



MINUTES OF THE PART I MEETING OF THE FINANCE, COMMERCIAL & RESOURCES COMMITTEE HELD 25 FEBRUARY 2016

- Present: Mr P Dubrow -Chair
 Mr P Hannan
 Mr C Porter
 Mr G Cutress
- In attendance:
 Mr J Allen - Clerk
 Mr M Lumsdon-Taylor - Group Director of Finance & Resources
 Ms L Brown - Group Vice Principal
 Ms P Powditch - Assistant Director of Finance, MIS & ICT

The meeting commenced at 08.30.

APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

37. There were no apologies. The Clerk advised that the membership of the Hadlow Corporation and the Hadlow Group Board to be a standing declared interest at each meeting for Mr C Porter, Mr P Dubrow and Mr P Hannan.

MINUTES

38. It was **RESOLVED** that the minutes of the meeting of the Committee held 20 November 2015 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

39. The College report '*Summary Action List*' was received. The following updates were made available:

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE TO BE PROVIDED AT MEETING ON 25 FEBRUARY 2016
9	In terms of monitoring the financial performance of HRCS in between meetings of the Committee, it was AGREED for the Group Director of Finance to make available each month to the Chair of the Committee the Income and Expenditure spreadsheet and to provide an explanation on any variance greater than 5% on any income/expenditure line.	Agenda item 4(ii)
12	To present a pre-budget statement	Agenda item 5

	at the next meeting of the Committee	
14	A review of the finance function within the Hadlow Group to be conducted and the outcomes of the review to be made available at the next meeting of the Committee.	Interim structure was outlined with confirmation given that the new structure would be presented to the Committee at its next meeting.
18	FRS102 Briefing at the next meeting	A briefing document issued by Grant Thornton was attached to the SAL for information purposes.
20	Debt of £612,000 due from Marpaul when Marpaul become entitled to HCA grants – to keep the Committee informed on developments	Some positive developments were reported to the Committee that hopefully will lead to a funding agreement with HCA by the end of the financial year. It was agreed to keep this action point on the SAL

40. It was **RESOLVED** to note the '*Summary Action List*'.

FINANCIAL REGULATIONS

41. The updated '*Financial Regulations*' were received for the Committee to review and approve. Changes proposed involved the updating of Centre lists, authorisation limits and cheque signatories. Other changes made were to procedures but none of the changes were substantial.

42. It was **RESOLVED** to approve the revised '*Financial Regulations*'.

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 (31/1/16)
 - Income & Expenditure Account & balance Sheet
 - Cash flow actual to date
 - Capital expenditure to date
- Projections to 31 July 2016
 - Income and Expenditure projection to 31 July 2016
 - Capital budget projections to 31 July 2016
 - Cash flow projections to 31 July 2016
- Performance Indicators and Risk Assessment
- Appendices
 - Headline management accounts to 31 January 2016
 - Detailed cash flows including projections to 31 July 2016
 - Headline capital reports including projections to 31 July 2016
 - Detailed I&E projections to 31 July 2016

44. The following key points were noted:

- (i) The College is showing a £131,000 surplus against a profit of £58,000 budgeted for the period (6 months).
- (ii) The Hadlow Group net profit at the end of period 6 stands at £138k.

- (iii) College cash flow is forecast to be £1,050,000 against the budget £1,550,000 as at 31 July, a negative variance of £500k. However, identified savings outlined in the later agenda item 'Hadlow College Pre-Budget Statement' should enable the College to be in line with the budget.
- (iv) Revenue capital spend is in line with the agreed budget.
- (v) The year-end forecast surplus for Hadlow College is £295k against the budget of £390k, a negative variance of £90k.
- (vi) Total core borrowing stands at £4,500,000; 23% of Group turnover of £19,629,000

45 In summary, the Group Director of Finance & Resources and the Assistant Director of Finance both confirmed this had been a difficult quarter for the College. The financial performance to period 6 can be summarised as income targets being met in total through exceptional release (to cover higher education shortfalls) whilst the pressure on the pay cost base continues to increase. Market conditions for attracting and retaining high quality curriculum staff remains difficult. The College has some small class sizes and has not achieved any retained growth for two years whilst at the same time facing a rising cost base. The continued poor financial performance of the Hadlow Rural Community School (a separate agenda item) adds further challenge to overall cash generation. In conclusion the Group Director of Finance & Resources confirmed the business will make a book profit due to historic prudent financial planning, however the current financial performance is not a sustainable position for investment and continued expectation to reward staff without income growth. The next agenda item, the Hadlow College Pre-Budget Statement, outlines a range of actions required to address current financial performance issues.

46. It was **RESOLVED** to note the '*Performance Report*'.

HADLOW RURAL COMMUNITY SCHOOL MANAGEMENT ACCOUNTS

47. It was **RESOLVED** to declare this agenda item 'confidential' due to the commercial sensitive financial information to be discussed, and to record the minutes separately.

HADLOW PRE-BUDGET STATEMENT

48 It was **RESOLVED** to declare this agenda item 'confidential' due to the commercial sensitive financial information to be discussed, and to record the minutes separately.

CAPITAL PORTFOLIO UPDATE

49. The College paper '*College Capital Portfolio Update*' was received. The report provided the Committee with a progress update on internal and external capital projects.

50. It was confirmed that the College has received notice to leave the Farm Shop, house and land by 27 October 2016. The College is in the process of planning a new location for a farm shop and a further progress update would be made available at the next meeting.

51. It was reported that the College is working well with KCC on how best to ensure future provision at the Princess Christian's Farm.

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

TUITION FEE POLICY AND FEES 2016/16

53. The College report '*Tuition Fee Policy and Fees 2016/17*' was received. 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.

54. Residential accommodation fees are to be increased by £15 a week (a 11% increase). It was confirmed FE students who are eligible for bursary (which is the majority of residential students) would receive an 80% reduction in the weekly fee.

55. It was **RESOLVED** to recommend that the Board at its meeting on 17 March 2016 approves the '*Tuition Fee Policy and Fees 2016/17*'.

TENDERS

56. The College termly report '*Tenders*' was received. The report confirmed details of the tenders currently being pursued.

57. It was **AGREED** for the tender report to be updated to include details of the location of some of the proposed tendered works and the reasons for the required works.

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

HUMAN RESOURCE EXCEPTION REPORT

59. The Committee received the termly '*HR Exception Report*'. The report informed the Committee on the number of joiners and leavers; provided an update on pay and benefits; Performance Management, safeguarding, current disputes, and HR priorities for November – May.

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

HEALTH & SAFETY

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

- H&S Termly Report
- Minutes of the H&S Committee meeting held 10 February 2016

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

MONITORING OF COLLEGE PERFORMANCE

63. 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.

64. Against the 14 agreed performance indicators for the area of finance & estates, one 'Amber' assessment was recorded against debtor days. All other assessments were confirmed as 'Green'. It was **AGREED** to inform the Board of a 'Green' assessment (No concern/No risk) against finance and estates.

65. Against the 9 agreed performance indicators of the area of staff & human resources, 'Amber' assessments were recorded against current staff turnover, current staff vacancies and the number of live/pending grievances that currently stands at 4 cases/. It was **AGREED** to inform the Board of a 'Green' assessment (No concern/No risk) against Staff 7 Human Resources

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

Finance & Estates	No Risk/No Concern
Staff & Human Resources	No Risk/No Concern

ANY OTHER BUSINESS

67. There was no other business.

DATE OF NEXT MEETING

Thursday 23 June 2016 @ 08.30 at **Ashford**.

The meeting closed at 11.00.

Signed: _____ Date: _____
(Chair)

SUMMARY ACTION LIST

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	REVIEW
14	New structure for the finance function of the Hadlow Group to be confirmed	23/6/16
20	Debt of £612,000 due from Marpaul when Marpaul become entitled to HCA grants – to keep the Committee informed on developments	23/6/16
50	The College is in the process of planning a new location for a farm shop and a further progress update would be made available at the next meeting	23/6/16
57	The tender report to be updated to include details of the location of some of the proposed tendered works and the reasons for the required works.	23/6/16