



**MINUTES OF FINANCIAL PERFORMANCE & EFFICIENCY COMMITTEE MEETING  
HELD ON 12<sup>TH</sup> MAY 2016**

<b>Present:</b>	Rachel Court Shaffiq Mahmood John Rees Malcolm Rogers Andrew Wright	(minutes 91 to 125)   Chair
<b>In Attendance:</b>	Stephen Byrne Denise Cheng-Carter Lesley Venables	Project Manager – Capital Project (minutes 94 to 102) Deputy Principal, Finance and Resources Clerk to the Corporation

The newly-appointed Chair welcomed Andrew Wright to his first meeting of the Committee and the Clerk to the Corporation who had recently returned to work after a period of sickness absence.

**APOLOGIES FOR ABSENCE**

84 There were no apologies for absence.

**DECLARATIONS OF INTEREST**

85 No declarations of interest were received.

**MINUTES**

86 **Resolved** - That, subject to two minor amendments, the minutes of the meeting held on 25<sup>th</sup> February 2016 be approved as a correct record and signed by the Chair

**MATTERS ARISING**

87 The Committee received a list of actions resulting from the previous meeting and noted that all of these had either been completed, were in progress or featured on the agenda. Governors requested that the progress column for each item should be populated in all future versions to enable the Committee to monitor performance effectively.

88 In relation to minute 59, it was agreed that the Clerk would forward the minutes of the 15<sup>th</sup> October 2015 meeting to the Chair, who would agree any amendments to the definition of the 'contribution level'.

89 It was felt that the actions to provide information on curriculum planning and its impact on the College's financial position remained relevant (minutes 74, 79 and 80), but that information would be submitted to the Committee by management as required. The Principal reported that the curriculum planning process had commenced much earlier in the academic year than previously to give sufficient time to assess the consequences of any changes. These would be included in the budget for 2016/2017 presented to the Board in July.

90 A number of the actions identified would be addressed together as part of the review of financial reporting to the Committee and to the full Board (the remainder of minute 59, minutes 70 and 82). There would be discussion at a future meeting on the Committee's developing information needs.

**Rachel Court joined the meeting at this point.**

91 Following discussions with the Deputy Principal (Finance & Resources), the Chair presented a draft Board 'dashboard' that was designed to set out actual performance against the College's budget and against a number of key indicators. It was intended that the graphical representation would be accompanied by a commentary on any issues arising from the figures, to enable governors to pinpoint areas of high performance and those of concern that required management action.

92 The Committee agreed that the dashboard should be submitted to the May Board meeting for discussion. Adoption of this reporting format would mean that the full Board would no longer need to receive a large amount of detailed financial information, but merely a summary of the main issues and any concerns.

93 **Resolved -** That a draft 'dashboard' measuring performance against key financial indicators be submitted to the May Board meeting for discussion

**Stephen Byrne joined the meeting for this item.**

**CAPITAL PROJECT UPDATE**

94 The Project Manager reported that there had been some difficulties in the delivery of the programme, particularly the decanting of E Floor to G Floor, but this would be completed by the end of the academic year. The replacement of the windows had proceeded well and it was anticipated that the Learning Resource Centre would be completed by mid-June.

95 Governors questioned whether the timescales were achievable given the issues reported above. The Project Manager gave an assurance that additional resources were being deployed and that it was still expected that the project would be delivered within the allocated budget and on time, although some of the contingency that had been set aside may have to be used to absorb extra labour costs.

96 Grant payments from the Local Enterprise Partnership were now up-to-date and it was noted that the College had now agreed match funding with the LEP.

97 Specialist teaching areas were being prioritised for completion before the start of the new academic year, to mitigate any over-run on the timetable. The Committee asked what contingency plans were in place and was advised that the contractor was confident that at least a proportion of E Floor would be handed over to the College by the end of August 2016.

98 The Project Manager was of the view that off-site additional accommodation for learners and staff would not be required. However, this would continue to be monitored carefully and the scoring of the risks associated with completion deadlines would be increased as these became more critical.

99 It was noted that no asbestos had been found in the building that had impacted on the work of the main contractor. The surveys undertaken prior to the commencement of the project had been thorough and worthwhile.

100 The Committee questioned whether the project had had an adverse impact on learners. The Project Manager reported that work during the examination period had been planned specifically to avoid disruption for learners. The Principal noted that there had been no measurable impact on learner retention.

101 There had been no reportable accidents to staff or students as a result of the project. However, 3 to 4 issues had been highlighted amongst the main contractor's staff. There had been a couple of 'near misses' and corrective action had been taken to avoid any recurrence.

102 The Committee asked that a tour of the new facilities be arranged for all governors at some future date.

**Stephen Byrne left the meeting.**

## **MANAGEMENT ACCOUNTS**

103 The Deputy Principal presented the management accounts to 30<sup>th</sup> April 2016. These indicated a forecast surplus of £118k against the agreed budget of £110k.

104 The College had under-recruited against target for 16-18 year old learners. Although there would be no impact on funding in 2015/2016, there would be a reduction in income for 2016/2017. Income reductions were partially mitigated by increasing the size of the programmes undertaken by learners.

105 Governors asked whether this was a downward trend and the Principal responded that this was due in part to a reducing demographic in the local area, which was likely to persist for the next 3 years. Growth would be achieved through higher levels of internal progression and increasing the College's market share. Further information on the developing relationships with schools in the area would be discussed at the May Board meeting.

106 Applications for 2016/2017 were broadly in line with the current academic year and staff were aware of the need to improve on this position and actions were already in place.

107 Recruitment to apprenticeship programmes for 16-18 year olds was on target, but 19+ was below budget by £69k. A bid for an increase in learner numbers in this area had been submitted to the Skills Funding Agency, but the College had not yet been notified of the outcome. The SFA had recently written to colleges informing them that apprenticeship growth bids for 2016/2017 would be prioritised in particular categories, such as STEM. Further growth in apprenticeships had been included in the financial plan that had accompanied the documentation prepared for the Area Based Review process and a detailed growth bid was being prepared in response to the identified priorities.

108 The Committee noted that the College's funding allocation for 2016/2017 was below the level of performance currently being achieved in 2015/2016, which provided an opportunity for in-year growth in learner numbers. Growth bids had been submitted, however, there was no guarantee that the SFA would provide the funding for the work that the College had already carried out.

109 There was a positive variance in overall pay expenditure against the agreed budget. For example, Employer Responsive Delivery had not met its income target, but this also meant that a lower level of expenditure had been incurred. However, this reduced the department's contribution to central costs. Governors asked what was being done by management to improve the situation for 2016/2017 and were advised that the College intended to actively increase its income during the next non-core funding bidding round, which was due to start shortly. Non-pay expenditure had an adverse variance against the budget of £91k.

110 In response to questions from the Committee, the Principal explained that the reduction in income in Construction & Technology was being managed in-year as far as possible. A decision had been taken to close the College's North Halifax Skills Centre, which would remove expensive, duplicated provision and move the majority of learners to one site. This would have the additional impact of raising class sizes and, therefore, efficiency levels and the results should be evident in 2016/2017.

111 The additional expenditure of £42k on IT infrastructure was considered to be a worthwhile investment and would assist in aligning the College to current local and national priorities.

112 Governors were reminded that they had requested both budgeted and actual figures to be presented for each key performance indicator in future reports, which had been actioned by the Deputy Principal. All measures were performing in accordance with expectations, however, the figures for average class sizes indicated that there was room for improvement (which could partly be achieved by closing the NHSC). Further work would continue to be undertaken as part of the curriculum planning process, with course proposals scrutinised by SMT and the removal or remodelling of any inefficient programmes unless there was evidence of strong demand for 2016/2017.

113 Discussions with other local colleges on sharing or transferring aspects of provision were ongoing and this was positively encouraged by the Area Based Review process and was consistent with the College's strategy.

114 The Committee questioned whether there was any risk in the College's income profile whereby a significant proportion was received towards the end of the academic year. The Deputy Principal explained that 25% of funding from the SFA was only paid when learners achieved their stated outcomes and the College was currently on track to deliver sufficiently to trigger this payment.

115 The College had a sizeable number of cash days in hand, which was ahead of the budget.

116 The Committee received for information a letter from the SFA outlining its financial health grading, which had been assessed as 'good' for 2014/2015 and 'satisfactory' for 2015/16 and 2016/17. The Deputy Principal reported that the performance ratio of -4.97% had included assumptions about significant reductions in the College's adult skills budget which had not, in fact, materialised due to a change in Government policy. She believed that using this information the College would have been graded as 'satisfactory' in both years.

## **FINANCIAL REPORTING STANDARD 102**

117 Governors were reminded that FRS 102 would be implemented for the 2015/2016 financial statement, but that this also meant a restatement of the final balances of the 2014/2015 academic year.

118 There were 2 main implications for the College of the new standard. Firstly, deferred capital grants which currently appeared in the balance sheet and were added to reserves would now be included under short- and long-term liabilities and reduce the amount of net assets. It was agreed that the accruals method should be used, subject to confirmation from the financial statements auditors.

119 The second change centred around making provision for unused holiday entitlement for staff. As the College's leave year ran from 1<sup>st</sup> September to 31<sup>st</sup> August there would be a liability at the year end for unused holidays. This had already been actioned.

120 The Committee asked whether the introduction of FRS102 had any consequences for the College's risk profile. The Deputy Principal reported that this had already been taken into account in the latest version of the risk register.

## **HEALTH & SAFETY REPORT**

121 Overall the College had performed well against the sector in terms of the number of accidents during 2015/2016 and had won a further 'Gold Award' making a total of 20.

122 A number of health-awareness raising activities and training programmes had been undertaken, mainly by College staff. Standards of health and safety management were felt to be high with robust procedures in place to address any actual or potential issues.

123 In the year to date a total of 59 accidents had been reported. There had been no recorded 'near miss' incidents and governors felt that this was highly unusual for an organisation of this size and asked the Deputy Principal to review the relevant information.

124 The Committee recommended that responsibility for the oversight and monitoring of health and safety should transfer to the Audit Committee, subject to the agreement of the full Board.

125 **Resolved** That health and safety matters become part of the remit of the Audit Committee in future

**DATE OF NEXT MEETING**

4.00 p.m. 14<sup>th</sup> July 2016 (immediately prior to the Board meeting)

The agenda for the first meeting of the Autumn Term would include an item on the review of reporting documentation.

Signature: <i>M C Page</i>
Date: 14/7/16