

Meeting of the Finance & Resources Committee

Venue: Conference Room 1, South Shields

Date: Wednesday 22 June 2016

Time: 4.00pm – 6.35pm

Present: George Clark (Chair)
David Byrne
Malcolm Grady
Andrew Watts

In Attendance: Neil Longstaff (Clerk)
Helen Beaton (Deputy Chief Executive)
Alison Maynard (Items 4 & 5 only)

ITEM	ISSUES	ACTION
1.	<p>Apologies for Absence</p> <p>The Committee approved an apology for absence received from Lindsey Whiterod after having considered the reasons for her absence.</p>	
2.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
3.	<p>Minutes of the previous meeting</p> <p>The minutes of the meeting held on 9 March 2016 were approved and signed by the Chair.</p> <p>Matters Arising</p> <p><u>3.1 Loan</u></p> <p>HB confirmed that the Board had agreed to pay off the Barclays loan in full and this had now been actioned.</p> <p><u>3.2 Management Accounts to 31 January 2016</u></p> <p>It was noted that the report had been presented to the Board and actions completed.</p> <p><u>3.3 Utility costs</u></p> <p>It was confirmed that transfers to Smartset were going ahead.</p> <p><u>3.4 Potential Land Sale</u></p> <p>Confidential item</p>	

<p>4.</p>	<p>Bursary Policy 2016-17</p> <p>Governors were asked to approve the Bursary Policy 2016-17.</p> <p>It was reported that there had been no changes to the policy other than the inclusion of Free School meals for students who had an Educational Health Care Plan (EHCP), change of dates and job titles.</p> <p>Q. How many students apply? Not as many as should. There was still a stigma attached to the bursary.</p> <p>Q. Reference to the Dr Winterbottom fund? No, but could be added to explain availability.</p> <p>Resolved: That the Bursary Policy for the 2016-17 academic year is approved, subject to a reference to Dr Winterbottom Fund being added.</p>	<p>AM</p>
<p>5.</p>	<p>Marketing Strategy</p> <p>This report provided the Committee with a three year college marketing strategy covering June 2016 to June 2019.</p> <p>This three year strategy supported the college's overall strategic plan. It had been drafted within the context of the Government's agenda and priorities and was influenced by funding streams and the challenges facing Further Education. The strategy was college-wide, reflecting the fact that every service and staff member across the organisation impacted upon the college's overall effectiveness.</p> <p>The key aims were identified as follows:</p> <ul style="list-style-type: none"> • Recruit more students • Promote the range of apprentices • Be innovative in how the College engages with learners and potential learners via <ul style="list-style-type: none"> - Schools liaison - Open Nights - External events • Promote the Career College North East (CCNE) • Maintain the strength of the brands for South Tyneside College and South Shields Marine School • Increase the digital profile with more targeted activity, whilst maintaining a community and media presence <p>The marketing strategy would be regularly reviewed in line with budgets and government announcements.</p> <p>It was explained that an Action Plan with KPIs was to follow at the next meeting.</p> <p>AM reported that it was difficult to access schools as they had their own agenda. Governors queried this and AM gave examples of obstacles faced. The loss of independent advice (Career Service) was an issue.</p> <p>Further developments with the website were taking place.</p> <p>Q Proposed merger? This strategy would be reviewed as and when necessary.</p>	<p>AM</p>

	<p>Q. Reaching out to employers? The College had advertised for a post focussing on employer engagement. There was a view that the College was not maximising commercial opportunities but this was being addressed.</p> <p>Q. Two distinct markets (PVC and SSMS), is this too general? It was felt that the College should have an overall marketing strategy which then drilled down into separate elements through actions plans. Should there be another stream in the future this would have its own action plan.</p> <p>Resolved: That the College Marketing Strategy for 2016-19 is approved.</p>	
6.	<p>Appointment of Vice Chair</p> <p>The Clerk sought nominations for the position of Vice-Chair.</p> <p>Resolved: That David Byrne is appointed as Vice-Chair of the Committee for a period of two years.</p>	
7.	<p>HR Action Plan</p> <p>Confidential item</p>	
8.	<p>Management Accounts to 31 May 2016</p> <p>Confidential item</p>	
9.	<p>College Financial Accounting Standards</p> <p>The report gave the committee information on accounting standards that affected how the college compiled its accounts and budget.</p> <p>It was explained that the college sector needed to comply with a new accounting standard FRS102 as defined the FE and HE SORP.</p> <p>The main changes related to the presentation of the financial statements and the accounting treatment of:</p> <ul style="list-style-type: none"> • Grants • Holiday Pay • Pension Disclosures • Key Management Remuneration Disclosures • Severance Disclosures • Increased emphasis in the narrative on going concern and risks and uncertainties <p>HB responded to questions.</p> <p>Resolved: That the committee agree to receive the report acknowledging the changes to the accounting standards.</p>	
10.	<p>College Financial Health</p> <p>This paper provided an explanation of how financial health would now be measured by</p>	

	<p>the College's regulator the SFA.</p> <p>Q. College rating under new measure? Top end, solid 'Good'.</p> <p>Resolved: That the committee agree to receive the report</p>	
<p>11. Draft Budget 2016-17</p>	<p>Governors were informed that it was a requirement of the financial memorandum that they approve a budget prior to the start of a financial year.</p> <p>This paper was to obtain the Committee's approval of the budget position to take forward to the Board.</p> <p>The budget setting took account of the new SORP and the new financial health scoring.</p> <p>The aim was to set a budget that at least maintained the College's financial health rating of good, which this budget did, with a potential to return to outstanding in 2016/17.</p> <p>The budget did not allow for a cost of living pay rise (0.5% would cost £66k). It was recommended that governors wait until the September enrolment figures were released and to see what the AOC pay recommendation was and the expected costs of merger might be with a view to taking a recommendation to the Board in the autumn.</p> <p>Governors discussed as to why a pay increase could not be included in the budget immediately.</p> <p>P12 – Governor asked that a note be added to explain the reduction of cash in hand by £6k.</p> <p>Q. Plan for simulator? HB was awaiting a Business Plan from staff.</p> <p>Resolved: That the Finance and Resources Committee agree to recommend the 2016-17 budget to the Board for approval.</p>	<p>HB</p>
<p>12. 2 Year Financial Forecast</p>	<p>This paper showed the financial forecast using the forecast outturn for 2015/16, the detailed budget for 2016/17 and projection for the following year.</p> <p>This financial plan was prepared on a conservative basis with regard to income growth and did not assume any significant capital projects that were not already approved. The College aimed to keep a financial health rating of at least good during the life of the forecast.</p> <p>It was a requirement of the SFA that the College submits a financial forecast to them by 31 July each year. The tables in the report were therefore prepared using the SFA formats for ease and consistency.</p> <p>This forecast was set using the current accounting format and financial health methodology and it was noted that a consultation was due out on a new financial health methodology that would take account of the new accounting standard and reflect the current circumstances around the availability of credit.</p>	

	<p>HB highlighted the following:</p> <ul style="list-style-type: none"> • Financial health was forecasted to return to outstanding in 2016/17 before any pay award or merger costs were taken into consideration. • The 2017/18 forecast assumed no key changes to income apart from apprenticeships where the College thought the impact of the levy would have a negative impact on College income in the short term • The forecast assumed reduced subcontracting in 2016/17 due to the introduction of the levy which would offset some of the reduction in income. <p>Governors were of the view that this report gave them the necessary assurance to be confident in making a recommendation to the Board and SFA.</p> <p>Resolved: That the committee agree to recommend the forecast to the Board for approval and ultimately the SFA.</p>	HB
<p>13.</p>	<p>Approval of Students' Union Budget 2016-17</p> <p>For 2016/17 it was proposed to continue to offer the Union a budget of £20,000 for activities and payment of officials and support for those officials.</p> <p>This level of budget had been made available in the main College budget for 2016-17 and was in line with expectations and the anticipated expenditure for 2015-16.</p> <p>The budget was monitored as part of the monthly management accounts package provided by the Finance Department.</p> <p>Resolved: That the committee agree to recommend to the Board a budget of £20,000 for the 2016-17 academic year.</p>	
<p>14.</p>	<p>Approval of contracts and planned expenditure in excess of £100K</p> <p>This document provided details of planned and actual expenditure for the 2015/2016 and requested approval for contracts for the 2016/17 Financial Year, incurred either as a result of a formal contract or by cumulative usage across the college, where the aggregate spend with the named supplier was expected to exceed the £100,000 approval threshold, and therefore required governor approval.</p> <p>HB highlighted the following:</p> <ul style="list-style-type: none"> • An increase in the value of 1 contract for buildings maintenance service within the Estates department. • An increase in the value of 1 contract for college refurbishment works. • The award of 11 contracts for the provision of goods and services relating to 2016-17 delivery • The expenditure for 2015-16 contracts approved at previous meetings. <p>Q. Implications with merger? Contracts would be reviewed to bring in line with each other.</p> <p>Resolved: i) That governors approve the following contracts for the 2015-16 academic year:</p> <p>1. Buildings Maintenance – an increase in the value of the contract awarded to</p>	

	<p>Esh from £180,000 to £270,000 which is within the 2015/16 budget for Repairs and Maintenance.</p> <p>2. Refurbishment works – an increase to the value of the contract awarded to Surgo from £2,221,507 to £2,247,350 to reflect the additional costs associated with the replacement of the Doxford workshop roof.</p> <p>ii) That governors approve the following contracts for the 2016-17 academic year:</p> <p>3. Insurance Services – continuation of contract with Marsh, for which the proposed budget for 2016-17 is £130,000.</p> <p>4. Cleaning services – KGB to continue to provide cleaning services for which the proposed budget for 2016-17 is £360,000.</p> <p>5. Student Travel Passes – contract for 2016/2017 travel passes to Network 1 at a cost of approximately £200,000.</p> <p>6. Buildings Maintenance – provision of buildings maintenance services to Opus, for which the proposed budget for 2016-17 is £406,000.</p> <p>7. Contract for outdoor media – award the contract for 2016/2017, value £100,000 to The Radio Place for the provision of outdoor media services.</p> <p>8. Utility Costs – Electricity and Gas budget set at £342,000 and £176,000 respectively and supplied through the Utility Wise framework (Smartest for electricity and Total for gas).</p> <p>9. Lease of IT equipment and marine simulator upgrade - award of lease costs contract for the marine simulator upgrade and IT equipment renewals to Econocom at a cost of approximately £556,000.</p> <p>10. Contract for Additional Learner Support Services – award of contract, value £300,000 to Capita.</p> <p>11. Contract for partnership activity – award of a contract, value £250,000 to Creating Careers.</p> <p>12. Contracts for partnership activity –college to enter into contracts with providers to:</p> <ol style="list-style-type: none"> a. Allow learners in learning in 2015/16 to continue/complete their training in 2016/17. b. To issue contracts with the providers who deliver high quality for new starts that assist the college in meeting its strategic targets. <p>iii) That governors agree to award the Fire Training Centre contract to the tender supplier that scores the highest and that the Chair is to sign off the agreement.</p> <p>iii) Governors agree to receive the update on expenditure against contracts already approved.</p>	HB
<p>15. Annual Health and Safety Report</p>	<p>The report updated the committee on accident/incident data and significant Health and Safety developments during 2014/15 and 2015/16 (Interim to May 2016).</p> <p>The report highlighted the following points:</p> <ul style="list-style-type: none"> • Changes to the health and safety policy that were approved by the committee • Update on college accident statistics and showed they were if anything, declining • RIDDOR reportable accidents (3 during the period) • Inspections and audits that had been undertaken by third parties – no serious breaches were found • Fire drills and fire alarm activations on the college site – no actual fires 	

	<ul style="list-style-type: none"> Update on staff training in this area. <p>Resolved: That the committee agree the report and that it be presented to the Board for information.</p>	HB
<p>16. Policies</p>	<p>Governors were asked to consider the following policies.</p> <p><u>Fee and Fee Remission Policy 2016-17</u></p> <p>It was explained that the College was committed to collecting a fee for all the learning programmes that it delivered. These fees were ordinarily collected from the Skills Funding Agency (SFA), HEFCE, employers and individual learners.</p> <p>The policy detailed the procedures necessary to levy the appropriate fee and set out the instances when remission of fees might be given, i.e. circumstances when the learner would not be required to make a contribution.</p> <p>This policy had only minor changes which were clearly shown in document. These were mainly to do with the change in academic year and the extension of the FE loan eligibility.</p> <p><u>Subcontracting Supply-chain Fees and Charges Policy</u></p> <p>This policy had only minor changes which were mainly concerning the change in management of this area and how the policy was monitored.</p> <p>It was a requirement of the College's contract with the SFA that it had this policy and it required governor approval.</p> <p>Resolved: That the above-mentioned policies are approved.</p>	
<p>17. FE and HE Fees 2016-17</p>	<p>This report was presented to summarise the FE fees the college wished to set for the academic year 2016-17. These had been discussed by the senior team and had been used for planning purposes in the Colleges curriculum planning.</p> <p>It was reported that:</p> <ul style="list-style-type: none"> The FE fees policy was unchanged for courses up to level 2 FE loans had been extended to 19-23 year olds for level 3 and above courses (apart from first level 3 which remained fully funded by SFA) College used market forces to set fee and loan rates These rates had been used in curriculum planning <p>Governors asked that future reports include the previous year's fees to enable them to compare.</p> <p>Q. 50% contributions? Aspirational targets but these were scrutinised on a regular basis.</p> <p>Resolved: That the committee approves the FE fees to be charged for 2016-17.</p>	

18.	<p>Payment Outside Financial Regulations</p> <p>Confidential item.</p>	
19.	<p>Regional Finance Comparison</p> <p>Confidential item</p>	
20.	<p>Annual review of the Public Benefit Statement</p> <p>The purpose of the report was to ask the Committee to undertake a review of the Public Benefit Statement (PBS) and recommend the PBS for adoption by the Board, subject to any changes made.</p> <p>The Clerk highlighted the following:</p> <ul style="list-style-type: none"> • The Public Benefit Statement was previously known as the Public Value Statement. • The PBS described how the College sought to add value to the social, economic and physical well-being of the community it served. • The new Code of Good Governance for English Colleges recommended the adoption of such a statement and in doing so the College would be compliant with the new Code. • This was an annual review with few changes made to the original document. <p>Resolved: That the Committee agree to recommend the Public Benefit Statement to the Board for adoption subject to the addition of 'Website' as a source of information.</p>	NL
21.	<p>Committee Workplan 2015-16</p> <p>The draft Workplan was presented for the Committee's consideration.</p> <p>Minor changes were identified e.g. Marketing resources changed to marketing strategy and HR Plan moved to October meeting.</p> <p>Resolved: That the Workplan is recommended to the Board for approval subject to the changes suggested.</p>	NL
22.	<p>Any other business</p> <p>None.</p>	
23.	<p>Date of next meeting</p> <p>The next meeting of the Committee was scheduled for Wednesday 28 September 2016 at 4.00pm.</p>	
24.	<p>Identification of Confidential Items</p> <p>Resolved: That Items 3.4, 7, 8, 18 and 19 are to remain confidential.</p>	

Signed:

Date: