

**MINUTES OF THE FINANCE, COMMERCIAL & RESOURCES
COMMITTEE HELD 13 MARCH 2014**

Present: Mr P Dubrow Chair
Mr P Hannan
Mr C Porter

In attendance: Mr J Allen Clerk
Mr M Lumsdon-Taylor Director of Finance & Resources
Ms L Brown Vice Principal
Ms C Johannes Head of Finance & Projects

The meeting commenced at 09.30.

APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

44. Apologies were received from Mr N Coffin and Ms S Shelton. There were no declared interests against any agenda item.

MINUTES

45. It was **RESOLVED** that the minutes of the meeting of the Committee held 29 November 2013 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

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

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE PROVIDED AT MEETING ON 13/03/14
10	Valuation of Betteshanger to be made available to finalise Financial Statement	Completed
11	Director of Finance to provide a full report to the Committee on future expected tax liabilities of the Hadlow Group	Report received and attached to the Summary Action List
15	The Committee to monitor closely HE performance against budget.	On-going and covered in Financial Performance Report – Agenda item 4

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

PERFORMANCE REPORT

48. The College '*Performance Report*' for periods 1 to 6 was received (copy attached to the signed minutes). The report covered the following:
- College Operations to date (31/1/14)
 - Income & Expenditure Account & balance Sheet

- Cash flow actual to date
- Capital expenditure to date
- Projections to 31 July 2014
 - Income and Expenditure projection to 31 July 2014
 - Capital budget projections to 31 July 2014
 - Cash flow projections to 31 July 2014
- Performance Indicators and Risk Assessment
- Appendices
 - Headline management accounts to 31 January 2014
 - Detailed cash flows including projections to 31 July 2014
 - Headline capital reports including projections to 31 July 2014
 - Detailed I&E projections to 31 July 2014

49. The following key points were noted:

- (i) The College is showing a £80,000 surplus against a profit of £125,000 budgeted for the period (6 months).
- (ii) The Hadlow Group net profit at the end of period 6 stands at £113k.
- (iii) Actual SFA/EFA student numbers are 1,350 against the allocation of 1,330, a positive variance of 20.
- (iv) Actual HEFCE student numbers and retention are a risk to achieving the year-end forecast.
- (v) College cash flow is forecast to be £1,100,000 against the budget £1,000,000 as at 31 July.
- (vi) Revenue capital spend is in line with the agreed budget.
- (vii) The year-end forecast surplus for Hadlow College is £200k against the budget of £250k, a negative variance of £50k.
- (viii) The Group surplus at year-end is forecast at £240k.
- (ix) Year-end surpluses are forecast for Betteshanger (£50k); Hadlow Pre School (£5k); and Produced in Kent (£35k).
- (x) A year-end deficit of £50k is forecast for the Hadlow Rural Community Free School as a result of extra costs incurred on staffing issues and the need to replace the Head.
- (xi) Total core borrowing stands at £4,900,000; 30% of College turnover on a projected group turnover of £16,600,000.

49. The Committee noted and welcomed the inclusion of the Financial Risk Register incorporated within the Performance Report. The Risk Register confirmed that the College is still under its HE numbers target. The cost of impact has increased due to lower than projected retention with the financial in-year impact estimated at circa £750,000. Surpluses generated elsewhere would mitigate against this loss as well as reduced HE costs of £550,000

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

51. Appendix E of the Performance Report – ‘College pre-Budget Statement (Including pay award 2014/15 proposal)’ provided a headline summary of the projected College budget for 2014/15 and the outline proposals for the performance pay awards.

52. Following review, it was **RESOLVED**:

- (i) To formally adopt the 1.5% pay award and associated core targets (including the performance Award @0.5%);

- (ii) To approve these recommendations as part of the indicative budget in 2014/15, subject to the annual funding settlement in March 2013; and
- (iii) To approve the SAR award payments of £200 for Grade 1 and £100 for Grade 2 for the 2014/15 academic year.

CAPITAL PORTFOLIO UPDATE

- 53. A verbal update was given on the presentation from Sheppard Robson made to the Betteshanger Sub Group meeting held on 06 March 2014 on the planning submission for the Visitor Centre at Betteshanger. The Committee fully endorsed the views of the Betteshanger Sub Group as expressed in the confidential minutes of the meeting. It was confirmed that all planning issues have been resolved and the application is in the process of being submitted.
- 54. The College paper '*College Capital Portfolio Update*' was received (copy attached to the signed minutes). The report provided the Committee with a progress update on internal and external capital projects.
- 55. It was noted that there were no resolutions for the Committee to consider and it was **RESOLVED** to note the report.

PROJECTS AND PARTNERSHIPS

- 56. The College report "*Projects and Partnerships*" was received (copy attached to the signed minutes). The report provided a progress update on the following:
 - Canterbury
 - Mottingham
 - Greenwich
 - Medway Project
 - Court Lane Nursery
 - Free School, Hadlow Pre School and Produced in Kent
 - Commercial Operations
 - Exceptional Developments
- 57. An update was given on the new partnership with Charlton Football Club and the proposed changes to the sponsorship of Tonbridge Angels. It was agreed that careful PR management would be required when announcing sponsorship changes. It was confirmed that developing sport facilities for September 2015 is a College priority.
- 58. The Committee welcomed confirmation that the glass facilities at Court Lane Nursery are back in commercial operation.
- 59. The alternative location for the Hadlow Rural Community School has been agreed and approval from the Committee is required. The Committee noted that the new location was not the preferred location and was not in the best interests of the pupils. However, College management will make the best of the outcome. The Committee placed on record its disappointment with the attitude shown by a local councillor towards the development of a Free School in the local community.

60. It was **RESOLVED** to formally approve the new location of the Hadlow Rural Community School and associated lease to utilise the land owned by the College.

TUITION FEE POLICY AND FEES 2014/15

61. The College report '*Tuition Fee Policy and Fees 2014/15*' was received (copy attached to the signed minutes). The policy sets out the proposed fees for full-time 16-18 years olds, full-time 19+, full time overseas students, full-time accommodation fees; fees for registration and examinations; full-time compulsory fees and a range of part-time fees.
62. The Committee noted the increase in accommodation fees of £10 per week.
63. It was **RESOLVED** to recommend that the Board at its meeting on 27 March 2014 approves the '*Tuition Fee Policy and Fees 2014/15*' – copy of the Fee Policy to be attached to the minutes.

ANNUAL REVIEW OF THE COLLEGE'S FINANCIAL REGULATIONS

64. The College report '*Annual Review of the College's Financial Regulations*' was received (copy attached to the signed minutes).
65. It was **RESOLVED** to recommend that the Board at its meeting on 27 March 2014 approves the revised Financial regulations – copy of the proposed changes to be attached to the minutes.

TENDERS

66. The College termly report '*Tenders*' was received (copy attached to the signed minutes). The report confirmed details of the tenders currently being pursued.
67. The recommendation to continue for another year to contract with CFA to produce the prospectus was **AGREED**.
68. Following the announcement of Hadlow College being the identified preferred partner provider for K College at Tonbridge, Ashford, and Tunbridge Wells, due diligence is required to be undertaken as a matter of urgency. The Committee **AGREED** to relax the requirements of the Financial Regulations and for two firms to be approached to provide a tender price for this work. The final appointment decision to be delegated to the Chair of the Audit Committee; the Chair of the Finance, Resources & Commercial Committee; and the Director of Finance & Resources. Outcomes of the tender process to be reported to the March Board meeting.
69. It was **RESOLVED** to note the report.

HUMAN RESOURCE EXCEPTION REPORT

70. The Committee received the termly '*HR Exception Report*' (Copy attached to the signed minutes). 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.

71. An update was made available on the judgement of a recent Employment Tribunal that did not find in favour of the College. It was confirmed that a review is currently being conducted into the case and the College is waiting to receive a breakdown of solicitor costs. The College will want to review the costs in light of the outcome.
72. It was **RESOLVED** to note the report.

HEALTH & SAFETY

73. The Committee received the following reports (copies attached to the signed minutes):
- H&S Termly Report
 - Minutes of the H&S Committee held 20 November 2013
74. It was **RESOLVED** to note the H&S termly report.

MONITORING OF COLLEGE PERFORMANCE

75. 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.
76. Against the 15 agreed performance indicators for the area of finance & estates, three 'Amber' assessments were made on cash generated, forecast year-end outturn, and creditor days. All other assessments were confirmed as 'Green'. Due to the high risk of HE recruitment and HE retention having a negative impact on the forecast year-end surplus, it was agreed to inform the Board of an 'Amber' assessment (some concern/some risk) against finance and estates.
77. Against the 11 agreed performance indicators of the area of staff & human resources, 'Amber' assessments were recorded against current employment disputes and current staff turnover (currently at 13%).
78. It was **RESOLVED** to inform the Board of the following assessments:

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

ANY OTHER BUSINESS

79. The Committee congratulated the Director of Finance and College Management Team on the Public Sector Financial Award won by Hadlow College.
80. Confirmation was given that the SFA has agreed to make available to Hadlow College transitional funding of £500k to cover up-front costs associated with the acquisition of 'K' College.

DATE OF NEXT MEETING

81. Thursday 26 June 2014 @ 09.30

The meeting closed at 11.50.

Signed: _____ Date: _____
(Chair)