

CORPORATION OF RICHMOND UPON THAMES COLLEGE

MINUTES OF THE

FINANCE AND RESOURCES COMMITTEE MEETING

HELD ON WEDNESDAY 18 MARCH 2015 AT 6.00 PM IN ROOM D6

PRESENT:

| | |
|-------------------------|----------------------------------------------|
| Peter Llewellyn | Chair of the Committee, Independent member |
| Cathy Bird | Chair of the Corporation, Independent member |
| Gergana Duff | Independent member of the Corporation |
| Robin Ghurbhurun | Principal and Chief Executive |
| Giles Nestfield Roberts | Academic staff member of the Corporation |
| Rebecca Veazey | Independent member of the Corporation |
| Nanda Ratnavel | Deputy Principal |
| Debbie Parkes | Clerk to the Corporation |

1.0 Apologies for absence

Apologies for absence were received from Jackie Miles and Yvonne Glennon .

2.0 Introductions

The Chair asked members whether they wished to raise any issues under Part Two of the agenda. The Chair of the Corporation advised that she would like to raise agenda item 10 'Analysis of Staff Survey' for discussion.

3.0 Declarations of Interest

There were no declarations of interest in the business to be discussed.

4.1 Minutes of the Finance and Resources Committee meeting held on 10 November 2014

The Committee received the previously circulated minutes of the Finance and Resources meeting held on 10 November 2014. The minutes were approved as an accurate record.

APPROVED

4.1.1 Matters arising from the Minutes of the Finance and Resources Committee meeting held on 10 November 2014

The Committee noted the report on the Action Points from the minutes.

Key Performance Indicator document.

The Chair requested that the over-all KPI document, registering Student Performance, Quality Improvement/Performance Management and Allocations and Finance, is brought to future meetings of the Finance and Resources Committee.

The Chair requested that the KPI document is updated and presented at all Corporation Board meetings and sub committees.

ACTION: DEPUTY PRINCIPAL

4.2 Minutes of the Joint Audit and Finance and Resources Committee meeting held on 26 November 2014

The Committee received the previously circulated minutes of the Finance and Resources meeting held on 26 November 2014. The minutes were approved as an accurate record.

APPROVED

4.2.1 Matters arising from the Minutes of the Joint Audit and Finance and Resources Committee meeting held on 26 November 2014

The Committee noted the report on the Action Points from the minutes.

4.3 Minutes of the Finance and Resources Committee meeting held on 26 November 2014

The Committee received the previously circulated minutes of the Finance and Resources meeting held on 26 November 2014. The minutes were approved as an accurate record.

APPROVED

4.3.1 Matters arising from the Minutes of the Finance and Resources Committee meeting held on 26 November 2014

The Committee noted the report on the Action Points from the minutes.

5.0 Management Accounts to 31 January 2015

The Committee received the previously circulated report 'Management Accounts to 31 January 2015'.

The Deputy Principal drew members' attention to the omission of a balance sheet from the management accounts and advised that this would be circulated.

ACTION: DEPUTY PRINCIPAL

The report updated governors on the College's financial position for the current year and showed a projected deficit of £235k which was better than budget by £35k.

With regard to income, in the year to date there was underachievement of £30k across adult skills and 19+ apprenticeships, underachievement of £2k from local authorities and schools; and underachievement of £3k from commercial sources.

The forecast was for a recovery in adult skills with overachievement of £135k (including an extra £200k that is subcontracted), a recovery in 19+ apprenticeships, with overachievement of 35k due to planned increases in learners, overachievement in 16 – 18 apprenticeships of £60k based on existing numbers of learners, a shortfall in release of capital grants of £45k due to the full release of one particular grant last year, overachievement from other funding bodies and agencies of £28k for extra elements to the engineering framework, overachievement from FE tuition fees of £15k due to high enrolments and overachievement from commercial income of £18k largely due to high sports hall activity.

The Corporation Chair was interested to see the position with regard to apprenticeship funding and asked how this would increase between now and the end of the year and what this assumption was based on. The Deputy Principal advised that the Skills Funding Agency had allocated an additional sum of £200k to the College based on its current performance and that this had been subcontracted out to fully achieve the funding.

With regard to expenditure, in the year to date performance teaching pay costs were £146k underspent due to some courses not running, vacancies and replacement staff costing less than budget, support pay costs were £6k overspent due to paying off time off in lieu/overtime and long term sickness cover. Members were advised that the one-off payment of 'time off in lieu' had been made when the new support staff contract was instigated and time off in lieu could no longer be carried over to a new year.

Other non pay lines were collectively underspent by £155k due to timing differences, the largest being £137k on bursaries.

The forecast was for teaching pay to be £225k underspent, support pay to be £100k overspent, franchises to be £300k overspent. Though bursaries were forecast to breakeven, this was a prudent estimate and there may well be an underspend at year end.

The Committee requested clarity about expenditure on 'internal recharges' and 'other supplies and services' in the management accounts. The Deputy Principal promised to provide a breakdown of these areas. **ACTION: DEPUTY PRINCIPAL**

The high cost of exam fees was noted. The Deputy Principal advised that across the sector there had been a relentless increase in these costs for some years, though the fewer than planned learner numbers at the College suggested that the present forecast was prudent.

In response to members' questions the Deputy Principal advised that depreciation costs were based on the type, cost and useful life of fixed assets and that the robustness of the College's fixed asset register would be reviewed.

The Committee Chair was interested to see how the year to date deficit would appear on the balance sheet. The Deputy Principal explained that the deficit would be netted off against the accumulated profit and loss reserve and that a clear reconciliation would be included in the balance sheet to be circulated. **ACTION: DEPUTY PRINCIPAL**

The Committee Chair confirmed that cash from land sales would mitigate the cashflow, though clearly there would be a need to ensure that funds designated for the campus redevelopment do not subsidise operating losses.

Turning to the Cashflow Forecast the Committee Chair drew members' attention to the significant dip in cash from February to April 2015, which was expected due to the timing of funding income. He expressed disappointment that he had not had a response to his enquiry in November about why the forecast cash figure was so different to the actual figure at the end of October 2014. The Deputy Principal undertook to investigate and respond. The Committee Chair requested that answers to committee questions are not left until the next meeting, but are emailed to members when possible.

ACTION: DEPUTY PRINCIPAL

The Committee considered Appendix 3 'Key Performance Indicators 2014/2015 – Allocations and Finance'. Members noted that staff costs as a percentage of income were reducing. Some concern was expressed that the cash days in hand was 1.4 days at March

2015. The Chair requested that a column prophesying the 2016 year end position is added to the indicators. **ACTION: DEPUTY PRINCIPAL**

6.0 Indicative Funding 2015/2016

The Committee received the previously circulated report 'Indicative Funding 2015/2016'.

Members noted that both Education Funding Agency and Skills Funding Agency funding would be less in 2015/2016 than was anticipated when the two year plan was prepared last year. These reductions would put significant pressure on the budget for 2015/2016 and work was currently underway to consider how cost savings can be made to minimise the deficit; the Committee noted that if the College does not do anything it could be facing a deficit position of around £1.5m, which would include extra pension and national insurance contribution costs. The Principal advised that proposals in relation to a number of areas around the curriculum and quality would be subject to consultation with the Unions and staff after Easter. The proposals would include areas where growth was possible.

The Committee requested that the draft budget for 2015/2016 is presented to members at the earliest opportunity.

ACTION: PRINCIPALSHIP

In reply to a governor's question, the Principal spoke about the College's strategies to ensure that applications are converted to enrolment. He also advised that this year the College would put in place the structures for growth next year.

In response to the Corporation Chair's question, the Principal advised that it was possible to deliver a fully funded programme of provision for students starting in January, however the College's current teaching contract would prohibit this initiative. A discussion took place during which attention was drawn to the advantages of a market-force led curriculum, which might be facilitated by some flexibility to staff contracts. A governor felt that this flexibility may have an impact on quality issues. The Committee noted the importance of making realistic plans that would secure the College's future and advised that the importance of honest and timely communication with staff about these proposals could not be over-stated.

The Deputy Principal reiterated his intention to present cash flow forecasts for two financial years to the Committee that show both revenue and capital flows.

ACTION: DEPUTY PRINCIPAL

7.0 Report on Adult Fees and Charges

The Committee received the previously circulated report 'Fees and Charges 2015/2016'. The report proposed fees for 19+, under 16 and overseas students for the forthcoming academic year. This area represented a small volume of the College's income and the Deputy Principal advised that the proposed charges were competitive.

A discussion took place about the possibility of expanding the College's base of overseas students; it was noted, however, that the appropriate infrastructure would need to be in place in order to take this forward.

8.0 Capital Budget Monitoring Report to February 2015

The Committee received for information the previously circulated report 'Capital Monitoring to February 2015'.

9.0 Implementation of Human Resources Development Plan 2014/2015

The Committee received for information the previously circulated report 'HR Development Plan 2014/15 update'.

10.0 Analysis of Staff Survey

The Committee received for information the previously circulated report 'Staff Survey 2013/2014'. The report provided information about the general findings from the 2013/2014 staff survey and was a reflection of past, rather than present views.

The Corporation Chair noted that the results of the Staff Survey raised some serious issues and also some anomalies.

The Principal advised that the outcomes of a current mid-year staff survey would be shared with governors.

ACTION: HEAD OF HUMAN RESOURCES

11.0 Update on Health and Safety Matters

The Committee received for information the previously circulated report 'Update on Health and Safety Matters'.

12.0 Contract Approvals

The Committee received for information the previously circulated report 'Contract Approvals'.

The Committee noted the contract awarded for the IT/MIS Improvement review.

The Committee noted the information provided about consultants hired 1 November 2014-28 February 2015.

13.0 Any Other Business

There was no other business.

14.0 Date of Next Meeting

WEDNESDAY 24 JUNE 2015 AT 6PM

The meeting closed at 7.30pm