



HADLOW
COLLEGE

Innovation. Experience. Excellence.

MINUTES OF THE FINANCE, COMMERCIAL & RESOURCES COMMITTEE HELD 27 JUNE 2013

Present:	Mr P Dubrow H Guntrip Mr P Hannan Ms S Shelton	-Chair
In attendance:	Mr J Allen Mr M Lumsdon-Taylor Ms C Johannes	-Clerk -Director of Finance & Resources - Head of Finance & Projects

The meeting commenced at 09.30.

APOLOGIES FOR ABSENCE, WELCOME & DECLARATION OF INTERESTS

74. Apologies were received from Ms L Brown, Mr G Charlton, and Mr J Standen. A welcome was given to Ms C Johannes and introductions were made. There were no declared interests against any agenda item. The Clerk confirmed the meeting was quorate.

MINUTES

75. It was **RESOLVED** that the minutes of the meeting of the Committee held 07 March 2013 be approved as a correct record and signed by the Chair.

MATTERS ARISING

76. There were no matters arising from the minutes.

PERFORMANCE REPORT

77. The College '*Performance Report*' for periods 1 to 9 (30 April 2013) was received (copy attached to the signed minutes). The report covered the following:

- College Operations to date
 - 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 30 April 2013
 - Detailed cash flows including projections to 30 April 2013
 - Headline capital reports including projections to 30 April 2013
 - Detailed I&E projections to 30 April 2013

78 The following key points were noted:

- (i) The College is showing a £135,000 surplus, a profit of £187,000, budgeted for the period (9 months). Associated actions have been implemented to move the position and the position is robust at period 9. The Commercial operations are showing a profit of £85k. Higher education numbers are the key concern and will impact on the year-end position. HE retention is currently at 88% resulting in an income loss of £428,000. Despite this significant hit in terms of loss of income, the College has achieved additional in year funds and is projecting a small surplus of £101,000 against the budget of £250,000, a negative variance of £149,000.
- (ii) College cash flow remains ahead of planned budget.
- (iii) Revenue capital spend is in line with the agreed budget.
- (iv) Total borrowing stands at £5,05m- 30% of College turnover. The College's present fiscal rule is not to borrow above 30% global.
- (v) All five key College financial performance indicators are forecast to be met at the year-end with the exception of achieving a positive general reserve balance of £500k due to negative FRS17 impact.

79. The Committee placed on record that, considering the loss of income of circa £450,000, it has been a substantial achievement to forecast a year-end surplus. The Committee asked for the minutes to record its appreciation of the work of the Finance Team and College staff in achieving this outcome.

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

COLLEGE BUDGET 2013/14 & 2 YEAR FINANCIAL FORECASTS

92. The Committee received the '*College Budget 2013/14*' and '*3-Year Financial Forecasts 2012-2015*' (copies attached to the signed minutes) supported with a presentation on the budget made by the Director of Finance. The proposed budget continues the eleven-year trend of returning positive budgets and this was welcomed by the Committee.

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

- (i) Global turnover is forecast at £17,130,000 with an overall surplus of £356k.
- (ii) Student numbers are required to be met. The College profitability is geared on the recruitment of 978 16-18 year olds and 529 HE students.
- (iii) It was noted that curriculum financial modelling confirms that all curriculum areas will make a net contribution.
- (iv) The staffing budget is £8,404,000 which is 53% of turnover (in-line with the land-based sector benchmark of 52%).
- (v) Net commercial contributions are forecast at £200k.
- (vi) Campus priority works are forecast at £400k, of which £550 will be funded through reserves and release of grants received in 2012/13. The internal

Capital programme is forecast at £275k, of which £125k will be funded through cash flow and the remaining £150k through reserves.

- (vii) The cash position as at 31 July 2014 is forecast at £1,350,000.
- (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.
- (ix) The five financial objectives set by the Board will be achieved based on the forecasts in the budget.
- (x) The forecasts in the '3 Year Financial Forecasts' are completed in the template prescribed the SFA. The forecasts confirm a financial health assessment of 'Good' for 2012/13 and 2013/14; and 'Outstanding' for 2014/15.

94. It was **RESOLVED** to recommend that the Board, at its meeting on 11 July 2013, approves the 'College Revenue & Capital Budget 2013/14' and the '3-Year Financial Forecasts 2012 – 2015'.

CAPITAL PORTFOLIO UPDATE

95. 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.
96. A capital development programme of £5m has been obtained for the Free School and a building application has been submitted to obtain planning permission. It was **RESOLVED** to approve expenditure of £200k to enable a temporary school building to be made available.
97. It was noted that there were no other resolutions for the Committee to consider and it was **RESOLVED** to note the report.

PROJECTS AND PARTNERSHIPS

98. 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
- Commercial Operations
- Exceptional Developments

99. Following review, it was **RESOLVED** to approve:
- (i) Subject to legal review, the Funding Agreement and Financial Budget 2013-2015 for the Hadlow Rural Community School;
 - (ii) The Heads of Terms for the Bank Street Joint Venture Development;
 - (iii) And it was **RESOLVED** to note the report.

BETTESHANGER PROJECT DEVELOPMENT PLAN

100. The '*Betteshanger Implementation Plan 2013-14*' was received (copy attached to the signed minutes). It was confirmed that the report is a 'stand alone' document that links all the respective strands of the Betteshanger Scheme.
101. Following review, the Committee noted:
- The phased development plan
 - The securing of the land
 - The grant approvals to date
 - The appointment of the interim project director (part-time)
102. Following review, the Committee **RESOLVED** to approve:
- (i) A 'value for money/ 'fast tender' exercise is conducted in advance of the appointment of the architect firm;
 - (ii) The appointment of Sheppard Robson architects based upon the process outlined in (i) above;
 - (iii) The surveys and positions associated with the Regional Growth Fund (RGF) and the HLF grant bid be progressed, noting that these are grant funded;
 - (iv) That application to RGF is made at £5m;
 - (v) Full press release to be targeted for 06 November 2013;
 - (vi) That the overall plan for a phased development be progressed as outlined in Section 1/7 of the report; and
 - (vii) That the report be noted.

TENDERS

103. The College termly report '*Tenders*' was received (copy attached to the signed minutes). Tendering updates were made available on the laboratories; IT wireless network; Greenwich Horticulture Unit; Betteshanger Surveys, and Hadlow Rural Community School/
104. As previously notified to the Committee, Marpaul has been contracted for the project management and implementation of the capital works for the Hadlow Rural Community School. The Committee received confirmation of the schedule of works and capital costs. The Committee **NOTED** and **APPROVED** the capital costs of £900,355 covering the design and planning fee which will be met within the £5m capital grant obtained.
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 2013)*' (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 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, 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.

112. Against the 11 agreed performance indicators of the area of staff & human resources, one 'amber' assessment was recorded against current employment disputes.

113. 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

114. There was no other business.

DATE OF NEXT MEETING

115. To be confirmed.

The meeting closed at 11.30.

Signed: _____ Date: _____
(Chair)

