



FINANCE, STAFFING & GENERAL PURPOSES COMMITTEE

Minutes of Meeting on Tuesday 20 February 2018

Present: Mr S Holderness (*Chair*) Vice-Chair of Governors
Mr J Bagley Principal
Ms P Hamer Staff Governor

In Attendance: Mr H Ravat Vice-Principal Resources
Mr R Mansfield Clerk

Ref.		Action
F/18/01	<p>Item 1 – Apologies for Absence: An apology for absence was received from Harshad Solanki. The meeting was declared quorate. It was noted that the meeting had been held over from the planned date of 18 January 2018 because of the OfSTED inspection.</p>	
F/18/02	<p>Item 2 – Declarations of Interest in Agenda Items: There were no declarations of interest in agenda items.</p>	
F/18/03	<p>Item 3 – Minutes of Previous Meeting and Matters Arising: <i>3.1 Meeting on 5 December 2017</i> The minutes of the meeting on 5 December 2017 were accepted as an accurate record and were signed by Steve Holderness. The only action required had been taken.</p> <p><i>3.2 Matters Arising from Meeting on 14 November 2017</i> Matters arising from the meeting on 14 November 2018 had been held over from the meeting on 5 December 2017. The actions were to be addressed in subsequent agenda items.</p>	
F/18/04	<p>Item 4 – Estates Issues: <i>4.1 Estates Update</i> There was nothing to report.</p> <p><i>4.2 Health and Safety Statistics</i> Hamid Ravat presented the health and safety statistics to 9 January 2018. These showed a year-on-year increase in reported incidents, primarily attributable to more aggressive seasonal infections, despite the fact that the College's population had significantly declined. <i>The meeting received the health and safety statistics.</i></p>	

Item 5 – Finance Issues:*5.1 Learner Numbers and Funding*

Hamid Ravat presented the learner numbers and funding report. This now contained funding figures based upon current learner numbers. The figures showed a reduction of just over £1.5 million compared with the funding allocation for the current year. When questioned, Hamid Ravat said that he thought funding for 2018/2019 would in fact probably decline by around £1.7 million because of adverse movements in indices reflecting the College's learner profile and retention rates in 2016/2017. Whilst these matters had been addressed firmly in the current year, the improvements achieved would not affect funding until 2019/2020. Steve Holderness said that this made the achievement of in-year savings an even higher priority. Hamid Ravat advised that the timing of the achievement of savings needed to be determined carefully in order to deliver the College's strategic plan.

The meeting received the report.*5.2 Revised Financial Forecast 2017/2018*

Hamid Ravat presented a revised financial forecast for 2017/2018. This took into account the reduction in the College's student roll and the estimated in-year savings (itemized in the commentary) from action taken in advance of the significant reduction in funding for 2018/2019. Income had been increased by the release of higher capital grant income arising from the sale of the Blackbird Road land. The forecast operating surplus was £405K, as compared with the originally budgeted surplus of £25K. The forecast also included a provision of £180K for potential restructuring costs. Pay as a percentage of income should decline to 66% in the current year.

Steve Holderness expressed some disappointment that in-year savings were not at least £500K. He questioned why the costs of supply staff were forecast to be £60K above budget. Hamid Ravat said that the College was deliberately using agency staff to maintain quality and in order to reduce the need for redundancies at the end of the year. He thought that containing the costs of agency staff within the revised forecast might well prove very challenging. Steve Holderness said he was pleased to note the reduction in the pay costs percentage.

Hamid Ravat asked the meeting to note that significant savings in non-pay costs had been achieved in Teaching Departments and in Examinations (where there was now a much tighter process), in particular. A net cash inflow of £120K for the year was forecast. Steve Holderness said he was pleased to note that the College should have significant reserves to 'weather the storm'. Hamid Ravat advised the meeting that the Balance Sheet would remain relatively

stable over the course of the current year. Steve Holderness said that he hoped that in-year savings would be nearer to £500K before exceptional charges.

The meeting received the financial forecast.

5.3 Revised Financial Forecast 2017/2021

Hamid Ravat presented a revised four-year financial forecast. This was a detailed development and extension of the two-year high level financial plan developed by Martin Sim and approved by the Board. The plan was based upon the assumption of managed annual growth in student numbers until the capacity of the current buildings was reached, coupled with a phased approach to reducing the College's cost base in an attempt to avoid dramatic upheaval. The forecast showed deficits for the two years 2018/2020 before a return to a modest surplus in 2020/2021. Operating cash flow was forecast to be positive in all years except 2018/2019. Financial health was forecast to reduce to Satisfactory over the years 2018/2020 before rising to Good in 2020/2021. The forecast included a list of five principal risks to which it was exposed. Steve Holderness welcomed the frankness of the presentation. Hamid Ravat said that the College would require a 'strong favourable wind' to achieve the forecast outcome. Steve Holderness stressed the importance of staff understanding the outlook for the College and the challenges that lay ahead. James Bagley said that there would be a comprehensive briefing as soon as funding for 2018/2019 had been confirmed. Hamid Ravat said it was hoped that compulsory redundancy could be avoided as this would be likely to provoke a hostile trade union reaction.

The meeting received the four-year forecast.

5.4 Operating Results

Hamid Ravat presented the Operating Results to January 2018. There had been an operating deficit of £1K over the first six months (£35K below budget, mainly as a result of higher supply staff costs). The College had experienced some recent difficulty in recruiting staff of the required calibre, though this was expected to ease in the light of the OfSTED Inspection Report. When questioned, Hamid Ravat said that he thought the cost of supply staff might reach £300K in the current year (£60K above forecast). There had also been extra spend on consultancy support staff to address the urgent backlog of MIS development. The Balance Sheet remained sound. Cash reserves were expected to decline to £2.1 million before rising to around £2.8 million at the year end, because of the funding profile.

The Committee received the operating results.

5.5 Course Sizes and Programme Efficiencies

Hamid Ravat presented a paper on curriculum and

programme efficiencies in the current year. The paper presented analyses of class sizes, teaching staff utilization and the funding of study programmes. Class sizes for much provision had declined year-on-year and were generally below sector benchmarks; just 34% were at or above target. Some of the reasons related to the decline in student numbers and to legacy problems from previous years. Staff utilization had been assessed at 94%, mainly attributable to reduced student numbers. Steve Holderness requested further details about the reasons. There had been a significant improvement in the percentage of learners whose programs were fully funded (to 91%) and action was in hand to increase this further. Hamid Ravat cautioned that curriculum inefficiencies and reduced retention in 2016/2017 would have adverse impacts on the funding allocation for 2018/2019. Action taken during the current year to address these factors should have a positive effect in 2019/2020.

The meeting received this report.

5.6 Catering Account 2016/2017

Hamid Ravat presented a review of the catering service in 2016/2017. This had been a very disappointing year for the contractors, Midshire Catering, who had seen a reduction in turnover and gross margin and an increased deficit. In the light of the reduction in student numbers the outlook for the current year was very concerning. Steve Holderness asked for details of the terms of the contract and then said that he had reservations about its appropriateness. Hamid Ravat said that the contract was a sector standard provided by Crescent Purchasing Consortium. Steve Holderness asked how the College could be assured of the correctness of the figures provided by Midshire. Hamid Ravat said that he received records of takings and spoke with users of the service. Steve Holderness said that there was insufficient information to determine the underlying problems, but it appeared to him that prices might be set too low. Hamid Ravat said that the market served by Midshire at the College would be very resistant to price rises, even though the canteen provided very good value in comparison to other local providers. It was left that Hamid Ravat would ascertain the intentions of Midshire and report back, as the contract was due for renewal at the year-end.

The meeting received the report.

5.7 Sports Facilities Account 2016/2017

Hamid Ravat presented a report on the usage of the Sports facilities. In 2016/2017 there had been a growth in memberships and an increase of just over 20% in income. Contribution to College overheads had increased by 90% to just over £13K. Bookings of the Sports Hall in November 2017 had been at capacity. It was noted that this was a very

HR

positive report.

The meeting received the report.

F/18/06

Item 6 – Human Resources Issues:

6.1 Staffing Update

Hamid Ravat presented the staffing update. Although there had been a considerable number of leavers, each had left for individual personal reasons and there was no occasion for concern. Headcount was now 7.3 FTE below budget. Sickness absence had recently increased because of seasonal viruses. Steve Holderness noted that the level for both teaching and corporate staff was running above the sixth form college sector average. He received assurances that the College had effective processes for monitoring sickness absence.

The meeting received the staffing update.

F/18/07

Item 7 – Admissions and Marketing Issues:

7.1 Admissions and Marketing Plan 2017/2018

James Bagley presented the recently combined marketing and admissions plan for the current year. The plan would need further strengthening given the College's financial outlook, with a view to increasing the number of student applications and the conversion rate. Steve Holderness noted that there were as yet no entries in the columns for updates and tracking progress. It was decided to hold discussion over until the next meeting, when a more complete version should be available.

The meeting noted the plan.

JB

F/18/08

Item 8 – Governance Issues:

8.1 Annual Complaints Report 2016/2017

James Bagley presented the annual complaints report for 2016/2017. There was nothing of especial note. The great majority of matters had been brought to a satisfactory conclusion. Steve Holderness asked whether too many such matters were ending up on the desk of the Principal. James Bagley said that the current process was for complaints to be routed via Fiona Singer to the Principal, who then decided who should deal with them.

The meeting received the report.

8.2 Annual Monitoring Report on Equalities 2016/2017

James Bagley presented the annual monitoring report on equalities for 2016/2017. It had become apparent during the preparation of the report that improvements to the College's approach to managing equalities were needed. These were listed in the actions. The Committee recognized that the report was a considerable advance on those of previous years in that it contained much more useful analysis. Steve Holderness asked that future reports should start with clear

headlines or an executive summary.

The meeting received the report.

F/18/09

Item 9 – Date and Time of Next Meetings:

It was confirmed that the next meeting of the Committee would be on Tuesday 17 April 2018 at 5.30 p.m. at the College. The meeting scheduled for 15 March 2018 was no longer required. The operating results for February 2018 should however be distributed to members via email when available.

HR/RM

F/18/10

Item 9 – Any Other Business:

There was no other business.