

## Meeting of the Finance & Resources Committee

**Venue:** Conference Room 1, South Shields Centre  
**Date:** Wednesday 24 June 2015  
**Time:** 4.00pm – 6.45pm

**Present:** Robert Whitelaw (in the Chair)  
 David Byrne  
 Mark Overton  
 Les Watson  
 Andrew Watts

**In Attendance:** Neil Longstaff (Clerk)  
 Helen Beaton (Deputy Chief Executive)  
 Len Stule (Director of External Funding) for Item 6 only  
 Alison Maynard (Principal – P&V) for Items 7 & 8 only  
 Eddie Beckett (Estates Manager– Presentation item only)  
 David Jamieson (British Gas – Presentation item only)  
 Jon Kershaw (British Gas – Presentation item only)

ITEM	ISSUES	ACTION
1.	<p><b>Apologies for Absence</b></p> <p>The Committee agreed apologies for absence received from Lindsey Whiterod and Des Young after having considered the reasons for their absence.</p>	
2.	<p><b>Declarations of Interest</b></p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
3.	<p><b>Presentation: British Gas – Reducing Energy Consumption for South Tyneside College</b></p> <p>Confidential item.</p>	
4.	<p><b>Minutes of the previous meeting</b></p> <p>The minutes of the meeting held on 29 April 2015, including the separately minuted confidential items, were approved and signed by the Chair.</p> <p><b>Matters Arising</b></p> <p><u>Charity Support</u></p> <p>It was reported that the container supplied by Siemens had arrived at the College.</p> <p>A provisional leaving date of Friday 17 July 2015 had been set.</p>	

	<p><u>Policies</u></p> <p>The Clerk confirmed that the various policies were to be presented to the next Board meeting.</p> <p><u>Utility Wise</u></p> <p>It was confirmed that the BG project was separate to the utility procurement process.</p> <p>HB reported that she had recently received an email from Utility Wise to confirm that the framework was going live in the very near future. However, the College was to follow its planned process and give the matter full consideration.</p> <p><u>Potential Acquisition</u></p> <p>Confidential item.</p>	
5.	<p><b>HR Report</b></p> <p>Confidential item</p>	
6.	<p><b>Partnership Activity</b></p> <p><b>i) Updated Report including Partnership Plan</b></p> <p><b>ii) Subcontracting Supply-chain Fees and Charges Policy</b></p> <p>Len Stule joined the meeting.</p> <p><b>Confidential Item.</b></p> <p>Len Stule left the meeting.</p>	
7.	<p><b>Bursary Policy 2015-16</b></p> <p>AM joined the meeting and presented the Bursary Policy 2015-16.</p> <p>It was reported that there had been no changes to the policy for 2015-16 other than change of dates.</p> <p><b>Resolved: That the College Bursary Policy for the 2015-16 academic year, as presented, is to be recommended to the Board for approval.</b></p>	<b>NL</b>
8.	<p><b>Teaching Resources</b></p> <p>The purpose of the report was to inform the Committee on the processes used to ensure resources provided to teaching staff met qualification requirements and also the expectation of learners within the SSMS.</p> <p>It was shown that the College had invested heavily in the Marine School.</p> <p>Members queried the figures provided within the report. However, it was commented that this report demonstrated a good link between quality and financial control through the governance structure of the College.</p>	

	<p><b>Resolved:</b></p> <ul style="list-style-type: none"> <li>i. <b>That the Committee is aware of the annual review that is undertaken at curriculum level to renew and update teaching resources across the college.</b></li> <li>ii. <b>That the Principal for SSMS be asked to clarify the funding allocations and spend within the report.</b></li> </ul> <p>AM left the meeting.</p>	<b>GH</b>
<b>9.</b>	<p><b>Management Accounts and commentary</b></p> <p>HB introduced this comprehensive report and advised that as at the end of May 2015, the college had made a £4,372k surplus (including a £3,363k profit on sale of fixed assets), which was £3,613k above target and £2,235k above the 2013-14 position.</p> <p>Total income was £927k above budget due to increased Adult Apprentices delivery, improved catering and residences and other sundry income (predominantly Marine accommodation income for Nimasa Learners which was offset by equivalent non-pay costs). 16-18 apprentice and other tuition income were £521k and £411k below budget respectively.</p> <p>Payroll costs were £902K below target but £416k above 2013-14 costs. This was primarily due to low casual lecturer and classroom support costs, which were partly offset by higher than budgeted Permanent Lecturers, Admin Management and Business Support costs.</p> <p>Non-pay expenditure was £1,579k above target and £2,283k above 2013-14. This was due to high marine accommodation and employer incentive costs (which were offset by equivalent income), partnership costs within the School of External Funding and marketing expenditure.</p> <p>The College's financial health was currently graded as "Outstanding". There were only 2 colleges in the North East with such a rating although next year it was expected that South Tyneside College's rating would be 'Good'.</p> <p>It was noted that severance costs would be out of sync as the benefits would not be seen until the following year but costs would be incurred this year.</p> <p>Members were made aware that new standards of accounting would be reviewed in 2015/16. The SFA had also consulted on a new scoring system for calculating 'financial health'. Further information was to be presented to a future meeting.</p> <p>Q. contribution by schools achievable? 50% was the target for schools. A governor thought this to be unrealistic. It was explained that this had been used as a basis for the budget. The actual figure achieved varied across the schools but they were improving.</p> <p>Members felt that the budget had been set as accurately as it could be.</p> <p><b>Resolved: That the Management Accounts are recommended to the Board for approval.</b></p>	<b>HB/NL</b>

<p><b>10.</b></p>	<p><b>Budget 2015/16 including capital expenditure</b></p> <p>The paper, which was introduced by HB, informed members of the College’s proposed financial budget for 2015/16 and sought their approval to recommend it to the Board.</p> <p>It was reported that the College achieved a financial health rating of ‘outstanding’ in 2009/10 and had maintained this until 2014/15 when it is forecast to be good, the budget as presented would see the good rating remain in 2015/16. The forecast for 2014/15 included an early estimate for the current severance programme. This combined with the capital programme the college had undertaken during 2014/15 meant the college was pleased that its forecast was good for the current year.</p> <p>It was reported that the SFA and EFA had been told by the government not to release any contracts to colleges until after the budget announcement on 8 July. The 16-18 budget was not expected to receive significant cuts but funding from the SFA was less certain.</p> <p>However, Colleges were still required to set a budget before 31 July which could mean that the Board might need to adjust the draft budget at some point with possible adjustments to the curriculum plan.</p> <p>Progress made towards the financial objectives set for 2014/15 was received.</p> <p>A summary of the capital expenditure requested for 2015/16 was provided in the report.</p> <p>The key risks and sensitivities to achieving the financial budget 2015/16 were listed in the report and discussed.</p> <p><b>Resolved:</b></p> <ul style="list-style-type: none"> <li><b>i. That the committee recommends the 2014/15 budget to the Board for adoption subject to a further review, if necessary, in light of the budget announcement by the government.</b></li> <li><b>ii. That the committee reaffirm the financial objectives for 2015/16.</b></li> </ul>	<p><b>HB/NL</b></p>
<p><b>11.</b></p>	<p><b>Two Year Financial Forecast</b></p> <p>The purpose of the report was to show a three year financial forecast using the forecast outturn for 2014/15, the detailed budget for 2015/16 and projecting for the following year. This was a reduced requirement from the SFA who used to require projections for a further 2 years but given the current uncertainty over future funding had dropped the requirement for the final year forecast.</p> <p>The College’s objectives therefore continued to be to maintain the strength of the balance sheet and to operate in the difficult environment the College currently operated in and expected to operate in the coming years. The College also aimed to keep a financial health rating of at least good during the life of the forecast.</p> <p>This financial plan had been prepared on a conservative basis with regard to income growth and did not assume any significant capital projects that were not already approved.</p> <p>It was felt that this report gave an accurate picture of the college’s financial position.</p>	

	<b>Resolved: That the committee approve the forecast prior to submission to the Board and ultimately the SFA.</b>	<b>HB/NL</b>
<b>12.</b>	<p><b>Approval of Students' Union Budget 2015-16</b></p> <p>The committee was asked to approve the Students' Union budget for 2015/16.</p> <p>It was reported that for 2015/16 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 and was in line with expectations and the anticipated expenditure for 2014/15.</p> <p>Members noted that the budget was monitored as part of the monthly management accounts package provided by the Finance Department.</p> <p>Q, Current spend? The student union was on course to spend its current allocation.</p> <p><b>Resolved: That the committee agree to recommend to the Board a budget of £20,000 for the 2015/16 academic year.</b></p>	<b>HB/NL</b>
<b>13.</b>	<p><b>Approval of Contracts and Planned Expenditure in Excess of £100K</b></p> <p>This paper advised the Committee of contractual and non-contractual expenditure which required governor approval in accordance with the College's Financial Regulations.</p> <p>HB highlighted the following:</p> <ul style="list-style-type: none"> <li>• Increase in the value of 1 contract for partnership activity within the School of External Funding.</li> <li>• Increase in the value of contract for outdoor media services within the Marketing department.</li> <li>• Award of 12 contracts for the provision of goods and services relating to 2015-16 delivery</li> <li>• The expenditure to date on the 2014-15 contracts approved at previous meetings.</li> </ul> <p>HB indicated that Contract 3 re. insurance, was still at the tendering stage as all recently received submissions had omitted key points. It was explained that HB was attempting to obtain sufficient information to ensure the College was comparing like for like in the tendering process. As this was ongoing it was likely that Chair's approval would be sought on this matter.</p> <p><b>Resolved:</b></p> <p><b>i) Governors are requested to approve the following contracts for the 2014-15 academic year:</b></p> <ol style="list-style-type: none"> <li><b>1. Contract for partnership activity – to increase the value of the contract awarded to KSA from £800,000 to £900,000 for the provision of educational training courses within the school of external funding.</b></li> </ol>	

2. **Contract for outdoor media – to increase the value of the contract awarded to The Radio Place from £102,000 to £143,000 for the provision of outdoor media services for a period of 12 months.**

**ii) Governors are requested to endorse the Chair's actions on contract 13 and to approve the remaining contracts for the 2015-16 academic year:**

3. **Student Travel Passes – to award the contract for 2015/2016 travel passes to Network 1 at a cost of approximately £200,000. This cost will be predominantly funded via the college discretionary support and bursary allocations.**
4. **Buildings Maintenance – a contract value of £150,000 to Esh for repairs and maintenance (This amount is an approximate figure to cover repairs and maintenance for the first term of the 2015-16 academic year as this contract is scheduled to be retendered in the autumn).**
5. **Fire Training Centre – Tyne and Wear Fire Service contract for £255,000.**
6. **Utility Costs – budgets in 2015/2016 for Electricity and Gas to be set at £400,000 and £260,000 respectively. The college's electricity and gas supplies are part of OGC contracts which are currently managed for the College by South Tyneside MBC.**
7. **Lease of IT equipment and marine simulator upgrade - to continue the lease costs contract for the marine simulator upgrade and IT equipment renewals to Econocom at a cost of approximately £671,000.**
8. **Contract for Additional Learner Support Services – for the award of a contract, value £600,000 to Capita.**
9. **Contract for partnership activity – award a contract, value £240,000 to Monumental for the provision of educational training courses within the school of external funding.**
10. **Contract for partnership activity – for the award of a contract, value £860,000 to KSA for the provision of educational training courses within the school of external funding.**
11. **Contract for partnership activity – for the award of a contract, value £155,000 to Tyne and Wear LGV for the provision of educational training courses within the school of external funding.**
12. **Contract for partnership activity – for the award of a contract, value £350,000 to Hartlepool Training for the provision of educational training courses within the school of external funding.**
13. **Contract for partnership activity – for the award of a contract, value £195,000 to Vision 2 Learn for the provision of educational training courses within the school of external funding. This contract received chair's approval in June 2015.**

	<p><b>14. Contract for MIS System - a three year contract to remain with the same MIS system which would give the College a £22k saving over the current arrangements of annual licences. The cost over 3 years is £156k.</b></p> <p><b>iii) That Members note the position regarding Insurance Services and that Chair's approval is to be sought.</b></p> <p><b>iv) Governors are requested to receive the update on expenditure against contracts already approved.</b></p>	
<p><b>14.</b></p>	<p><b>Estates report including</b></p> <ul style="list-style-type: none"> <li>- <b>Business Continuity Plan</b></li> <li>- <b>Chair's Action re. contracts for the refurbishment of C block in the halls</b></li> </ul> <p>This paper was intended to give the Finance and Resources Committee an update on strategic estates matters, works progress, ongoing maintenance, property issues and progress against the premises strategy.</p> <p>HB covered the following issues:</p> <ul style="list-style-type: none"> <li>• Renewal programmes were continuing, including updates of progress on the current Phase 4 project, an outline of progress on Phase 5 project and other grant funded works and bids.</li> <li>• Phase 5 contractors to be identified at a meeting between governors and Project Managers on 30 June – Chair's approval would be sought to progress work.</li> <li>• Estates general issues, indicating developments with ongoing works and security</li> <li>• Utility consumption.</li> <li>• Business continuity - training for staff and governors, and insurance tendering.</li> </ul> <p>The Committee were made aware of the planned staff cover arrangements in the absence of the Estates Manager.</p> <p><b>Resolved: That the committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Agree the process for selection of a contractor for the LEP funded project</b></li> <li>• <b>Endorse the Chair's action for the use of SFA grant.</b></li> </ul>	
<p><b>15.</b></p>	<p><b>MIS Update</b></p> <p>HB gave a verbal update on the work being undertaken by MIS and planned developments; these included.</p> <ul style="list-style-type: none"> <li>• Day to day operations in MIS continued to run smoothly, with returns being submitted by deadlines.</li> <li>• There was a high workload but teams were working well in an environment of constant change</li> <li>• Funding was being maximised where possible</li> <li>• Condition of funding was being finalised for English and maths</li> </ul> <p><b>Resolved: That the committee agree to receive the report.</b></p>	

16.	<p><b>ICT Update</b></p> <p>The purpose of the report was to update members on ICT developments that had occurred to date in 2014/2015.</p> <p>A number of significant IT projects had been delivered in 2014-2015. These ranged from the annual hardware refresh programmes to major software upgrades and the development of bespoke business systems.</p> <p>Members noted that a new Telephone system had been installed at Ridgeway Primary Academy which had been arranged by the College and the school charged accordingly.</p> <p><b>Resolved: That members receive the report and grant approval for the items of significant expenditure subject to completion of appropriate procurement exercises.</b></p>	
17.	<p><b>Annual review of the Public Benefit Statement</b></p> <p>The purpose of the report is 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"> <li>• The Public Benefit Statement was previously known as the Public Value Statement.</li> <li>• The PBS described how the College sought to add value to the social, economic and physical well-being of the community it served.</li> <li>• 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.</li> <li>• This was an annual review with few changes made to the original document.</li> </ul> <p><b>Resolved: The Committee is agree to recommend the Public Value Statement to the Board for adoption.</b></p>	NL
18.	<p><b>Committee Workplan 2015-16</b></p> <p>The draft Workplan was presented for the Committee's consideration.</p> <p><b>Resolved: That the Workplan, as presented, is approved subject to the Marketing Strategy being changed to marketing resources.</b></p>	NL
19.	<p><b>Report from Audit Committee: Internal Audit Report - Key Financial Controls</b></p> <p>The members of the committee were informed that the Internal Audit Report - Key Financial Controls was being presented on the recommendation of Audit Committee for information.</p> <p>The Clerk indicated that the Audit Committee were of the view that it was important that there was a link between audit and other committees of the Board and that members were aware of the recommendations by auditors and the proposed action to address them.</p>	

	<p>HB provided assurances that all appropriate controls were in place.</p> <p><b>Resolved: That members accept the report.</b></p>	
<b>20.</b>	<p><b>Any other business</b></p> <p>None.</p>	
<b>21.</b>	<p><b>Date of next meeting</b></p> <p>The next Committee meeting was to be agreed by the Board as part of the annual calendar of governors meetings.</p>	
<b>22.</b>	<p><b>Identification of Confidential Items</b></p> <p>Resolved: That the confidential issues under Matters Arising, Item 3 – British Gas presentation, Item 5 HR Report and Item 9 Partnership Activity are to remain confidential items.</p>	

**Signed:** .....

**Date:** .....