



HADLOW  
COLLEGE

Innovation. Experience. Excellence.

## MINUTES OF THE FINANCE, COMMERCIAL & RESOURCES COMMITTEE HELD 7 MARCH 2013

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

The meeting commenced at 09.30.

### APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

38. No apologies were received. There were no declared interests against any agenda item.

### MINUTES

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

### SUMMARY ACTION LIST & MATTERS ARISING

40. 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 7/3/13
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.	Agenda item
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.	Deferred to a later Board meeting

29	To circulate to governors the 'Farm Strategy Plan'.	Attached to the SAL
----	---	---------------------

41. It was agreed to hold a separate meeting to discuss the farm strategy plan and for the meeting to be held at the Rural Regeneration Centre to enable Members to tour the farm. The Director of Finance agreed to arrange a date for the meeting which would also be used for Members to visit Court Lane.
42. It was **RESOLVED** to note the Summary Action List

## PERFORMANCE REPORT

43. 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 (31/1/13)
    - 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 January 2013
    - 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
44. The following key points were noted:
- (i) The College is showing a £75,000 surplus against a profit of £104,000 budgeted for the period (6 months).
  - (ii) Actual SFA/EFA student numbers are 1100 against the allocation of 1189, a NEGATIVE variance of 89.
  - (iii) Actual HEFCE student numbers and retention are a risk to achieving the tear-end forecast
  - (iv) College cash flow is forecast to be £950,000 against the budget £1,100,000 as at 31 July;
  - (v) Revenue capital spend is in line with the agreed budget
  - (vi) Overall income is forecast to be £14,140,000 against the agreed budget of £14,465,000, a negative variance of £325k.
  - (vii) Total expenditure is forecast to be £14,139,000 against the agreed budget of £14,379,500, a positive variance of £241k.
  - (viii) Total borrowing stands at £5m, 30 of College turnover on a projected group turnover of £17m.
45. It was **RESOLVED** to note the Performance Report.

## CAPITAL PORTFOLIO UPDATE

46. 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.

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

## **PROJECTS AND PARTNERSHIPS**

48. 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

### **Betteshanger:**

49. A progress update was made available on Betteshanger with confirmation that the Board meeting on 21 March 2013 will be asked to formally approve the proposed project. The Director of Finance confirmed that a final decision has to be made one way or the other by the end of March.
50. Noting that the Board will give a final decision on whether to approve the project, the Committee **RESOLVED** to approve in principle the Dowry Agreement and Freehold Transfer for the Betteshanger Project, subject to final public funding being in place and subject to final Board approval for the project.
51. A summary was provided on the current risks to the project and the actions being taken to reduce each identified risk. As already agreed, all risks must be fully met before the Board will approve the project.

### **Free School Development:**

52. It was noted that at the November meeting of the Committee a temporary lease was approved. The Committee is being asked to approve the long term lease transfer as outlined in the Heads of Terms made available in the College report. It was noted that the rent charge is a 'peppercorn' rent.
53. It was **RESOLVED** to recommend that the Board at its meeting on 21 March 2013 approves the long-term lease transfer to the Hadlow Rural Community College.

### **Grove Farm:**

54. The present site is only used for 28 weeks of the year for HE residential and is dormant for the remaining weeks. The College pays an annual rental of £218,000 and will only own a small percentage at the end of the 25 year lease.

55. The proposal is to create 'Grove Farm Limited' and to purchase the asset as a holding for £4.5 (subject to valuation). Mortgage repayments would be £288k per year. Additional revenues of £110k would arise from summer rental and fisheries, resulting in a yearly profit of circa £50k along with retaining an asset.
56. It was confirmed that taking out a loan of £4.5 would be in breach of the existing bank covenant, but by setting up 'Grove Farm Limited' as a separate legal entity, the Director of Finance confirmed to the Committee that the covenant would not be breached.
57. It was **RESOLVED** to recommend that the Board at its meeting on 21<sup>st</sup> March 2013 approves loan and framework for the acquisition of Grove Farm, subject to the agreement of bank finance.

#### **TUITION FEE POLICY AND FEES 2013/14**

58. The College report '*Tuition Fee Policy and Fees 2013/14*' 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.
59. The Committee noted the increase in accommodation fees of £10 per week (9%) and that this was the first increase since September 2010.
60. It was **RESOLVED** to recommend that the Board at its meeting on 21<sup>st</sup> March 2013 approves the '*Tuition Fee Policy and Fees 2013/14*'.

#### **ANNUAL REVIEW OF THE COLLEGE'S FINANCIAL REGULATIONS**

61. The College report '*Annual Review of the College's Financial Regulations*' was received (copy attached to the signed minutes). It was **RESOLVED** to approve the following amendments:
  - Name updates to Primary budget holders
  - Cost Centre List
  - Cheque Signing Authority List
  - Quotations & Tenders with reference to In-Tend system
  - Supplier Relationships with the requirements of all budget holders to complete a Register of Interest.

#### **TENDERS**

62. The College termly report '*Tenders*' was received (copy attached to the signed minutes). The report confirmed details of the three tenders currently being pursued (audit services, insurance, and utilities)
63. It was **RESOLVED** to note the report.

#### **HUMAN RESOURCE EXCEPTION REPORT**

64. 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.
65. There were no issues of concern reported to the Committee and it was **RESOLVED** to note the report.

## HEALTH & SAFETY

66. The Committee received the following reports (copies attached to the signed minutes):
- H&S Termly Report
  - Minutes of the H&S Committee held 14 November 2012..
67. It was **RESOLVED** to note the H&S termly report.

## MONITORING OF COLLEGE PERFORMANCE

68. 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.
69. Against the 15 agreed performance indicators for the area of finance & estates, four amber assessments were made on cash generated, forecast year-end outturn, current assets to liabilities ratio, 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.
70. Against the 11 agreed performance indicators of the area of staff & human resources, one amber assessment was recorded against current employment disputes.
71. It was **RESOLVED** to inform the Board of the following assessments:

Finance & Estates	<b>Some Risk/Some Concerns</b>
Staff & Human resources	<b>No Risk/No Concerns</b>

## DATE OF NEXT MEETING

72. Thursday 27 June 2013 @ 09.30

The meeting closed at 11.50.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(Chair)