

Finance & Personnel Committee meeting Tuesday 29 June 2010, Committee Room, Ashington Campus

	<p>Present: B Bedson, R Ellis-Jones, C Smith. M Jeans</p> <p>In attendance: C Todd, Clerk</p>
FP29june10/1	<p>Eligibility and quorum issues:</p> <p>There were no eligibility issues and the meeting was quorate.</p>
FP29june10/2	<p>Apologies for absence:</p> <p>Apologies were received from L Ions.</p>
FP29june10/3	<p>Minutes of the meeting held on 27 May 2010:</p> <p>The minutes for the meeting held on the 27 May 2010 were approved.</p>
FP29june10/4	<p>Matters arising:</p> <p>There were no matters arising.</p>
FP29june10/5	<p>Budget 2010/11 :</p> <p>CT advised Governors that the budget for 2009/10 reported a difficult period ahead for the College over the next few years due to major changes and cost reductions being made across the public sector. He advised that funding cuts to Adult Learner Responsive provision were expected in 2010/11 but that the actual reductions received were significantly higher than expected. This resulted in the need to reduce costs and the College subsequently engaged in a large scale restructuring exercise during 2009/10.</p> <p>CT commented that since the change in government in May 2010 the pace of change had increased and that the government had been clear that further changes and increased cost reductions were to be expected. He then highlighted the areas of difficulty that the College would face and would need to manage over the coming years.</p> <p>A discussion took place whereby C Smith expressed his concerns about the failure to deliver against income targets. He also queried that the curriculum plan was still incomplete. C Smith requested an explanation as to where things were going wrong. REJ answered by advising that i) the previous government tried to do too much in one e.g., the introduction of QCF (Qualifications and Credits Framework), and ii) the restructure and obtaining accurate data from middle managers was proving difficult. REJ also added that a lack of data and information from the government made the situation more difficult. She also advised that some managers within the College were not cooperating as they were at risk of redundancy. She added that this was proving difficult for both CT and Kelly Ramsey in terms of setting an accurate budget.</p> <p>CT then moved on and highlighted the overall budget summary. Within the report a table showed the overall budget position for 2010/11 and highlighted separately the College and High Gain and the surplus/deficit proposed by each. The table also provided an underlying budget surplus of £191k for the College group. Governors advised they were concerned with regard to the line in the</p>

table relating to the Pay Award Cost. Following discussions it was agreed that this be removed and pay award be dealt with later in the year, subject to affordability.

CT then moved onto income advising that budgets had been developed based on the work carried out on the curriculum plan, formal confirmations of allocations from funding bodies and discussions with key post holders in both Curriculum and Support areas. C Smith once again expressed his concern with regard to income and advised that the College was not good enough in generating income and that the College needed to behave like a business. CT advised that the recovery plan recognised this as an area of failure and a major strategy going forward would be to improve this position. REJ added that the focus in the new structure to address this was to have a business development team, but that in fairness, the economic downturn had had an impact on business but agreed that this area needed more attention. CT then went through the proposed income budget for 2010/11 and provided more detail for each area within the report.

CT then moved onto pay costs and advised that the college's staffing structures were reviewed during 2008/09 for which a restructure took place which was aimed at delivering financial efficiency within the curriculum. He advised in the report that this resulted in a number of redundancies being made and throughout 2009/10 financial performance had been improved as a result. However, when the restructure in 2008/09 took place it was hoped that further redundancies would not be required, although it was noted that further work was still needed particularly around changes to the lecturer contract. Unfortunately during 2009/10 the College was informed of a number of significant funding cuts that directly affected the College which meant that the SMT had to re-think plans and bring forward some of the work originally anticipated to be done over a longer period of time. As a result the College has embarked on a restructuring exercise which has been aimed at dealing with the funding cuts being imposed, improving the College's financial efficiency through changing the lecturer contract, and also restructuring specific departments to improve functionality and increase output. A discussion then took place regarding teaching and learning delivery mechanism and B Bedson suggested an interactive teaching model. REJ was interested in this as a possibility for outreach centres.

Action: B Bedson to send REJ details.

Discussions then turned to non pay costs for which CT provided the proposed non pay budget for 2010/11. He advised that non pay expenditure had been reduced wherever possible in line with reductions in income. CT highlighted some of the barriers to reducing non pay costs further and identified that this would form part of the strategic recovery plan.

CT then proposed the capital budget for 2010/11. He advised that the budget proposed reflected the need for the College to invest in its ongoing capital cycle but did not mean that the full amount would be spent. He added that detailed business cases would be developed and submitted to the Governing Body where capital investment is required and that any approval would need to be considered in light of the College's ongoing cash flow difficulties. Discussions took place regarding investment in IT and the possibilities that could be looked into e.g., giving a laptop to students and using this as a selling point for them to come to the College.

CT advised the Governors that High Gain continued to make a profit in 2009/10 but that this was slightly lower than the budget due to the economic climate and the effect this has had on events and conferences at Kirkley Hall. It was noted that High Gain was not the core business of the College, however it was agreed that it should support it and make use of the students, e.g., students making wedding cakes, providing the catering etc.

	<p>The following recommendations made in the report were agreed.</p> <p>We recommend that the Corporation approve both the Revenue and Capital Budget for 2010-11 noting that an updated budget will be brought back to the Governing Body in September 2010.</p> <p>We recommend that the Corporation approves the carry forward into 2010-11 of the unspent Capital expenditure budget for the Farm of £79,150.</p>
FP29june10/6	<p>3 Year Financial Plan :</p> <p>CT advised Governors that the purpose of this report was to provide them with further detail on the SFA Financial Forecast submission which the College is required to complete by the end of July each year. He advised that the current financial forecast submission covers the period from 2009/10 to 2012/13.</p> <p>Within the report was a table which represented an extract from the financial forecast and summarised both the current and forecasted position over the next three years.</p> <p>The College's forecasted position from 2010/11 needed to demonstrate an improvement in financial health to at least 'satisfactory' by 2012/13. CT added that the College's financial position had been improved although the cash flow continued to be an area of concern. The plan demonstrated that financial improvement was possible, but delivering the plan would be a significant challenge.</p> <p>The report highlighted a table relating to income and expenditure and gave the Governors an overview of the assumptions the College had made within the financial forecast. CT advised that assumptions identified were prudent and that this had been necessary to ensure that the College did not over estimate its ability to achieve the financial turnaround required. The assumptions reflected the risks associated with the delivery of the plan and was designed to provide the College with headroom to mitigate the risk should the need arise.</p> <p>The following recommendation within the report was agreed:</p> <p>We recommend that the Corporation approve the Financial Forecast submission.</p>
FP29june10/7	<p>Revised Budget Setting Policy:</p> <p>CT advised that following the last F&P meeting where some amendments had been noted, these had been done and incorporated into the document. CT reiterated that the policy would ensure a sound and consistent approach to budget setting and monitoring, ensure that realistic and deliverable budgets were set and delivered against and would define roles and responsibilities of the Board of Governors, Senior post holders, College Management Team and Staff by detailing the College policy and procedure by which staff can identify income and commit expenditure within an approved budgetary framework.</p> <p>Policy was approved and agreed.</p>
FP29june10/8	<p>Blackboard Purchase Approval:</p> <p>CT advised that this report was to provide the Committee with the detail, including costing of the renewal of the Blackboard contract for the next three years.</p> <p>CT provided a review for the Governors advising that over the last two years Blackboard had become part of the everyday delivery of the curriculum in many subject areas. He added that both staff and students relied on it to deliver and access resources, online assessment, submission of assessments and to communicate with staff and students. It was noted that the uptake continues to exceed targets.</p> <p>CT went on to highlight future developments advising that targets for developing the use of</p>

	<p>Blackboard through sharing of good practice. Etc.</p> <p>CT advised on the potential of Blackboard by giving some examples of delivery of distance learning/online learning; flexible delivery of learning; standardising delivery of core curriculum.</p> <p>Governors were asked to review and approve the agreement and authorise the expenditure.</p> <p>BBedson asked CT to check point 2.6 on page 4 of 9 of the agreement with regard to ownership of hosted software. The recommendation was approved and agreed upon checking of this point. However the Governors would like some negotiation carried out at renewal.</p>
FP29june10/9	<p>Management Accounts:</p> <p>CT advised that this report was to provide the Committee with a written commentary on financial performance for the year to date (month 10 – May 2010). The report was supplemented by a detailed Management Accounts Pack which provided further information on the College’s financial performance.</p> <p>CT highlighted that the operating position demonstrated an over performance against budget for the year to date of £711k which was a result of over performance against income budgets of £67k, an under spend against staffing budgets of £418k and various non pay under spends amounting to “227k giving a positive variance overall.</p> <p>The report provided a table which represented the current forecasted outturn position for 2009/10. This showed an overall deficit for the College group of £78k which represented £169k deterioration against the original budget and deficit of £583k against the revised budget. CT advised that the forecast deficit had increased by £220k from the April 2010 management accounts report and highlighted the key changes to the forecast.</p> <p>With regard to income year to date, within the report was a table which provided an analysis of the College’s income for the year to date (month 10 – May 2010) for which CT highlighted the main areas of continual under performance. Again C Smith expressed his concerns with regard to the lack of income. REJ advised that she had tasked Helen Wright to do a report of what the problems are. This will be provided to the Full Governing Body on the 6 July 2010.</p> <p>CT highlighted that the College had been very successful in reducing its costs during 2009-10, but that the achievement and delivery of income targets had been a major failure. Governors agreed with this and collectively expressed their concern.</p>
	<p>Any other business:</p> <p>MJeans advised that if there were any comments with regard to the annual report for this committee, could they email them to Linda Ions.</p> <p>REJ advised that she wanted to use KPIs to drive and improve the College and asked the Governors for their thoughts on what KPIs they thought would be relevant to this Committee to do this.</p>
	<p>Confidential items:</p> <p>There were no confidential items to record.</p>
	<p>Date of next meeting: Cycle of business to be agreed</p>