

FINANCE AND RESOURCES COMMITTEE  
3 FEBRUARY 2015

## MINUTES

<b>PRESENT:</b>	Piers White (Committee Chair) Frances Wadsworth (Principal) Jackie Wilding Gordon Smith (Chair of Governors)
<b>CLERK:</b>	Melissa Drayson
<b>IN ATTENDANCE</b>	Keith Oxspring - Chief Operating Officer Andy Smith - Deputy CEO
<b>APOLOGIES</b>	Trevor Morgan
<b>QUORUM</b>	The meeting was quorate throughout
<b>TIMING</b>	6.05 – 8.30pm

Item no.		Action Lead
15.1	<b>Apologies for absence</b>  Apologies received as above	
15.2	<b>Declaration of interests</b>  Gordon Smith declared that Riddlesdown Collegiate had made a number of small payments to the College in the past year for provision.	
15.3	<b>Minutes of the meeting on 5 November 2014</b>  The minutes of 5 November 2014 were <b>approved</b> as an accurate and fair record and were signed by the Chair	
15.4	<b>Matters Arising not covered elsewhere on the agenda</b>  A paper was tabled giving an update on progress against the MCA Cooper Associates report. It was noted that action against each recommendation was either completed or ongoing. A second round of recruitment for the permanent COO post was underway (action 2). An interim appointment was also likely to be made to cover the position of Head of Finance who will be taking maternity leave in May 2015.  Committee members commented favourably on the timeliness of the	

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recent distribution of the management accounts (action 5). The Committee confirmed that its preference would be for a concise commentary and a black/red colour coding system rather than RAG rating. (action 9).

The Funding Tracker (action 10) was work in progress. The ideal would be to develop a tracker which would predict with accuracy the year-end position.

Governor training on finance (Action 19) had been included within the training plan that the Search Committee had approved on 14 January. The Chair of Governors and the Clerk would develop a programme of activities.

The review of the income and cost coding system used by the Finance Department would take place when the permanent Head of Finance returned from maternity leave (Action 20).

The committee thanked Management for their work on the action plan. Progress would be monitored again at the May F&R meeting.

Feedback was then given on a routine meeting with Barclays Bank, at which it had been learned that almost half of their clients in Further Education were experiencing financial difficulties. The FE Commissioner had commented on the importance on the relationship with the banks. The Chair of Governors and Chair of F&R would be attending a lunch with Barclays in March.

There would also be an increasing expectation on colleges to utilise their assets more efficiently, and to ensure that curriculum and property strategies were closely aligned. Despite the College's relatively healthy financial position, there was no room for complacency. In recognition of the need to ensure that the best financial return was secured on savings, £1.5m had been transferred into a 6 month bond with the Nationwide Building Society.

**15.5 FINANCIAL MONITORING – December 2014 management accounts**

*Supporting paper by the Chief Operating Officer*

The COO gave an update on the December 14 position.

In January 2015, the college had received a payment of £432k relating to over-delivery of the Adult Skills Budget in the year to 31 July 2014. Due to concerns over whether these monies would actually be paid, no provision had been made for this income in the July 2014 Statutory Accounts or the 5 months to December 2014 management accounts.. The receipt of this income was included in the updated full year forecast which was now anticipated to be a surplus of £389k. Assuming that there were no unforeseen adverse events, it was hoped that the year-end surplus would be greater than the current forecast of £389k.

Governors queried the inclusion of Release of Capital Grants as income within the management accounts. The COO explained that it was a financial standards requirement to include these as income in the annual financial statements. In order to explain the changes in income more clearly it was agreed that the table analysing the change in the anticipated College surplus/deficit would be amended to show any changes in deferred capital grants separately..

There was discussion of the debtor analysis table. It was confirmed that the total bad debt provision as at 31 Dec 2014 was £489k. It is anticipated that the forthcoming mid year review of bad debts would show a reduction in this provision.

More information was sought about how the performance ratio was calculated.

**AGREED:**

- (i) **That a separate table would be included in the commentary for future reports to separate out release of capital grants from other income streams** COO
- (ii) **That the formulae for the key accounting ratios used by the College would be circulated to Committee members.** COO

**14.6 STUDENT NUMBERS UPDATE**

*Supporting papers: report by the DCE and tabled update*

The Deputy Chief Executive reported on headlines from the previously circulated report:

16-18 Learner Responsive: It was now anticipated that there would be a reduction in 16-18 income based on 14-15 numbers, even though more students than anticipated were in the higher income band of 540 hours or so. The Committee asked whether there was any scope for in-year funding if targets were then exceeded. This would be entirely at the Funding Agencies' discretion and would

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depend upon whether they had already allocated their full budget.

2015-16 allocations would be based on the R06 return in February and would be known by the end of March. The exact formula used by the funding agency in deciding allocations was not yet known but it was anticipated that income for 15/16 could be reduced by somewhere between £0.5m and £1.5m.

16-18 Apprenticeships: Income for Apprenticeships was demand led, so anything delivered above the target would be paid. This was, therefore, an important area for growth for the College. The role of high quality partnerships, such as Just IT, in terms of securing growth was stressed and further partnerships were being explored. In terms of 2014-15 income, it was currently projected that the College would earn £150-200k above its target.

19+ Learner Responsive: *Additional paper tabled:*

It was reported that the College had been allocated an additional £200k on a no-strings basis by the SFA. It was believed that this additional allocation had been given to providers who achieved more than 97% of their target the previous year.

It was proposed that this money be put toward increasing the value of the sub-contract to Learning Curve. This was the only provider with whom the College was still in partnership for this level of provision, as Learning Curve demonstrated good student recruitment and high quality provision. The total value allocated to Learning Curve could reach £1m,. This would be allocated to Learning Curve in tranches until April 2015. This phased approach would help to offset the risk of student outcomes not being achieved. Monitoring allocations would take place at the monthly management accounts monitoring meetings.

Comment was made about the need to reconcile the income figures in the Student Number report with the management accounts.

**RESOLVED: that it be recommended to the Board of Governors, that the proposal to commission Learning Curve to deliver up to £1m of 19+ Learner Responsive activity be approved.**

**Clerk**

19+ Apprenticeships

It was confirmed that adult apprenticeships were all run through direct provision. The course length was between 18 months and 4 years, with a high number of completions due within the year. Thus, even if recruitment were maintained, total numbers would fall.

Higher Education

It was noted that, although recruitment targets had been reached, there had been a first-year drop out of 38 students which would impact adversely on income.

A major future risk to the College was that student number control for Universities was being removed and that this would create increased competition in the area from the major universities. This included Russell Group universities who were offering incentives such as unconditional offers, cashback and bursaries. 2015-16 was, therefore, anticipated to be a very difficult year.

It was agreed that the College needed to set aside time to look at the opportunities and threats affecting its HE provision, including fee levels. A Governor Day focussing on HE would also be valuable. Any review would need to be undertaken when the Office for Fair Access (OFA) guidance for 2016-17 was released.

Governors queried whether the strong progression seen within the School of Art might be replicated in other curriculum areas.

It was hoped that shortfalls in Higher Education income in 14-15 would be offset by the new HNC in Business run in partnership with Acquire Learning. A target of 100 students had been set, to which 55 had been recruited to date. Fees were £4,500 per student with 55% coming to the College.

It was anticipated that the target for Acquire Learning students would be reached by the end of February and it would be capped at this level. The target was considered realistic and achievable: the College was experienced in blended learning and had a strong working relationship with Acquire. It was acknowledged, however, that the College needed to invest further in staff training to be a sustainable provider of high quality online qualifications. The partnership was also currently consuming a significant amount of management time to ensure that college standards for student retention were being met. It was hoped however, that if the approach proved successful for Business, it might be rolled out for other curriculum areas such as Health and Social Care in future years.

**AGREED: that the next Governor Development Day, on 11 May, should include a focus on Higher Education.**

**15.7 RISK MONITORING**

*Supporting paper presented by the Principal*

The Committee noted that the risk register had been reviewed by the Senior Management Team and no changes to impact or probability were made. Future F&R meetings would include a more detailed focus on one of the three risk areas which fell within its remit, with the 11 March meeting looking at Income and Contribution targets.

**15.8 DATES OF FUTURE MEETINGS**

11 March at 6pm

1 July at 6pm

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A date for a May meeting had yet to be finalised but 20 May would be explored, at an earlier timeslot than the Audit Committee

**Clerk**

**15.9 OTHER BUSINESS**

The Principal updated the Committee on sessions which were being held by the Metropolitan Police to inform staff of anti-terrorism measures that should be taken under the Prevent duty.

The Clerk reported that governors would need to be aware of the Counter-Terrorism and Security Act 2015, which was nearing the end of its passage through parliament. The duties linked both safeguarding and critical incident management.

**AGREED: that a briefing should be provided to the Board at an appropriate future date on the duties on Colleges under the Counter Terrorism and Security Act 2015**

**Clerk**

Signed \_\_\_\_\_ (Chair)

Date: \_\_\_\_\_