

## Meeting of the Finance & Resources Committee

**Venue:** Conference Room 1, South Shields

**Date:** Wednesday 9 March 2016

**Time:** 4.00pm – 5.50pm

**Present:** George Clark (Chair)  
David Byrne  
Malcolm Grady  
Mark Overton

**In Attendance:** Neil Longstaff (Clerk)  
Helen Beaton (Deputy Chief Executive)

ITEM	ISSUES	ACTION
1.	<p><b>Apologies for Absence</b></p> <p>The Committee approved apologies for absence received from Lindsey Whiterod and Andrew Watts after having considered the reasons for their absence. It was noted that comments had been received regarding the papers to feed into the meeting at the appropriate times.</p>	
2.	<p><b>Declarations of Interest</b></p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
3.	<p><b>Minutes of the previous meeting</b></p> <p>The minutes of the meeting held on 19 November 2015 were approved and signed by the Chair.</p> <p><b>Matters Arising</b></p> <p><u>3.1 Actions to the Board</u></p> <p>The Clerk reported that all actions which were to be taken to the Board had been presented and agreed; these being:</p> <ul style="list-style-type: none"> <li>• Safeguarding Policy</li> <li>• Management Accounts</li> <li>• Health and Safety Policy</li> <li>• Annual Report and Financial Statements for the Year Ended 31 July 2015</li> </ul> <p><u>3.2 HR Action Plan 2015/2016</u></p> <p>Q. Better Health at Work Gold Award received? Not yet heard. .</p>	

<p><b>4.</b></p>	<p><b>HR Report</b></p> <p>Confidential – see attached.</p>	
	<p><b>5. Annual Report on Safeguarding</b></p> <p>CD introduced this report and advised on several safeguarding matters:</p> <p><u>Ofsted</u></p> <p>Inspection of the College Halls of Residence was undertaken in November and the College was rated as outstanding for Safeguarding. During the overall College inspection in December Safeguarding was rated as per Ofsted ratings as satisfactory.</p> <p>Q. Satisfactory? For inspections of colleges it's either satisfactory or not satisfactory.</p> <p><u>Safeguarding Contacts</u></p> <p>As part of a succession planning approach 2 new members of staff were to be trained as safeguarding leads during April 2016.</p> <p><u>Training</u></p> <p>In the last 12 months a comprehensive training programme had been delivered to all staff and governors on PREVENT. This approach had been praised by Ofsted inspectors.</p> <p>In addition, the College had implemented a new online training package, for all staff and governors which covered Health and Safety, Equality and Diversity and Safeguarding. Refresher training was scheduled for 2019.</p> <p>Q. Commercial package to others? Yes.</p> <p>It was reported that some governors found the modules to be more targeted towards staff than governors. However others thought they had been extremely helpful in their governor role and it helped them understand what staff had undertaken.</p> <p><u>Safeguarding Meetings</u></p> <p>The Key Safeguarding Leads had met regularly to share information on issues relating to safeguarding.</p> <p>Minutes of the Learner Safeguarding Group were available for inspection by governors.</p> <p><u>Safeguarding Issues</u></p> <p>There had been some safeguarding issues across the College which had been dealt with in accordance with procedures.</p> <p>Q. Cyber bullying incidents increased? CD explained how this was tackled in the College and that staff were more aware of risks through training. It was noted that it was difficult to pick up issues on personal equipment.</p>	

	<p>Q. Comparative figures covering same period? yes</p> <p>A governor indicated that if figures continued to rise then they would need to dig down further to determine whether there were any underlying factors.</p> <p><b>Resolved:</b></p> <p><b>i. That the report is accepted and is to be presented to the Board for information.</b></p> <p><b>ii. That a glossary of terms be used in future reports.</b></p> <p><b>iii. That when comparative figures are provided they are to cover the same period of time.</b></p> <p>CD left the meeting.</p>	
<p><b>6.</b></p>	<p><b>Management Accounts to 31 January 2016</b></p> <p>As at the end of January 2016, the College had made a £799k operating deficit, which was £397k below target and £1,032k below the 2014-15 position.</p> <p>Total income was £1,697k below budget due to low 16-18 Apprentices, Adult Apprentices and other tuition income. Income projections for 16-18 Apprentices and other tuition income had been amended within the year end forecast. There were some full cost income areas that were currently performing well and forecasts had been updated to reflect this. Partnership delivery was expected to deliver the full adult apprentices allocation.</p> <p>Payroll costs were £551K below target and £283k below 2014-15 costs. This was primarily due to low lecturer and classroom support costs.</p> <p>Non-pay expenditure was £745k below target and £336k below 2014-15. This was largely timing differences due to low partnership costs. High marketing costs had been incurred to date but Marketing was confident that they would remain within budget.</p> <p>The College's financial health was rated as "Satisfactory", however this was anticipated to improve to "good" by the end of the academic year.</p> <p>HB explained that staff were busy reviewing the February accounts as January figures were a concern. All non-business critical expenditure had been stopped to try to reduce costs.</p> <p>A number of amendments to the forecast year end outturn were detailed in the report.</p> <p>Difficulties within offshore industry and new government restrictions on visa issues were having an impact on College income. It was also noted that engineering had been overoptimistic on its recruitment.</p> <p>Q. Issues unique to College? Some, such as Marine (Offshore).  Q. Land in potential projection? No but depended upon decision on the sale of land later in the agenda.</p> <p>It was noted that the College continued to have a healthy cash flow.</p> <p>HB indicated that benchmarking information gave a positive picture. HB was to circulate to governors to show how costs had been tackled.</p>	<p><b>HB</b></p>

	<p>Governors were made aware of the preparations for the Area Review and that reports/questionnaires needed to be completed by 31 March. This meant that February's figures would be used in any submission. A summary of the College's finances for the past three years and forecast for the next two years was required.</p> <p>Q. Recruitment of learners before end of the academic year? Possible in apprenticeships, marine short course offers, growth in simulator etc.</p> <p>Governors were pleased to hear that the College had become the preferred trainer for the Ministry of Defence for the next 12 months.</p> <p>Q. Would cut backs affect ability to deliver? This would be a balancing act which would be considered as part of the curriculum plan.</p> <p>Q Liquidity ratio 1.4 target? Could achieve slightly better 1:8.</p> <p>Q. Non-permanent lecturers overspend? Yes but needs to be read alongside permanent lecturers which was less by more than the no-permanent overspend.</p> <p>Q. Agency staff? Casual staff were cheaper to employ and allowed greater flexibility.</p> <p>Governors asked whether 50% was the correct target for Departments? HB explained that not all were set at 50% but in general yes as a target.</p> <p>Responding to a question HB confirmed that there was £2.5m remaining for capital spend and that if not used by Departments it was considered as a saving, not carried over.</p> <p>HB, replying to a governor, confirmed that staff were managing the potential risks but the College could not afford a similar performance next year. It was noted that action would be taken where necessary.</p> <p><b>Resolved:</b></p> <p><b>i. That the report is accepted and the key issues are to be presented to the Board for information.</b></p> <p><b>ii. That HB is to circulate the management accounts for February when available.</b></p>	<p>HB</p> <p>HB</p>
<p><b>7.</b></p>	<p><b>Further Education Allocations</b></p> <p>This paper gave an update on the allocations for 2016/17 which would be used to form the basis of the budget for 2016/17.</p> <p><u>EFA Funding</u></p> <p>The College's allocation had increased per student as it had increased the size of its programmes in line with the funding model.</p> <p>It was reported that HB was appealing to Care Standards as to why it had not received an allocation for under 18 learners.</p>	

	<p><u>SFA Funding</u></p> <p>The SFA allocation which included allocations for apprenticeships was due imminently. It was anticipated that this might see some growth.</p> <p><b>Resolved: That the report is received.</b></p>	
8.	<p><b>Update on Partnership Activity incl. recommendation for 2016/17 partners</b></p> <p>Confidential item</p>	
9.	<p><b>Approval of Contracts and Planned Expenditure in Excess of £100K</b></p> <p>This paper advised the Committee of contractual and non-contractual expenditure which required governor approval in accordance with the College's Financial Regulations.</p> <p>HB highlighted the following proposals:</p> <ul style="list-style-type: none"> <li>• Increase in the value of 1 contract for buildings maintenance service within the Estates department.</li> <li>• Increase in the value of contract for outdoor media services within the Marketing department.</li> <li>• Increase in the value of 1 contract for partnership activity within the School of External Funding.</li> <li>• Increase in the value of 2 contracts for college refurbishment works.</li> <li>• Award of 6 contracts for the provision of goods and services relating to 2015-16 delivery</li> </ul> <p>The expenditure for 2015-16 contracts approved at previous meetings was detailed in Appendix A.</p> <p><b>Resolved:</b></p> <p><b>i. That governors approve the following contracts for the 2015-16 academic year thereby endorsing Chair's actions where required:</b></p> <ol style="list-style-type: none"> <li>1. <b>Buildings Maintenance – increase the value of the contract awarded to Esh from £150,000 to £180,000</b></li> <li>2. <b>Contract for outdoor media – increase the value of the contract awarded to The Radio Place from £143,000 to £167,000 for the provision of outdoor media services.</b></li> <li>3. <b>Contract for partnership activity – increase the value of the contract awarded to Creating Careers from £195,000 to £225,000 for the provision of educational training courses via the Vision 2 Learn delivery programme.</b></li> <li>4. <b>Refurbishment works – increase the value of the contract awarded to Surgo from £1,741,507 to £2,221,507 to reflect the additional costs associated with the replacement of the Doxford workshop roof.</b></li> <li>5. <b>Refurbishment works – increase the value of the contract awarded to Brims from £356,842 to £386,842 to reflect the additional costs</b></li> </ol>	

	<p>associated with the capital works at the Fire Training Centre.</p> <p>6. <b>Buildings Maintenance – award contract, value £102,000 to Opus Building Services Limited, with this contract value reflecting the remaining planned maintenance and reactive repairs budget for the rest of the academic year (This contract was given Chair’s approval on 7 December 2015).</b></p> <p>7. <b>Cleaning services – award contract for a period of 3 years at an annual cost of £360,000 to KGB Limited (This contract was given Chair of the Board’s approval on 11 January 2016).</b></p> <p>8. <b>Fire Training Centre – award contract for the provision of Fire Brigade services at the Fire Training Centre to Impeller at a cost of £133,000, which reflects 6 months of the annual contract value to the end of the current academic year.</b></p> <p>9. <b>Utility costs –</b></p> <ul style="list-style-type: none"> <li>• <b>Electricity for Westoe campus to be supplied by EDF from October 2015 to March 2016, then transfer to Smartset until the end of September 2018;</b></li> <li>• <b>Electricity for Jarrow Motor Vehicle Centre to be supplied by EDF from October 2015 to September 2016, then transfer to Smartset until the end of September 2018;</b></li> <li>• <b>Electricity for MOST / Fire Training Centre to be supplied by Npower from October 2015 to March 2016, then transfer to Smartset until the end of September 2018, and</b></li> <li>• <b>Gas for all sites to be supplied by Total until the end of September 2018.</b></li> </ul> <p>10. <b>HV training switchboards – award contract, value £186,078, for the purchase of HV training switchboards to Northern Switchgear. This contract is partly funded by HEFCE capital grants (Chair’s approval was given for this contract on 2 February 2016).</b></p> <p>11. <b>HELM training courses – award contract, value £132,000 to AFS Consultants for the provision of educational training courses within the school of Simulation and Senior Marine.</b></p> <p><b>ii. That governors agree to receive the update on expenditure against contracts already approved.</b></p>	
<p><b>10.</b></p>	<p><b>Report on Options regarding Barclays loan</b></p> <p>This paper detailed the options available to the College relating to the outstanding balance on the £2M Barclays loan taken out in 2011.</p> <p>It was explained that the loan facility hits a loan review date in May 2016 at which the College had the opportunity to review its position regarding its loan strategy. The available options were as follows:</p> <ul style="list-style-type: none"> <li>• Upon provision of a suitable form of security to Barclays, continue with the schedule of quarterly repayments to Barclays at the same rate of interest until</li> </ul>	

	<p>the next review date of May 2021.</p> <ul style="list-style-type: none"> <li>Decide not to provide a suitable form of security to Barclays, which would result in the continuation of quarterly repayments to Barclays at a higher rate of interest until the next review date of May 2021.</li> <li>Repay the £1.22M outstanding balance in full to Barclays.</li> </ul> <p>Q. Any planned projects? Governors were informed that the College was not planning any further large capital projects at the current time unless there was a high level of grant available.</p> <p>The recommendation of management was to take the opportunity to repay the loan and have the savings in interest payments.</p> <p>Q. Monies available to College? £2.9m</p> <p>Governors asked to revisit this request after they had considered the Estates report (see below).</p>	
<p><b>11.</b></p>	<p><b>Estates Report</b></p> <p>This paper was intended to give the Finance and Resources Committee an update on strategic estates matters, works progress, ongoing maintenance, property issues and progress against the premises strategy.</p> <p>This report covered the following:</p> <ul style="list-style-type: none"> <li>Continuing renewal programmes, including updates of progress an outline of progress on Phase 5 project and other grant funded works and bids.</li> <li>Estates General Issues, indicating procurement</li> <li>Possible sale of part of the Westoe site - Confidential item</li> <li>Property Plan update</li> </ul> <p><b>Resolved:</b></p> <p><b>i. That the report is received and accepted.</b></p> <p><b>ii. That governors agree to renew the lease for Jarrow motor vehicle premises.</b></p> <p><b>iii. That following a full discussion on the options available and implications for each, the Committee recommends that the Board repays the Barclays loan in full in May 2016 for the following reasons: saving money, funds being used not seen as required for working capital, the savings of monthly payments can be utilised elsewhere and the College will be debt free.</b></p>	<p><b>HB</b></p>
<p><b>12.</b></p>	<p><b>South Tyneside College Financial Health - SFA Letter and benchmark data</b></p> <p>Members were delighted to hear that the College's financial health for 2014/15 and the College's underlying financial health had been graded as outstanding.</p> <p>The financial dashboard information was discussed. This incorporated various key performance indicators and measured those against both target benchmarks and against benchmarks achieved in the sector.</p> <p><b>Resolved: That the report is accepted.</b></p>	

13.	<b>Any other business</b>  None.	
14.	<b>Date of next meeting</b>  The next meeting of the Committee was scheduled for Wednesday 22 June 2016 at 4.00pm.	
15.	<b>Identification of Confidential Items</b>  <b>Resolved: That Items 4, 8 and 11 (land sale) are to remain confidential.</b>	

**Signed:** ..... **Date:** .....