

FINANCE & RESOURCES COMMITTEE MEETING

Date	Wednesday 9 th March 2016	Time 4.00pm	UNRESTRICTED: FINAL
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Venue	The Executive Boardroom, New College Stamford
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Chair	Jean Bevan
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<p>Members present: Jean Bevan, Yasmin Ilahi and David Pennell In attendance: Janet Meenaghan (Principal), Andrew Clare (Interim Vice-Principal, Finance & Resources) and Sally Brook Shanahan (Clerk to the Corporation)</p>
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<p>Apologies: Debbie Dear and Sarah Hobbs Alison Grant (Corporation Chair) has a standing invitation to attend meetings of the Committee and her apologies for absence were received.</p>
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<p>Disclosure of Members Interests: There were no disclosures of interests beyond those already declared in the Register of Interests.</p>

Item	Actions
<p>1. Minutes of the Meeting held on 9th December 2015 The minutes of the meeting of the Confidential Finance & Resources Committee held on 9th December 2015 were agreed and signed by the Chair as a true record.</p>	
<p>2. Actions Table and Matters arising from the Minutes of the Meeting held on 9th December 2015</p> <p>Actions from the Minutes of the Meeting held on 9th December 2015</p> <p>(i) <u>Action Nos. 4(ii) & 5, Minute 3, Page 3 – Apprenticeship and Business Development Report</u> – The Executive Director Partnerships, Skills & Commercial Development left the College in December 2015. His replacement, Alison Fox, has been recruited and is serving her notice. Consequently the action for there to be a full discussion about Apprenticeships will be deferred to a future meeting. Meanwhile the Principal confirmed that she and the Apprenticeships Manager are holding the fort.</p> <p>In the context of key appointments, it was confirmed that Adrian Bidwell has been appointed to develop the education offer and commercial opportunities at Borderville</p> <p>(ii) <u>Action No. 8, Minute 5, Page 5 – Management Accounts – October 2015</u> – It was agreed that the Action to provide information about the departments where further cuts and changes are needed in order to plug the expected funding shortfall will be deferred to a future meeting.</p> <p>Actions from the Minutes of the Meeting held on 1st July 2015</p> <p>(iii) <u>Action No. 7b, Minute 10, Page 6 (followed up at the meeting held on 22nd September 2015) – Health & Safety Report</u> – Following the circulation of the Health & Safety Policy to Members it was confirmed that it will be audited by an external specialist in May 2016. An update on the findings will then be provided for Members.</p>	

<p>3.</p>	<p>Management Accounts – January 2016</p> <p>Members received the Management Accounts and noted that as at the end of January 2016 the Operating Surplus stood at £276,000 which represented a current positive variance against budget of £22,000 with the year-end figure budgeted at £258,000. The reasons for this were discussed including greater recruitment in Higher Education, an increase in SFA delivery and that Apprenticeships, both 16-18 and adult are above target. Members concluded that other than 16-18 recruitment the College is performing well.</p> <p>The review of the summary of financial performance showed all but three areas were rated as Green. Discussion focussed on the three red rated indicators the first of which is that Income is £14,000 below budget, due to the reduction in education contract income as previously reported. The second Red area was that Staff Costs as a percentage of income had increased by 0.96% above budget due to the use of additional agency staff. Thirdly, 16-18 Learner Numbers were also Red rated due to recruitment being 200 students below the College target and 69 students below the allocation of 1,897 with this position already being known to the Committee.</p> <p>Members discussed the Bank Covenants in respect of which attention focussed on the historic cost surplus which, if maintained, will mean the College will continue to comply with the terms. In response to questions it was confirmed that there is a financial safety net in place in the event of e restructure.</p> <p>Moving on through the report it was noted that most key variances were favourable. The current total cash and bank balances stood at £3.586m equating to 93 cash days in hand with this position expecting to be £3.277m by the year end. Members concluded that this is a healthy position for the size of the College and will enable some projects to be undertaken if agreed.</p> <p>Members asked questions about matters in the commentary including Staffing and asked for vacancies to be shown in future reports. It was explained that the recruitment of IT and Finance staff had proved the most challenging and that the position of Finance Manager remained vacant. Discussion turned to teaching utilisation and how better use can be made of staff going forward. Permanent teaching staff contracts now require 864 teaching hours per year which is an increase from the previous 828 hours. Although utilisation will be under efficient in the current year as the 864 hours will not be achieved it was confirmed that the actual position is being closely monitored and from next month onwards, in response to an Internal Audit recommendation, the summary Financial Performance Indicators will include this utilisation figure. The significant opportunities for efficiencies and cost savings in relation to staff utilisation were discussed and concluded with a request that in future reports individual departmental figures will be supplied addition to the headline figure. With the benefit of that additional information Members will then be able to decide if they have all the information they require.</p>	<p>IVPF&R</p> <p>IVPF&R</p>
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4.	<p>Learner Numbers and Funding Report</p> <p>The Report on the performance against the EFA, SFA and HE targets was received. Members discussed the £87,000 forecast shortfall in delivery against the SFA allocation and agreed that the contract with Learning Curve should be increased from the current forecast of £300,000 to £375,000 and noted this will protect funding for future years.</p> <p>Members commented favourably on the forecast outturn in relation to HE Loans of 257 Learners, up 17 from the original forecast, and the forecast increase in income from £1.336m to £1.384m.</p>	
5.	<p>Budget Reforecast 2016/17</p> <p>The Interim Vice-Principal, Finance & Resources introduced the paper and explained that it represented the first draft of the budget for 2106/17. He explained that the Financial Plan prepared in June 2015 forecasted an operating surplus of £92,000 for 2016/17. This included a growth in 16-18 student numbers in 2015/16 with the funding being received in 2016/17 whereas we now know the shortfall in actual recruitment will reduce the funding by £560k.</p> <p>Members reviewed Appendix 1 to the paper that showed the reduction in EFA funding and the other known changes that resulted in a revised position of a £458,000 deficit and then scrutinised the proposals set out in Appendix 2 that showed how the gap can be closed with a contribution of income diversification and target efficiency cuts that would lead to a revised operating surplus of £60,000. These including the potential receipt of £120,000 transitional protection, a review of how partners can help the College to deliver some provision as an alternative to contracting out and a comprehensive review and re-tender for student transport which currently costs the College around £650,000 per year and is used by between 500 – 600 students who would otherwise not be recruited. In addition the savings to be achieved from changes in curriculum delivery and additional learning support (“ALS”) were discussed including those that will be achieved by combining the two separate areas of Skills for Work & Living and ALS into one.</p> <p>On the other hand it is estimated that National Insurance and pensions changes will result in additional costs of £105,000.</p> <p>Overall the Executive confirmed that the £458,000 is a manageable figure and Members concurred that the projected Revised Operating Surplus of £110,000 would represent a good performance. It was confirmed this forecast will be refined as part of the business planning process and Members scrutinised the Budget assumptions outlined in Appendix 3 for the 3 years to 2018/19. In reply to a question about the proposed reduction to spend on marketing it was confirmed the plan is for this to be achieved via change rather than doing less meaning the use of social media will increase and there will be less printed matter. In reply to a Member’s question about the continuing need for a line to be included to provide for restructuring costs it was noted that on-going changes to ways of working will lead to restructuring being an unavoidable consequence of the need to do things differently.</p>	

	<p>A discussion followed about the external opportunities for income diversification and strategic growth.</p> <p>Members noted the budget assumptions and reforecast and endorsed the need to achieve an Operating Surplus to ensure the College's "Good" Financial Health including, if required, the need for change.</p>	
6.	<p>Capital Project – Construction Centre Project</p> <p>Practical completion and handover of the new Construction Skills Centre had taken place on 1st February 2016. The move into the new facility was completed on 11th February and following delivery of new equipment the opening to students took place on 22nd February 2016 with much positive feedback received. As Members had seen the issues in relation to the floor on their visit to the site they questioned how these had been resolved and it was confirmed that a satisfactory resolution had been achieved. It was reported that the leases on the three off-campus premises where teaching had previously taken place have all been surrendered and the dilapidations agreed at a figure below budget enabling some additional equipment, including IT, to be purchased to benefit students as a result of the savings.</p> <p>Arrangements for the Open Day on Friday 22nd April 2016 were confirmed including the attendance of Nick Boles MP, Minister of State for Skills, who will formally open the Construction Skills Centre.</p>	
7.	<p>Human Resources Report and Statistics</p> <p>Members scrutinised the report which outlined HR activity and the actions taken during the reporting period. Members endorsed the more robust implementation of the capability procedure to manage underperformance and the increasing emphasis on high quality end expectations.</p> <p>In response to a Member's request it was agreed that future Reports will be enhanced to include vacancies.</p>	IVP,F&R
8.	<p>Health & Safety Report</p> <p>It was confirmed that the Health & Safety Report had already benefitted from scrutiny by the Health & Safety Committee that was content that it contained all the information it required. Following a discussion about the appearance of an incident in the "fall from height" category it was confirmed there were no other concerns.</p> <p>Members commended the new clearer format of the Report that made it easier to follow and monitor.</p>	
9.	<p>Stamford Plus Limited (Standing Item)</p> <p>The summary Management Accounts for the company as at 31st January 2016 were received incorporating a forecast to July 2016. Although the company continues to operate on a zero/break-even basis Members affirmed that it remains good practice for the results to continue to be reported back to the Committee and will in any event be essential when the opportunities for the company to make a profit are utilised.</p> <p>Members noted the reduction of c £30,000 in third party management charges that had resulted following a recently negotiated cut of 2% cut in the management charge.</p>	

10.	<p>Review of Leaseholds (Standing Item at least once per year) In response to the Committee's request for there to be a summary of the terms of the College's leasehold premises at least annually, the details were received. With the leases of three of the premises having terminated on 29th February 2016 due to the transfer of construction skills courses to the new Centre on campus, only the Borderville Sports Centre and the Penny Lane shop remained. In the course of a discussion about the future of the Penny Lane shop it was confirmed that there is no further break clause prior to the end date of the tenancy end date in August 2018 and so it may be necessary to find another tenant.</p>	
11.	<p>Any Other Business. None.</p>	
12.	<p>Date and time of the next meeting It was agreed that the next meeting of the Committee will take place on Wednesday 18th May 2016 at 4.00pm in the Executive Boardroom in place of the two previously scheduled meetings on 20th April and 25th May 2016.</p>	

The meeting ended at 5.30pm.

Signed

Date