

FAREHAM COLLEGE

FINANCE AND RESOURCES COMMITTEE

9th March 2015

MINUTES

Present: Mr N Duncan
Mr P Fielon
Mr P Grimwood
Mr R Kew
Mr M Mansergh
Ms K Woods

In attendance: Mrs J Eayrs (Clerk)
Mr P Marsh (Deputy Principal)
Mrs J Robinson (Head of Finance)

01/15 Declarations of Interest

Members of the Committee were reminded of the need to declare any personal or financial interest in any item of business to be considered during the meeting.

02/15 Apologies for Absence & welcome to new members

Apologies for absence were received and accepted from Mrs Janagal and Mrs Hinton.

03/15 Minutes of the Meeting held on the 24th November 2014

The minutes of the meeting held on the 24th November 2014 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them which were not covered elsewhere on the agenda.

04/15 Confidential minutes of the meeting held on the 24th November 2014

The confidential minutes of the meeting held on the 24th November 2014 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them which were not covered elsewhere on the agenda.

05/15 Strictly confidential minutes of the Meeting held on the 24th November 2014

The strictly confidential minutes of the meeting held on the 24th November 2014 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them.

06/15 Termly Risk Management Report

Members of the Committee received a paper on Risk Management which outlined the risks which were the responsibility of the Committee to monitor and review and which provided an update of the College's current risk exposure and the mitigation which had been put in place to reduce them.

The Deputy Principal spoke to the paper and drew members' attention to the 'red/high' risks on the Risk Register as follows:

- **Risk 5: Failure to recruit sufficient students in 2013/2014 and for 2014/2015 leading to future year's allocation reductions and associated impacts** – The Deputy Principal confirmed that the need to make up the shortfall in recruitment had now been carried forward to

the 2015/2016 budget setting and targeting process. He went on to say that, in the meantime, further growth in apprenticeship work was helping to mitigate the fall in EFA funded provision;

- **Risk 11 (amber): Major IT system failure** – The Deputy Principal confirmed that all planned power outages at BRC had now been completed and the main server room successfully relocated to the ground floor of B Building;
- **Risk 12: Lack of contingency planning cover for specialist posts within teams** – The Deputy Principal advised members that the Executive Director HR had produced a succession plan for each of the posts identified on the risk register which outlined the action to be taken on a medium term basis and the internal arrangements for succession planning;
- **Risk 39: 2015/2016 EFA funding allocation is reduced by +£300k leading to cost cutting and financial stress** – Members agreed that this issue would be fully explored and discussed under the relevant budget and management accounts items later on the agenda;
- **Risk 14 (amber): Lack of appropriately qualified/experienced Maths and English lecturers to meet the requirements of the post Wolf curriculum model** – The Principal outlined the strategies in place to address the challenges being experienced in the delivery of English and Maths. He reported an improvement in GCSE outcomes in 2013/2014 but confirmed that it was still early days and further development was required in this area.

There was a brief discussion about pay awards, affordability, current rates of inflation and parity with other local FE organisations. The Deputy Principal confirmed that a 1% increase related to £70k.

In addition, the Deputy Principal confirmed that a full and thorough review of the Risk Register was due to take place with the SMT the following week.

Members of the Committee reviewed and noted the contents of the paper and the mitigation in place to reduce the risks identified.

07/15 Management Accounts at 31st January 2015

Members of the Finance Committee received a confidential paper which outlined the Management Accounts at the 31st January 2015.

Mrs Robinson, Head of Finance, spoke to the paper and advised Governors that:

- At the half-year point, the Management Accounts reported a trading surplus of £77k;
- The year-end trading forecast currently indicated an increased surplus of £121k due to potential allocation increases for apprenticeships and a one-off EFA allocation increase of £155k;
- Members were advised of a potential release of £95k traineeship claw-back which had been prudently provided for within the 2013/2014 final account. Mrs Robinson confirmed that it now looked like the under-achievement would be off-set against over delivery on classroom based learning during 2013/2014;
- Additional funding had been granted as follows:
 - £200k for classroom (19+) based activity which was not yet shown in the Accounts;
 - £486k for 16-18 year olds;
 - £125k for 19+ apprenticeships;
- Bank Covenants – members noted that all were compliant;
- Staff to income ratio year-to-date of 54.8% compared to budget of 57.7%;
- Actual cash - £1.8m per cash flow statement (plus £1.5m lent to project to save interest costs) which totalled £3.3m;
- Balance sheet (reconciled cash excl. CEMAST) - £1.8m (48 cash days in hand which would have been 89 days if funds had not been lent to project to save interest costs).

Members of the Committee explored the risks involved of not being able to deliver the full apprenticeship programme to secure all funding received. The Principal acknowledged that it was ambitious but he was confident the College would be able to deliver it. He outlined the strategy to secure further apprenticeship business and advised members of the recent restructure of the

Business Development Department which had taken place and confirmed that the new sales staff would commence employment on Monday 16th March 2015.

- Staff Costs – members noted staff costs for the month of January of £631k (excluding restructuring costs). Mrs Robinson confirmed that, if these costs remained constant, the year would end £76k below budget within staffing;
- Non-pay costs – Members noted that total non-pay costs had reduced by £209k compared to the previous year (8% reduction).

Members of the Committee reviewed the contents of the paper and the related appendices in detail and noted the current position.

08/15 Outline Budget Strategy 2015/2016

Members of the Committee received a confidential paper on the Outline Budget Strategy for 2015/2016. Due to the confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors only.

09/15 SFA Funding Regulations (Sub-Contractors) 2015/2016

Members of the Committee received and noted a paper which provided Governors with the latest update from the SFA on the arrangements for working with sub-contracting partners in 2015/2016.

The Deputy Principal confirmed that a report on sub-contracting partners would be made once a year to the F&R Committee and to the TSC&Q Committee regarding quality.

Members reviewed and noted the contents of the paper and the related appendix on the SFA Funding Rule Changes 2015.

10/15 Termly Health and Safety Report – Spring Term 2015

Members of the Committee received the Spring Term Health and Safety Report 2015 and related appendices which provided an update for Governors since the last report in November 2014 as follows:

- Appendix 1 – terms of reference;
- Appendix 2 – Agenda for 3rd December 2014 meeting;
- Appendix 3 – Agenda for 28th January 2015 meeting;
- Appendix 4 – Minutes of 3rd December 2014 meeting;
- Appendix 5 – Minutes of 28th January 2015 meeting;
- Appendix 6 – HSE Update;
- Appendix 7 – CDMC report.

Members reviewed the contents of the paper and noted that the Health and Safety Operations Group had met twice since November 2014. Members noted the key items which had been discussed at these meetings:

- H&S Operational Group terms of reference and the presence of TU reps;
- The outcomes of a visit and report issued by the HSE and the actions taken to address the concerns raised;
- Work on the BRC project, zoning and location of fire exit route and fire evacuation tests;
- Accidents and Near Misses;
- First Aider provision;
- The findings of routine H&S inspections;
- H&S training;
- PAT testing;
- Disaster planning.

Members of the Committee reviewed and noted the contents of the report.

11/15 Annual Review of IT Strategy – 2015

Members of the Committee received a paper on the IT Strategy Review for 2015. The Deputy Principal referred members to the Executive Summary which confirmed that:

- The paper provided a summary of the developments since the publication of a new IT Strategy in March 2014;
- The paper indentified progress to date on the core outcomes of the IT Strategy;
- The paper highlighted any changes in the strategy as a result of activity during the last year;
- The paper laid out intended developments over the next 12 months.

The Deputy invited questions or points of clarification from members.

Members of the Committee reviewed and noted the contents of the IT Strategy Review.

12/15 Performance Review of the Principal 2013/2014

The Principal withdrew from the meeting for this item.

Members of the Committee received the Performance Review 2013/2014 for the Principal. Members discussed the report and agreed that it was a fair and accurate representation of the achievements secured through what had been a very turbulent but ultimately successful year.

Members reviewed and noted the contents of the Performance Review 2013/2014 for the Principal.

13/15 Performance Review of the Clerk 2013/2014

The Clerk withdrew from the meeting for this item.

Members of the Committee received the Performance Review 2013/2014 for the Clerk. Members discussed the report, noted there were no issues of concern and agreed that it was an excellent representation of the previous year's performance.

Members reviewed and noted the contents of the Performance Review 2013/2014 for the Clerk.

14/15 Date of next meeting

Members noted that the next meeting of the Finance & Resources Committee was scheduled to take place on **Monday 8th June 2015 at 6.30 pm** (directly after the PSG meeting).