

# THE COLLEGE OF RICHARD COLLYER

## MINUTES OF THE FINANCE & GENERAL PURPOSES COMMITTEE MEETING HELD ON TUESDAY, 21<sup>st</sup> JUNE 2011 at 9.30 a.m.

Present: Mr G R Baird, Mr C P Clementi, Mr C J Eley, Mr M Hodgson, Dr J Johnston,  
Mr A R C Lane,

Apologies received: Mr C J P Watney

In attendance: Mr I F Dumbleton, Ms N Whitehead

In the Chair: Mr G R Baird

### 1710. Declaration of interests

There were no declarations of interests.

1711. Minutes (Parts I and II) of the meeting held on 10<sup>th</sup> May were approved.

### 1712. Matters arising

**Item 1701:** (ref Item 1696) The Clerk reported that the AoC were intending to produce a revised **Code of Governance** in time for the start of the next academic year which governors would be asked to consider adopting over the course of the year. They were commissioning work and intending to speak further with regulators to seek to identify a reduced burden of monitoring in exchange for adoption of the Code in order to reassure its detractors.

**Item 1704:** The Director of Finance reported that 7 deposits had been received from potential first year **international students** and the current estimate of final numbers was 11 making a total of 34 students over the two years. The new intake was considered to be the normal level of recruitment with the current first year intake particularly high.

**Item 1705:** The Principal reported that the college had received its allocation for **the new bursary scheme** to replace the EMA which, including Learner Support Funds, amounted to just over £50k, a much lower figure than would have been available with the EMA. The college would be working with other colleges in the area to supplement the limited guidelines received in order to devise a consistent approach to distribution of the funds in time for the start of the autumn term.

#### **Item 1707**

**i)** The Chair reported that he, the Principal and Clerk had met with the new parent governor as well as a Head of Faculty at the University of Brighton. It was thought both would bring valuable skills to the **Governing Body**, whose next meeting they were due to attend.

#### **ii) Apprenticeships**

#### **Part II ((Criterion h) Information considered to be commercially sensitive)**

**iii)** The Principal reported that she had attended a meeting with Peter Griffiths (WSCC) and local school heads about the **Government's academy programme**. There was some apprehension about the loss of LA support to schools and governors commented on the future position of difficult pupils when schools had greater autonomy over their intake. The Principal confirmed the college was not expecting competition from new free schools in the area.

iv) Four governors had attended the **Upper Managers Group Awayday on 8<sup>th</sup> June**, a report on which would be given to the next meeting of the Governing Body.

v) The Principal showed members the national award certificate for the **SFBac** which would be awarded to the first tranche of Level 2 students this summer. An SFBac graduation event that day to which local business people had been invited would celebrate their achievement.

vi) The Principal confirmed that staff expertise in the Faculty of Business, Sport and Social Science was being galvanised in seeking **lettings** opportunities for the college.

1713. **Report from the Premises Sub-committee**

*Papers: Minutes (Parts I and II) of the Premises Sub-Committee of 5<sup>th</sup> May 2011 and Minutes of the Health and Safety Committee of 24<sup>th</sup> May 2011*

- a) **Health & Safety Committee:** The Director of Finance reported on the meeting of the H&S Committee on 22<sup>nd</sup> June including resolution of ventilation issues and some of the snagging in the John Dew building. The remainder of the Farnrise work would continue over the summer after exams were over.
- b) **Planned maintenance:** A programme of planned maintenance totalling some £45k had been approved by the Premises Sub-Committee on 20<sup>th</sup> June. The Chair reported that the programme was expected to allow the college to keep pace with ongoing maintenance requirements.

1714. **Capital project: Appointment of contractor**

*Paper: Sixth Form Colleges Building Improvement Fund: Project Outline*

The Director of Finance confirmed receipt of the first tranche of £171k from the YPLA representing 45% of the total grant. The same sum was due again in September with the final £38k (10%) due in March 2012.

The Chair reported the discussions of Premises Sub-Committee in considering the bids received from two of three contractors tendered for the YPLA-funded work. Given the £40k differential in price, it was proposed to award the contract to Cape Construction. The total cost of works including VAT and fees was expected to fall just within the grant sum. It was proposed the college would be responsible for a contingency of £30k, well within the £100k already identified for the project.

**Approved: The Committee agreed the appointment of Cape Construction to undertake all the packages of works included in the tender.**

1715. **Report from the Joint Staff-Governors Consultative Group**

The Chair reported that the JSGCG meeting had received a report which reflected that E&D was now embedded in all areas of the college as well as an Action Plan to continue work in this high profile area for the coming year. A CPD report included the plan to cut the staff development budget by nearly half to £21k in view of the funding cuts. A number of strategies including some frontloading, greater prioritisation of training by Heads of Faculty and in-house training would be used to help manage with the lower sum. More contentious had been the potential membership charge to the IfL by contrast with the free membership of schoolteachers to the GTC which was however being disbanded. Staff were largely expected to boycott this charge whilst hoping the Government would address this inconsistency. The Chair was pleased to report that the staff and student surveys had demonstrated a high level of satisfaction with support services. (See also 1720d) below)

1716. **Management Accounts**

*Paper: Financial Report for the period from 1 August 2010 to 31<sup>st</sup> May 2011*

The Director of Finance explained that, at the end of May, the position by comparison with that forecast in the January mid-year update was that the college was £35k ahead on income, and c. £70k lower in

terms of both pay and non-pay expenditure producing a surplus of c. £287k, £177k ahead of budget at the end May point. The current ratio was healthy at 2.16:1 and, at 70.1%, staff costs as a percentage income were slightly below the January mid-year forecast. The number of cash days in hand was a very satisfactory 93 and outstanding loans £1.52m. Key income variances included receipts from apprenticeships and adult education fees. A significant portion of the non-pay expenditure variance was expected to continue through to the end of the year, contributing to a surplus in excess of the revised forecast figure of £271k.

1717. **The Provisional Three-year Forecast**

*Papers: Financial Plan 2011 & Financial Forecast 2011-2014*

a) **Outturn 2010/2011 and Budget 2011-2012**

Members discussed whether any of the anticipated surplus should be diverted to paying off more of the college's loan for the John Dew building (particularly with the loan for the LRC fully paid by the 1<sup>st</sup> August) but it was agreed that given low interest rates and funding cuts, it would be more advisable to retain as cash. Similarly acceleration of the maintenance programme was rejected, not least to safeguard staff morale at the time of a pay freeze. As such it had been made clear to staff that the capital funding for refurbishment of the staff canteen could not be used for any other purpose and that all possible savings were being sought to relieve the pressure on salaries.

The Director of Finance explained that the surplus for the current year after depreciation was expected to be £603k, falling to £103k the following year (and a deficit in subsequent years).

**Recommendation: The Governing Body should approve the Budget for the year ending 31<sup>st</sup> July 2011.**

b) **Financial Forecast 2011-2012 and 2012-2013**

The Director of Finance explained that the College's forecasts for the final two years of the three-year forecast reflected an understanding that the financial position would become increasingly difficult. As such the College anticipated falling from the current 'outstanding' financial health grade in 2010/11 to 'good' in the next two years and satisfactory in 2013/14. This was reflected in the detail in a fall in cash days in hand and the current ratio as well as the operating surplus as a percentage of income moving from 1.31 in the coming year to (4.03) in 2013/14. Even with a pay freeze, payroll as a percentage of income was predicted to rise to 77.5% in 2013/14. Members recognised that planning was made more difficult by the anticipated end of the YPLA and change in funding methodology. It was feared that funding cuts could necessitate staff cuts of a substantial nature whilst student numbers remained steady. In terms of natural wastage, the wider economic background and end to the DRA could affect staff turnover and retirements. The college was therefore actively seeking alternative income streams and possible savings though even those made to-date were by no means luxury items and there were issues of staff resource in exploring these.

**Recommendation: The Governing Body should approve the amended Three-year Financial Forecast 2011-2014 at its next meeting.**

1718. **Learner Support Funds 2010-2011**

The Principal explained that the annual report would be tabled at the next meeting of the Governing Body. Whilst much of the LSF had already been disbursed appropriately, the college was keen that the remainder should be equally well targeted given the greater hardship anticipated in the forthcoming year.

1719. **Apprenticeships** (See Matters Arising Item 1707ii))

1720. **Policies:**

*Papers: Revised Gifts and Hospitality Guidelines and Public Interest Disclosure, Managing Change and Pay Policies*

a) **Gifts and Hospitality**

The Clerk explained that the need for review of the guidelines had been strengthened by the coming into force of the Bribery Act which created a new criminal corporate offence of failing to prevent bribery by a person associated with it, including employees, agents and intermediaries. The Audit Committee had considered a risk assessment of the college's position which concluded that review of these guidelines and the Financial Regulations would be the main avenues through which to communicate the college's anti-bribery policy. Members agreed a number of changes to the guidelines, the chief of which was to clarify the principles applying to the offer of as well as receipt of gifts.

b) **Public Interest Disclosure**

The existing policy was considered to remain robust. A number of small changes were however agreed which recognised the Bribery Act, machinery of government changes and staff responsibilities.

c) **Managing Change**

Members had already given substantial consideration to this policy in the Spring Term. The latest draft reflected changes proposed at the March Governing Body meeting in particular in respect of any trial period for alternative employment in the event of redundancy.

d) **Pay Policy**

The Principal explained that since the Committee's last consideration of this policy, it had been discussed at Conditions of Service and Staff meetings and the Joint Staff-Governors Consultative Group as well as communicated by memorandum. It was felt staff generally understood the reasons for the proposed pay freeze in order to save jobs.

The Chair confirmed that this had been acknowledged at the JSGCG meeting but that the UNISON representative had expressed concern that the difference in the extent of the pay freeze towards new teaching and support staff raised issues of equality and could be considered unfair. Furthermore it had been asked whether the savings in imposing a more extensive freeze on support staff were proportionate given the loss of morale it was causing. The Principal responded that the difference in approach reflected the fact that a national agreement governed teaching staff pay which she had sought to respect as far as possible. Whilst the college had sought to provide performance management pay for support staff as part of a local arrangement, this was not considered affordable at the current time. Against this background she did not consider it would be fruitful to enter into the financial details behind the proposal. The Chair expressed concern that this response should be adequately communicated to the member of staff having raised it with governors.

**Recommendation: The Governing Body should approve all the above policies (except Public Interest Disclosure which was approved under delegated powers by F&GP) at its next meeting subject to the minor amendments discussed.**

1721. **Amendments to the Financial Regulations**

*Paper: Proposed Amendments to the Financial Regulations and amended pages*

The Clerk explained that the changes fell largely into two categories, those which enhanced the provisions against fraud and bribery (to include a policy statement, wider definitions of terms and responsibilities and EU tendering requirements) and others which reflected machinery of government changes and SFC designation. One further change reflected the proposed closure of the College Bookshop Account which was agreed by the Committee. Members expressed concern that the anti-bribery provisions should be effectively communicated to staff whilst safeguarding financial details it would be inadvisable to disclose.

**Recommendation: The Governing Body should approve the amendments to the financial regulations at its next meeting**

**1722. Revised Instruments and Articles**

*Papers: YPLA Consultation letter of 24<sup>th</sup> May 2011 including attached draft Modification Order and Explanatory Memorandum and draft changes to the College's I&As*

The Clerk reported that the papers received from the YPLA suggested an approach which would make it easier for the college to adapt its I&As than that in the withdrawn papers circulated last year. There remained a slight technical issue with some clause references but the main item of consequence was the change from an option for the LSC to appoint up to two governors to an option for up to two governors being appointed by the "local education authority and YPLA". Whilst the wording was still ambiguous, it was understood following verification from the SFCF, that this was indeed a relaxation from last year's proposal for up to two governors from each of the YPLA and local authority. As such its greater closeness to the current provision and that now relating to FE was welcome. It was noted that a further change would be needed shortly to reflect the end of the YPLA once the current Education Bill going through Parliament was enacted. Members were content with the proposed changes which would however also be discussed by the Governing Body.

**1723. Staffing update**

**Part II minutes ((Criterion a) Personal information relating to an individual)**

**1724. Any other business: None**

**1725. Committee Annual Assessment of its Performance**

*Paper: Committee Annual Assessment of its Performance*

The members agreed that they were content with the operation of the Committee in all aspects of the annual assessment questionnaire. It was noted however that the uncertainty in Government policy and the lack of timely and sufficiently detailed guidance had sometimes impacted on the efficiency of decision-making.

**1726. Date of next meeting: Tuesday, 27<sup>th</sup> September 2011 at 11.00 a.m.**

**1727. Review of the pay and conditions of Senior Postholders, the Assistant Principals and the Finance Director**

The Principal explained that given the proposed pay freeze, no changes were proposed to pay for the Vice or Assistant Principals or Director of Finance. However papers would be presented to the Governing Body to reflect their appraisals. The Chair confirmed that the same principle would apply to the Principal and Clerk.

**Part II minutes ((Criterion a) Personal information relating to an individual)**

The meeting ended at 11.40p.m.

Chairman .....

Date .....

NCW 22/06/11