



MINUTES OF THE FINANCE, COIMMERCIAL & RESOURCES COMMITTEE HELD 28 JUNE 2012

| | | |
|----------------|--|---|
| Present: | Mr P Dubrow Mr G Charlton H Guntrip Mr P Hannan Ms S Shelton | Chair |
| In attendance: | Mr J Allen Mr M Lumsdon-Taylor | Clerk Director of Finance & Resources |

The meeting commenced at 09.30.

APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

85. Apologies were received from Lynda Browne. Mr P Dubrow declared an interest in the possible sports hall development but as no decisions were being proposed for consideration at this meeting it was agreed to record the interest only. There were no declared interests against any other agenda item. The Clerk confirmed that the meeting was quorate.

MINUTES

86. It was **RESOLVED** that the minutes of the meeting of the Committee held 29 March 2012 be approved as a correct record and signed by the Chair.
87. It was **RESOLVED** that the confidential minutes of the Part III meeting of the Committee held 29 March 2012 be approved as a correct record and signed by the Chair.

MATTERS ARISING

88. The '*Summary Action List*' was received (copy attached to the signed minutes). Following the February strategy meeting when the fiscal rule of 30/30/30 income from FE, HE and Commercial was reviewed, changes to the fiscal rule were proposed to the Committee for consideration. The Committee endorsed the proposed change and it was **RESOLVED** to recommend that the Board at its meeting on 12th July approve the revised fiscal rule.

PERFORMANCE REPORT

89. The College '*Performance Report*' for periods 1 to 8 was received (copy attached to the signed minutes). The report covered the following:
- College Operations to date (31/3/12)
 - Income & Expenditure Account & balance Sheet
 - Cash flow actual to date
 - Capital expenditure to date
 - Projections to 31 July 2012

- Income and Expenditure projection to 31 July 2012
- Capital budget projections to 31 July 2012
- Cash flow projections to 31 July 2012
- Performance Indicators and Risk Assessment
- Appendices
 - Headline management accounts to 31 March 2012
 - Detailed cash flows including projections to 31 March 2012
 - Headline capital reports including projections to 31 July 2012
 - Detailed I&E projections to 31 July 2012

90 The following key points were noted:

- (i) The College is showing a £104,000 surplus a profit of £85,000 budgeted for the period (9 months). Associated actions have been implemented to move the position to profit for the year end and it was reported that Period 10 accounts show a surplus of £96,000.
- (ii) Actual SFA student numbers are 1057 against the allocation of 1050, a positive variance of 7.
- (iii) Actual HEFCE student numbers were 621 against the budget of 650, a negative variance of 29.
- (iv) Actual part-time student numbers were 850 against the budget of 1200, a negative variance of 350. An explanation was given for the variance with confirmation that although actual numbers are down, funding will not be impacted.
- (v) College cash flow remains ahead of planned budget.
- (vi) Revenue capital spend is in line with the agreed budget.
- (vii) The year-end forecast is for an operating surplus of 225k against the budget of £250k, a negative variance of £25k.
- (viii) Total borrowing stands at £4.5m, 29.5% of College turnover. The College's present fiscal rule is not to borrow above 30% global.
- (ix) All five key College financial performance indicators are forecast to be met at the year-end.

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

COLLEGE BUDGET 2012/13

92. The Committee received the '*College Budget 2012/13* (copy attached to the signed minutes) supported with a presentation on the budget made by the Director of Finance. The proposed budget continues the ten year trend of returning positive budgets which was welcomed by the Committee.

93. In reviewing the College Budget the following key points were noted:

- (i) Global turnover is forecast at £16, 500,000 with an overall surplus of £250k.
- (ii) Full-time FE students is set at 960 for 16-18 and 229 for 19+with part-time numbers at 1150. HE student numbers are 660.
- (iii) It was noted that curriculum financial modelling confirms that all curriculum areas will make a net contribution.
- (iv) The staffing budget is £7,951,000 which is 51% of turnover (in-line with the land-based sector benchmark of 53%). The budget incorporates a pay award for 2012/13 which will be discussed at the July Board meeting for approval.

- (v) Net commercial contributions are forecast at £207k.
 - (vi) Campus priority works are forecast at £950k of which £550 will be funded through reserves and £400 through a commercial loan. The internal Capital programme is forecast at £250k, of which £150k will be funded through cash flow and the remaining £100k through the commercial loan.
 - (vii) The Board at its July meeting will be asked to approve the reorganisation of the College's variable debt position as proposed in appendix ii of the College budget. The College will maintain its fiscal rule of borrowing not exceeding 30% of turnover.
 - (viii) The College Budget Risk Register outlines all high-risks associated with the budget and proposes a range of remedial action that would be taken in the event of any of the high-risks occurring.
94. It was confirmed that all the five financial objectives set by the Board will be achieved based on the forecasts in the budget.
95. The '3-Year Financial Forecasts 2012 – 2015' were received (copy attached to the signed minutes). The forecasts are completed in the template prescribed the SFA. The forecasts confirm a financial health assessment of 'Good' for 2011/12; 2012/13; and 2013/14; and 'Outstanding' for 2014/15.
96. It was **RESOLVED** to recommend that the Board at its meeting on 12 July 2012 approves the 'College Revenue & Capital Budget 2012/13' and the '3-Year Financial Forecasts 2012 – 2015'.

CAPITAL PORTFOLIO

97. The College report 'Capital Portfolio Summary Schedule' was received (copy attached to the signed minutes). The new style report separates the Capital Projects from the Partnerships in order to provide the Committee with a clear and comprehensive update on College Capital works and expenditure. The report provided the Committee with summary schedules covering internal campus works and external projects (Greenwich Equestrian and Horticulture; Medway Campus and Betteshanger). Other than Betteshanger there were no decisions being put to the Committee for approval.
98. The College report 'Projects and Partnership Portfolio Update' was received (copy attached to the signed minutes). The report provided updates on
- Canterbury
 - Mottingham
 - Maidstone
 - Court Lane Nursery
 - Grove Farm
 - Farm Shop at Marchant's Farm
 - Dover/Betteshanger
 - Sports development
 - Other key Projects & Partnerships
99. Following a thorough review on the update provided for Betteshanger, it was **AGREED** to make available to the July Board meeting a copy of the report and to inform the Board of the following resolutions approved by the Committee:
- (i) To note that the Finance, Commercial & Resources Committee approved the Business Plan and 'proposed' financial structure for the

Betteshanger Project, subject to final legal vetting and for the final proposal details to be put to a special Board meeting early in the autumn term for approval;

- (ii) To note that the Finance, Commercial & Resources Committee agreed and accepted the 'proposed' financial risk position to the College for the remaining public funding (£2m) and accepted the current position;
 - (iii) To note that the Finance, Commercial & Resources Committee agreed future profession fee payments in line with HCA grant funding **NOT** College reserves; and
 - (iv) To note that the Finance, Commercial & Resources Committee accepted the rationale and planned 'Exit' date for the College in the event of project failure.
100. The approval of the payment of the professional fees was based on confirmation given to the Committee that HCA has confirmed in writing that they will pay for staff costs and development costs incurred relating to the Betteshanger project including all historical costs incurred since November 2011.
101. Following review of the update made available on the Greenwich Equestrian Centre, it was **RESOLVED** to:
- (i) To approve the Equestrian Partnership long-term peppercorn lease agreement as listed in Appendix 2 of the report; and
 - (ii) To approve the Horticulture Business Plan as listed in Appendix 3 of the report.
102. It was **RESOLVED** to note the capital reports.

REVISED FINANCIAL MEMORANDUM

103. The revised Financial Memorandum issued by the Skills Funding Agency (copy attached to the signed minutes) that came into operation on 31 March 2012 was received and noted for information purposes.

TENDERS

104. The College termly report '*Tenders*' was received (copy attached to the signed minutes). The Committee noted the award of the Northbourne contract to Marpaul on the basis that their tender quote was the cheapest received. The Committee noted that the purchase of a new tractor will be with Southern Harvesters on the basis that their tender was the cheapest received. Tendering updates were made available on the farm complex and IT wireless hardware.
105. It was **RESOLVED** to note the report.

HUMAN RESOURCE EXCEPTION REPORT

106. 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 the College structure; pay and benefits; Teachers Pension Scheme; Institute for learning Membership, staff awards; and current disputes.

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

HEALTH & SAFETY

108. The Committee received the '*Health & Safety Termly Report (June 2012)*' (copy attached to the signed minutes).

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

MONITORING OF COLLEGE PERFORMANCE

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

111. 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 current assets to liabilities ratio

112. Green assessments were proposed against each of the 11 agreed performance indicators of the area of staff & human resources.

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

| | |
|-------------------------|----------------------------|
| Finance & Estates | No Risk/No Concerns |
| Staff & Human resources | No Risk/No Concerns |

114. The Committee **AGREED** the following Super KPIs for reporting to the Board for 2012/13:

Finance: Operating Surplus as a % of income
Forecast year-end outturn against set budget
Cash Days in Hand
Borrowing as a % of turnover
Pay expenditure as a % of income
SFA Financial Health Assessment

Human Resources: Staff turnover
Staff absence

ANY OTHER BUSINESS

115. The Committee placed on record sincere congratulations to the Director of Finance and the finance team for winning the Public Sector Award at the Finance for the Future Awards Ceremony. It is the first time that a College has won the award and Hadlow faced intense competition from the two other finalists – Companies House and HEFCE. The Committee agreed that this was indeed an amazing achievement and one that everyone associated with the College should be very proud of.

DATE OF NEXT MEETING

116. To be confirmed.

The meeting closed at 11.00.

Signed: _____ Date: _____
(Chair)