

MINUTES OF THE PART ONE FINANCE COMMITTEE HELD 18 JUNE 2015

Present:	Mr P Dubrow	-Chair
	Mr P Hannan	
	Mr N Coffin	
In attendance:	Mr J Allen	-Clerk
	Mr M Lumsdon-Taylor	-Group Director of Finance & Resources
	Ms L Brown	- Group Vice Principal
	Ms P Powditch	- Assistant Director of Finance, MIS & ICT

The meeting commenced at 09.30.

APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

80. Apologies were received from Mr C Porter. The Clerk advised that the membership of the Hadlow Corporation and the Hadlow Group Board to be a standing declared interest at each meeting for Mr C Porter, Mr N Coffin, Mr P Dubrow and Mr P Hannan.

MINUTES

81. It was **RESOLVED** that the minutes of the meeting of the Committee held 05 March 2015 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

82. The College report '*Summary Action List*' was received (copy attached to the signed minutes). The following updates were made available:

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE TO BE PROVIDED AT MEETING ON 18 JUNE 2015
13(v) &	A further review to be made on VAT following the acquisition of parts of K College	Agenda item for the autumn term meeting
49	The Committee sought clarification on the suggested drop in income recorded in Table 3.1 that showed projected income of £15,250,000 compared to year-end income of £16,500,000 for 2013/14. The Director of Finance confirmed that the figure of £16,500,000 included release of capital grants of £1.25m. It was AGREED that in future	Incorporated in the Performance Report

	performance reports to use audited account information and to compare like for like data	
67	It was AGREED for the tender report to be updated to include details of tenders received for the Prospectus and Agriculture ICT and for the revised report to be circulated to Committee members.	Incorporated in the Tender Report
70	It was AGREED for further clarification to be made available to Committee members on the current staff turnover data and how the data compared against published AoC data and not 'industry norm' as recorded in the report.	Progress update in the HR Report
73	To invite the line manager and author to present the summer term H&S report at the next meeting	Agenda item
76	The Committee agreed to defer providing an overall assessment on staff and human resources until clarity was received on current staff turnover and how this compares against AoC benchmark data	Assessment to be done at this meeting

83. It was **RESOLVED** to note the '*Summary Action List*'.

DELEGATED AUTHORITY REPORT

84. The '*Delegated Authority*' report from the Clerk was received. The Committee is asked to formally minute decisions taken under 'Delegated Authority' by the Chair of the Committee, the Chair of the Corporation and the Chair of the Audit Committee since the last meeting. The decisions taken with confirmation of approval from the Chair of the Committee were summarised in the Delegated Authority Report.

85. It was **RESOLVED** to approve:

- (i) Advance funding of £250,000 (from Hadlow College reserves) to Marpaul to enable the steel and infrastructure be purchased and the timetable to be maintained for completion in summer 2016.
- (ii) Expenditure of £52,499.27 for a two stage advertising campaign (Phase one of the campaign is currently live), with Global Radio for Hadlow and WKAC.
- (iii) Capital expenditure of £143,409.20 to Wilmot Dixon to cover 'Commencement on site' expenditures from the initial contractual sum of £3,440,000 plus VAT approved by the Board.

86. Since the report was circulated, a further request had been for the use of delegate authority. Following the advance payment of funds (steelworks) for the school development to Marpaul (£250,000) site works have commenced. The College has not made any payments to the contractor up to this point. In line with the terms of contract, the College is required to make a stage payment of £150,000 as part of the enabling and ground works.

87. The funding approval of contract has been completed, as have the leases. The College is awaiting final copies from DFE for release and authorisation. Until this is completed, the College cannot draw the funding down.

88. The Group Director of Finance requested approval under delegated to make a payment on the school's behalf for £150,000 from Hadlow College, to be recharged upon release of the funding. The Chair of the Committee, the Chair of the Corporation and the Chair of Audit approved the request.

89. It was **RESOLVED** to authorise the expenditure of £150,000 to Marpaul for enabling and ground works and for this cost to be recharged from the School upon release of funding from the DFE.

PERFORMANCE REPORT

90. The College '*Performance Report*' for periods 1 to 9 was received (copy attached to the signed minutes). The report covered the following:

- College Operations to date (30/4/15)
 - Income & Expenditure Account & balance Sheet
 - Cash flow actual to date
 - Capital expenditure to date
- Projections to 31 July 2015
 - Income and Expenditure projection to 31 July 2015
 - Capital budget projections to 31 July 2015
 - Cash flow projections to 31 July 2015
- Performance Indicators and Risk Assessment
- Appendices
 - Headline management accounts to 31 January 2015
 - Detailed cash flows including projections to 31 July 2015
 - Headline capital reports including projections to 31 July 2015
 - Detailed I&E projections to 31 July 2015

91. The following key points were noted:

- (i) The College is showing a £190,000 surplus against a profit of £225,000 budgeted for the period (9 months).
- (ii) The Hadlow Group net profit at the end of period 9 stands at £210k.
- (iii) Commercial arms show a net profit of £101,000 against the budget of £150,000
- (iv) College cash flow is forecast to be £1,300,000 against the budget £1,000,000 as at 31 July, a positive variance of £300k
- (v) Revenue capital spend is in line with the agreed budget.
- (vi) The year-end forecast surplus for Hadlow College is £250k against the budget of £285k, a negative variance of £35k.
- (vii) The Group surplus at year-end is forecast at £270k.
- (viii) Total core borrowing stands at £4,530,000; 27% of College turnover on a projected Hadlow College turnover of £16,963,000.

92. The Committee requested that in the table in section 1.1, for the final column to state 'Forecast to be achieved' instead of 'Achieved'.

93. The Committee sought explanations and assurances to explain the negative variance of £569k on staff costs (£6,596m spend against the budget of £6,027m). It was explained there were additional posts to budget but these additional posts had

been funded through receipt of new grant income. Other factors behind the increase include the appointment of new staff above the mid-point salary scale as a means of attracting new staff. There was also an increase in variable costs – agency and casual staff, and additional costs on ALS. The % of staff costs to turnover is at 51% and this positions the College below the sector average.

94. It was **RESOLVED** to note the Performance Report.

COLLEGE BUDGET 2015/16 & 2 YEAR FINANCIAL FORECASTS

95. It was **RESOLVED** to declare this agenda item confidential on the grounds of commercial sensitive information relating to the Hadlow Group and to record the minutes separately.

CAPITAL PORTFOLIO UPDATE & CAPITAL PROJECT SUMMARY

96. The College papers '*College Capital Portfolio Update*' and '*Capital Project Summary*' were received (copy attached to the signed minutes). The report provided the Committee with a progress update on internal and external capital projects.

97. It was noted that there were no resolutions for the Committee to consider and it was **RESOLVED** to note the report.

TENDERS

98. The College termly report '*Tenders*' was received (copy attached to the signed minutes). The report confirmed details of the tenders currently being pursued.

99. It was **RESOLVED** to note the report.

HUMAN RESOURCE EXCEPTION REPORT

100. The Committee received the termly '*HR Exception Report*'. The report informed the Committee on the number of joiners and leavers; provided an update on pay and benefits; Teachers Pension Scheme; staff survey; safeguarding; and current disputes.

101. Staff turnover stands at 19.6% but the figure does not discriminate between voluntary and involuntary turnover. Of the 63 leavers in the 9 month period, 5 were terminated on performance issues, 2 on health issues and 3 were retirements. The voluntary turnover reduces to 14.4% for the 9 month period. Of the exit data collected from 43 of the 63 leavers, 18 did not specify a reason for leaving, 13 stated they were leaving for better prospects, and 11 for personal reasons.

102. It was **AGREED** to seek further guidance from the AoC on what constitutes the categories for staff leavers in their published data. If this information is not available, the Executive should agree that categories that will be used for reporting on in future HR reports.

103. It was **RESOLVED** to note the report.

HEALTH & SAFETY

104. The Committee received the following reports (copies attached to the signed minutes):

- H&S Termly Report June 2015
- Minutes of the H&S Committee meeting held 25 March 2015
- Hadlow College Access Audit May 2015

105. It was **RESOLVED** to note the H&S termly report.

MONITORING OF COLLEGE PERFORMANCE

106. The College report '*Monitoring of College Performance*' was received (copy attached to the signed minutes). The Committee is responsible for making assessments in the two areas of finance & estates; and staff & human resources.

107. Against the 14 agreed performance indicators for the area of finance & estates, one 'Amber' assessment was recorded against debtor days. All other assessments were confirmed as 'Green'. It was **AGREED** to inform the Board of a 'Green' assessment (No concern/No risk) against finance and estates.

108. Against the 9 agreed performance indicators of the area of staff & human resources, 'Amber' assessments were recorded against current staff turnover and current staff vacancies. It was **AGREED** to inform the Board of a 'Amber' assessment (Some concern/Some risk) against staff and human resources.

109. It was **RESOLVED** to inform the Board of the following assessments:

Finance & Estates	No Risk/No Concern
Staff & Human resources	Some Risk/Some Concern

ANY OTHER BUSINESS

110. There was no other business.

DATE OF NEXT MEETING

111. Friday 20 November 2015 @ 09.30

The meeting closed at 11.45.

Signed: _____ Date: _____
(Chair)

SUMMARY ACTION LIST

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	REVIEW
13(v) & 36	A further review to be made on VAT following the acquisition of parts of K College - Draft report received and is being evaluated and a further update to be made	20/11/15

	available to the Committee	
92	Performance Monitoring Report: In the table in section 1.1, for the final column to state 'Forecast to be achieved' instead of 'Achieved'	20/11/15
102	To seek further guidance from the AoC on what constitutes the categories for staff leavers in their published data. If this information is not available, the Executive should agree that categories that will be used for reporting on in future HR reports.	20/11/15