

**MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD ON THURSDAY 3 DECEMBER 2009 AT 4.30PM**

PRESENT:-

Tim Richmond - Chair
Richard Brackenbury
Geoff Hall – Principal
James Lacey

IN ATTENDANCE:-

David Nelson – Governor
Julie Ashton – Deputy Principal
Andrew Hartley – Executive Director of Funding and Financial Resources
Claire Kay – Clerk to the Corporation
Andy Donoghue – Director of Estates

1. APOLOGIES FOR ABSENCE

Apologies were received from Anne Adams and Val Mattinson. The Committee accepted the apologies.

2. DECLARATIONS OF PERSONAL INTEREST IN AGENDA ITEMS

The Chair declared a non pecuniary interest in agenda item 5 as the independent Chair of Connexions. This interest is disclosed in the register of interests, no further action was required.

3. MINUTES

Minutes, including the confidential minute, of the meeting held on 9 July 2009 were approved and signed.

4. MATTERS ARISING

There were no matters arising from the public minutes. The Principal provided a short update on the issues recorded in the confidential minute.

Members agreed to take item 14 on the agenda first to allow Andy Donoghue to leave the meeting after this item.

5. ACCOMMODATION STRATEGY UPDATE

Members received an update on the national expectation of future capital funding and the financial capacity of **ncn** to borrow to invest in the estate. Members considered proposals for short term, medium term and longer term investment in the learning environment. The Director of Capital presented the aims of any future accommodation strategy as:

- Reducing the overall College estate;
- Targeted investment in the remaining estate to improve learning spaces;
- Increased maintenance of buildings;
- Smarter utilisation of the estate.

Initial development options were presented to the Committee for Basford Hall and Clarendon campus. 4 options for Basford and 2 options for Clarendon were discussed to address priority provision within the specific envelop of borrowing. Members agreed that it

was important to invest in the learning environment to secure the future of **ncn** provision and the quality of the learning experience.

Members discussed the timescales, funding and priority curriculum areas noting that moving forward would involve investing funds into the planning process. Members requested the formalisation of the discussions into a strategic accommodation plan for approval by the Board in March so progress could be made during 2009/10.

Members noted the short term issues regarding Berridge and Hucknall.

Andy Donaghue left the meeting.

6. FINANCIAL STATEMENTS 2008/09

The Committee received the key highlights from the financial statements prepared by KPMG for the year ended 31 July 2009. The underlying operating surplus was £1,738,000, the draft financial statements reported a UK GAAP deficit of £80,000. The LSC financial health score remained at good.

It was reported that the local government pension scheme remained an issue nationally and KPMG devoted 4 pages of comment to it in the management letter received by the Audit Committee. The Committee noted the pension reserve deficit and noted the expectation of the cash impact of expected increased employers pension costs following the actuarial valuation in 2010.

Members noted the impact of the revolving credit facility on the balance sheet and the importance of monitoring the cash position during 2010 especially due to the change over to local authority payments.

The financial outturn was better than mid year forecast and that the balance sheet was good indicating prudent financial management. The members thanked the Vice Principal of Funding and Finance and his team.

Members discussed the long term risks given the expected funding cuts, the significant increases in staffing costs and the cost of borrowing to re-invest. Members considered the College's financial planning would come under pressure in the medium term and this needed to be closely monitored by the Committee.

The Committee passed the following resolution:

The Committee recommend the Member's Report and Financial Statements to the Corporation.

7. ANNUAL ACCOUNTS OF COLLEGE COMPANIES FOR YEAR ENDED 31 JULY 2009

The Committee reviewed the Financial Statements of the College subsidiary companies for the year ended 31 July 2009 and the results were noted. Both subsidiaries were expected to be wound up during 2009/10.

The report was noted.

8. TERMLY REPORT ON DEMAND LED AND PARTNERSHIP PROVISION

The Committee received a report outlining the partnership and demand led provision for 2009/10. The contribution rate was expected to be around 29% for the year but these rates were currently higher due to the timing of payments. Members discussed the falling Train 2 Gain funding and the impact of this on the future operating position of the College. The Vice Principal Funding and Finance discussed with members the contractual arrangements with Superdrug and the learning points identified as a result of the contract. Members were pleased a resolution had been reached with the company and payment of the debt secured but sought assurances from management that subcontracting arrangements were properly reviewed in future.

Members noted the report and passed the following resolution:

The Committee approve the write off of £89,000 of debt relating to Superdrug.

9. COMMITTEE SELF REVIEW

The Committee self assessment was reviewed by members. Discussion around the ability of the Committee to demonstrate it was outstanding in areas of its assessment resulted in agreement of the proposed gradings for the self assessment process. Members did however note that the changing membership of the Committee and the lack of financially qualified members could jeopardise these grades in future. Members did concur that there was evidence to demonstrate the effectiveness of financial management was outstanding due to the financial performance and clear audit opinions provided for 2008/09.

The self assessment grades were noted as:

Role relating to financial performance	outstanding
Effectiveness of value for money	good
Risk management	good
Development of the framework for pay and conditions	outstanding
Decision making	outstanding

Members considered that the public funding cuts, changes to funding and the implications for the pension situation would lead to the operating position coming under pressure and the committee needed to focus on these issues as well as funding property developments and the competitive landscape. Members questioned whether the number of meetings of the F&R Committee were sufficient. Members considered a meeting in January may be appropriate and focused meetings during the year should be focussed allowing for discussion, development and governor engagement.

10. FEES POLICY 2009/10

Members noted the report presented outlining the changes to the framework of fees for 2010/11. The majority of areas of fee determination remained the same as 2009/10 however the LSC expectation of fee percentage had increased to 50%. Members discussed the increase in HE fees in line with local competition and to manage demand. The increases in EFL and International fees were noted.

The Committee passed the following recommendation:

The Committee recommend the Fees Policy for 2010/11 to the Corporation for approval.

11. HUCKNALL SIXTH FORM CAMPUS PROPOSAL

The developments in relation to shared use of the Hucknall campus was reviewed by members. Members noted the progress to date and welcomed the potential solution to better use of the campus for the educational needs of the community.

Members noted the report and looked forward to further updates in due course.

12. MANAGEMENT ACCOUNTS OCTOBER 2009

The underlying operating surplus of £825k was noted by the Committee and the areas of variance reviewed. Members noted the final Train 2 Gain funding may be underachieved in year and members welcomed the positive achievement of other funding targets to date. Members noted the overachievement in adult enrolments and the impact this would have on curriculum non-priority areas. Members welcomed the close monitoring of these targets by management.

The cashflow position of the College was reviewed and it was noted the lowest point of cash reserves was March 2010 just as funding changed hands to the local authority.

Members noted the procedure for vacancy management adopted by the College to ensure pay costs were actively managed, given the expected cuts, vacancy management would become a key tool in managing efficiency savings and members were pleased to note this process was already in place.

Members noted the management accounts for October 2009.

13. FUNDING PROGNOSIS

Members received a briefing on the implications of the BIS Skills Investment Strategy 2010/11 and how **ncn** was responding. The expectation was that curriculum would need to be managed through minimum levels of performance and national priorities and efficiencies through staff utilisation, procurement, shared services and pay awards.

Members were keen to see the strategic direction being set by the College rather than the College strategy being led by outside forces. The market for some areas of provision may need to be delivered commercially and if valued by employers will be an area for development.

The Chair of the Committee explained his role in Connexions and the impact this would have on his role as a governor from April 2010. He informed members of his intention to resign as a governor with effect from the end of the meeting.

Members noted the report.

14. STUDENT RECORDS AND HR SYSTEMS

A report outlining the circumstances of a decision taken to waive financial regulations was reported to the Committee in accordance with the financial regulations. Members noted the detail of the contract awarded for the continuation of the licence and maintenance contract for the Student Records and HR systems.

15. RISK MANAGEMENT

A summary of the risks assigned to the Committee from the risk register last year were noted for information. Members were updated as to the development of the risk register in year and noted that the majority of the risks relating to F&R remained relevant for 2009/10. Members considered the meeting had highlighted the following main risks:

- Future funding changes
- Pension deficit and changes to employers contributions
- Addressing the accommodation issues

16. CONFIDENTIALITY OF BUSINESS

There were no items considered confidential.

17. DATE OF NEXT MEETING

The date of the next scheduled meeting was noted as 4 March 2010. The Clerk would circulate members to consider an additional January meeting.

The Chair closed the meeting at 6.30pm.

SIGNED: _____

DATE: _____