



HADLOW
COLLEGE

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MINUTES OF THE FINANCE & GENERAL PURPOSES COMMITTEE HELD 24 JUNE 2011

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

The meeting commenced at 09.30.

APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

86. Apologies were received from Ms S Shelton. 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.

MINUTES

87. It was **RESOLVED** that the minutes of the meeting of the Committee held 17 March 2011 be approved as a correct record and signed by the Chair.

MATTERS ARISING

88. There were no matters arising from the minutes.

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 (31/3/11)
 - Income & Expenditure Account & balance Sheet
 - Cash flow actual to date
 - Capital expenditure to date
 - Projections to 31 July 2011
 - Income and Expenditure projection to 31 July 2011
 - Capital budget projections to 31 July 2011
 - Cash flow projections to 31 July 2011
 - Performance Indicators and Risk Assessment
 - Appendices
 - Headline management accounts to 31 March 2011
 - Detailed cash flows including projections to 31 March 2011
 - Headline capital reports including projections to 31 July 2011
 - Detailed I&E projections to 31 July 2011

90. The following key points were noted:

- (i) The College is showing a £31,000 loss against a profit of £125,000 budgeted for the period (9 months). Associated actions that were outlined at the last meeting have been implemented to move the position to profit for the year end. The loss of £31k is an improvement compared to the loss of £68k reported to the Committee at its last meeting.
- (ii) Actual SFA student numbers are 914 against the allocation of 906, a positive variance of 8.
- (iii) Actual HEFCE student numbers were 586 against the budget of 580, a positive variance of 6.
- (iv) Actual part-time student numbers were 850 against the budget of 1200, a negative variance of 350.
- (v) College cash flow remains ahead of planned budget.
- (vi) Revenue capital spend is in line with the agreed budget.
- (vii) Overall income is forecast to be £13,026,000 against the agreed budget of £13,174,000, a negative variance of £148k. The significant income variances being school income (-£60k) and part-time fees (£-140k). This was discussed in depth.
- (viii) Total expenditure is forecast to be £12,956,000 against the agreed budget of £13,024,000, a positive variance of £68k.
- (ix) The year-end forecast of an operating surplus of £70k against the budget of £150k, a negative variance of £80k. After taking into account net commercial activities, the net college profit is projected at £120k against the budget of £250k, a negative variance of £130k.
- (x) Total borrowing stands at £4.6m, 29.5% of College turnover. The College's present fiscal rule is not to borrow above 30% global.
- (xi) 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 2011/12

92. The Committee received the '*College Budget 2011/12* (copy attached to the signed minutes) supported with a presentation on the budget made by the Director of Finance. The proposed budget continues the nine 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 £15, 600,000 with an overall surplus of £250k.
- (ii) Full-time FE students is set at 854 for 16-18 and 224 for 19+with part-time numbers at 1150. HE student numbers are 580.
- (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 52% of turnover (in-line with the land-based sector benchmark of 52%). The budget incorporates a pay award for 2011/12 but no decision for the Board to consider and approve on the amount of the award will be made until after September when recruitment levels will be known.

- (v) Net commercial contributions are forecast at £130k.
- (vi) The capital budget is forecast at £230k focusing on student residences, curriculum investment, IT, sports facilities and contingency. The capital expenditure of £230k will be funded through revenue cash flow.
- (vii) The College has outlined two key priorities for campus priority works – refurbishment of Northbourne and the development of a sports complex. Both schemes will be funded through non cash affecting policy.
- (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. The key risks will be the recruiting of 16-18 learners against the set allocation and the retention of the University of Greenwich envelope and rates of funding. In presentations to staff the need to achieve and hit student numbers has been made paramount. The failure to achieve recruitment targets in 2011-12 will have a negative impact on allocations for 2012 and beyond, as Colleges will only be funded on actual delivery in the previous year.

- 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 Committee welcomed the detail of the reports and asked for the minutes to record the Committee's appreciation of the work of the Director of Finance and the finance team in preparing the reports.
- 96. It was **RESOLVED** to recommend that the Board at its meeting on 7 July 2011 approves the '*College Revenue & Capital Budget 2011/12*'.

3-YEAR FINANCIAL FORECASTS 2011-2014

- 97. The '*3-Year Financial Forecasts 2011-2014*' were received (copy attached to the signed minutes). The three-year financial plan has been prepared using the model provided by the SFA. The Plan contains Income and Expenditure forecasts, balance sheet, cashflow forecast and performance indicators for the three-year period. The first year of the plan is based on the College Budget 2011/12. Plans for the next 2 years (2012-2014) are based on a number of assumptions that are driven by priorities set by the funding bodies and the College's own analysis.
- 98. The financial plans for 2011-2014 indicate that the College's strategic financial targets will be met in each of the 3 years. The SFA's assessment on financial health is 'Good' for each of the three years.
- 99. It was **RESOLVED** to recommend that the Corporation at its meeting on 7 July 2011 approves the '*3-Year Financial Forecast 2011-2014*'.

ESTATES COMMITTEE

- 100. The confidential minutes of the Estates Committee held 10 June 2011 were received and noted (copy attached to the signed minutes). There was one recommendation arising from the minutes, the proposed disposal of 1 Nursery Cottage for £275k.

CAPITAL PORTFOLIO

101. The College report '*Capital Portfolio*' was received (copy attached to the signed minutes. The report provided the Committee with a progress update on all current capital projects (Including Sports development):
- Canterbury
 - Mottingham
 - Maidstone
 - Cozenton project
 - Court Lane Nursery
 - Detling project
 - Grove Farm
 - Farm Shop at Marchant's Farm
 - Dover/Betteshanger
 - Sports development
 - Other key Projects & Partnerships
102. The total sale receipt from the sale of the Maidstone site was confirmed at £1,495,000 with a further £800k expected from a grant from HCA. Although a very difficult sale to complete, the Committee welcomed confirmation of the final disposal of Maidstone and asked for the minutes to record its sincere thanks to the Director of Finance for all his efforts in ensuring the successful completion of the disposal.
103. The rationale and business case for the disposal of 1 Nursery Cottage was attached to the Summary Action List (copy attached to the signed minutes). It was confirmed that a valuation price of £275,000 was obtained from the market place and that the property was advertised at this valuation. An offer of £265,000 has been received. If concluded, £65,000 would be used for summer works; £50,000 for essential repair and maintenance; with the remaining £150,000 to capital reserves for future capital spends.
104. It was confirmed that the property is not a designated key worker house and has not been used for such a purpose for over 3 years. It is more appropriate to dispose of the property to support reinvestments rather than incur maintenance and renewal expenditure.
105. It was **RESOLVED** to approve the disposal of 1 Nursery Cottage for a sale price of £265,000.
106. It was confirmed that the Betteshanger project is approaching two crucial milestones – submission of the RGF bid by 1st July 2010 with outcomes of the bid being known by Mid September.
107. It was **RESOLVED** to note Capital Portfolio Update Report.

TENDERS

108. The College termly report '*Tenders*' was received (copy attached to the signed minutes). The report confirmed details of the tenders currently being pursued (audit services, insurance, utilities, and sports pitches)

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

HUMAN RESOURCE EXCEPTION REPORT

110. 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.

111. A claim was submitted by an ex-employee for unfair dismissal to an Employment Tribunal (ET) and the Committee received confirmation that the claim was rejected by the ET.

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

HEALTH & SAFETY

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

- Executive Summary Health & Safety Plan
- Health & Safety Termly Report (June 2011)

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

MONITORING OF COLLEGE PERFORMANCE

115. 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.

116. Against the 15 agreed performance indicators for the area of finance & estates one red assessment was confirmed for the operating surplus. In addition four amber assessments were made on cash generated, forecast year-end outturn, current assets to liabilities ratio, and cash days in hand.

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

118. 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

119. To be confirmed.

The meeting closed at 11.00.

Signed: _____ Date: _____
(Chair)