

MINUTES OF THE RESOURCES COMMITTEE MEETING HELD ON TUESDAY 22 MARCH 2011

Members Present

Nick King (Chair), Anne Crosby, Andrew Miller (Principal), Nigel Wichall.

Also Present

Nick Letchet, Deputy Principal, Finance and Resources
Rob Rowe, Director, Human Resources
Alasdair MacDonald, Clerk to the Governors

The meeting commenced at 1635hrs.

53/11 APOLOGIES

Apologies for absence were received from Rob Beale.

54/11 DECLARATION OF MEMBERS' INTERESTS

There were no declarations of interest by members in any specific items on the agenda.

55/11 GOVERNOR BRIEFING

Andrew Miller commented on the forthcoming Budget which would be examined closely for its relevance to further education. He mentioned also that the College's final allocations from the Skills Funding Agency and YPLA for 2011/12 were due soon.

56/11 MINUTES OF THE MEETING HELD ON 15 FEBRUARY 2011

Document No 11/48 refers. The minutes were approved as a true record of the meeting and signed by the chair.

57/11 MATTERS ARISING AND OUTSTANDING ACTIONS REPORT

Document No 11/49 refers. Members agreed that the two minuted actions had been progressed satisfactorily.

58/11 COLLEGE FUNDING 2011/12 AND BEYOND: AN UPDATE

Document No 11/50 refers, introduced by Nick Letchet. He had provided the committee with the income and expenditure figures which had been submitted to the Agency in response to their request, made to all FE colleges, for a re-assessment of the financial projections for 2010/11 and as well the financial plans for 2011/12. The latest projection for the current year showed a higher than budgeted operating surplus of £314k.

Nick guided members through the key assumptions which underpinned the estimates submitted for 2011/12, which included a 10% cut in YPLA funding, a 40% cut in unemployed income, and a 10% drop in HE income. 80% of the projected cost savings/income increases of £2.3m., as already reported to the committee and to the Board, were shown in the

expenditure/income estimates for 2011/12, with the final 20% to be achieved at a later stage in the 3yr cycle.

Nick reminded the committee that the disbanded FE&GP Committee normally assessed the overall operating surplus target to be used when preparing the budget for the following year, and he asked the committee for similar guidance. He proposed that the target set internally for the budgeted operating surplus for 2011/12 should be in line with the 2008/11 Recovery Plan at £423k. which, if achieved, would increase the level of cash generation and provide some cover for future expenditure cuts beyond 2011/12. He confirmed that members of the senior management team continued to work on their individual targets to improve profitability within the overall College target of £2.3m. and that SMT members' proposals would be considered at a single agenda item meeting on 5 April.

Nick explained to members how the financial health measures which were referred to within his report were calculated by the Agency. There would be an estimated net cash outflow in 2011/12 of approx. £1m. He agreed with the committee that even if an operational surplus of £423k. was achieved, as this would be just over 2% of turnover, it would provide only a modest amount of cash to enable the College to invest in its physical estate. The College needed more cash in the longer term and the SMT was aware of, and strongly agreed with, the Board's requirement that responses to the CSR should not harm quality and success rates.

The committee discussed the estimated restructuring costs of £900k. in 2011/12. In addition to the necessity for some redundancies, the Principal commented on the contribution which would be made by the retirement of some members of staff where posts would not be replaced although this would be relatively modest.

The committee chair asked if members could be furnished at the next meeting with a trend analysis of the College's operating surpluses and other key financial indicators over a 7yr period.

Action: NL

In conclusion, the committee thanked Nick Letchet for his presentation and agreed with his proposal of a targeted budget operating surplus of circa £423k.

59/11 MONITORING FINANCIAL PERFORMANCE

- a) Report from the HR Director – Document No 11/51 refers, introduced by Rob Rowe. He informed the committee that he had furnished members with the HR Strategy for 2011-14 to provide them with an awareness of the key objectives for human resource development over this period and the key actions to be taken to achieve them. Whilst the College had an overarching desire to become 'outstanding', demonstrated by ever-improving success rates, the strategy was designed to be supportive of the new funding challenges and the necessity to deliver an innovative curriculum.

In response to a member's question, he reported on the amount being spent per annum on staff development, where the particular focus was on improving teaching quality and on the development of middle managers. He readily agreed that the College would wish to spend more on staff development if affordable. He noted a suggestion that key objective 9 might be headed 'Staff Health and Well-Being'.

Rob guided members through his Director's Report, commenting specifically on the objections raised by the UCU to the imposition of a membership fee on all teaching staff for membership of the Institute for Learning. The College had been asked to pay this fee for its teaching staff but, in line with other colleges, had declined to do so. UCU was balloting its members for industrial action on the joint issues of pay and pension changes. Rob reported that the College had 112 members of UCU out of a teaching workforce of 250, including full and part-time staff.

Members examined Appendix 1 of the HR Director's Report which set out the human resource KPIs. An error in the variance to target for staff turnover was noted. Staff turnover was well below target for the year to date. Rob also commented on the apparent anomaly in the low completion rate shown for Interim PDRs which had now increased leading up to the deadline for completion of 30 April 2011. He agreed with members' comments that the amber rating for total staff absenteeism was pessimistic as the YTD actuals were in line with sector benchmark.

The committee thanked Rob Rowe for his report.

- b) College Operating Statement and Risk Management Plan – Document No 11/52 refers, introduced by Andrew Miller. Since the last meeting of the committee, both the Operating Statement and the Risk Register/Risk Management Plan had been updated and the latest versions had been presented to the committee with Document No 11/52. Within Strategic Objective 3, Andrew commented on a feasibility study into 'shared services' which had been agreed with other local colleges. The consultants, KPMG, had been selected but discussions were ongoing on the need for expensive external assistance. Discussion with local Principals on possible areas for shared services and/or collaboration had identified:
- Higher education delivery
 - Work-based learning/Apprenticeships; and
 - Support ('back-office') services

Andrew told members that there was no funding to help pay for the feasibility study and/or start-up costs.

Within Strategic Objective 4, Andrew informed members that he hoped to bring a revised Estates Strategy to the Board for its July 2011 meeting.

- c) Management Accounts, Period 6, 2010/11 - Document No 11/53 refers, introduced by Nick Letchet. The accounts presented to the committee set out the half-year results to 31 January 2011 and Nick informed members that the key results were broadly in line with those previously reported to the committee. Income continued to exceed budget cumulatively, both pay and non-pay costs continued to be below budget cumulatively, cash as at 31/1/2011 was well above projection mainly due to earlier than expected cash receipts from the Skills Funding Agency, and the overall projected operating surplus for the year had been increased by £40k to £314k.

Nick reported that pay for the month was over budget which was due to a rise in the number of external teacher contracts awarded due to an increased level of activity within Business First and Learning Support. He explained that the trend of overspends to budget on external teaching contracts was expected throughout the year as more Business First work was undertaken by subcontractors. He also

explained the debtors' figure which was significantly higher than at the same time in 2009/10 and confirmed that this was not a cause for concern.

Finally, the committee examined the financial KPIs for the year to date. Members agreed that these were an encouraging set of indicators reflecting a satisfactory underlying financial position against current year targets. Nick Letchet agreed to include the missing Resource Utilisation figures in the next KPI report to the committee.

Action: NL

60/11 BOILER REPLACEMENT: FINANCIAL ARRANGEMENTS

Document No 11/54 refers, introduced by Nick Letchet. He summarized the reasons why boiler replacement was deemed to be important, which was due to the age, inefficiency and costliness of the present boilers, and the options which had been examined. Replacing the existing oil-fired boilers with gas-fired was deemed to be the only viable option. Project feasibility had been undertaken by a highly reputable consultant. An offer of an interest-free 4yr loan had been received from Salix Finance Ltd., an independent, not-for-profit company, specialising in this field.

The committee questioned the Deputy Principal on all aspects of the project's viability and on the reputation and credibility of all third parties who were or would be involved in the project. Members were assured that both Salix and NG Bailey were highly regarded. The former had already established a good reputation with HEIs and the latter was an industry-leader.

The committee approved the proposal as set out in Document No 11/54.

The committee noted that the College had a Green Strategy. Not only was this seen to be a good thing in itself, but it also provided a marketing platform for the College. Important strides were being taken in the university sector utilizing already established technologies and it was suggested that the College might seek to take a lead within further education to the extent that this could be achieved within the current funding constraints.

61/11 THIRD PARTY CONTRACTS AND TENDERS RECEIVED

The Deputy Principal confirmed that tenders were being sought for the College's catering contract, as well as for the boiler replacements as referred to above.

62/11 MEETING ASSESSMENT

Document No 11/55 refers. Members completed the meeting assessment forms and returned them to the clerk. The rating score for the meeting was 1.25. The rating score given by managers present was 1.0.

The following comments were made by committee members on their assessment forms:

- Good questioning on key issues
- Meeting room a little large
- Well chaired
- Good, useful comments from members on carbon issues

- Productive discussions on all papers.

63/11 DATE AND TIME OF NEXT MEETING

The next scheduled meeting of the Resources Committee will be held on the revised date of 10 May 2011 at 1630hrs.

The meeting ended at 1815hrs.