

**MINUTES OF THE FINANCE & RESOURCES COMMITTEE
HELD ON 23 JUNE 2011**

Members (Absent*)	Mrs M Peart (Chair) Mr B Dorey * Dr D Watkins Mr B Lester Ms J Wacha	
In attendance:	Mr J Allen Mr R Greenaway Ms J Sherborne Ms R Devan Mr D Fraser	Clerk to the Corporation Deputy Principal Vice Principal Director of Finance & Resources Director of HR

The meeting commenced at 1800.

24 APOLOGIES & DECLARATION OF INTERESTS

The absence of Mr B Dorey was noted. There were no declared interests against any of the agenda items. The Clerk confirmed that the meeting was quorate.

25 MINUTES

It was **RESOLVED** that the minutes of meeting held on 17 March 2011 be confirmed as correct and signed by the Chair.

26 MATTERS ARISING

It was noted that at the last meeting delegated authority was granted to the Principal for approving the Supplementary Planning Brief and a progress update on this will be made available in a latter agenda item.

There were no other matters arising.

27 FINANCE - MANAGEMENT ACCOUNTS UP TO 30 APRIL 2011

The College report '*Management Accounts up to 30 April 2011*' was received (copy attached to the signed minutes).

The April Management Accounts forecast a year-end operating surplus before FRS17 adjustments of £401,792 against the budget of an operating surplus of £110,590. The forecast surplus after FRS17 adjustment is £335,792 against the budget surplus of £44,590.

As previously reported to the Committee, a number of measures have been taken during the year to ensure that resources allocated to curriculum delivery matched the actual delivery. As performance against the 16-18 target fell short by more than £650k, significant cost savings

were also identified. Whilst these savings remain, the YPLA has now confirmed that the underperformance against the 16-18 target will have no financial impact in the current year (but will have an impact of a reduction of circa £1m on the 2011/12 allocation that will be based on the actual delivery achieved for the current year). The forecast surplus therefore does not reflect the College's actual operating position, i.e., whilst costs are consistent with the level of actual activity, income is significantly greater than that generated by this activity.

Contained within the management accounts was a detailed analysis of the significant variances that have led to the budgeted surplus of £44,590 rising to a forecast operating surplus of £335,792.

It was **RESOLVED** to note the April Management Accounts.

28 COLLEGE REVENUE & CAPITAL BUDGET 2011/12 & 3-YEAR FINANCIAL FORECASTS 2011-2014

The College report '*College Budget 2011/12* was received (copy attached to the signed minutes). The revenue budgets have been prepared in the format previously agreed by the Committee, and take into account organisational modifications that will be in place by the beginning of the year

The proposed revenue budget contains an income target of £16,600,572 with expenditure forecast at £16,340,187, resulting in an operating surplus of £260,385 before FRS17 Adjustment. The adjusted operating surplus after FRS17 Adjustment is forecast at £102,385.

The capital budget is forecast at £444,332.

In presenting the budget, the Deputy Principal focused on the following key points for the Committee to consider.

The College's current Finance Strategy requires that an operating surplus (before allowing for FRS17 costs) of 2% on income is achieved every year. The College has sought to temporarily vary this percentage to an achievable level at the time of setting budgets. The recent PFA audit recommended that the target be reduced to 1%. The operating surplus before FRS17 is forecast at 1.63% of income.

The College is being funded for 1,424 16-18 year-olds but has planned delivery for 1,484 learners. Although there is a history of over planning it is believed that the 2011/12 plans are more realistic than previous plans. No contingency provision has been made for not achieving this funding target.

For adult skills there is a significant reduction in the number of planned adult learners and the budget includes £858k in adult skills funding that makes up the gap between planned activity and the SFA target. This amount is also included as expenditure under contingency. Whilst recognising the risk of having the full amount clawed back, the College is making arrangements to find opportunities of maximising as much as possible of the £858k.

The 2011/12 curriculum plan aims to deliver 603 apprenticeships (271 16-18 and 332 19+) as against 462 for 2010/11. As 16-18 apprenticeship funding continues to be demand led, the budget assumes that all planned activity will be funded even though this is £224k higher than the allocation for the year.

Each curriculum area was subject to a review of budgeted profitability against the College target of a 50% contribution. Although a number of curriculum areas generated above 50% profitability and, are budgeted to make a satisfactory contribution to central costs and the College level surplus, a number fell below the required contribution of 50%. Performance in these curriculum areas will be subject to on-going review.

With the exception of generating an operating surplus of 2% against income, all other financial targets approved by the Corporation will be met if the budget is achieved.

Under Framework for Excellence, the budget achieves a total score of 360 points which places the College in a Grade 1 (Outstanding) category.

The contingency budget is set at £1,082,903 and consists of £200k for the provision of risk of the Power & Assessment Centre not achieving its income target; £857,903 for Adult Skills funding included in income but not represented by planned delivery; and £25k provision for the risk of agency costs exceeding budgeted expenditure.

The SFA's three year-financial forecasts 2011 -2014 to support the budget were made available (copies attached to the signed minutes). The financial plan for the first of the three years (2011/12) is based on the capital and revenue proposals in the draft College Budget 2011/12. Plans for the next 2 years (2012-2014) are based on a number of assumptions that are driven by priorities set by the funding bodies and the College's own analysis.

The financial plans for 2011-2014 indicate that the College's strategic financial targets will be met in each of the 3 years. The SFA's assessment on financial health is 'Outstanding' for each of the three years.

The sensitivity analysis to support the budget was subject to significant review from the Committee.

Following a very thorough review of the draft College budget, and of the key issues arising from the review, it was **RESOLVED** that the Corporation at its meeting on 7 July 2011 is recommended to:

- (i) Approve the College Revenue & Capital Budget 2011/12;
- (ii) Noted the identified risks and endorsed the proposed measures for dealing with these risks;
- (iii) Agreed to amend the operating surplus target as set out in the Financial Strategy from 2% of income to 1%;

- (iv) Approved the SFA's 3 Year Financial Forecasts for 2011-2014; and
- (v) Noted the report and congratulated the Finance Team for the detail contained within the budget papers.

29 ANNUAL REVIEW OF FINANCIAL REGULATIONS

The College report '*Annual Review of Financial Regulations*' was received (copy attached to the signed minutes). It was noted that no changes are proposed to the College's Financial Regulations.

It was agreed that a review of the regulations would need to be undertaken should the Federation with Kingston College proceed and that the outcomes arising of such a review would be reported at a future meeting.

It was **RESOLVED** to note the report.

30 2010/11 CAPITAL PROGRAMME

The College report '*2010/11 Capital Programme Update*' was received (copy attached to the signed minutes). The report up-dated the Committee on progress being made towards the implementation of the College's Property Strategy and outlined any significant variances between the forecast spend and actual spend.

At the last meeting the Committee agreed to delegate the final approval of the Supplementary Planning Brief (SPB) to the Principal. The SPB is a document which requires formal approval by the local planning authority to develop the College site. It was confirmed that the Principal had approved the SPB before its submission to planning officers. The report provided the Committee with a summary of the outcome of a meeting held on 12th May with council officers. Suggested amendments arising from the meeting are being incorporated within the SPB. Although there is some slippage in the response from planners the consultancy team do not feel at this stage it will cause issues with the anticipated approval timescales.

The report confirmed a total forecast spend of £716,967 against the budget of £653,488. Against each capital project the Committee received a detailed analysis of performance against set budget with an explanation given on any variance against the budget.

It was **RESOLVED** to note the report.

(Ms R Devan left the meeting at this point)

31 HUMAN RESOURCES

(i) *HR Termly Report*

The College '*HR Termly Report*' was received (copy attached to the signed minutes). The Director of HR presented the report.

The report provided information on staff turnover; staff vacancy levels; staff absence levels; the “well-being” audit; gender & ethnicity monitoring; and appraisal completion, etc. Statistical data was supported with a range of presentation charts.

Key points arising from the termly report include:

- The staff turnover rate is currently 10.53%. During the period 1 March 2011 to 31 May 2011 a total of 7 staff left the College.
- The active staff vacancy rate as at 31 May 2011 was 3.58%.
- The staff absence rate is currently 3.4%.
- Male staff currently represent 37% of the College’s total staffing.
- The College currently employs a total of 304 staff, of which 19% are from minority backgrounds.
- The percentage of the College’s staff that has a disability remains at 4.2%. This is unchanged from the figure reported to the Corporation in June 2010.
- 91% of staff have received an appraisal.

Section H of the reported provided the Committee with information regarding recent consultation on staffing levels and organisational arrangements within some areas of the College. The proposals are required to align the College’s staffing arrangements with the 2011/12 budget and have been subject to consultation with all staff. The CMT considered the outcomes of the consultation process at a meeting on 17th June. It was confirmed that a total of 39 posts have been put at risk and that both voluntary and compulsory redundancies are expected.

The Committee welcomed the detail of the explanation for the rationale behind the proposals organisational arrangements.

It was **RESOLVED** to note the termly HR report and to relay to the next meeting of the Corporation the organisational changes that are currently subject to consultation.

32 MANAGEMENT GUIDELINES

The College report ‘*Management Guidelines 2011/12*’ was received (copy attached to the signed minutes). The guidelines are put to the Committee each year for approval. The recognised trade unions were invited to make comments on the guidelines or put forward any proposals to inform changes to the guidelines. No proposals to change the guidelines were made.

It was **RESOLVED** to approve the Management Guidelines 2011/12

33 WELFARE FUND/LEARNER SUPPORT FUND

The College report ‘*Welfare Fund/Learner Support Fund*’ was received (copy attached to the signed minutes). Made available to the Committee was a copy of the document to be given to all learners that sets out the financial assistance that is available nationally as well as funding available from the College. The document outlines the priorities and mechanisms for the allocation of discretionary support funds. It was

noted that for 2011/12 the Educational Maintenance Allowance (EMA) and ALG grants are no longer available to new students. At the time of authoring and circulating of the report the College was still waiting details of the amount of funds available for distribution under the replacement Bursary Scheme.

This information became available last Friday. The College had estimated receipt of £210k for the Bursary Scheme but the confirmed allocation is only £130k. In addition the details of the priority groups had changed. As a result of the changes it was requested for the Committee approves the principles outlined in the report and to agree to delegate authority to the CMT to revise and finalise the procedures in light of the new guidance published.

It was **RESOLVED** to approve the principles outlined in the '2011/12 Financial Assistance Guidelines' and to delegate authority to CMT to revise and finalise the procedures in light of the new guidance published.

34 SAFEGUARDING

The Committee received, and **NOTED**, the minutes of the Safeguarding Committee meeting held on 15 June 2011 (copy attached to the signed minutes).

35 HEALTH & SAFETY

The Committee received, and **NOTED**, the minutes of the Health & Safety Committee meeting held on 9 June 2011 (copy attached to the signed minutes).

36 MONITORING OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

The College report '*Monitoring of College Performance*' was received (copy attached to the signed minutes). The Corporation has agreed a framework for the monitoring of College performance. The F&R Committee is responsible for making assessments in the two areas of Finance & Estates; and Staff & Human Resources with an overall assessment for each of the two areas being made available to the Corporation.

A 'Green' assessment was agreed for each of the performance indicators for the area of finance & estates, and staff & human resources.

It was **RESOLVED** to inform the Corporation of the following assessments:

Finance & Estates	No Risk/No Concerns
Staff & Human Resources	No Risk/No Concerns

37 DATE OF NEXT MEETING

To be confirmed.

The meeting closed at 18.50

Signed: _____ Date: _____
(Chair)