

CORPORATION OF RICHMOND UPON THAMES COLLEGE

MINUTES OF THE

FINANCE AND RESOURCES COMMITTEE MEETING

HELD ON WEDNESDAY 25 JUNE 2014 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
David Trigg	Independent member of the Corporation
David Ansell	Principal and Chief Executive
Shereen Sameresinghe	Deputy Principal
Jackie Miles	Head of Finance
Debbie Parkes	Clerk to the Corporation

1.0 Apologies for absence

Apologies for absence were received from Paul Sheehy, Rebecca Veazey and Yvonne Glennon.

2.0 Introductions

The Chair asked whether members wished to raise any questions about the papers sent out for Part Two of the meeting. A governor said that he would raise questions about agenda item 10.0 'Building a Sustainable Future update'. The Corporation Chair said that she would raise questions about agenda item 11.0 Staffing and Recruitment Annual Report.

3.0 Declarations of Interest

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

4.1 Minutes of the Finance and General Purposes Committee meeting held on 18 March 2014

The Committee received the previously circulated minutes of the Finance and Resources meeting held on 18 March 2014. The minutes were approved as an accurate record.

APPROVED

4.2 Matters arising from the Minutes of the Finance and General Purposes Committee meeting held on 18 March 2014

The Committee noted the report on the actions from the minutes of 18 March.

5.0 Management Accounts to 31 May 2014

The Committee received the previously circulated report 'Management Accounts to 31 May 2014'. The Management Accounts showed a reduced projected deficit of (£662,585), a £112,383 variance when compared to the original budget (shown at appendix 1).

The Head of Finance advised that income from Higher Education provision this year was higher than anticipated and that SFA capital grant income of £110,000 for redevelopment consultancy costs had been released for the College's share of Education and Enterprise costs of £135,000 in relation to the redevelopment project.

A governor questioned why the College's expenditure on Cleaning Services was higher than expenditure on its Utilities services. The Deputy Principal advised that the cleaning budget had been reduced as much as practically possible, bearing in mind the age of the building. Governors asked about the possibility of retendering the cleaning service and the Deputy Principal advised that it would be possible to retender next year, although this would be dependent on the outcome of the process taking place for the redevelopment project.

The Committee Chair was pleased to note that the management accounts showed an improved position.

6.1 Revenue Budget 2014/2015

The Committee received the previously circulated report 'Revenue Budget 2014/2015'. The Committee noted that the 2014/2015 budget outturn varied from the two year financial plan approved by the Corporation in July 2013 by approximately £280,000 and the Deputy Principal drew members' attention to the key factors contributing to this variance.

The Deputy Principal advised that the measures in the Building a Sustainable Future document had all been considered and that the following would be implemented for the academic year 2014/2015:

- Curriculum management restructure
- Reduction in remission available for specific responsibilities
- Increase in hours delivered by teaching staff alongside changes to the timetable
- Changes to the curriculum offer

The Deputy Principal advised that assumptions had been made on the required staffing figures for 2014/2015 and income had been based on how the College had performed this year.

The Committee Chair noted that the College's reserves would now go down to £1.2m and asked what the implications for this would be. The Deputy Principal advised that the Funding Agency's main concern was with the cash position and that the actions taken had had a positive influence on the College's cash flow, to the point where an overdraft facility may not be required next year. The Head of Finance confirmed that the College's bank was still content to provide the College with an overdraft facility.

The Chair said that the Corporation would have preferred the College to achieve a surplus in 2014/2015, however members recognised the constraints that management had been working under this year.

The Committee agreed to recommend the Revenue Budget 2014/2015 to the Corporation for approval. **AGREED**

ACTION: FINANCE AND RESOURCES COMMITTEE

6.2 Capital Budget 2014/2015

The Committee received the previously circulated report 'Capital Budget 2014/2015'.

In response to a question from the Corporation Chair, the Deputy Principal advised that she had had a conversation with all budget holders about whether large amounts of capital expenditure could be deferred for a year but in most cases this had not been possible. She advised that the College must make investment in its information systems. All capital expenditure would remain under review during 2014/2015 in the context of the redevelopment project.

The Committee agreed to recommend the Capital Budget 2014/2015 to the Corporation for approval. **AGREED**

ACTION: FINANCE AND RESOURCES COMMITTEE

7.0 Two Year Financial Plan

The Committee received the previously circulated report 'Two Year Financial Plan'.

Attention was drawn to the Executive Summary, which provided information about some changes to the funding environment.

The Deputy Principal drew members' attention to the key assumptions in preparing the two year financial plan and members noted that the result of these assumptions was a small surplus position.

A discussion took place about the assumption that 16-18 student numbers are maintained at 3,000. The Deputy Principal explained that a key change in the funding methodology meant that the College should be able to maintain its 16-18 funding budget with less students because students will be on more planned study programmes with more planned hours.

The Principal advised that some of the staffing changes being made in 2014/2015 would have their full effect in 2015/2016.

The Committee agreed to recommend the Two Year Financial Plan to the Corporation for approval. **AGREED**

ACTION: FINANCE AND RESOURCES COMMITTEE

8.0 Treasury Management Policy Review and Strategy for 2014/2015

The Committee reviewed the Annual Report on Treasury Management 2012/2013.

The Head of Finance advised that no changes were proposed to the Treasury Management Policy and Strategy for 2014/2015 and that the College optimises treasury management on a daily basis.

The Committee agreed the Treasury Management Policy and Strategy for 2014/2015 as presented. **AGREED**

9.0 Review of Financial Regulations

The Committee received the previously circulated report 'Review of Financial Regulations'. Members noted that no changes were proposed to the Financial Regulations for 2014/2015.

Members noted that the Financial Regulations had been reviewed by the Audit Committee and that Audit Committee members had made no recommendations.

The Committee agreed to recommend the Financial Regulations to the Corporation Board for approval. **AGREED**

ACTION: FINANCE AND RESOURCES COMMITTEE

10.0 Building a Sustainable Future update

The Committee received for information the previously circulated report 'Building a Sustainable Future update'.

A governor drew attention to the original target savings of £3.2 set by the Corporation Board, following the initial recommendation to the Board made by the Structure and Options Appraisal Working Group, that management should be tasked with achieving savings of £2.6m. The governor noted that the 2014/2015 budget estimated £2.2m savings and expressed concern that this amount was even lower than the £2.6m savings target. A discussion took place. A governor noted that the last update to the Committee had recorded savings on teaching staff of £1.6m and that this figure had now reduced to £1.2. The Deputy Principal advised that a number of issues relating to staff constraints had contributed to this position. The Principal noted that the £3.2m savings target had assumed that all of the savings in the report from the Working Group would be achieved, however a decision had been taken by the Senior Management Team that an across the board pay cut would be extremely difficult to achieve and the decision had been taken not to proceed with this option. In addition, the option to decrease the maximum point on the salary scale from point 36 to point 35 which, the Principal believed, would have further damaged morale, had also not been pursued. The Principal said that he did not see the £2.2m savings achieved as the 'right' figure and that he would like to see greater savings that would allow the College to reach a surplus position next year, however this situation had been arrived at against a background of negotiations which had taken place with the Unions in order to achieve a settlement. The Principal noted that the College had had to ensure that curriculum management was viable and that quality issues in an inspection year were taken into account in the process.

The Corporation Chair was of the view that College Management had achieved the maximum savings possible and that further action would have resulted in damage to the College.

The Committee Chair noted that the £2.2m savings achieved was reflected in the 2014/2015 budget and would not decrease. The Committee Chair was also of the view that College Management had achieved the maximum savings possible, however he said that he would have liked more argument from the Senior Management Team at the Corporation Board meeting in September 2013 about why they had felt that the £3.2m staff costs savings target was not achievable. The Deputy Principal noted her observation made at the Board meeting, that £3.2m was not an achievable target, but reflected that the Board had been determined. She also noted that governors had been instrumental in retaining the International Baccalaureate offer, which had represented an original area of saving, and that this area, in conjunction with decreasing the maximum point on the salary scale from point 36 to point 35 would have achieved total savings of around £2.6m, albeit management had concluded that enforcing a contract change was not the right thing to do.

A governor noted that the College had agreed that it was crucial to achieve £2.6m savings and expressed concern that it had fallen short of its target.

11.0 Staffing and Recruitment Report 2012/2013

The Committee received for information the previously circulated report ‘Staffing and Recruitment Report 2012/2013’.

The Corporation Chair requested that Capability issues are separated from Disciplinary issues in further Staffing and Recruitment reports.

ACTION: HEAD OF HUMAN RESOURCES

The Corporation Chair felt that this was a very good report which should be presented in Part One of future meetings for discussion.

ACTION: CLERK TO THE CORPORATION

Members noted that the Staffing and Recruitment Report would be brought to the Finance and Resources Committee in the Spring Term in future.

ACTION: HEAD OF HUMAN RESOURCES

12.0 Human Resources Development Plan 2013/2014 update

The Committee received for information the previously circulated report ‘Human Resources Development Plan 2013/2014 update’.

13.0 Capital Monitoring to 31 May 2014

The Committee received for information the previously circulated report ‘Capital Monitoring to 31 May 2014’.

14.0 Update on Health and Safety

The Committee received for information the previously circulated report ‘Update on Health and Safety’.

15.0 Contract Approvals

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

The Committee noted the previously agreed contract approvals for £40,000 to £150,000.

16.0 Student Union Accounts

The Committee received for information the previously circulated report 'Student Union Accounts'.

17.0 Write-Off of Bad Debts

The Committee received for information the previously circulated report 'Write off of Bad Debts'.

18. Date of Next Meeting

JOINT AUDIT AND FINANCE AND RESOURCES MEETING:

Wednesday 26 November 2014 at 6pm followed by:

FINANCE AND RESOURCES COMMITTEE MEETING at 7pm