
**Minutes of the Finance, Resources & Property
Committee Meeting
held on Thursday 23rd June 2011
in the Board Room, Hagley Road Site**

Present:

John Coyne (Vice Chair)
Lynette Cutting (Principal)
Dave Nolan

In attendance:

Louise Jones (Vice Principal)
Steve Cutler (Assistant Principal)
David Beasley (Clerk)
Tom O'Callaghan (Gleeds Project Manager) p/t

1 Apologies for absence

- 1.1 Apologies for absence were recorded for Steve Davies (Committee Chair) and Brett O'Reilly. The Committee Vice Chair chaired the meeting in the Chair's absence.

2 Declaration of interests

- 2.1 No interests were declared.

3 Minutes of Previous Meeting**3a Approval**

The minutes of the meeting held on 12th May 2011 were approved and signed as a true record.

3b Matters Arising

- 3b.1 Funding Calculations Guide This had been circulated to members on 1st June.
- 3b.2 Glossary for Governors This was in preparation by the Clerk; it was noted that there was an extensive glossary in the Development Plan.
- 3b.3 Insurance Position on Equipment Moves Louise Jones said that this topic was addressed in the Brierley Hill Progress Report.
- 3b.4 Committee Compliance with Terms of Reference The Clerk said that this report would be updated such that the Committee responsibilities were aligned with the Board's statutory responsibilities, as had been done for the Work Programme, as for the other Committee reports.
- 3b.5 Financial Regulations update Steve Cutler said that he had asked the Internal Auditors to review the financial delegations as part of an overall review of the Financial Regulations, which was good practice as part of the Financial Management & Control Evaluation (FMCE) process, and that the outcome would be brought back to the Committee. In response to the Chair, Steve Cutler confirmed that the temporary agreement to increase the investment ceiling had been implemented.

- 3b.6 Kidderminster Harriers Academies Budget Steve Cutler confirmed that the figures were included in the Management Accounts and the Budget for 2011-12. Governors asked concerning the College's view on the investment. The Principal said that the enrolment numbers had been very encouraging and although the setting up of the academies had involved a huge amount of work, it was going well so far and was bringing a lot of added value. The Chair suggested preparing a short review paper after the first year, partly to dispel any doubts on value for money; this was agreed.
- 3b.7 New Build Risk Register In response to the Chair, Louise Jones confirmed that the Risk Register for the Brierley Hill new build programme had been reviewed and updated.

4 Reports for Recommending to Corporation

4a Annual Budget 2011-12

- 4a.1 Steve Cutler summarised the background to the 2011/12 Budget as set out in the Report, noting that there was a significant income reduction over that for 2010/11 which was offset mainly by a reduction in non-staff costs. Governors asked concerning the difference in the figures contained in the Financial Plan and the Budget. Steve Cutler explained that the Financial Plan included a staff vacancy factor, and agreed to clarify this aspect in the report prior to its submission to the Board.
- 4a.2 Governors asked for additional information on the contingency analysis in the report. Steve Cutler explained that the amount included for additional budgeted income should ideally have 50% offset as related costs, but that this was not consistent with arriving at a balanced budget. The result was a contingency shortfall at the start of the year so additional income would continue to be pursued. He agreed to clarify this aspect in the report to the Board.

The Committee resolved:

To recommend the Annual Budget 2011-12 to the Corporation for approval, subject to the agreed clarifications being made.

4b Financial Plan

- 4b.1 Steve Cutler explained that the full form of the Financial Plan pro-forma needed to be approved by the Corporation and submitted to the Skills Funding Agency by 31st July. This month, however, a revised proforma and financial health check scoring methodology had been issued so an amended return had had to be completed. He tabled a set of revised figures and explained the differences in the content and the associated calculations, noting the resulting impact on the healthcheck score. By realigning the phasing of some capital expenditure into 2011/12 to reflect the latest planned outturn, the financial health check for the year stayed at Satisfactory under the revised scoring system. The Principal said that the revised methodology had been issued very late and said that the College would be making appropriate representations. In response to the Chair, SC said that he would add an explanation of the change in the scoring system to the report submitted to the Board.

The Committee resolved:

To recommend the Financial Plan to the Corporation for approval, subject to the agreed clarifications being made regarding the change in the SFA's financial health grade calculations.

4c Property Strategy 2011-16 (Draft Revision)

- 4c.1 Louise Jones introduced the revision to the Property Strategy by saying that it had been approved by the Corporation in 2007 and, given the opening of the new building at Brierley Hill for Creative Industries in September 2011 and the forthcoming expiry of the

Advanced Technology Centre lease in 2016, it was appropriate to review the options analysis in the Strategy to confirm that the preferred option continued to meet business needs. She had consulted with the SFA on the investment appraisal model adopted previously; they had confirmed that the guidance used was still current. She summarised the options set out in the report and said that, as a result of the quantitative and quantitative analysis, Option 1, i.e. the relocation of the Longlands campus to the new build at Brierley Hill and the retention/refurbishment of the Hagley Road campus, was the clear recommendation, with the next proposed step being to commission a feasibility study on the replacement of the ATC campus on the termination of the lease.

- 4c.2 The Committee said that they were pleased with the updated Property Strategy and that its update was timely.

The Committee resolved:

To recommend the commissioning of a £20K Feasibility Study into the replacement of the ATC campus to Corporation for approval, and to note the revised Property Strategy.

4d Partner Contracting Report 2011-12

- 4d.1 Steve Cutler reminded members that in the previous version of the report there were some new partners and as a consequence they had been given a high risk rating; these had since been reviewed and updated. He reported that in the Apprenticeship and SME areas the College was looking to place contracts with all the listed providers. In the franchise partners area, due to difficulties experienced this year and the associated tightening of the College's quality process for partners, it was not proposed to contract with Groundworks, and Dudley Future Skills had been closed by Dudley MBC. The individual contract values would be stated in the October report.

The Committee resolved:

To recommend the Partner Contracting Report 2011-12 to the Corporation for approval, subject to the addition of the overall proposed contract values for each area.

4e Appointment of New Build Furniture Contractor

- 4e.1 Steve Cutler explained how the furniture procurement for the new build had been split into three packages because of the bespoke nature of some of the requirements, and that Corporation approval was needed for the largest of them due to its value being over £100K. He confirmed that concerns that had been raised related to the proposed contractor as a result of the due diligence report had been resolved after additional information had been requested regarding their accounts. The College had also obtained a due diligence report on their main supplier, Senator, to ensure a fallback delivery route in the event of any major difficulties.
- 4e.2 In response to questions from the Committee, Steve Cutler confirmed (a) that the normal tendering process had also been followed for the other two packages, and (b) that no payment would be made prior to delivery. He agreed to include the details of tender opening in the report submitted to Corporation. The Committee agreed that Steve Cutler had done good work to ensure a fallback delivery plan, and thereby limit the financial exposure of the College to the delivery and installation costs.
- 4e.3 The Chair drew members' attention to the Clerk's note in the report's recommendation, that in view of the delivery timeline it was necessary to appoint the contractor and order the furniture prior to the Corporation meeting on 7th July. In view of the due diligence undertaken, and with the support of the Committee members, the Corporation Chair agreed to take Chair's action on behalf of the Board such that the proposed contractor could be appointed by the College immediately.

The Committee resolved:

- (1) To endorse the recommendation to appoint Abbey Business Equipment as the contractor for the supply of furniture for the classrooms, refectory and offices of the Brierley Hill campus.
- (2) To note the approval of the appointment by the Chair of Governors on behalf of the Corporation under the Chair's action procedure.

5 Reports for Approval

5a Staff Performance Management, Grievance & Disciplinary Policies & Procedures

- 5a.1 Louise Jones said that the three policies were submitted to the Committee for approval as they were all due for periodic review and update. The changes, highlighted in the documents and summarised in the reports, were all relatively minor. Equality Impact Assessments had been carried out. The Committee said that they were content with the policies and noted that the reviews had been carried out in accordance with good practice.

The Committee resolved:

To approve the Staff Performance Management, Grievance & Disciplinary Policies and Procedures.

6 Reports for Information

[Clerk's note: Item 6a was taken out of sequence to enable the attendance of the Gleeds Project Manager]

6b Longlands Disposal Report

- 6b.1 Louise Jones said that following the presentation of the earlier paper on the subject to the Committee which included two quotations of approximately £12K for a feasibility report on the disposal of the site, as it was viewed preferable to have the work carried out by a developer the College had solicited disposal reports & prices from four companies as set out in the report.
- 6b.2 The Committee debated if this was the right time to dispose of the site given the level of property prices at present. It was agreed that the key question was whether to demolish the buildings or wait for the time being. It was suggested that it would be worth trying to obtain an informed view on projected property prices and the costs on maintaining a secure site. Governors also asked concerning the insurance cover currently in place regarding its suitability for a vacated and/or demolished site. It was agreed to produce a follow-up summary paper covering these aspects and circulate it to members for review prior to the next Committee meeting.

The Committee resolved:

To note the Report.

6c Development Plan 2011-2014 (embodying the 2011-12 Targets for recommending to Corporation for approval)

- 6c.1 Louise Jones presented the report saying that the Development Plan was the overarching 'roadmap' for the College and that it had also been submitted to the Students, Curriculum & QA Committee. The document was issued to Governors for information; it illustrated how the College will meet its Annual Objectives and so contribute towards the Strategic Priorities. She noted that some of the 2010/11 figures in the document would be updated with the latest information prior to its circulation to the Board. The 2011/12 targets were submitted for approval by the Corporation.

- 6c.2 The Committee questioned some of the 2011/12 target figures in relation to the predicted figures for 2010/11; Louise Jones said that they would be reviewed and updated if appropriate in the light of updates for 2010/11 and a commentary added to the report for any significant variations between the 2009/10 actuals and the figures for 2010/11.

The Committee resolved:

- (1) To recommend the 2011/12 targets to the Corporation for approval, subject to the clarifications agreed.
- (2) To note the Development Plan 2011-14.

[Tom O'Callaghan joined the meeting at this point.]

6a Brierley Hill Progress Report

- 6a.1 Louise Jones summarised the key elements of the report, noting that resolution had been reached concerning the discussions with the Fire Officer. Regarding the finances of the new build, a long meeting had been held recently that had concluded that the programme was 'on budget' but that there was very little room for any additional cost. The risk register had been reviewed and updated, and the points made at the previous Committee meeting had been incorporated.

- 6a.2 Tom O'Callaghan, the Gleeds Project Manager employed by the College, tabled his progress report and took the Committee through the key points:

- (1) That BAM Construction was currently reporting a 2.5 week delay to the programme, a slip of 2 weeks from that reported in early May, but that they were still confident of meeting the Practical Completion (PC) date of 19th August with some items to be 'tidied up' between PC and the opening date of 5th September.
- (2) BAM had been pressed on the need for the College to invoke any of its delayed-opening contingency plans, and BAM had said that they didn't foresee the need to invoke any contingency plan and that the campus would open on 5th September.

- 6a.3 The Committee questioned Tom O'Callaghan on several aspects of his report and the Chair pressed him on his view of BAM's position; he stated that he was confident that Beneficial Use would be declared on 19th August. He confirmed that the contract with BAM stated that if they didn't deliver by 26th August, liquidated damages would then be payable. The Chair said that his view was that as commissioning was unlikely to start until sometime in July, it was unlikely that PC would be achieved on 19th August, but that activating contingency plans was the Principal's call. The Committee also noted the risk reported related to the level and the timeliness of the gas supply to the building and that options were being pursued. Tom O'Callaghan said that there was a checkpoint meeting on 30th June that would be pivotal; Louise Jones confirmed that the decision date on activating any contingency plan was 4th July. The Committee noted that there were still unresolved cost issues amounting to £57K and a request for the College to contribute towards the contractor's out of hours working.

The Committee resolved:

To note the Report.

[Tom O'Callaghan left the meeting at this point.]

6d Performance Target Report 2010-11

- 6d.1 Louise Jones summarised the key points in the report and advised that it was an interim year-end report. The Committee said that they were content with its content.

The Committee resolved:

To note the Report.

6e Management Accounts – May 11

- 6e.1 Steve Cutler summarised the key points in the report and said that the projected outturn had improved against the level of the forecast surplus in the revised budget, the difference resulting from decreases in income and expenditure related to the Routes into Work programme and the release of some contingencies. The Committee asked if the College was expecting any significant year-end adjustments and asked that any such items were highlighted in the Accounts. Steve Cutler confirmed that this aspect would be reflected in the June Accounts.

The Committee resolved:

To note the Report.

6f Student Numbers & Funding Report

- 6f.1 Steve Cutler summarised the key elements of the Report and the College's plans to achieve the student numbers by the end of the academic year and hence achieve the optimum start position for 2011-12 in terms of funding. In response to questions from the Committee, he confirmed that some additional course starts and finishes during July would improve the end-year Learner Responsive figures. The Principal said that the intention was to achieve the targets.

The Committee resolved:

To note the Report.

6g Efficiency Improvement Plan 2010-11 Progress Report

- 6g.1 Steve Cutler said that this was an end-year review of progress against the Efficiency Improvement Plan, covering the main target areas including management and governance. The Committee welcomed the report and the improvements made over the year.

The Committee resolved:

To note the Report.

7 Any Other Business

- 7.1 The Principal said she would discuss with Steve Cutler the timing of the planned meeting on 8th July with governors to review the format of the Management Accounts, as it coincided with an annual staff event.

8 Confidential Item Review

- 8.1 It was agreed that the Clerk, Principal and meeting Chair should review draft minutes regarding their confidentiality and level of business-sensitivity, balancing the requirements for openness and accountability with protecting the interests of the College.

9 Dates of Future Meetings (all at 16:30)

Thursday 6th October 2011
Wednesday 23rd November 2011
Wednesday 29th February 2012
Thursday 10th May 2012
Thursday 28th June 2012

The meeting closed at 19:15.

Signed: _____

Date: _____

Chair