

**MINUTES of the MEETING of the FINANCE AND POLICY COMMITTEE  
held at Bicton College on Monday 9 February 2009**

- PRESENT:**
- |                |                         |
|----------------|-------------------------|
| Mr C Harvey    | - Chairman              |
| Mr J A T Lee   | - Chairman of Governors |
| Ms J Bashford  |                         |
| Dr F Harper    |                         |
| Mrs A Liverton |                         |
| Mrs L Twigg    | - Interim Principal     |
- IN ATTENDANCE:**
- |               |                                            |
|---------------|--------------------------------------------|
| Mr J Kelly    | - Interim Director of Finance and Planning |
| Mrs D West    | - Registry and Quality Manager             |
| Mr G R Copper | - Clerk to the Board of Governors          |
| Mr M Croker   | - Learning and Skills Council              |
- APOLOGIES:** Mrs J Wymer

**RECOMMENDATIONS**

- Approved the Voluntary Redundancy Policy.

**1. MINUTES**

**1.1** The Minutes of the meeting held on 8 December 2008 were confirmed and signed by the Chairman.

**1.2 Matters Arising**

Minute 1.2

Problems with the Education Maintenance Allowance system now appeared to have been resolved.

The Chairman of Governors reported that consultants to Clinton Devon Estates had identified drawbacks with both sites being considered for an anaerobic waste digester. CDE were investigating alternative sites although the Bicton site might still be suitable for a smaller digester. Discussions on use of CDE farms for delivery of learning were continuing.

## Minute 8.1

East Devon District Council was still considering local housing plans. A consultation process was now in progress.

### **2. ENROLMENTS REPORT**

- 2.1** Received a report showing full and part time learner numbers and funding for 2008-9. On 21 January 2009 16-18 learner responsive enrolments were 244 below target at 538 but with the Spring recruitment drive were rising and were expected to increase to 750 which was closer to the target of 782. Income and SLNs would be met. Adult learner responsive enrolments were currently half way there at 675 but were expected to outturn on target at 1300. Some shortfalls in apprenticeships were anticipated, particularly in 19+ which was affected by the economic recession. The Train to Gain contract delivered in partnership with Exeter College was expected to be on target but some shortfall was anticipated with the Bicton contract. The next learner data return to the LSC would include the Kick Start learner numbers and it was expected that the College would achieve the Standard Learner Numbers (SLN) target. The overall impact on LSC income was estimated as a reduction of £100k
- 2.2** Opportunities to increase Train to Gain numbers were discussed given the increased flexibility in response to the economic recession. The Vice Chairman emphasised the need to increase all enrolments and referred to the initiatives which had been reported to the Academic Board.
- 2.3** The Registry and Quality Manager reported that HE FTE learner numbers were close to target subject to final confirmation of numbers by the University of Plymouth in March. The PGCE course had recruited well. It was expected that the previously reported shortfall in income would reduce significantly from £60k to £10k. The Vice Chairman of Governors was pleased to note the improved position but said that the Foundation Degree courses had not recruited well and action was still needed to increase recruitment.

### **3. FINANCIAL REPORT**

- 3.1** The Interim Director of Finance presented the management accounts for the period ending 31 December 2008. The year to date position was a loss of £323k compared with a budget deficit of £189k. The position at the same period in 2007-8 was a loss of £168k. The deterioration was primarily due to staff costs not yet being reduced to offset reduced income. Income was down from budget by £151k, but staff costs were up by £16k and non pay costs by £33k. Full cost fees were starting to fall behind budget due to the recession and commercial income was also under pressure for the same reason.
- 3.2** Management was progressing staff redundancies. Twelve applications for voluntary redundancy had been received and not all were suitable. It was expected that compulsory redundancies would also have to be considered. With the Ofsted inspection imminent and consultation with the Principal designate the view was that this should not be progressed until after the inspection. A meeting

with line managers was being held later in the day to seek explanations for increased pay costs anomalies in December 2008. Agency workers had had to be used in wardening and catering areas as CRB checks were slow coming through. Governors requested that the Interim Director of Finance investigate the variable wage costs for further savings. The outcome of meetings to discuss the collaboration agreement with Exeter College was awaited to inform potential savings from shared services.

- 3.3** The Vice Chairman of Governors enquired about the updated cash flow forecast requested by the LSC at the last Recovery Group meeting. The cashflow forecast to the end of July 09 had been submitted. The Interim Director of Finance was still working on the whole year forecast as a number of assumptions needed further investigation and confirmation in view of the economic climate and other factors. It was not considered realistic to attempt to forecast beyond the end of July until the LSC income had been confirmed. It was anticipated the College would need a further advance of LSC funding before the end of February.
- 3.4** Capital expenditure was reported. The Chairman requested that tight control of capital expenditure was maintained for the remainder of the year to minimise the impact on cash flow. Governors noted the much improved financial position of Saplings Nursery and thanked the manager and staff for achieving this. An update on commercial income generating activities which included weddings was provided. A Governor enquired about progress with the Farm Shop, and was informed that the property earmarked for this development was currently being used as temporary accommodation for a member of the Farm staff. It was advised that the updated Recovery Plan and the revised cash flow forecast to 31 July 2009 would be brought to the next meeting of the Committee.

#### **4. RECOVERY PLAN**

- 4.1** The Interim Director of Finance reported on progress with the Recovery Plan. The economic recession was impacting on commercial income, with examples given of external organisations which were scaling down or discontinuing events. A meeting with the Principal designate had been arranged to discuss strategic issues regarding collaboration with Exeter College and the effect of decisions made particularly with respect to shared services would be modelled into the updated Recovery Plan, to be produced by 17 February.

#### **5. LSC FUNDING 2009-10**

- 5.1** The provisional funding statement for 2009/10 received from the LSC was circulated. Governors and management were extremely concerned by the severe reduction in 16-18 funding of £80k and inconsistencies in the application of factors to determine the funding allocation. The interim Principal reported that she has already had a meeting with the LSC about this. There was general concern among other Principals in Devon over the allocations and methodology used to determine them. Discussions would be taking place with the LSC to secure a more realistic funding allocation. The Principal Designate and Principal of Exeter College were very concerned and would be supporting the College's

negotiations with the LSC. The allocation for apprenticeships appeared to be as expected. Mr Croker would follow up to ensure a clear allocation figure was available for the Recovery Plan update.

## **6. INVESTMENT AND BORROWING STRATEGY**

- 6.1** The Interim Director of Finance presented a paper. The bank loans to finance the Learning Resource Centre and overdraft facility were shown together with interest rates. The College currently had no investments. The bank covenants were explained and there was an assessment of the College's current compliance with them. It was noted that the College had some finance leases for tractors and equipment. Mr Croker stated that the College was required to seek LSC approval if the overdraft exceeded 5% of annual turnover. Currently the College was maintaining the overdraft at less than this percentage but a request for approval of borrowing up to the full amount of the facility would be submitted.

## **7. HUMAN RESOURCES REPORT**

- 7.1** Received the Human Resources report. Noted that total staff numbers had reduced from 296 in January 2008 to 256 in January 2009. Sickness absence levels were below the average for similar sized colleges. The Interim Principal reported that staff appraisals were on schedule. Twelve applications for voluntary redundancy had been received. It was not expected that all could be considered for redundancy and compulsory redundancies would have to be made. This would be pursued after the Ofsted inspection. One employment tribunal claim was pending relating to equal pay, the hearing was scheduled for 25 February.

## **8. POLICIES**

- 8.1** The Voluntary Redundancy Policy was received which incorporated amendments requested at the Board meeting on 13 January, and subsequently agreed with the Chairman of Governors. The policy was approved.

## **9. PROPERTY STRATEGY**

- 9.1** The Interim Director of Finance reported the property strategy had been submitted to Mark Harvey at the LSC but had not yet been progressed. This was being followed up. The national position with capital projects currently being reviewed by the LSC was noted.

## **10. DATE OF NEXT MEETING**

- 10.1** Next scheduled meeting Monday 20 April 2009 at 10.00 am.

Governors welcomed the Marketing Newsletter and noted the new and improved College website. The Marketing Manager and team were thanked for their work on this.

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

Date \_\_\_\_\_

<b>ACTION ITEMS</b>			
<b>Minute</b>	<b>Action</b>	<b>By</b>	<b>When</b>
<b>3.2</b>	Investigate the variable wage costs for further savings.	Interim Director of Finance	20.4.09
<b>3.4</b>	Updated Recovery Plan and the revised cash flow forecast to 31 July 2009 to be brought to the next meeting	Interim Director of Finance	20.4.09