

**MINUTES of the MEETING of the FINANCE AND POLICY COMMITTEE  
held at Bicton College on Tuesday 23 June 2009**

<b>PRESENT:</b>	Mr C Harvey	- Chairman
	Mr J A T Lee	- Chairman of Governors
	Dr F Harper	
	Mrs J Wymer	
	Mr D M Henley	- Principal
<b>IN ATTENDANCE:</b>	Mrs A Pearson	- Vice Principal Quality and Learner Services
	Miss R King	- Director of Finance
	Miss J Townsend	- Assistant Principal Learner Responsiveness
	Mr K Bond	- Head of Skills and employer Responsiveness
	Mr G R Copper	- Clerk to the Board of Governors
<b>APOLOGIES:</b>	Ms J Bashford	
	Cllr A Liverton	

**RECOMMENDATIONS**

- Approved the write off of £2,774.98 of unrecoverable student fees debt.
- Recommended the budget for 2009-10 for approval to the Board of Governors
- Approved the revised fees policy
- Agreed that the Principal be authorised to take professional advice if required and enter into initial discussions with EDDC regarding disposal of land at Woodbury Salterton
- Agreed that the recommendations on financial governance in the Ofsted inspection report be referred to the Search Committee to consider within the action plan arising from the annual review of governance.
- Agreed to recommend approval of the updated Recovery Plan to the Board of Governors

**1. MINUTES**

- 1.1** The Minutes of the meeting held on 20 April 2009 were confirmed and signed by the Chairman.

## **1.2 Matters Arising**

### Minute 4.3

The Director of Finance reported that the use of agency staff was still high, especially in catering.

### Minute 4.4

Received an update on the HMRC issue of self employed lecturers. The minutes of a meeting between HMRC and the College had now been confirmed. It appeared that the College may have incorrectly employed lecturing staff on a self employed basis. PWC had been engaged to assist the College and were working to mitigate the potential costs. The worst case position was considered by Governors

### Minute 4.5

The Assistant Principal Learner Responsiveness had attended a meeting with University of Plymouth staff. The University was putting a case to HEFCE to continue the long course premium. It appeared that this had rarely been claimed and that the likelihood of retaining it was slim. The possibility of cutting the number of course credits was being looked at to reduce costs.

### Minute 4.6

The new mobile display unit had been delivered and was in use. Positive feedback on its ease of use and operation had been received.

## **2. ENROLMENTS REPORT**

- 2.1** Received the enrolments report. Learner responsive student numbers were below target, but both the 16-18 and 19+ funding targets were expected to be met. Additional support funding was expected to be fully utilised. Under the employer responsive category, 16-18 apprenticeships were close to target, but 19-24 and 25+ had exceeded the maximum contract value. The Bicton Train to Gain contract had been reduced to £25k but was now expected to outturn at £26k. The contract in collaboration with Exeter College was expected to outturn at £81k, which was above the maximum value of the contract. A Governor questioned why apprenticeship and Train to Gain learners were not fully utilising the additional support funding available, and was advised that many were not eligible.

## **3. FINANCIAL REPORT**

- 3.1** Received the management accounts for the period ending 31 May 2009. The Director of Finance highlighted the significant variances from the income and expenditure budgets. The issue of a potential claw back of the long course premium funding, amounting to £60k, by the University of Plymouth had been

noted. The reduction in full cost course income had been balanced by increased commercial income. Restructuring costs and costs associated with federation had not been included in the accounts. It was not anticipated that the College would require any further advances of funding from the LSC in the current financial year. A Governor asked about the financial performance of Saplings nursery and was informed that it appeared to be breaking even. The costs of the feasibility study into federation, the shortfall in HE income and FRS 17 adjustments in respect of the Local Government Pension fund were highlighted. The year end outturn was forecast to be a loss of £844,268, compared with the initial budgeted loss of £264,450.

- 3.2 The Chairman enquired about uncollected debts, and was advised that a reduction in the provision already made was not expected to be possible as some debts were being written off. The Chairman noted that no provision had been made for any costs arising from the HMRC issue with self employed lecturers.
- 3.3 A Governor asked about capital expenditure and was informed that this was reduced from the original budget and that expenditure was being held back unless deemed to be essential. The capital expenditure budget for 2009-10 would be 5% of income and prioritised on health and safety and student experience requirements.
- 3.4 Approved the write off of £2,774.98 of unrecoverable student fees debt.

#### **4. BUDGET**

- 4.1 The Director of Finance presented the draft budget for 2009-10. The budgeted outturn was a loss of £841,726, which allowed for anticipated restructuring costs of £500,000, and professional fees associated with federation of £100,000. The budget did not take account of the costs of any settlement with HMRC.
- 4.2 The income budget assumed that the College would achieve the full 16-18 learner responsive allocation from the LSC, amounting to £3,319,024 (615 learners). The allocation included £464,000 of transitional protection which was expected to be withdrawn during the period up to 2012/13. The joint Train to Gain contract with Exeter College was no longer permitted by the LSC. The partnership with Learning Curve was not continuing in 2009-10, which had not originally been budgeted in 2008-9. The HE contract with the University of Plymouth had yet to be confirmed, but there were concerns over recruitment for 2009-10.
- 4.3 Student residential fees had been reduced to bring Bicton in line with other colleges and to encourage take up. The budgeted income had been reduced from the 2008/9 level. The Principal considered that the refurbished accommodation was attractive to students. The Vice Principal Quality and Learner Services said that the College marketing campaign was focused on the whole of Devon, and not just the local area and the food offer had been much improved. The catering services income budget was increased by 2% over the amount generated in 2008-9. Commercial income was budgeted to increase by

10% which reflected increased levels of income additional activity in the RWEs. The farm budget was remaining at 2008-9 levels. The marketing budget was being maintained at the 2008-9 level.

- 4.4 The Chairman wished to see the College pursue other income opportunities. The Principal said that there had been limited capacity to prepare bids, but that the collaboration with Exeter College would improve the position and opportunities to increase income would be pursued. The Principal referred back to the issue of the Learning Curve contract and considered that the action taken by senior staff to enter into the contract at the time was right in principle to protect the College against a claw back of funding and maintain the level of adult funding allocation for 2009-10.
- 4.5 Within the expenditure budget, staffing costs had been re-worked to reflect the staff restructuring. No pay award was affordable in 2009-10 without having to make more staff redundant. The utilities budget had been reduced as water costs savings were being made. The maintenance budget was returning to historic levels and capital expenditure was planned at 5% of income. The Vice Chairman of Governors referred to the Ofsted inspection report which had recommended that the refurbishment of residential accommodation should be maintained and outdated equipment replaced. A Governor questioned whether a pay ward was a contractual obligation and was informed that contractual pay scale increments would be paid, but not a cost of living award.
- 4.6 The cash flow forecast was examined and the Chairman recommended that a contingency be retained. It was resolved that the budget for 2009-10 be recommended to the Board of Governors for approval. Noted that the three year financial forecast would be presented to the full Board.
- 4.7 Received the updated fees policy for 2009-10, which was approved.

## **5. RECOVERY PLAN**

- 5.1 Due to the contents of the report referring to staff restructuring, it was agreed to treat this item as confidential.

## **6. HUMAN RESOURCES REPORT**

- 6.1 The Principal advised that the HR report was not available at this meeting. It was agreed that the Clerk would circulate the report for May/June 2009 to Committee members when completed.

## **7. PROPERTY STRATEGY**

- 7.1 The Principal circulated copies of a communication from East Devon District Council expressing an interest in part of the College land at Woodbury Salterton as an exception site for 8 units of affordable housing. The College had previously advised EDDC of the potential availability of two fields for development. Governors were concerned that the development should not compromise any possibility of future commercial development of the land, and in

particular to preserve a point of access. It was agreed that the Principal be authorised to take professional advice if required and enter into initial discussions with EDDC and report back through the Estate Advisory Committee.

**8. BUSINESS RECOVERY PLAN**

**8.1** The Director of Finance reported that the current plan needed updating since the last review in January 2008. There was no contact tree for staff or students and no scenario testing had yet been carried out. It was planned to progress these matters after restructuring had been completed. Noted the need to have a procedure to deal with a swine flu outbreak.

**9. INSURANCE**

**9.1** The Director of Finance reported that a meeting had been arranged with the insurance brokers, HSBC, to discuss the renewal arrangements for 2009-10. No further information was available at present.

**10. OFSTED REPORT**

**10.1** The Vice Chairman of Governors reported that the Education and Standards Committee had looked at the Ofsted report on the inspection carried out in February 2009. This had made a clear recommendation that the capacity and effectiveness of financial governance needed to be improved. This would need to be addressed in the post inspection action plan and the quality improvement plan. The issues which had led to poor financial performance were discussed, and the Committee accepted the need to address this issue. Many of the issues had been identified in the annual Review of Governance process. It was agreed that this would be referred to the Search Committee to consider within the action plan arising from the annual review. The Clerk to arrange.

**11. DATE OF NEXT MEETING**

**11.1** Next scheduled meeting Monday 12 October 2009 at 10.00 am.

Signed \_\_\_\_\_  
Chairman

Date \_\_\_\_\_

<b>ACTION</b>			
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<b>ITEMS</b>			
<b>Minute</b>	<b>Action</b>	<b>By</b>	<b>When</b>
<b>6.1</b>	Circulate HR report for May/June 2009 to Committee members	Clerk	15.7.09
<b>10.1</b>	Arrange meeting of the Search Committee to consider the recommendations on financial governance in Ofsted inspection report	Clerk	13.7.09