

Meeting of the Finance & Resources Committee

Venue: Conference Room 1, South Shields Centre
Date: Wednesday 29 April 2015
Time: 4.05pm – 6.15pm

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

In Attendance: Neil Longstaff (Clerk)
 Helen Beaton (Deputy Chief Executive)
 Catherine Donnelly (Director of HR) for HR items only

ITEM	ISSUES	ACTION
1.	<p>Apologies for Absence</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>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 4 February 2015, including the separately minuted confidential items, were approved and signed by the Chair.</p> <p>Matters Arising</p> <p><u>Charity Support</u></p> <p>The Chair was informed that significant progress had been made with the container project in terms of donations and contributions of items.</p> <p>A Member was also pleased to report that Siemens were procuring a container free of charge.</p> <p>The Chair indicated that he was pleased with the positive update and that the previous discussion had provided some focus on the needs of the project.</p> <p>It was anticipated that the funds raised would cover all costs and leave</p>	

	<p>enough monies to purchase necessary items.</p> <p>Resolved: That the members of the Committee congratulate all concerned with the Classroom in a Container project.</p> <p><u>Review of Safeguarding Policy</u></p> <p>The Clerk confirmed that the Safeguarding Policy was presented to and approved by the Board.</p> <p><u>Sickness Absence</u></p> <p>Confidential item</p> <p><u>Annual Safeguarding Report</u></p> <p>Confidential item</p> <p><u>Hebburn Sale</u></p> <p>Confidential item</p> <p><u>Management Accounts</u></p> <p>The management accounts from the previous meeting were presented to the Board as required.</p> <p><u>Approval of Contracts and Planned Expenditure in Excess of £100K</u></p> <p>It was noted that HB had provided further clarification to Members as to the reasons for the increase in the contract value for the Nimasa students' accommodation, as requested.</p>	
<p>4.</p>	<p><u>Marketing Strategy</u></p> <p>Alex Richards (Head of Student Services) joined the meeting.</p> <p>Confidential item</p> <p>AR was thanked for her presentation and left the meeting.</p>	
<p>5.</p>	<p>Policies/Procedures</p> <p>The following policies/procedures were presented for consideration:</p> <ul style="list-style-type: none"> i) Senior postholders Disciplinary Procedures ii) Treasury Management Policy iii) Staff Travel and Expenses Policy iv) Foreign Travel Policy v) Fee and Fee Remission Policy 2015-16 <p>The Director of HR and Clerk introduced the Senior Postholders disciplinary procedures indicating that this had been updated and streamlined in terms of the procedure for the handling of cases and the involvement of governors,</p>	

	<p>which included appeal hearings.</p> <p>It was reported that there were no substantial changes to the other policies presented.</p> <p>Q. Staff dinner allowance enough? Rates for hotels in London had been updated but the dinner allowance had not been an area of concern from staff.</p> <p>Resolved: That the above-mentioned policies are recommended to the Board for approval subject to any references to Corporation being changed to Board.</p> <p>Catherine Donnelly left the meeting.</p>	NL/HB /CD
6.	<p>Approval of Contracts and Planned Expenditure in Excess of £100K</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"> • The award of one new contract for partnership activity within the School of External Funding. This contract had been agreed by Chair's action prior to this meeting to enable the contract to achieve its delivery target before the end of the financial year. HB outlined the reasons for choosing the company concerned, Learning Curve, stating that they achieved high success rates (contract value £255,000). • The award of one new contract for outdoor media services within the Marketing department. This contract had been agreed by Chair's action prior to this meeting to enable work to commence. The contract was to The Radio Place for the provision of outdoor media services for a period of 12 months (contract value £102,000). It was reported that this had been the third year that the outdoor media service had been tendered for a 12 month period and the plan was for the College to tender for a longer period towards the end of the year. The Chair informed Members that he had discussed this with the Chief Executive and was confident with management's recommendation. <p>Q. Spent £89k of £102k already? Yes as this was delivery over the summer period e.g. advertising space.</p> <ul style="list-style-type: none"> • Four increases in contract values for partnership activity within the School of External Funding and an increase in the buildings maintenance contract. • The expenditure to date on the 2014-15 contracts approved at previous meetings. <p>Resolved:</p> <p>i. That the members of the Committee endorse the Chair's actions on the following contracts:</p> <ul style="list-style-type: none"> • Contract for partnership activity to Learning Curve for the provision of educational training courses within the school of external 	

	<p>funding.</p> <ul style="list-style-type: none"> • Contract for outdoor media. <p>ii. That the members of the Committee approve the following contracts:</p> <ul style="list-style-type: none"> • Contract for partnership activity – an increase in the value of the contract awarded to Phoenix Employability from £175,000 to £250,000 for the provision of educational training courses within the school of external funding. • Contract for partnership activity – an increase in the value of the contract awarded to NECC from £150,000 to £180,000 for the provision of educational training courses within the school of external funding. • Contract for partnership activity – an increase in the value of the contract awarded to North East Training Solutions from £150,000 to £180,000 for the provision of educational training courses within the school of external funding. • Contract for partnership activity – an increase in the value of the contract awarded to Hartlepool Training Solutions from £150,000 to £200,000 for the provision of educational training courses within the school of external funding. • Buildings Maintenance – an increase in the contract value with Esh Facilities Solutions from £600,000 to £750,000 for small capital works and buildings Repairs and Maintenance (This contract was for the period August 13 – July 2014 plus an option for a 1 year extension). <p>iii. That Members agree the update on expenditure against contracts already approved.</p>	
<p>7.</p>	<p>Management Accounts to 31 March 2015 and commentary</p> <p>HB introduced this report which was considered and reviewed by the Committee.</p> <p>It was reported that as at the end of March 2015, the College had made a £821k surplus (before profit on sale of fixed assets), which was £214k above target but £1,157k below the 2013-14 position.</p> <p>Total income was £557k 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 £435k and £380k below budget respectively.</p> <p>Payroll costs were £740K below target but £392k 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</p>	

	<p>and Business Support costs.</p> <p>Non-pay expenditure was £1,083k above target and £1,823k 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".</p> <p>HB responded to questions from Members on the financial information presented, these included:</p> <ul style="list-style-type: none"> • The report showed a healthier picture than previous reports. The forecast position was break-even. • The company involved with the student computer scheme had gone into receivership and the College had not yet received the cash from them. However, a new company was to take over cash collections therefore this should reduce the bad debt provision of £85k. Outstanding debt was being pursued through debt collectors. Q. Original deal too good to be true? No, it was good value. • Curriculum planning and implications for staffing were yet to be identified. A meeting with the unions was taking place on 19 May. • The College would receive a full return on the cost for the Marine accommodation. The outstanding issue was that the students' visas only lasted one year and they had not arrived in the country until May instead of February, four months late. The Principal for SSMS was trying to adjust the timetable to fit in with the students remaining time on the visas, with the possibility of some distance learning. • Monthly performance monitoring was taking place with each Head of School and spend was being carefully monitored. • MSTC was struggling to compete with an external competitor and a downturn in the market. Members felt that the simulator could be a rich source of funding with the right level of marketing. <p>Resolved: That the report is accepted.</p>	
<p>8.</p>	<p>Further Education Funding Allocations 2015/16</p> <p>This paper gave a further update on the allocations for 2015/16; these would form the basis of the budget for 2015/16.</p> <p>Members were reminded that a similar paper had been presented to the Board and discussed at length.</p> <p>Resolved:</p> <p>i. That the members of the committee agree to receive and accept the report.</p> <p>ii. That the Chief Executive is to review the College's position after the outcome of the general election is known highlighting any party policies that may have an impact on the finances of the College.</p>	<p>HB/ LWh</p>

<p>9.</p>	<p>FE and Full Cost Fees 2015-16</p> <p>This report was presented to summarise the FE fees the College wished to set for the academic year 2015-16. It was reported that these had been discussed by the senior team and had been used for curriculum planning purposes.</p> <p>Members stressed the need to monitor competitor prices in the market. It was noted that GH agreed 3 year deals with an annual increase built in.</p> <p>Resolved: That the committee approves the fee rates to be charged for 2014-15 subject to any necessary price matching.</p>	<p>HB</p>
<p>10.</p>	<p>Health and Safety Report – Update</p> <p>The annual health and safety report provided data and statistics on the accidents and incidents that had occurred in the College in the last year and for the previous 3 years, evaluated health and safety standards and detailed the progress that had been achieved in maintaining continual improvement.</p> <p>It was explained that accident/incident data on its own was not sufficient to determine the status of the College’s Health and Safety Management System, however, when combined with other benchmarking standards the data provided an indication of performance.</p> <p>All reactive information in this report was based on data collected between August and July of each year in line with Association of College’s requirements. This report gave consideration to the 2013 – 14 period plus an interim report for 2014 - 15 up to March 2015.</p> <p>Q. Adviser to support Health and Safety Manager (AS)? The College was tendering for external consultancy.</p> <p>It was reported that there were a series of reports to be received from auditors which would be reported to Audit Committee in due course. HB indicated that it was encouraging that they were not picking up any issues that management had not already identified.</p> <p>Resolved: That the report is agreed.</p>	
<p>11.</p>	<p>Motor Vehicle Centre</p> <p>Confidential item</p>	
<p>12.</p>	<p>Utilities procurement update</p> <p>This paper was to provide an update for members of the Committee on progress made on the procurement of utilities.</p> <p>Members were reminded that at the previous committee, they were presented with a report detailing a proposal from energy consultants, Utility Wise to procure utility on behalf of the College.</p> <p>Members requested that the College should investigate the options open to</p>	

	<p>them in its procurement of gas and electricity. This paper outlined the options open to the College; these being.</p> <ol style="list-style-type: none"> 1. The College could choose to tender as a contracting body and would therefore need to publish in OJEU and carry out a fully compliant EU tender. 2. The College could choose to use a consultant, however if they were not registered as a contracting authority recognised by the Cabinet Office, they would have to carry out an EU tender on our behalf and in the College's name. The College would therefore be responsible for any non-compliance. 3. The College could choose to use an alternative central purchasing body contract or join a contract put in place by a consultant acting on behalf of a contracting authority. <p>The College's Senior Buyer had met with Utility Wise and had established that they had carried out OJEU tenders on behalf of contracting authorities and were in fact part way through an Educational Sector tender on behalf of a number of universities, University of London being the Framework Agreement 'Contracting Authority'. This framework would be in place on 1 October 2015. As a result of this meeting, Utility Wise had submitted 2 proposals.</p> <p>It was noted that since this report was written another company had approached the College.</p> <p>Q Neighbouring Colleges? Discussions had not taken place with any other Colleges to combine buying power. However, the last time this was attempted everyone had different arrangements.</p> <p>Resolved: That this matter be reviewed in autumn 2015 when Utility Wise had their framework in place.</p>	
<p>13.</p>	<p>South Tyneside College Financial Health</p> <ol style="list-style-type: none"> i) SFA Letter and benchmark data ii) Regional Finance Comparisons <p>Members were delighted to hear that the College's financial health for 2013/14 and the College's underlying financial health had been graded as outstanding.</p> <p>The financial dashboard information was discussed. This incorporated various key performance indicators and measured those against both target benchmarks and against benchmarks achieved in the sector.</p> <p>HB explained that the comparison report was an extract of some key financial data from the spreadsheet of college finance data published by AOC and SFA. The College was compared to the other regional colleges and a small number of other colleges who were around the same size in terms of income.</p>	

	<p>Q. Staff costs as % of income? The College was in the upper quartile.</p> <p>Q. Includes Hebburn sale (Dashboard)? No.</p> <p>It was commented that the Committee needed to ensure they received informative accounting information. Members felt that there was a need to analyse a breakdown of PVC against Marine figures and within each school to have an understanding of the level of partnership contributions i.e. there was a need to understand the level of sub-contracting.</p> <p>HB outlined sub contracted provision and made reference to the Management accounts to demonstrate income/expenditure by school.</p> <p>Members were reminded that partnership arrangements enabled the college to offer high level provision to learners in areas not delivered by the College itself.</p> <p>Resolved:</p> <p>i. That the report is accepted.</p> <p>ii. That the Director of External Funding is to provide a Partnership Plan and this will show what percentage of each funding body allocation is delivered by partners.</p>	LS
<p>14.</p>	<p>Any other business</p> <p><u>Potential Acquisition</u></p> <p>Confidential item.</p>	
<p>15.</p>	<p>Date of next meeting</p> <p>The next meeting was scheduled for Wednesday 24 June 2015 at 4.00pm.</p>	
<p>16.</p>	<p>Identification of Confidential Items</p> <p>It was agreed that the confidential issues under Matters Arising remained confidential, Item 4 Marketing Strategy, Item 11 Motor Vehicle Centre and Item 14 Potential Acquisition are also to remain confidential items.</p>	

Signed:

Date: