



MINUTES OF THE OF MEETING OF THE FINANCE, COMMERCIAL & RESOURCES COMMITTEE HELD 28 NOVEMBER 2012

Present:	Mr P Dubrow Mr G Charlton H Guntrip Mr P Hannan Mr C Potter Mr J Standen Ms S Shelton	Chair
In attendance	Mr J Allen Mr M Lumsdon-Taylor Ms L Brown Mr J Ericson	(Clerk) Director of Finance & Resources Vice Principal Baker Tilly

The meeting commenced at 09.30.

WELCOME, APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

1. Welcome and introductions were made to Mr C Potter and Mr J Standen who were attending their first meeting of the Committee. There were no apologies. There were no declared interests against any agenda item.

MINUTES

2. It was **RESOLVED** that the minutes of the meeting of the Committee held 28 June 2012 be approved as a correct record and signed by the Chair.

MATTERS ARISING

3. There were no matters arising from the minutes

ANNUAL HUMAN RESOURCE REPORT 2011/12

(Ms S Wisdom, HR Manager, was in attendance for just this agenda item)

4. The College report 'Annual HR Report 2011/12 was received (copy attached to the signed minutes). The report provided a detailed commentary on:
 - College structure
 - Staff turnover
 - Staff profile – age, gender, ethnicity, disability and length of service
 - Absence
 - Staff disputes
 - Staff development
 - Benchmarking Data
 - Future Developments & Initiatives

- Human Resources Strategy 2012-2015
5. The Committee welcomed the thoroughness of the report and noted the following key points:
 - (i) Staff turnover was at 20.5% against the average for colleges of 14.5% (AoC figure based on benchmark data from 2010/11). The figure is higher than expected but the view is that the AoC benchmark figure will be higher for 2011/12 as colleges have had to make staffing reductions in light of funding cuts.
 - (ii) There continues to be an even distribution of the age profile amongst college employees.
 - (iii) There are more female staff compared to male (195/92).
 - (iv) Non-white staff is 2.1% and non-white British is 4.2% (compared against Kent & Medway data of 3.5% and 6.1% respectively).
 - (v) The average number of days sick per employee was 5.69 days, a decrease of 1.25 days on last year, and below the national average by 1.11 days.
 - (vi) There were no formal disputes arising from the restructure but there is the potential risk of one ex-employee threatening a tribunal claim against the College.
 - (vii) Updates were noted on live disciplinary and grievance matters with confirmation given that these matters are subject to College policy and procedures.
 - (viii) The Human Resources Strategy 2012-2015 was welcomed.
 6. It was **RESOLVED** to note the report.

FINANCIAL STATEMENT AND YEAR END ACCOUNTS 31 JULY 2012

7. The '*Financial Statements and Year End Accounts 31 July 2012*' were received (copy attached to the signed minutes). In attendance was Mr J Ericson (Baker Tilly). Attached to the accounts was the '*Audit Findings Report*' that was considered by the Audit Committee.
8. The College achieved a strong operational surplus for 2011/12 the 10th year of a consecutive operating surplus. The draft accounts confirm a College operating surplus of £459k prior to pre pensions adjustments (FRS17). The budget target for 2011/12 was for a surplus of £250k. The substantial over performance against budget was due to tight financial control coupled with financial cost realignment.
9. It was confirmed that the College will retain a 'Good' financial rating at 31 December 2012 as submitted to the Skills Funding Agency.
10. The accounts confirmed cash generation from operating activities of £565k.
11. The '*Audit Findings Report*' confirmed an unqualified opinion on both the financial statements and regularity audit with no control issues identified. There were no breaches reported on the Covenants in place against the College's bank loans, but it was noted that the College exceeded its own informal measure of borrowing not to exceed 30% of income. The Committee noted the explanation given by the Director of Finance.

12. The Committee noted that there would be an additional fee charged by Baker Tilly for the additional support sought from the College during the transitional period within the finance team with the appointment of new staff.
13. It was **RESOLVED** to recommend that the Board at its meeting on 13 December 2012 approves the College's '*Financial Statement and Year End Accounts 31 July 2012*'.

STUDENT ASSOCIATION AND SOCIAL CLUB ACCOUNTS

14. The Committee received and noted audited accounts for Hadlow College Student Association and Hadlow College Social Club for the year-end 31 July 2012 (copies attached to the signed minutes).

(Mr J Ericson left the meeting at this point)

PERFORMANCE REPORT

15. The College '*Performance Report*' for periods 1 & 2 was received (copy attached to the signed minutes). The report covered the following:
 - College Operations to date (31/10/12)
 - Income & Expenditure Account & balance Sheet
 - Cash flow actual to date
 - Capital expenditure to date
 - Projections to 31 July 2013
 - Income and Expenditure projection to 31 July 2013
 - Capital budget projections to 31 July 2013
 - Cash flow projections to 31 July 2013
 - Performance Indicators and Risk Assessment
 - Appendices
 - Headline management accounts to 31 October 2012
 - Detailed cash flows including projections to 31 July 2013
 - Headline capital reports including projections to 31 July 2013
 - Detailed I&E projections to 31 July 2013
16. The following key points were noted:
 - (i) The College is showing a £41,000 profit for the period (2 months), in line with the budget forecast.
 - (ii) College cash flow remains in line with projections.
 - (iii) Revenue capital spend is in line with the agreed budget.
 - (iv) Total borrowing stands at £4,6m, 29.5% of College turnover. The College's present fiscal rule is not to borrow above 30% global.
17. The main risk to the budget is the financial impact of HE student recruitment (variance of 60 against the recruitment target) and continued retention of HE learners through the year. If retention falls below 90% this could result in an operating loss. Learner retention will make the difference between profit and loss in 2012/13, and will be subject to detailed on-going scrutiny by the Executive with outcomes reported to the Committee.
18. It was **RESOLVED** to note the Performance Report.

CAPITAL PORTFOLIO UPDATE

19. 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.
20. It was noted that there were no resolutions for the Committee to consider and it was **RESOLVED** to note the report.

PROJECTS AND PARTNERSHIPS

(In attendance for discussions on Betteshanger only (minutes 21 – 23) were Mr A Riepma (Homes and Communities Agency Department) and Ms A Wyatt (Shepherd Robson))

21. 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
 - Dover/Betteshanger
 - Free School
 - Commercial Operations
 - Exceptional Developments
22. The representatives in attendance provided the Committee with a detailed progress update on the Betteshanger Project. The update included a summary of the capital raised due to date with a summary of progress made against the identified key risks. It was confirmed that the actions taken to mitigate risks are ensuring that legally the College has flexibility in managing the project risk. It was confirmed that the proposed payment of additional professional fees will be met by funds/grants received, and that to date, the College has incurred no direct costs on professional fees as all fee costs have been matched by external project grants/income.
23. Following a thorough review of the Betteshanger project and of the resolutions being sought from the Committee, it was **RESOLVED**:
 - (i) To approve the Outline Heads of Terms for the Betteshanger Project, subject to final legal vetting (HCA) and proceed to signature;
 - (ii) To approve the ESKCD Loan Agreement as part of the Betteshanger Project;
 - (iii) To agree and approve professional fee payments of £87,000; and
 - (iv) To re-affirm that the Board will be required to give final approval for the Betteshanger Project; and
 - (v) To thank the two external representatives from HCA and Shepherd Robson for their attendance and support for the project.
24. A progress update was made on the Free School. The College, as part of the Free School development, is required to plan and execute its budget for capital and revenue.

25. Following a thorough review of the Free School update, and of the resolutions being sought from the Committee, it was **RESOLVED**:
- (i) Approve the College to manage capital works as outlined in the College report;
 - (ii) Approve the Executive to lease a portion of the College estate for a peppercorn rent to the Free School; and
 - (iii) Approve the fully funding (in principle) capital development of circa £5m on the College estate subject to planning and budgets.
25. A vision and outline business plan for the future provision of College residential accommodation was outlined in the College report. It was **RESOLVED** to delegate to the Executive to work up a residential scheme for Board approval in March 2013 for Grove Farm and Bank Street residential accommodation.
25. The College is embarking upon substantial developments over the next 18 months. The creation of a 5th campus (partnership with Greenwich Council), the new Free School, and the Betteshanger Project will require a more structured approach to the College business. As part of these requirements, the College needs to consider how it generates profitability from the business segments. The report outlined current thoughts and a further update was provided on outcomes arising from the recent away day involving the Executive.
26. The Committee welcomed this development and agreed that a robust strategy and vision must be in place, supported with a robust College structure, to ensure that there is adequate control and effective delivery of the substantial developments being embarked upon.
27. It was **RESOLVED** to delegate to the Executive to further work up proposals on a College structure and to report on these at the Board strategy meeting scheduled for 7 February 2013.

TENDERS

28. The College termly report '*Tenders*' was received (copy attached to the signed minutes). The Committee received details of all tender outcomes with confirmation that the College's Financial Regulations were followed.
29. In discussion on the tenders for the Farm complex, it was agreed to circulate to governors the 'Farm Strategy Plan'.
30. It was **RESOLVED** to note the report.

HEALTH & SAFETY

31. The Committee received and noted the Health & Safety termly Report November 2012 and the minutes of the Health & Safety Committee held 20 June 2012. An update was made available on the injury suffered by a member of staff during a staff/students football match as part of Rag Week. There were no other issues of concern reported to the Committee.
32. It was **RESOLVED** to note the report.

MONITORING OF COLLEGE PERFORMANCE

33. 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.
34. Against the 14 agreed performance indicators for the area of finance & estates, three 'amber' assessments were confirmed for cash generated; forecast year-end outturn against set budget; 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.
35. Against the 9 agreed performance indicators of the area of staff & human resources, 'green' assessments were confirmed against 8 performance indicators with an 'amber' assessment made against employment disputes to reflect the potential risk of one ex-employee threatening a tribunal claim against the College as reported in the Annual HR Report..
36. It was **RESOLVED** to inform the Board of the following assessments:

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

DATE OF NEXT MEETING

37. Thursday 7th March 2013 @ 09.30

The meeting closed at 12.30.

Signed: _____ Date: _____
(Chair)

CURRENT FC&R SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	REVIEW DATE
25	To delegate to the Executive to work up a residential scheme for Board approval in March 2013 for Grove Farm and Bank Street residential accommodation.	7/13/13
27	To delegate to the Executive to further work up proposals on a College structure and to report on these at the Board strategy meeting scheduled for 7 February 2013.	Board Strategy meeting 7/2/13
	To circulate to governors the 'Farm Strategy Plan'.	7/3/13