

Meeting of the Finance & Resources Committee

Venue: Conference Room 1, South Shields Centre

Date: Wednesday 24 November 2016

Time: 4.00pm – 5.20pm

Present: George Clark (in the Chair)
Malcolm Grady
Andrew Watts
Andy Walton

Apologies: David Byrne
Lindsey Whiterod

In Attendance: Neil Longstaff (Clerk)
Helen Beaton (Deputy Chief Executive)
Peter Davidson (part)

ITEM	ISSUES	ACTION
1.	<p>Apologies for Absences</p> <p>The Committee approved apologies for absence received from those identified above after having considered the reasons for their absence.</p> <p>It was noted that comments on the papers had been received from David Byrne (DB).</p>	
2.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
3.	<p>Minutes of the previous meeting</p> <p>The minutes of the meeting held on 28 September 2016, including the separately minuted confidential items, were approved and signed by the Chair.</p> <p>Matters Arising</p> <p><u>3.1 Review of Committee Performance against TOR</u> The Clerk confirmed that the Board agreed to move both the annual review of the Marketing Strategy and an annual Marketing update against KPIs from the remit of the F&R Committee to the PVC Quality Curriculum and Community Committee.</p> <p>However, it was noted that similar marketing reports were to be taken to the SSMS Quality Committee as there were areas that were related specifically to the marine sector.</p> <p>Governors indicated that as part of the communications work stream, the Merger</p>	

	Resolved: That the members of the committee accept the report.	
6.	<p>Management Accounts to 31 October 2016 and commentary</p> <p>HB introduced this comprehensive report and advised that as at the end of October 2016, the College had made a £635k deficit, which was £88k below target and £44k below the 2015-16 position.</p> <p>Total income was £860k below budget due to low Adult Classroom, 16-18 Apprentices, Adult Apprentices and other tuition income. Some of these were expected to be timing differences due to courses commencing in mid-September.</p> <p>Payroll costs were £336K below target and £138k below 2015-16 costs. This was primarily due to low lecturer and classroom support costs during the early months of the academic year.</p> <p>Non-pay expenditure was £436k below target and £314k below 2015-16 costs. This was largely timing differences due to low partnership costs, however high marketing costs had been incurred for the summer promotional campaign.</p> <p>The College's financial health had moved to "Satisfactory", however this was anticipated to be a short term deterioration due to the low income at the start of the academic year.</p> <p>Issues raised by DB were considered. The Chair was to respond as some figures quoted were inaccurate.</p> <p>Q. £1.5m owed? HB explained that some students had started College but the funding had not been received. Therefore HB was chasing the funds. This matter had been raised with SEG and it had been agreed that if the monies had not been secured by the Christmas break the students were to be sent home. The College was holding onto new visa approvals in an attempt to try and prevent a similar situation occurring in the future.</p> <p>Q. Could the students be sent to another college? There was a possibility. HB was to raise this issue with the network of financial managers.</p> <p>HB was asked to clarify the EBITDA graph and 'non-faculty income' for DB.</p> <p>Q. Would the Area Review consider in-year figures? No, the College was measured on a full year's report. HB stated that the information submitted for the Area Review process was realistic in that it estimated 1% growth. Members were made aware that a meeting with the SFA was to take place to discuss the proposed merger of the two colleges.</p> <p>HB reported the following concerning the merger:</p> <ul style="list-style-type: none"> • Learner recruitment and Levy had been placed on the Risk Register as this was an unknown factor. • Development of Partnerships re. Advanced Manufacturing Park – resource needed • Academy model growth (could be funded by Academy Trust) <p>Governors indicated that interim support should be called upon, if required, to</p>	<p>GC</p> <p>HB</p> <p>DB</p>

	<p>ensure that the aims of the College remained on track during the merger process.</p> <p>HB responding to questions, confirmed that the College's current financial position would become clearer in the management accounts reports to be presented to the Committee in March. This should would show whether anticipated income had been realised and if not, what appropriate action could be taken.</p> <p>Resolved: i. That the Management Accounts are recommended to the Board for information. ii. That HB is to ensure that SEG closely monitors the College's finances and should there be any significant fluctuation, HB is to circulate a note to Committee members.</p>	<p>HB</p> <p>HB</p>
7.	<p>Learner Recruitment and Funding Update 2016-17</p> <p>Confidential item.</p>	
8.	<p>Student Union Accounts 2015-16</p> <p>This report provided governors with details of the Student Union accounts results for 2015/16 and an overview of activity in the year.</p> <p>It was noted that net expenditure was £9,009 which was within the budget of £20,000. Governors queried as to whether the budget was set too high.</p> <p>The activity of the student union and spend throughout the year was discussed. Governors considered the future role of the students should the merger be successful.</p> <p>Resolved: i. That governors note the contents of the report and that the information is to be presented to the Board for information. ii. That the Head of Student Services is to work with the Student Union Executive Team to clarify the role of the Student Union in the merged College.</p>	<p>HB/NL</p> <p>AR</p>
9.	<p>Annual Report on Governor Expenses</p> <p>AW and GC declared an interest.</p> <p>This paper provided the Committee with an update on the level of expenses claimed by governors during 2015/16.</p> <p>The total amount claimed was £347.80. The Chair highlighted a comment received from DB, which indicated that £68.20 was not an expense but a repayment in sterling of some Dirhams which he had lent to the Principal of SSMS during a recent visit to the United Arab Emirates.</p> <p>Governors were encouraged to claim expenses for carrying out their duties. It was noted that Board meetings in the merged College were likely to be held at TyneMet College therefore additional expenses were likely to be incurred e.g. Tyne Tunnel fees.</p>	

	<p>Resolved: That the committee agrees to receive the report and the expenses shown are to be amended to reflect the reimbursement of monies to DB.</p>	HB
10.	<p><i>At this stage in the proceedings the Chair changed the order of business as follows:</i></p> <p>Annual Salary Review for Senior Post Holders and Clerk</p> <p>HB and NL withdrew from the meeting.</p> <p>Confidential item</p> <p>HB and NL returned to the meeting. AW left the meeting.</p>	
11.	<p>Approval of Contracts and Planned Expenditure in Excess of £100K</p> <p>This paper advised the Committee of contractual and non-contractual expenditure which had required governor approval in accordance with the College's Financial Regulations.</p> <p>HB reported the following:</p> <ul style="list-style-type: none"> • The expenditure for 2015-16 contracts approved at previous meetings. This report had been updated to detail the final agreed payments to partners following the calculation of achievement income and bonus income for partners who achieved the required success rate targets. • The expenditure for 2016-17 contracts approved at previous meetings. <p>There were no new contracts since the last report which required governor approval.</p> <p>HB responded to questions from governors providing clarification on various matters including underspends on contracts.</p> <p>Resolved: That the report is received and agreed.</p>	
12.	<p>Review of College Company</p> <p>The report provided governors with a review of the College Company.</p> <p>The key issues were as follows:</p> <ul style="list-style-type: none"> • The company was set up as a VAT vehicle • The VAT benefit ended during 2012/13 • The company had not traded during 2015/16 • Last year governors confirmed they would keep the company for the time being. <p>Under further review the Committee felt that as there was no VAT benefit in the company anymore, that it be wound up.</p> <p>Resolved:</p> <p>i. That governors note the report.</p> <p>ii. That the Committee agree to recommend to the Board that the College's company is wound up.</p>	HB

13.	<p>Health and Safety Policy Update</p> <p>This paper provided the Committee with an update on suggested amendments to the College's Health and Safety Policy.</p> <p>The documents included a table of amendments and the relevant extracts from the health and safety policy.</p> <p>Resolved: That the committee recommends the amendments to the Health and Safety Policy for approval by the Board.</p>	
14.	<p>Catering Contract</p> <p>Confidential item</p>	
15.	<p>Any other business</p> <p>None.</p>	
16.	<p>Date of next meeting</p> <p>The next meeting of the Committee was scheduled for Wednesday 15 March 2017 at 4.00pm.</p>	
17.	<p>Identification of Confidential Items</p> <p>Resolved: That the following items are to remain confidential:</p> <ul style="list-style-type: none"> • Issues under Matters Arising (3.3, 3.4 and 3.5) • Item 4 - Annual Report and Financial Statements for the Year Ended 31 July 2016 • Item 07 - Learner Recruitment and Funding Update 2016-17 • Item 10 – Annual Salary Review for Senior Post Holders and Clerk • Item 14 - Catering Contract 	

Signed:

Date: