

MINUTES OF THE RESOURCES COMMITTEE MEETING HELD ON TUESDAY 5 JULY 2011

Members Present

Nick King (Chair), Rob Beale, Andrew Miller (Principal), Nigel Wichall

Also Present

Nick Letchet, Deputy Principal, Finance and Resources

Rob Rowe, Director, HR

Alasdair MacDonald, Clerk to the Governors

The meeting commenced at 1605hrs.

The committee agreed that Nigel Wichall should assume the chair in the committee chair's absence.

163/11 APOLOGIES

Apologies for absence were received from Anne Crosby due to ill health.

164/11 DECLARATION OF MEMBERS' INTERESTS

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

165/11 GOVERNOR BRIEFING

The Principal reported:

- The recently published White Paper entitled 'Higher Education: Students at the Heart of the System'. Of particular interest was the announcement of 20,000 places which further education colleges could bid for with degrees offered at £7500 in annual tuition fees or less
- The College would receive £179k from the YPLA for bursary funds (replacing the Education Maintenance Allowance). Guidance on its distribution was awaited. Some students, according to need, would receive a mandatory allowance. EMA would continue to apply to some students continuing to year 2 or 3 of a College course.

The Deputy Principal reported:

- The Skills Funding Agency had issued guidance on its Performance Management Regime for 2011/12. The attention of the committee was drawn to the announcement that there would be very limited flexibility around the assessment of in-year contractual performance which increased the risk of financial claw backs.

Nick King joined the meeting and assumed the chair.

166/11 MINUTES OF THE MEETING HELD ON 22 MARCH 2011

Document No 11/151 refers. It was noted that Adrian Moore attended the meeting for agenda item 104/11. Subject to that correction, the minutes were approved as a true record of the meeting and signed by the chair.

The confidential minute of the meeting was circulated by the clerk and this was also approved as a true record and signed by the chair.

167/11 MATTERS ARISING AND OUTSTANDING ACTIONS REPORT

Document No 11/151 refers. Nick Letchet reported that the College would in future be able to offer a facility to students to pay their fees monthly. He agreed that this could be offered to employers too.

Members agreed that other minuted actions had been undertaken.

168/11 MONITORING FINANCIAL PERFORMANCE

a) College Operating Statement and Risk Management Plan – Document No 11/152 refers, introduced by Andrew Miller. His report updated members on the progress being made against Strategic Objectives 3, 4 and 6. He highlighted:

- the implementation of planned staff savings in response to the CSR
- a projected end of year operating surplus significantly higher than budget
- Good progress with the Property Strategy to be reported to the Board via the Resources Committee in October 2011
- The imminent completion of an ILT strategy
- Good progress with the energy saving strategy
- The intended phased introduction of a pay progression policy in 2012/12
- The introduction of a new staff appraisal procedure.

Turning to the Risk Register and Risk Management Plan 2010/11, Andrew referred to the risk of some impact of the restructuring programme on staff morale. A new 'significant' risk arising from the McKie case had been added to the register.

In response to Andrew's report, members identified the following matters for consideration:

- the possible impact of the McKie case on the College's reputation with the staff and the unions too
- whether any other presently 'dormant' legal claims might arise
- how the implications of the Property Strategy would be fed into the 3yr Financial Plan.
- the desirability of showing a late but significant increase in the operating surplus

The committee asked if the 'ACTOR' concerns, previously referred to it, had been resolved and the Principal reported that they had diminished but still remained a concern.

b) Health and Safety Report – Document No 11/153 refers, introduced by Nick Letchet. He presented Meryl Hamilton's apologies as she had been asked to attend an

external event. He guided members through the report which summarised key health and safety activities between August 2010 and June 2011. The committee discussed:

- The reporting of RIDDOR accidents/incidents and their reference to the College's insurers
 - The justification for the use of Lawes Marsh, an external consultancy
 - The value, if possible, of presenting trends in accidents/incidents and sector benchmarks
 - Reporting on health and safety matters to the committee on an exception basis only.
- c) The HR Director's Report – Document No 11/154 refers, introduced by Rob Rowe. From his report, he highlighted:
- The completion of the consultation exercise on the possible redundancies; the final proposal would be brought to the attention of the Board. A revised redundancy policy had been agreed by the SMT and Rob would pay particular attention to training managers in its implementation. He said that a Section 188 notice was most unlikely to be required. He listed the main curriculum areas affected. Very limited take up of voluntary redundancy was expected by teaching staff.
 - The College's successful defence of Employment Tribunal claims. One claim remained outstanding. The committee spent some time on this item. It was agreed that Rob Rowe would compare the number of cases going to tribunal with other colleges. Also, the committee wished to develop a better understanding of the underlying reasons and the contexts of cases going to an Employment Tribunal, but not the specific detail of individual cases unless warranted.
- Action: RR
- The applications made in the current academic year under the Pay Progression Policy. A similar amount was expected to be spent in 2011/12 but with an increase in 2012/13.
 - Investors in People – reaccreditation was due in November 2011. A final decision had not been taken. The committee commented on its reduced use but noted the possible benefit when applying for public funding.

The committee examined the KPI report, noting an increase on 2009/10 in staff absence. Rob Rowe explained the thorough process of review adopted by the College. He was aware of the increase but stated that it was still well below sector benchmark.

The committee thanked the HR Director for his report.

- d) Management Accounts, Periods 9 and 10, 2010/11 - Document No.s 11/155 and 11/156 refer, introduced by Nick Letchet. The committee agreed that it should focus its attention on the accounts to May 2011. Nick Letchet presented a summary of the results for the period and cumulatively. Issues raised for discussion were:
- The Unemployed fund, which exceeded budget in the period but which was still showing an adverse variance cumulatively
 - Pay costs which were well over budget in the period due the agreed provision for redundancy
 - The McKie case – the provision had been increased to £75k

- The College Nursery – Nick Letchet explained that the nursery was at full capacity as usual but the surplus arose partly due to the customer mix and partly due to a price rise. There was a risk, however, arising from a reduction in the Access fund in 2011/12. Nevertheless, the committee asked the Deputy Principal to consider the merits of an expansion in the nursery's capacity.

Action: NL

- Operating surplus – the committee asked for consideration to be given to charging more redundancy costs to the current financial year and also to consider bringing forward some of the planned revenue expenditure into 2010/11 likewise

Action: NL

- Cash holding – the committee queried whether the current holding was an efficient strategy but members were reminded of the Skills Funding Agency's financial health criteria and its concern that College's should have sufficient cash for all contingencies.

199/11 3yr FINANCIAL PLAN 2011-14

Document No 11/157 refers, introduced by Nick Letchet. He tabled a replacement for page 5 of the document. He explained that this was due to a significant increase in the number of funded students in Plumbing that the College was now allowed to take. For the proposed budget for 2011/12, Nick directed members' attention to the operating surplus, the make-up of income, a comparison with the budget for 2010/11 and with previous plans, and the contribution by curriculum area.

The committee discussed:

- The low contribution in Plumbing and Electrical despite the increase in funded places, noting that no staffing reductions were planned in this area, and also noting that the economy was not offering good job prospects to newly qualified plumbers. Nick explained that growth was being actively targeted but he agreed that a 30% contribution was not sustainable. There was some concerns too with success rates in this area.
- The Code for Sustainable Homes and Renewable Energy and the potential for new courses to be identified in this growth area. Andrew Miller agreed that there was a need to freshen up the curriculum which was rather traditional.
- Presenting the 'Contribution by Curriculum Area' table to the Quality and Standards Committee where it could be correlated with success rates and conclusions drawn
- Whether a review should be conducted of the Beauty curriculum area in light of the significant fall in the contribution rate and the known competition from New College in 11/12, as well as the strength of the local job market. Members noted that a review would be conducted in November when final enrolment numbers and income were known, which would inform planning for 2012/13 but would only permit limited efficiency savings in 2011/12.

The Deputy Principal guided members through the planned Capital Expenditure Budget. Issues raised in discussion were:

- The financial justification for some of the key projects such as the conversion of the main hall into a gym with a mezzanine floor above, and the installation of a nail bar
- The benefits of accelerating the move away from Kembrey Park in comparison to the planned projects
- Some concern about planned changes to the Student Enrichment Centre at a time when the Centre staff's role was being enhanced, as reported to the Quality and Standards Committee
- The market/employment potential for the planned growth in HE Sports Studies
- Possible changes in the estimates shown on the spend on the boiler replacement and lift winding gear replacement.

In conclusion with regard to the proposed Capital Expenditure Budget, the committee agreed that the planned total spend was appropriate and affordable but the project mix should be reconsidered. Members also asked that some of the planned revenue expenditure be brought forward into 2010/11 if possible.

Action: AM/NL

Nick Letchet then turned to the Financial Plan for the three academic years ending 31 July 2014 and guided members through the key elements. The middle year of the plan would remain challenging with expected cuts to parts of the FE and HE income budget, necessitating further cost savings. However, the plan assumed significant revenue growth in 2013/14 driven by an increase in 14-19 student numbers, growth in franchised HE student numbers, as well as on-going increases in fee income.

The committee discussed the significant improvement in forecast operating surplus in 2013/14 as a result of cost savings over the plan period and income growth in Yr 3 of the plan. A conservative interest rate assumption was noted which would be a source of some cash gain should interest rates rise. The committee questioned whether the restructuring costs planned in 2012/13 might be brought forward into 2011/12.

Nick directed member's attention to the Financial Objectives set out on p. 13 of the Financial Plan. The objective on long term borrowing had been changed to a limit of £1m. of additional borrowings.

The committee agreed that monitoring learner numbers would be critical as delivering this plan was heavily dependent on student/income growth. The overall level of risk had decreased. Members sought assurance, which was given, that this would not lead to a return to more lax student recruitment policies. The committee noted the strategic shift away from partnership with the University of Bath towards partnership with Oxford Brookes University, which it took to be a positive move. Members also questioned whether the College had managers with sufficient entrepreneurial expertise to find and attract new sources of income. The Principal agreed that a culture shift would be necessary to achieve the College's financial targets.

The committee agreed to recommend the Financial Plan 2011-14 to the Governing Body with the caveat that justification for capital spend on the main hall should come to the Resources Committee for approval.

Action: NK

170/11 THIRD PARTY CONTRACTS AND TENDERS RECEIVED

The Deputy Principal updated the committee on the selection process for the College's catering contract. 3 contractors had been shortlisted and a clear favourite emerged. A number of College students were taken to a college where this contractor operated, with very favourable results. Good references had been received. A changeover period of just 3.5 weeks was required. Staff would be protected under TUPE.

171/11 MEETING ASSESSMENT

Document No 11/157 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 debate on financial forecast
- Good questioning of 3yr Financial Plan

172/11 DATE AND TIME OF NEXT MEETING

The next scheduled meeting of the Resources Committee is on 4 October 2011 at 1600hrs.

The meeting ended at 1810hrs.