

Meeting of the Finance & Resources Committee

Venue: Conference Room 1, South Shields Centre
Date: Wednesday 30 September 2015
Time: 4.00pm – 6.15pm

Present: David Byrne
 George Clark
 Andrew Watts

In Attendance: Neil Longstaff (Clerk)
 Helen Beaton (Deputy Chief Executive)
 Alison Maynard (Principal – PVC) for Items 7, 8 & 9 only

ITEM	ISSUES	ACTION
1.	<p>Appointment of Chair</p> <p>Nominations were sought for the position of Chair.</p> <p>Resolved: That George Clark is appointed Chair of the Finance and Resources Committee for a period of 2 years.</p> <p>Appointment of Vice-Chair</p> <p>Resolved: That Des Young is appointed Vice-Chair of the Finance and Resources Committee for an eighteen month term of office.</p>	
2.	<p>Apologies for Absences</p> <p>The Committee approved apologies for absence received from Mark Overton, Lindsey Whiterod and Des Young after having considered the reasons for their absence. There were no comments to feedback regarding the papers. The Committee wished to place on record their condolences to Marc Overton on the loss of his father.</p>	
3.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
4.	<p>Minutes of the previous meeting</p> <p>The minutes of the meeting held on 24 June 2015, including the separately minuted confidential items, were approved and signed by the Chair.</p> <p>Matters Arising</p> <p>The Clerk confirmed the following:</p> <ul style="list-style-type: none"> • The Bursary Policy for the 2015-16 academic year had been approved by 	

	<p>the Board.</p> <ul style="list-style-type: none"> • The Principal for SSMS had circulated a paper to the members of the committee clarifying the funding allocations and spend within the Teaching Resources report, as requested. • The Management Accounts had been presented to the Board and approved. • The 2014/15 Budget had been adopted by the Board. • The two year budget forecast was approved by the Board and sent to the SFA. • The Student Union budget of £20,000 for the 2015/16 academic year was approved by the Board. • The Public Value Statement was presented to the Board and adopted. This was now on the College's website. • The Workplan had been presented and approved by the Board. <p>HB indicated that Chair's approval had been sought for the provision of Insurance Services.</p> <p>Resolved: The Committee endorsed his actions.</p>	
<p>5.</p>	<p>Review of Committees</p> <p>The report provided a report on the performance of the Finance and Resources Committee during 2014-15.</p> <p>The Clerk informed governors that members of the Committee (2014-15) were asked to complete an online survey to review the Finance and Resources Committee's performance. The results were provided as part of the report.</p> <p>There were no areas identified as being ineffective or partially effective and two areas were judged to be outstanding (greater than 70% score).</p> <p>Discussion took place on the terms of reference for the Committee and clarification was given on the marketing aspect that fell within the committee's remit. It was felt that the Growth Strategy Working Group (GSWG) should be involved with the review of the Marketing Strategy with this Committee focussing on resources and KPIs.</p> <p>Governors were reminded that Committees should be considering strategic matters not operational.</p> <p>The Director of HR reminded governors that they could request any information they needed to reassure them that HR activities were being monitored effectively.</p> <p>Resolved: That the report is received.</p>	
<p>6.</p>	<p>Committee Workplan 2015-16</p> <p>The Clerk presented the Workplan 2015/16 as approved by the Board, which took into account changes made at the previous Committee meeting.</p> <p>Governors discussed whether five meetings during the year were required. The workplan was reviewed.</p> <p>Resolved:</p> <p>i. That the Workplan 2015/16, as presented, is received.</p>	

	<p>ii. That the number of meetings is to remain at 5 but that the Chair is to determine, at the appropriate time, as to whether a meeting in February 2016 is required, after consultation with HB.</p>	GC/HB
7.	<p>HR Report</p> <p>Confidential item</p>	
8.	<p>JCC Annual Report 2014-15</p> <p>The Director of HR presented the annual report from JCC for 2014-15 and a plan for 2015-16.</p> <p>There continued to be a lack of representatives in the College from either AMIE or GMB unions. The College had been in contact with both regional offices and was aware that attempts had been made to provide local reps but to no avail.</p> <p>Progress on strategic matters and revised policies/procedures were reported and noted.</p> <p>Resolved: That the Committee agree to receive the contents of the report.</p>	
9.	<p>HR Action Plan 2015/2016</p> <p>This report outlined the key actions for the HR department for the academic year 2015-16.</p> <p>Area reviews – confidential item.</p> <p>It was noted that matters concerning Learning and Development had been included in the Plan following the appointment of a L&D Manager.</p> <p>Q. Ridgeway Academy is referenced but not Career College? HR at the College did liaise with staff at St Wilfrid's RC College although the staff delivering the courses were from the school.</p> <p>Q Safeguarding procedures? This had been covered and CD was confident that all checks had been undertaken.</p> <p>Q Marine staffing levels being monitored? Succession planning? Recruitment and retention within the SSMS was being addressed. Governors felt there were key posts that needed cover.</p> <p>A governor highlighted negative feedback he had received from parties outside the College which could have a negative impact on the SSMS. It was felt that there appeared to be more than one disaffected lecturer.</p> <p>It was reported that SEG had been examining staffing within SSMS and certain issues were being tackled e.g. differentiated contracts. Governors asked that SEG identify a strategy of retaining and recruiting high quality staff. It was stressed that the College needed to try and counter any concerns there might be within the Sector over recruitment and reputation.</p>	

	<p>Governors asked that the HR Plan identify the impact as they felt that this had not been covered.</p> <p>Resolved:</p> <ul style="list-style-type: none"> i. That governors agree to receive the HR Action Plan 2015/2016 subject to the inclusion of work covering the Career College North East. ii. That Succession Planning Policy be included within Section 12 (staffing levels within SSMS). iii. That staffing issues within the SSMS are to be raised at the SSMS Quality Committee and GSWG (recruitment and reputational issues). iv. That staffing within the Marine School be placed within the College Risk Register, if not already included. v. That the Director of HR is to clearly demonstrate the impact of the actions within the Plan. 	<p>CD</p> <p>CD</p> <p>CD</p> <p>HB</p> <p>CD</p>
<p>10.</p>	<p>Update on Partnership Activity</p> <p>Confidential Item.</p>	
<p>11.</p>	<p>Potential Financial Implications of Government Policy and Future Funding is likely to have on the College</p> <p>This paper gave a summary of FE funding over the past 5 years and looked forward to what impact the government spending review might have on college income in 2016/17 and beyond.</p> <p>It was explained that the FE sector had a number of cuts over the life of the last Parliament and these were anticipated to continue with no element of FE funding being part of a protected area of expenditure.</p> <p>A summary of changes over the last 5 Years and funding beyond 2016/17 was provided. The current position concerning Area Reviews was also reported and acknowledged.</p> <p>The Committee was informed that they would need to consider the implications of the Comprehensive Spending Review (CSR) as the information was released on the impact for College funding. The committee would also need to consider, along with the Board and GSWG, the position for the College with regard to mergers and federations as information became available as the position was changing quickly across the sector.</p> <p>Governors asked questions concerning the profile of the College in terms of the different elements of funding and how cuts would impact on these areas.</p> <p>Resolved:</p> <ul style="list-style-type: none"> i. That governors accept the report acknowledging the importance of such information to aid them in setting the strategic direction of the College ii. That HB is asked to add a note to the report to show the percentage of EFA funding and potential reductions. iii. That HB is to provide a breakdown of College funding (16-19, 19+ and apprenticeships) and financial ratings of other colleges in future reports. 	<p>HB</p> <p>HB</p>

12. Management Accounts and commentary

HB introduced this comprehensive report and advised that as at the end of July 2015, the College had made a £4,550k surplus (including a £3,363k profit on sale of fixed assets), which was £3,639k above target and £2,880k above the 2013-14 position.

Total income was £2,006k 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 £590k and £174k below budget respectively.

Payroll costs were £871k below target but £250k 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.

Non-pay expenditure was £2,596k above target and £3,305k 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 depreciation charges.

The College's financial health was currently graded as "Outstanding". It was reported that the budget forecast was better than expected. A £300k pension adjustment had had a positive effect on the outturn.

Attention was drawn to Partnership costs and it was noted that these needed to be published on the College website in November. AW declared an interest on the table provided as it named his employer.

Q. Profitability of Marine School? HB indicated that information was not currently collected in a way to calculate this figure. It was reported that central overheads were not known e.g. gas/electric used, ICT and depreciation elements.

A governor stated that the Committee should be asking the question as to whether the College needed to continue to offer courses that did not make a significant financial contribution.

Q. Central overheads? £9.9m with SSMS making 50% contribution.

Governors congratulated HB and her team for achieving a financial grading of 'Outstanding' for the sixth year in succession.

Q. £10m in bank? Yes, but as the capital project progressed the cash could fall.

Q CCNE? This would be shown as a school of the College in future accounts. Governors asked that the profile of the CCNE be reported to the Committee and Board e.g. estimated costs and funding being covered by the College and expected break-even point. It was noted that it was difficult to estimate break-even as this was dependent upon the number of students enrolling. Current figures were below projections. The expected loss in the first year was estimated at being £100k.

Responding to a question HB indicated that the costs involved were not at a level to be

	<p>included on the Risk Register. Governors asked that the risk in terms of financial and reputation, be monitored.</p> <p>Resolved:</p> <ul style="list-style-type: none"> i. That the Management Accounts are recommended to the Board for approval. ii. That HB is asked to present a report to the Board on the CCNE to enable governors to understand the financial impact to the College and work undertaken to date. iii. That the CCNE be shown as a school within future College accounts. 	<p>HB/NL</p> <p>HB</p> <p>HB</p>
<p>13.</p>	<p>Key Performance Indicators</p> <p>This paper provided the committee with an update against the set of key performance indicators that had been previously agreed.</p> <p>The areas covered were HR, finance and estates. Governors discussed the progress to date.</p> <p>Q Current year’s objectives? These were included in the budget papers and approved by the Board.</p> <p>Q. How was the College performing? It was felt that the information presented did not show performance levels.</p> <p>Q. Contributions from schools – was it not better to set targets of 25% for some to make them realistic and more achievable? 50% should be achievable for most schools with PVC and SSMS but not LLDD.</p> <p>Governors felt that certain areas could be excluded and stated in the accounts.</p> <p>Resolved: That progress against the KPIs is received and agreed.</p>	
<p>14.</p>	<p>Bad Debt Provision and Annual write off of Bad Debts</p> <p>Confidential item.</p>	
<p>15.</p>	<p>Estates Report</p> <p>This paper was intended to give the Finance and Resources Committee a detailed update on strategic estates matters, works progress, ongoing maintenance, property issues and progress against the premises strategy. This report covered the following:</p> <ul style="list-style-type: none"> • Continuing renewal programmes, 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. • Estates general issues, indicating developments in ongoing works and security • Utility consumption. <p>It was noted that there were minor delays with the refurbishment of A and E Blocks (1 week behind) and MOST (8 days behind).</p>	

	<p>Q Contingency? Yes but would be used for the adjustments negotiated beyond the original project values.</p> <p>Board approval had been given to enter into a partnership with British Gas to reduce College energy consumption. Following an initial survey and investigative works a £1,000,000 scheme was agreed upon. Re-survey works commenced on site on 16 September with installation expected to start in November. The work would be undertaken in conjunction with the College to minimise disruption to students.</p> <p>The Utilitywise education framework was now up and running and Chair's approval had been given to join this arrangement.</p> <p>See also confidential re. land.</p> <p>Resolved:</p> <ul style="list-style-type: none"> i. That the report is agreed. ii. That the Committee endorses the Chair's action to use the Utilitywise education framework. 	
<p>16.</p>	<p>Learner recruitment and funding update 2015-16</p> <p>The Deputy Chief Executive gave a verbal update on the current position of learner numbers for 2015/16.</p> <p>It was reported that the EFA target was 1496 enrolments and the College had as at 18 September 1178. There were 261 awaiting processing, which gave a combined total of 1439. However, numbers were still being verified and governors were reminded that there were likely to be some students that would not stay with the College. HB's view was that the College remained some way off its target.</p> <p>Staff were set to launch marketing for January numbers and the possibility of increasing partnership funding. Governors stressed that the College needed to be clear as to what was its target number for partnerships.</p> <p>It was noted that the first performance monitoring review was to take place within the next week.</p> <p>HB was confident that the Adult cash allocation of £1.6m would be achieved by the end of the year.</p> <p>Adult apprenticeships had not yet achieved the target but data was still being processed.</p> <p>There could be growth with 16-18 apprenticeships in 2015/16. There were employers with vacancies but not the right students to take them. Staff were exploring ways of generating further interest.</p> <p>Q. Data processing? Partners' were still undertaking tasks and the Marine course had only recently commenced, so there were still a lot of data changes occurring.</p> <p>It was noted that the key time was the November return.</p>	

	Resolved: That the report is received.	
17.	<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"> • Increase in the value of 5 contracts relating to 2014/15 activity to reflect the year end costs incurred against these contracts. • Award of 4 contracts for the provision of educational training within the School of External Funding for 2015/16. • The expenditure for 2014-15 contracts approved at previous meetings was detailed in Appendix A. <p>Q. KGB contract? Further cleaning had been sought. Q. Were Network One the only supplier? Teen Travel was needed and Network One was the only supplier.</p> <p>Resolved:</p> <p>i) That governors approve the following contracts for the 2014-15 academic year:</p> <ol style="list-style-type: none"> 1. Increase in the contract value for student travel passes – Network 1 - from £240,000 up to £273,969 to reflect the year end costs associated with this contract. 2. Increase in the contract value for cleaning services – KGB - from £350,000 up to £400,087 to reflect the year end costs associated with this contract. 3. Increase in contract value for partnership activity for the provision of educational training courses with Hartlepool Training from £200,000 to £221,394 to reflect the year end costs associated with this contract. 4. Increase in contract for specialist training provision for the provision of qualified specialist training for HELM and VTS courses to AFS Consultants from £109,000 up to £113,400 to reflect the year end costs associated with this contract. 5. Increase in contract for reprographic and copying services for the rental and usage of reprographic machines, printers and MFD's to Konica Minolta from £110,000 up to £115,124 to reflect the year end costs associated with this contract. <p>ii. That governors approve the following contracts for the 2015-16 academic year:</p> <ol style="list-style-type: none"> 6. Contract for partnership activity – the award of a contract, value £300,000 to Carillion Construction for the provision of educational training courses within the School of External Funding. 7. Contract for partnership activity – the award of a contract, value £590,000 to TTE Training for the provision of educational training courses within the School of External Funding. 8. Contract for partnership activity – the award of a contract, value £255,000 	

	<p>to Plumbskills for the provision of educational training courses within the School of External Funding.</p> <p>9. Contract for partnership activity – the award of a contract, value £170,000 to Phoenix Training for the provision of educational training courses within the School of External Funding.</p> <p>iii) That governors agree to receive and acknowledge the update on expenditure against contracts already approved.</p>	
18.	<p>Revised Financial Regulations</p> <p>Governors were reminded that the College had an established set of financial regulations that were reviewed annually. A review of the current regulations showed that they were still fit for purpose and it was therefore proposed not to make any changes at this time.</p> <p>Resolved: That the committee recommend to the Board to keep the current set of regulations.</p>	
19.	<p>Any other business</p> <p>None.</p>	
20.	<p>Date of next meeting</p> <p>The next meeting of the Committee was scheduled for Thursday 19 November 2015 at 4.00pm.</p>	
21.	<p>Identification of Confidential Items</p> <p>Resolved: That the confidential issues under Matters Arising, Item 7 HR Report, Item 10 Partnership Activity, Item 14 Bad Debts and Item 15 Estates (Land issue only) are to remain confidential items.</p>	

Signed:

Date: