



Minutes of the Meeting of the Finance & Strategy Committee of the Corporation

29th June 2010

Held in the Boardroom in the South Building

Present: Mr Warwick Hall (Chair)
Mr Colin Hefford
Mr Rajay Naik
Mr Paul Taylor (Principal)

In Attendance: Mr David Beckett, Clerk to the Corporation
Mr Mark Payne, Vice-Principal Finance
Mrs Gill Manthorpe, Vice-Principal Communications,
People & Development
Mrs Carrie Smith, Vice Principal Commercial Development

F24/10 Apologies for Absence

There were no apologies for absence, all members being present.

F25/10 Disclosure of Interest

The Vice-Principal Communications, People & Development declared an interest in the item on Strategic Review of Staffing, being the lead officer for the review.

F26/10 Minutes

(a) **The Minutes of the Meeting of 5th May 2010** were confirmed as a true record and were signed by the Chair.

(b) **Matters Arising from the Minutes**

Minute F14/10 (Membership)

In response to a question as to progress on filling the vacancies on the Committee, the Clerk reported that an application had recently been received for a position of Governor and that from the application the candidate would be likely to offer effective membership of the Committee.

The Chair indicated that the candidate was due to have been interviewed the previous week but that due to various factors the interview had not been able to take place and was being rescheduled. Additionally, membership of the Committee would be examined as part of the forthcoming review of the Corporation's Committees.

F27/10 Management Accounts to 31st May 2010

The Vice-Principal Finance presented a report providing members with a summary of the College's financial position at the end of May 2010.

The forecast outturn for the year showed a projected deficit of £1.709 million. This included £1 million of restructuring costs associated with the staffing review. The underlying deficit position was therefore £709,000 against the originally budgeted £500,000. A copy of the May 2010 Management Accounts was attached to the report.

During discussion, members probed the restructuring costs and where these sat in the accounts, fees, income, bad debts and cash collection. Members also examined part-time pay expenditure, the risks associated with this and how these were mitigated for the future. The Vice-Principal Finance gave information on the changes to controls that were being introduced in this area and the improvements to staff utilisation being pursued. Members also sought and received

feedback on the College's recent meeting with the SFA on the funding position.

The Committee resolved to receive and note the content of the report.

F28/10 Strategic Planning 2010-2014

The Vice-Principal Finance presented a report updating members on progress in strategic planning for 2010-2014 and advising on next steps to draw together strategic planning documentation and to finalise the draft College strategic plan.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) To endorse the approach to strategic planning set out within it.

F29/10 Financial Strategy 2010-2013 & Budget 2010/11

The Vice-Principal Finance presented a report informing members that the financial memorandum between the SFA and Colleges required the Corporation to approve a budget each year. The College was required to submit the approved budget along with a financial forecast for the proceeding two years. The report set out a proposed budget for 2010/11 and an indicative forecast for the proceeding two years within a three-year forecast for 2010-2013.

Members were asked to endorse the attached budget proposal for 2010/11 of an operating deficit of £250,000 and it was requested that, if agreed, the budget be recommended to the Corporation for approval at its meeting on 7th July 2010. Members were also asked to consider how to proceed with the formulation and finalisation of a soundly-based three-year forecast in the light of recent announcements on funding cuts which had yet to be distilled into planning guidance by the SFA. Proposals were made for strategic financial objectives including a significant reduction in outsourced activity including the car park management contract. With regard to the forecast, two indicative scenarios were presented for members' consideration.

Members discussed the report, commending its content and expressing agreement with the strategic objectives set out. In scrutinising the proposed budget, members examined the element of 'capped pay', the risks in the budget, how likely the income projections were to be realised, pension costs and the savings that would be achieved from bringing the car park staff in-house. In response to a question, the Vice-Principal Finance indicated that the income projections were felt to be realistic. Members commented that it would be an excellent outcome if the budget could be achieved.

Discussion then turned to the capital budget and members ascertained that this was considered to be sufficient inclusive of repair

and maintenance items. Members also probed the position regarding apprenticeships, projected income increases in this area, how likely these were to be achieved, the impact of the indicative scenarios on the College's financial health category and the associated risk assessment. A proposal in the report for the buy out of salary protection and the implications of this was scrutinised.

The Chair connected the item overall to the commercial development strategy to be discussed later in the meeting. Members also examined what process the SFA undertook on receipt of the College's financial forecast.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) To recommend a budget for 2010/11 of an operating deficit of £250,000 for approval by the Corporation at its meeting on 7th July 2010.
- (c) To reaffirm approval of the College's restructuring fund including a proposal to buy out salary protection, subject to negotiation with the trade unions.
- (d) To approve a capital programme of up to £250,000 with the responsibility for the final programme priorities to be determined by the Principal.
- (e) To approve the proposal that car park charges should be a matter of annual review under an agreed policy to be determined by the Governors.
- (f) That the paper taking the proposed budget to the Corporation should reflect the key elements of their discussion.

F30/10 Strategic Review of Staffing

The Vice-Principal Communications, People & Development presented a report noting that members would be aware that a review of the staffing base of the College had commenced after the last meeting on 5th May 2010. The paper outlined progress made to date and included the timeline for the process, the proposed College structure and the set of slides used by the Principal in staff meetings.

In an update to the report, the Vice-Principal Communications, People & Development gave information on the number of voluntary redundancy requests received, went through the reasoning behind the structure and summarised the consultation feedback.

In discussion of the report, members probed the number of redundancies in relation to vacancies, the potential savings to be made in 2010/11 and whether further savings were likely in-year. The Vice-Principal Communications, People & Development indicated that the number of lecturers would be reviewed in September 2010 in

relation to enrolment. The Chair stressed the importance of ensuring that the College had the right people for growth.

The Principal drew attention to the current collective agreement on ringfencing arrangements. For the current exercise this needed to be reviewed so that any displaced members of the Executive could apply for posts at the next level down at the outset and in order for other managers to be able to apply similarly. The College would need to agree a variation with the trade unions on this.

Members probed the role of the revised departments and queried aspects of this in relation to risks. It was noted that the structure would offer the potential for more co-ordination and that other models had been considered.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) To agree that all managers should be able to apply for all new management posts in the structure.

F31/10 Draft Commercial Development Strategy & Delivery Plan 2010/11

The Vice-Principal Commercial Development presented a report setting out the commercial development delivery plan for 2010/11 and the commercial development strategy for 2010-2013. This included a decision to relocate the Charterhouse Training operation from the Charterhouse building itself due to the cost and unsuitability of the building.

Members were asked to consider the documents and to comment as appropriate on the content with particular regard to the delivery plan 2010/11 and its associated risks in setting the 2010/11 budget.

During discussion, members examined the nature of adult apprentices, how these were managed in the workplace and the risk elements in the strategy, particularly in relation to Train to Gain.

The decision to withdraw from the Charterhouse building was noted. The Chair commented that it had been agreed that the next meeting of the Corporation would take place at Charterhouse in order that Governors could be directly aware of the state of the accommodation.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) To endorse the commercial development delivery plan 2010/11 and the commercial development strategy 2010-2013.

F32/10**Final Self-Assessment of the Committee's Performance 2009/10**

The Clerk presented a report noting that the Corporation had approved a process for carrying out its annual self-assessment. The process required each Committee to review its interim self-assessment and carry out a final self-assessment at their last meeting of the year. For the Finance & Strategy Committee, this was at the present time.

The report set out the process for self-assessment and offered a review of the Committee's work in 2009/10. The Committee was asked to undertake its final self-assessment and decide a grade for its performance.

In an update to the report the Clerk advised that, inclusive of the present meeting, attendance at meetings of the Committee in 2009/10 was 96.2% compared to the target of 80%.

The Committee thereupon undertook its self-assessment, considering that its key strengths were being particularly challenging to the Executive, concentrating on securing value for money and efficiency, responding to the changing external environment facing the College, the establishment of the Financial Strategy Working Group, concentration on strategy and attendance (96.2% against the target of 80%); and that its areas for improvement were the need to strengthen/monitor the operation of the Students' Union and to consider the possible participation of Student Governors in the work of the Committee.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) That its key strengths and areas for improvement be as per its discussion.
- (c) That the grade for its performance in 2009/10 be Grade 2, 'Good'.
- (d) To note that its final self-assessment would be reported to the Search Committee at its Annual Review Meeting on 24th November 2010 as the next stage of the self-assessment process.

F33/10**Procurement**

The Vice-Principal Finance presented a report noting that procurement was a standing item on the Committee's agenda following the recommendation of the National Audit Office that Colleges should ensure Governors' awareness of procurement issues remained high.

Attached was a paper that had been considered by the Audit Committee at its meeting of 16th June 2010. Although not referred on

by the Audit Committee, the paper might be of interest to members in the light of the specific sections pertaining to procurement practices. The analysis incorporated indicated an unsatisfactory level of compliance with procedures where low levels of expenditure were involved. This was not the case where transactions were of a higher value. The levels of non-compliance had decreased in the last few months however and a range of actions was in place to raise awareness and improve procurement practice generally. The staffing review proposals included arrangements for strengthening procurement procedures.

Members discussed the report, examining the College's purchasing arrangements and surrounding issues.

The Committee resolved to receive and note the content of the report.

F34/10 Franchising Provision 2009/10 – Summer Term Report

The Vice-Principal Commercial Development presented a report providing an update on franchising activity for 2009/10 and making recommendations for the arrangements for franchising with an existing partner in 2010/11. For reasons set out in the report, it was recommended not to continue the franchise with the partner at this time.

In discussing the report, members probed the amount of franchising that would be left after this and expressed sadness at the position of the partner on the funding grounds set out.

The Committee resolved:

- (a) To receive and note the content of the report
- (b) To recommend that the Corporation endorse the decision not to continue the franchise with the named partner.

F35/10 Dates of Meetings & Annual Plan of Business 2010/11

The Clerk presented a report noting that at the last meeting it had been agreed that consideration of dates of meetings and the annual plan of business for the Committee in 2010/11 be deferred until the present meeting in view of the review of Committees that was to take place.

In the meantime a proposed annual plan of business and dates of meetings was set out for the Committee's consideration in order to get dates in diaries, subject to any changes that might occur as a result of the review of Committees. A suggestion was also made with regard to the final disposition of meetings in the year.

During discussion, members commented that the Committee worked well in overseeing the detail of what was going on and were anxious to avoid too long gaps between meetings, particularly in a funding

situation where much was happening and where members' guidance was needed.

Discussion then turned to the number of meetings, the incidence of these and the ways in which the Committee best undertook its monitoring role. The relationship with the planning cycle was also examined.

In answer to a question from the Chair, the members of the Executive present indicated that they felt a four-meeting cycle would work.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) That on a trial basis and subject to review, meetings be held in 2010/11 in November, March, May and June to tie in with meetings of the Corporation and other Committees.
- (c) That the Executive be asked to discuss specific dates and business for such meetings and that the Clerk should then circulate the dates of meetings 2010/11.
- (d) That the final disposition of meetings in the year should remain as planned.
- (e) That, subject to the discussion by the Executive, the annual plan of business set out in the report be approved in relation to the finalised dates.

F36/10

Fees Policy 2010/11

The Vice-Principal Finance presented a report asking the Committee to approve, under the delegated authority from the Corporation, the Fees Policy for 2010/11 as attached to the report.

The report detailed the work undertaken by the Tuition Fees Review Group in drawing up the proposed policy.

Members discussed the report, probing the consistency of the policy with what other Colleges were doing. Members stressed the importance of implementing the policy with sensitivity and with regard to the impact on disadvantaged groups.

The Committee resolved:

- (a) To receive and note the content of the report.
- (b) To approve the Fees Policy 2010/11.

F37/10 Recommendations for Corporation

The Committee resolved that, in addition to the recommendations made earlier in the meeting, the Corporation be asked to note the Committee's approval of the Fees Policy 2010/11.

F38/10 Next Meeting

It was noted that the date of the Committee's next meeting would be set following conclusion of the action agreed under consideration of Dates of Meetings & Annual Plan of Business 2010/11.

F39/10 Publication of Papers

The Committee resolved that, due to being under consultation with staff, Document 5 (Strategic Review of Staffing) and that for commercial reasons, Document 6 (Commercial Development Strategy & Delivery Plan 2010/11) be withheld from publication and that the other documents of the meeting be published.

Meeting Opened: 5.00pm

Meeting Closed: 7.42pm

DPB