be a consequent effect on the bottom line. The possibility of deregulation of other currently provided services, perhaps Ofsted and the ESFA could not be discounted and would underline the current tight situation and represent a real degradation in sector finances. The situation was discussed and the strength of members' apprehension prompted positive action. It was unanimously agreed to recommend to the Corporation that the attached letter from the Corporation Chair should be sent to the Minister for Skills (Anne Milton) and possibly the Prime Minister. **(Action 8)**

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 52/17)

42/17 QUALITY RESOURCING SOLUTIONS LIMITED (QRS LTD)

There were no QRS matters for consideration.

43/17 INTEREST RATES

There were no Interest Rates matters for consideration.

44/17 HEALTH AND SAFETY (HAS) COMMITTEE/RISK ASSESSMENTS

The draft HAS Committee Minutes from 30 January 2018 and the Risk Audit Assessments were scrutinised and the following points were raised for consideration:

- a. Action 4.2. incorrect advisory action detailed on lift passes was a serious issue and should be corrected asap; **(Action 9)**
- b. Action 6.1. The Bordeville Gym to be added to the list of subsidiary businesses to be independently audited; and **(Action 10)**
- c. Fire Risk assessments should be robustly completed and the number of "Near Misses" gave rise to some concern.

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 52/17)

45-49/17 PART TWO (CONFIDENTIAL)

50/17 URGENT BUSINESS

There had been no urgent business agreed.

51/17 DATES OF NEXT MEETING

The next meeting would be held at 1630 on 1 May 2018.

52/17 ACTION REGISTER

Please refer to referenced Minute for further detail		Resp	Date
Action 1	30/17b. Principal to join the FRC	Clerk	wie
Action 2	31/17a. Minutes from 13.12.17 confirmed for electronic signature		
Action 3	32/17. HR Report to be electronically circulated.		
Action 4	32/17. Additional data to be included in HR Reports.	CH	
Action 5	38/17. Budget Assumptions approved.	AC	

Action 6	39/17. Revised Bank Covenants recommended for approval and signature.	DP	21.03.18
Action 7	40/17. Fees Policy (21) recommended for approval		
Action 8	41/17. Letter to government re charges recommended action		
Action 9	44/17. Incorrect safety information to be corrected.		wie
Action 10	44/17. Gym to be added to subsidiary business list		

Ralph Devereux (Clerk) for David Pennel (Chair)

Ralph Devereux (Clerk) for David Pennel (Chair) Jun 27, 2018



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