
**Minutes of the Finance, Resources & Property
Committee Meeting**
held on Thursday 18th November 2010
at 4:30 pm in the Boardroom, Hagley Road

Present:

John Coyne
Lynette Cutting (Principal)
Steve Davies (Chair)
Dave Nolan
Brett O'Reilly

In attendance:

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

1 Apologies for absence

There were no apologies for absence.

2 Declaration of interests

No interests were declared.

3 Minutes of Previous Meeting

The minutes of the meeting held on 7th October 2010 were agreed as a true record and signed by the Chair. The Chair advised that matters arising would be covered under the associated agenda items.

4 Governance Items**4a Committee Terms of Reference**

The Interim Clerk said that the Terms of Reference (TORs) for the Committee, having been examined in draft by the Governance and Search Committee, had been amended to be consistent in the area of the Committee's general responsibilities as set out in paragraph 6 of the TORs, and were now submitted for the Committee's recommendation to Corporation for approval. The Principal suggested that the associated work programme should provide guidance on the high risk areas of the Committee's agenda to help ensure that the appropriate amount of time was devoted to these items; this was agreed.

The Committee resolved:

To recommend the Terms of Reference to Corporation for approval.

5 Reports for Approval**5a Treasury Management Policy**

Steve Cutler explained that the Treasury Management Policy had been revised in the light of the financing of the new build and the increased risks in the finance sector, and had been reviewed by Lloyds Banking Group. He said that the Policy identified

the risks that the College was exposed to, together with the associated management controls, under seven major headings:

- Interest Rate risk management
- Counterparty risk management
- Debt management
- Investment management
- Bank relationships
- Operational controls
- Authorisation.

Dave Nolan asked if the Treasury Management Policy needed to be recommended to Corporation for approval; Louise Jones said that this should be the case as the Policy should be treated as an addendum to the Financial Regulations.

The Committee resolved:

To recommend the Treasury Management Policy to Corporation for approval.

5b Procurement and Purchasing Policy

Steve Cutler explained the purpose of the Procurement and Purchasing Policy and its role in helping the College to achieve value for money and to support the Efficiency Improvement Plan. He advised that the College Executive Group in its review had identified the need to reinforce the desire to purchase locally, consistent with achieving value for money. The Chair said that this was a difficult equation to balance as it was a subjective issue, often used but hard to define. He said that he would like to see some more detail on the best value criteria. The Principal commented that this aspect was particularly important for the College's links with the community. Dave Nolan asked if this aspect could be reported on by exception; Louise Jones advised that care had to be taken regarding the relative values of purchase orders as checks and balances were in place. The Chair suggested that the College should be able to state how much it was spending in The Black Country. The Principal asked if the Policy could be approved subject to modifications in this area; this was agreed.

The Committee resolved:

To approve the Procurement and Purchasing Policy, subject to modifications being made in relation to defining value for money criteria and local purchasing.

6 Reports for Recommending to Corporation

6a Financial Regulations

Steve Cutler summarised the changes that had been made to the College's Financial Regulations as part of the annual review:

- The Chief Financial Officer had been changed to the Assistant Principal Finance & Information;
- The Skills Funding Agency and Young Persons Learning Agency had replaced the Learning and Skills Council as funding bodies;
- The College's strategic objectives had been updated;
- The definition of the College's Senior Management team had been extended to include the College Executive Group;
- The two new committees had been added.

The Committee resolved:

To recommend the Financial Regulations to Corporation for approval.

6b Renewal of College Insurance

Louise Jones advised that tenders had been requested from three companies on the FE's Crescent Purchasing Consortium's list for the renewal of the College's insurance policy. Heath Lambert had declined to tender, Marsh had quoted £72,400 p.a. and Zurich, the current policy holder, had quoted £65,766 p.a. The Zurich quotation represented an improvement over the 2009/2010 premium of over £42,000 for the same level of cover, a considerable saving. The Chair congratulated the College on achieving such a good deal.

The Committee resolved:

To recommend the renewal of the College Insurance with Zurich Municipal to Corporation for approval.

7 Reports for Information

7a Confidential Item, minuted separately

7b Risk and Performance Progress Report

7b.1 Louise Jones summarised the approach adopted within the College for the management of risk, explaining that the Vice Principals monitored eleven action plans across the curriculum, business and resource areas based on the annual objectives, with status being reported as one of:

- Green – Outstanding
- Yellow – Good
- Amber – Satisfactory
- Red – Unsatisfactory.

7b.2 She reported that Satisfactory progress had been achieved across most areas, with the College Executive Group, IT Services and Quality achieving Good status, although the Estates area had received a Red status. Louise Jones said that the outcomes were reviewed at formal meetings and actions followed up, and that her approach was to be tireless in keeping to standards. She confirmed that there would be a more detailed targets breakdown in future progress reports, and noted that the Risk Management Annual Report was referred to the Corporation by the Audit Committee.

The Committee resolved: To note the Report.

7c Confidential Item, minuted separately

[Tom O'Callaghan, the Brierley Hill Campus Project Manager, joined the meeting at this point.]

7d Property Strategy Update

7d.1 Louise Jones reported that the College had claimed VAT zero-rating for the new build on the basis that 95% of the building would be used for 'relevant charitable' purposes for a period of ten years, linked to a number of conditions related to income generation and fees, and based on the 2009/2010 level of charitable use at the Longlands campus. She noted the importance of keeping the new building usage under regular review to ensure that the zero rating was retained.

7d.2 Tom O'Callaghan tabled a report on the current status of the Brierley Hill Campus build. Key points arising during the presentation of his report were:

1. Although BAM are reporting a 1 week delay, they intend to make up the time by February/March and had re-stated in writing their commitment to the 2nd September project completion date.
2. The £305K of design contingency remains untouched so far.
3. Discussions on the resolution of the provision and routing of the power supply should be completed within a week.
4. The potential additional cost of £90K of the Water Authority's modified advice concerning the water supply connection point had come as a shock as the subject had been covered in pre-tender discussions. A revised and lower assessment of the flow rates was currently being reviewed; it was hoped that the associated additional costs would be contained to around £30K. Tom O'Callaghan had been pushing BAM hard for an improved solution and cost.
5. It had been recognised that an integrated extract/ventilation system was a preferable solution on several grounds; BAM were confirming the additional costs involved – currently assessed at £65K.
6. The highways costs should remain in budget.
7. BAM were contesting the inclusion of an entrance canopy in the tender information; Tom O'Callaghan was standing firm.
8. Discussions with BAM and Dudley MBC were continuing regarding the approach to be adopted regarding the need for a retaining wall on the north-west boundary; it was hoped that DMBC could re-grade the boundary thereby obviating the need for the new wall resulting in an additional cost in the region of £7.5K to £10K as opposed to the £100K indicated by BAM for the wall. John Coyne recommended caution in dealing with the DMBC Highways staff, particularly in relation to the challenging timescale.
9. Tom O'Callaghan summarised his report by confirming that (a) the project was on track for the campus opening date of 5th September 2011; (b) there were no known quality issues; (c) there were a number of cost challenges, and that at this stage the potential additional costs were likely to be in the order of £150K, against the as yet unallocated contingency monies of £305K.

The Chair asked what the worst case cost projection was; Tom O'Callaghan replied that this was in the order of £225K.

- 7d.3 Dave Nolan asked concerning the design and use of the atrium space for the projection of images as he had been struck by the pictures on the hoardings which appeared to close down the ability to make use of the clear spaces. Tom O'Callaghan said that the tender was based on a curtain walling system. Dave Nolan recalled that it had been the subject of much discussion in Corporation during the definition phase. The Chair asked concerning the proportion of the new build spend that would be placed locally, and the number of training weeks that would be achieved for learners during the build. Dave Nolan asked concerning the definition of the ICT provision. Tom O'Callaghan confirmed that workshops were in progress with the target of going to market by end-January. He confirmed that the College's IT Services Manager was involved in the process. The Chair warned against the use of Chinese-sourced equipment.
- 7d.4 John Coyne asked Tom O'Callaghan how he felt about the one week delay; he said that the BAM Project Manager had a good track record so he was confident in their recovery plan at present. John Coyne said that he was concerned at the impact of the basement works, the deliberations with DBMC and the approach to working with the utility companies. Regarding the issue surrounding the power supply, John Coyne advised that LIFT had been asked to build a substation with larger capacity than they needed in order to be able to provide the supply for neighbouring developments. He offered to share with Tom O'Callaghan any information that might be helpful. Tom O'Callaghan welcomed this offer and thanked John Coyne for his observations. He said that he would continue to keep Louise Jones apprised of developments. The Principal said that she would escalate any major issues within the DMBC if that became necessary.

The Chair thanked Tom O'Callaghan for his report. *[Tom O'Callaghan left the meeting at this point.]*

- 7d.5 A discussion followed on the issues raised by the Project Manager's report. John Coyne said that he was very concerned at the risks identified at this stage of the project; if there were programme issues now they were likely to get worse. Dave Nolan said that he wanted to see the critical path on the timeline and the time contingency in the project. The Chair noted that Louise Jones had been very clear with the Project Manager regarding the potential additional costs in their regular meetings. The Principal wanted to see the fallback plan. John Coyne's offer to liaise with Tom O'Callaghan from his related local experience was welcomed.

The Committee resolved: To note the Report.

7e Student Numbers & Funding Report

- 7e.1 The Principal reported that the College had been having significant problems getting qualification information as the new Qualifications and Curriculum Framework qualifications had not yet been made available for populating the database; this was proving to be a major problem. She tabled a letter sent that week by The Colleges' Finance Directors' Group to John Hayes MP stressing the difficulties being faced by colleges in this situation and the potential impact on funding for courses. She stated that she wanted to share this letter with the Committee because half way through November she didn't know how much funding the College was generating, a serious situation.
- 7e.2 Steve Cutler then summarised the key information in the Student Numbers and Funding Report:
1. The College was taking the option of moving money from the Train to Gain budget into the Apprenticeship programme.
 2. The College was looking to over-achieve on the 16-18 apprenticeships.
- 7e.3 The Principal noted the impact of the qualifications approval issue on knowing what was being counted, and agreed the need to contextualise the impact of the issue in future reports. Dave Nolan asked if there was a critical timescale for the resolution of the issue. The Principal said there wasn't a specific date and that the College would have to use old course codes as an interim solution but that the concern was that they could be penalised in the next year's allocation. The Chair advised that it was important to build in as much contingency as possible to cope with the scenario. The Principal agreed but noted that it was also crucial to attract people to the College.

The Committee resolved: To note the Report.

7f Staff Satisfaction Survey

- 7f.1 Louise Jones explained the background to the Staff Satisfaction Survey, undertaken in June/July 2010, saying that the format of the Survey had been revised and the number of questions reduced to 19 with staff being asked to rate how important statements were to them and then the extent to which they agreed that this was in place. She highlighted some of the key results from the survey, that the staff at the Ham Lane campus enjoyed their jobs the most, that communication came up as an area for improvement, and that male staff felt more valued than female staff.
- 7f.2 The Chair advised that changing the form of the survey questions had a significant bearing on the responses. The Principal noted that the staff wanted to see more of the College management team. Brett O'Reilly added that staff had asked him about proceedings of Governor meetings and suggested that it would improve morale and understanding if the governors could be 'humanised' in some way. Various possibilities for promoting the Governors within the College were mentioned; the Clerk was asked to discuss the topic with the Communications Coordinator.

The Committee resolved: To note the Report.

7g Absence Report 2009/2010

Louise Jones advised that the target lost time percentage for sickness absence was 4% and that the overall figure for 2009/2010 was 4.72%, of which 2.64% was attributed to long-term sickness. She noted that the implementation of the absence management policy seemed to be working with a noticeable reduction in sickness-related absence so far this year. The Chair commented on the estimated £400K cost of absences through lost days in 2009/2010.

The Committee resolved: To note the Report.

7h Skills Funding Agency Letter: 3 Year Financial Plan

Louise Jones said that this was a standard annual letter from the SFA in response to the College's 3 Year Financial Plan. She advised that the College had graded its financial health as Satisfactory over the period in the light of the Property Strategy, however the SFA had re-graded 2009/2010 to Good based on the projected outturn.

The Committee resolved: To note the Letter.

8 Are We Living Our Values?

- 8.1 The Principal opened the discussion on this topic by saying that the Committee needed to ask 'Are we considering our values, for example students come first?'. Dave Nolan commented that sometimes that consideration comes 'after the fact' rather than at the outset of the Committee's financial and business-related deliberations. It was agreed to put the item at the beginning of the agenda for future meetings and have a quick review of the topic prior to proceeding with the Committee's business. The Principal cited a recent example of a request to shut the library for a staff presentation. The Chair agreed that whilst it was difficult, it was important to address this topic as part of the staff performance reviews. It was agreed to highlight the topic as part of the Link Governor Scheme guidelines. Dave Nolan asked how the values could be enforced; John Coyne commented that he was not aware of them when he came into the College. The Chair said that he would make sure that the values were addressed as part of this Committee's business.

9 Any Other Business

9a Confidential Item, minuted separately

9b CRB Checks for Governors

The Interim Clerk confirmed that, in accordance with College policy and good practice, the governors would be asked to complete a CRB Disclosure Application. Forms and associated guidelines would be issued.

10 Dates of Future Meetings

Thursday 17th March 2011 at 16:30
Thursday 12th May 2011 at 16:30
Thursday 23rd June 2011 at 16:30

The meeting closed at 7:40 pm.

Signed: _____

Date: _____

Chairman