

# Minutes of the F & GP Committee

Date: 22 September 2009

**Present:** Mr M Murray (Chair)  
N Chohan (Principal)  
Mr M Dixon  
Dr R L'Amie  
Dr R Dugdale

**In attendance:** L Swift (Head of Finance)  
S Jones (Ass Principal)  
S Hooton (Ass Principal)  
J Stott (Clerk)  
S Butler (Principal's PA & Minute Secretary)

**Apologies:** None

**Meeting commenced:** 19:00

**Meeting closed:** 20:50

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**57/09 Disclosure of financial and/or personal interest**

There was no disclosure of financial and/or personal interest.

**58/09 To agree agenda and order of business as circulated**

The agenda and order of business were agreed.

**59/09 To approve the minutes of the meeting held on 14 July 2009**

The minutes were approved as a true record.

**60/09 Matters Arising**

**a) 53/09** - The Head of Finance went through the paper pointing out that in the 10 year comparison of staffing costs as a percentage of income, the teaching staff had gone up from 44.7% to 47.5%. The main reason for this has been the spend on ALS and Learning Support Assistants which are included in Teaching costs as well as maintaining a large number of long-standing staff who are banded at higher levels. Over the 10 years the overall staffing costs as a percentage of income had gone up from 69.7% to 73.5%. This is considered quite high compared to other colleges, but is a fluctuating figure which is continually monitored.

**61/09 To consider the Draft End of Year Accounts for the period to 31 July 2009**

The Head of Finance (HoF) took members through the report. External Auditors started this week and nothing has been reported as yet. The

only thing which may result in a slight adjustment to the accounts is the introduction of a new enhanced Pensions Table by the LSC. The accounts show an improvement due to the decrease in non-pay expenditure, resulting in an £87k reduction, though there has been a reduction in the E2E budget and tuition fees are down, especially for Care. The HoF highlighted an error at no. 6 of the report which should read 33 teaching support staff for 2008 - not 23. The accounting ratios are similar to what was expected. As forecast in July 09, the College's financial health has dropped to 'satisfactory' due to the effect of the Capital Project. Current forecasts show a return to 'good' this year.

A member commented on the report and found it worrying that the surplus was regularly under 1% and that the College should target a stronger surplus in good years. 1% is needed to receive a score of 'good'. However, the College has been graded as 'good' for the last couple of years due to low borrowings. It was stressed that if we want 5-10 years of sound financial health then 3 of those years need to have a significant surplus. This in turn would enable the College to offer staff and students continuity eg that courses could continue to run, even in a bad year. The HoF explained that forecasts are very difficult as the income is always changing, but that ways to improve are constantly being sought and we have done well over the last few years.

#### **62/09 To receive a report on ways of achieving the 2009/10 unidentified income target**

The Principal first drew members' attention to the section from Item 7 of the Agenda entitled "Summary of Achievement of Unidentified Income Target". The summary shows an initial target of £386k for unidentified income target. This has now fallen to £205k and further improvements are in train. More measures are still required to achieve the target.

Discussions followed on ways to improve funds which included:

Efficiencies in College provision - current tools for measuring are a little weak in assessing individual areas' contributions. The key is to create simple financial tools that all staff, particularly middle managers, can understand. A known financial contribution at Service and Sector levels will enable us to better target improvements. This is not a straightforward task as incomes fluctuate. The model will be agreed with managers and will involve the use of 3 measures:

- ❖ timetabled hours
- ❖ income per hour
- ❖ individual sector contribution

Savings are to be identified within the management tier.

Project income over the past few years has helped provide our surplus and staff continue to identify new project opportunities.

An Assistant Principal is working to target growth in full cost recovery work. The Principal feels that there is potential growth in 16-18 Apprenticeships. However, as we look to focus on this, so will others, which means a lot of competition. We currently have a maximum value contract on Apprenticeships, so we need to ask to go beyond this.

The new costing tools will give Heads of Sectors a better idea of how they are doing financially. This has only been discussed with the Senior Management Team so far but will be shared with staff within the next month. The Head of Finance confirmed that, once the system was up and running, the reporting would become part of the routine at least annually. The Assistant Principals views were sought who thought the timing was good and that this new tool would help us to make intelligent decisions in the future. BD also pointed out that retention and success data should also be included.

The Head of Finance has approached Tenon to offer advice on financial controls and initial meetings are to be held within the month.

#### **63/09 To receive the 3 year Financial Forecast Update**

Members' attention had already been drawn to the main movement earlier on ie a drop from £386k to £205k of remaining unidentified income target, and there was nothing else significant to report. The Head of Finance directed attention to the back page of the report which shows us going back to a Financial Health Score of 'good'. It was pointed out that in May 2010, whoever ends up in Government, the budget and provisions will change and we could be asked to support more students for less money. One advantage is that we are significantly less expensive than schools, but a significant part of our funding will be with the Local Authority for which there is a lot of competition.

The Head of Finance pointed out that the figures shown in the report assume a 1.5% pay increase from 1 Aug 09.

#### **64/09 To consider further a recommendation to the Corporation for the pay and remuneration of staff**

The Principal explained that although a small surplus had been achieved for 2008/09, 2010/2011 looks difficult and any pay increase approved for 2009/10 will affect that. His suggestion of a 1.5% pay-rise, 6 months in, was put to members for comment. Detailed discussions followed.

The Head of Finance confirmed that £90k is needed for a 1.5% rise for the year, so a saving of £45k would be made if the pay-rise was for 6 months. The AoC offer is 1.5% for the whole year.

The following options and their merits were discussed at length:

- ❖ 1% for 12 months

- ❖ 1.5%, 6 months delayed
- ❖ 1.25%, 3 months delayed
- ❖ Delay and offer bonus
- ❖ No pay-rise

Pay rises have been delayed in the past and it was felt that, due to the current climate and the number of job losses around the country, staff would be able to understand this.

Members felt unable to make a definitive decision and agreed to discuss again at the next meeting in December.

If the pay rise is to be delayed, then a final decision does not need to be reached straight away. The need to maintain staff morale, as well as consider the College's financial position, was felt very important. In the meantime, the Principal will take this to the Union and share with them our financial position.

**65/09 To receive a progress report on the operational effectiveness of the Risk Management Plan with respect to financial issues**

The Principal presented the paper and drew members' attention to the following areas:

- ❖ RMP Ref No 2a Whether the College's financial health group is stable or declining (*a return to good is expected*)
- ❖ RMP Ref No 2g The uncertainties regarding Employer Responsive Income 08/09
- ❖ RMP Ref No 2h The effect of capital projects and changes to LSC Policy
- ❖ RMP Ref No 2j The effect of changed FE priorities and funding allocations on the financial health of the College
- ❖ RMP Ref No 2n Failure of the College's 08/09 quest for alternative funding in late 09/10 to replace SRIP funds
- ❖ RMP Ref No 2p Effect of the FRS17 provision on the College's net assets and therefore the College's ability to raise finance (*an increase in deficit is anticipated*)

The report was received.

**66/09 To receive an annual report on Procurement during the year ended 31 July 2009**

The Head of Finance presented the paper explaining that the Heads of

Service Team (HOST) regularly consider procurement and tendering and work closely together. Measures have been taken to reduce costs eg orders are now emailed rather than posted and we have a new catering contract. The stationary contract was also changed but the savings made resulted in a loss of quality so we returned to the former provider.

The report was received.

**67/09 To receive the Student Union End of Year Accounts to 31 July 2009**

Only three transactions have been made with a total spend of £500. Unfortunately, a Prom, organised by the Students, failed as only 7 tickets were sold.

The report was received.

**68/09 Any Other Business**

**a. Dates of meetings to December**

1. Tuesday 08 Dec 09
2. Tuesday 19 Jan 10
3. Tuesday 9 Mar 10
4. Tuesday 11 May 10
5. Tuesday 22 Jun 10
6. Tuesday 13 July 10
7. Tuesday 21 Sep 10
8. Tuesday 7 Dec 10

**b.** In answer to a Member's question the meeting was told that there is a review of the Bingley Connection being undertaken and-a decision will be made later whether it should continue or not.

**c.** The Clerk explained that progress had been made with the search for new Members and reported that 3 applicants, one of which has a financial background, are to meet the Search Committee next Tuesday. A recommendation to appoint new Members would be put to the Corporation Meeting on the 6 October.