

## Meeting of the Finance & Resources Committee

**Venue:** Conference Room 1, South Shields Centre  
**Date:** Wednesday 4 February 2015  
**Time:** 4.05pm – 6.15pm

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

**In Attendance:** Neil Longstaff (Clerk)  
 Helen Beaton (Deputy Chief Executive)  
 Catherine Donnelly (Director of HR) for HR items only  
 Len Stule (Director of External Funding) for Item 7 only

ITEM	ISSUES	ACTION
1.	<p><b>Apologies for Absence</b></p> <p>The Committee agreed an apology for absence received from Lindsey Whiterod.</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>Minutes of the previous meeting</b></p> <p>The minutes of the meeting held on 27 November 2014, 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>The Chair was informed that progress had been made with the container project, however, to date responses from companies for donations had been disappointing. The Chief Executive was following up with various companies.</p> <p>Q. Was the College contacting the right people? This was proving difficult.</p> <p>It was suggested that an evening event be held to raise awareness of the project and its aims with a view to generating funds.</p> <p>It was confirmed that companies were being targeted. David Byrne (DB)</p>	<b>LWh</b>

	<p>reported that he was also targeting people and had also offered a personal donation but as yet no one had responded to his offer.</p> <p>The Chair felt that too many people were becoming involved with sourcing funds etc. which he felt was hampering the project.</p> <p>DB reported that the costs were known and that Des Young (DY) was trying to obtain a container for the College free of charge.</p> <p>Helen Beaton (HB) confirmed that any donation would be kept in a separate nominal account.</p> <p>Les Watson reported that students were active with fundraising events and local schools were making donations e.g. furniture and equipment. The Project was also to be highlighted during the College's Equality and Diversity Week. Responding to a question, LW explained the role of staff in supporting students.</p> <p>LW commented that everyone involved was clear about their role.</p> <p>The Chair reminded the Committee that there were vehicles available to assist with fund raising efforts such as the Just Giving website.</p> <p>Q. Timescales? Student activities were to take place in March and that the contents for the container were currently being collected. It was hoped that the container would be shipped mid-April.</p> <p>It was stated that the College Board had agreed to underwrite the costs to cover a cash flow timing issue.</p> <p>The Chair was of the view that one person should be tasked to lead on the project to keep it moving forward. This was disputed by others highlighting the role of the Steering Group which was progressing matters.</p> <p>DB stressed that he shared the optimism of the Chair of the Board in that the target amount would be raised in full.</p> <p><b>Update on Franchise and Partnerships</b></p> <p>It was confirmed that the College had received only a 'partial' award of £542K of the growth bid that had been submitted to the Skills Funding Agency as applications had been oversubscribed.</p> <p><b>HR Report</b></p> <p>Re. Disciplinary Update and Employment Law Update</p> <p>Confidential – see attached.</p>	
4.	<p><b>HR Report</b></p> <p>Confidential – see attached.</p>	

5.	<p><b>Annual Safeguarding Report</b></p> <p>Confidential – see attached.</p>	
6.	<p><b>Review of Safeguarding Policy</b></p> <p>This paper was intended to update the Committee on the College's Safeguarding Policy.</p> <p>The Safeguarding Policy had been completely reviewed and rewritten to take in to account legislative changes and statutory guidance.</p> <p>A governor queried the statement at 1.1 regarding the definition of vulnerable adults. It was explained that this was not straightforward as it could include activities that lead to adults becoming vulnerable. Therefore, it was not a one size fits all and had been deliberately left broad. The Director of HR gave examples of support.</p> <p>Members were made aware that the policy had been updated following recent training and the training provider was confident that the College's policy covered all essential requirements.</p> <p>Q. Vulnerable adults? It was confirmed that 19-24 year olds could be classed as Vulnerable adults.</p> <p><b>Resolved: That the Safeguarding Policy is recommended to the Board for approval subject to an amendment to show that the point of contact for Members of the Board will be the Clerk to the Board (as discussed under Item 5).</b></p> <p>Catherine Donnelly left the meeting.</p>	
7.	<p><b>Update on Franchise and Partnerships</b></p> <p>The Director of External Funding joined the meeting and introduced this report.</p> <p>It was reported that:</p> <ul style="list-style-type: none"> <li>• The College Adult Skills Budget allocation had increased by £542k.</li> <li>• By February 2015, the increased allocation would be achieved and a further growth bid submitted.</li> <li>• Subcontracted provision to a value of £4.3m had been identified against a 2014/15 target of £4m.</li> </ul> <p>Q. Achievable income target? Partnership activity was still on course to achieve a target of £4m.</p> <p>Q. Was franchise provision essential to the financial health of the College? Franchised provision was 25% of College provision in the area of 16-18 Learner Responsive, thereby validating the Board's decision to implement partnership activity.</p> <p>It was commented by a Member that the Board needed to look ahead and</p>	

	<p>convene the Growth and Acquisitions Working Party. It was reported that this had been raised at a recent meeting of SEG.</p> <p>Overall it was a good 'picture'.</p> <p>Q. Did the College have the infrastructure to go further? Yes. Brief discussion ensued.</p> <p>The current risk implications, as detailed in the report, were considered.</p> <p><b>Resolved: That the committee agree to receive the report and acknowledge:</b></p> <ul style="list-style-type: none"> <li>• the progress towards achieving the 2014/15 income target;</li> <li>• the programme slip due to failure to secure the full £1m growth in December 2014.</li> </ul> <p>The Director of External Funding left the meeting.</p>	
<p><b>8.</b></p>	<p><b>Management Accounts and commentary</b></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 December 2014, the College had made a £261k deficit, which was £641k below target and £634k below the 2013-14 position.</p> <p>Total income was £962k below budget due to lower than budgeted Adult Learner Responsive (ALR), 16-18 Apprentices and other tuition fee income.</p> <p>Payroll costs were £557k below target but £301k above 2013-14 costs. This was primarily due to low casual lecturer and classroom support costs during the early months of the academic year.</p> <p>Non-pay expenditure was £236k above target and £808k above 2013-14. This was due to high marine accommodation costs, partnership costs within the School of External Funding and marketing expenditure.</p> <p>The College's financial health was graded as "Satisfactory" due to the operating deficit recorded in these accounts. However, this was anticipated to be a temporary reduction due to timing differences associated with ALR, apprentice and other tuition income.</p> <p>HB responded to questions from governors on the financial information presented, these included:</p> <ul style="list-style-type: none"> <li>• Figures were substantially worse than planned as <ul style="list-style-type: none"> <li>- 16-18 Apprentice target had not been achieved therefore the forecast had been reduced.</li> <li>- 16-18 delivery had not achieved learner numbers (subcontracted more)</li> <li>- Higher Education numbers were down, particularly Marine, therefore reduced income</li> <li>- There were some issues of timing e.g. Adult funding</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>• Delivery costs remained the same as only group sizes had reduced e.g. 20 students per class instead of 30</li> <li>• Investment had been made for the future i.e. Career College</li> <li>• The College was expected to achieve a 'Good' rating by the end of the financial year. It was noted that the Skills Funding Agency was revising how it scored financial health owing to the number of Colleges struggling in the current financial climate to identify those at serious risk.</li> <li>• The College was expected to break even at the end of the year. HB commented that the College needed to improve its curriculum planning.</li> <li>• The January accounts would have a revised forecast which should give an indication of where corrective action was needed.</li> <li>• Career College (CC) – this was to be a separate arm of the College. Governors asked for a 'business line' in the accounts to show how much this had cost the College to establish and to enable them to monitor going forward. HB confirmed the CC would be shown in the accounts as a 'School' alongside other income and expenditure (Page 13).</li> <li>• The curriculum plan would determine the staffing needs for 2015/16.</li> </ul> <p>Members enquired about the learner numbers for September 2015 and beyond. It was felt that the Marketing Strategy needed strengthening.</p> <p><b>Resolved:</b></p> <p><b>i. That the report is accepted and is to be presented to the Board for approval.</b></p> <p><b>ii. That the Marketing Strategy be presented to the next meeting for consideration.</b></p>	<p>NL</p> <p>AM</p>
<p><b>9.</b></p>	<p><b>Estates Update</b></p> <p>Confidential item.</p>	
<p><b>10.</b></p>	<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>• Award of 3 new contracts for partnership activity within the School of External Funding.</li> <li>• 5 increases in contract values for partnership activity within the School of External Funding, Nimasa learners accommodation costs, student travel passes and buildings maintenance.</li> <li>• The expenditure to date on the 2014-15 contracts approved at previous meetings (as detailed in Appendix A).</li> </ul> <p>Q. Maintenance contract increased? No, the contractors had carried out some capital works as well.</p> <p>Q. Re. Nimasa students accommodation – costs appeared to increase four fold? Additional students were arriving that could not be accommodated</p>	

	<p>within the Halls.</p> <p>Q. Was there a need to increase capacity at the College? No, as this would not be long term issue.</p> <p>Q. Large increase without competitive tender? Quotes were sought initially and this was now being rolled out for the remainder of the year. Members stressed the need for transparency and sought further clarification on the cost of accommodation.</p> <p><b>Resolved:</b></p> <p><b>i. That the members of the Committee approve the following contracts:</b></p> <ol style="list-style-type: none"> <li><b>1. Contract for partnership activity – for the award of a contract, value £150,000 to NECC Training and Assessment Centre for the provision of educational training courses within the school of external funding.</b></li> <li><b>2. Contract for partnership activity – for the award of a contract, value £150,000 to North East Training Solutions (NETS) for the provision of educational training courses within the school of external funding.</b></li> <li><b>3. Contract for partnership activity – for the award of a contract, value £265,000 to Monumental Training for the provision of educational training courses within the school of external funding.</b></li> <li><b>4. Contract for partnership activity – to increase the value of the contract awarded to Phoenix Employability from £100,000 to £175,000 for the provision of educational training courses within the school of external funding.</b></li> <li><b>5. Contract for partnership activity – to increase the value of the contract awarded to Keith Stevenson Associates from £600,000 to £800,000 for the provision of educational training courses within the school of external funding.</b></li> <li><b>6. Student travel passes – to increase the contract for 2014/2015 travel passes with Network 1 from £200,000 to £240,000 with this increase being due to a reduction in the discount given by Network 1 for bulk orders. This cost will be predominantly funded via the college discretionary support allocation.</b></li> <li><b>7. Buildings Maintenance – to increase the contract value with Esh Facilities Solutions from £400,000 to £600,000 for buildings Repairs and Maintenance (This contract was tendered by the North East Shared Services Partnership for the period August 13 – July 2014 plus an option for a 1 year extension).</b></li> </ol> <p><b>ii. That HB is asked to provide further clarification as to the reasons for the increase in the contract value for the Nimasa students accommodation and that this be sent to the member for the committee as soon as possible.</b></p>	<p><b>HB</b></p>
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<p><b>11.</b></p>	<p><b>Any other business</b></p> <p><u>Energy Costs - Benchmarking</u></p> <p>HB, with the Chair's prior approval, tabled a report which sought the views of members as to whether to fix the College's energy prices based on information presented by Utilitywise.</p> <p>The report detailed prices for the College's current HH Electricity (Half Hourly Metered Supplies), NHH Electricity (Non Half Hourly Metered Supplies) and Gas supply contracts.</p> <p>The key headline was that the College could now fix its total energy costs over the next 3 years and save £82,417.77 per annum, a reduction in its current total energy costs of 14.48%.</p> <p>Q. Was this the right time to switch given that prices continued to fall? Could go lower.</p> <p>Q. What happens when prices fluctuate? Under the current deal the College would receive a rebate at the end of the year if prices fell.</p> <p>The Chair posed the question whether this could be done without the assistance of a broker (£15k fee).</p> <p>Q. Notice to current supplier (Local Authority)? One month.</p> <p>Members thought this was a useful starting point but further quotes were needed.</p> <p><b>Resolved: That HB is asked to seek at least two further quotations for consideration.</b></p>	<p><b>HB</b></p>
<p><b>12.</b></p>	<p><b>Identification of Confidential Items</b></p> <p>It was agreed that the confidential issues under Matters Arising remained confidential, Item 4 HR report, Item 5 Annual Safeguarding Report and Item 9 Estates update are also to remain confidential items.</p>	
<p><b>13.</b></p>	<p><b>Date of next meeting</b></p> <p>The next meeting was scheduled for Wednesday 29 April 2015 at 4.00pm.</p>	

**Signed:** .....

**Date:** .....