

**THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE**

**FINANCE, ASSETS & GENERAL PURPOSES COMMITTEE**

Minutes of the Finance, Assets & General Purposes Committee held on  
Thursday 8 July 2010 at 2.30 pm in Board Room

<b>Present</b>	Mr B H Whitfield	Chairman	College Governor
	Mr R Brady		College Governor
	Mrs A V Haskins		College Governor
	Mrs A McLaren		External Member
	Mr G Rogers	Staff Governor (Business Support)	

<b>Officers</b>	Mr R Atkinson	Assistant Principal - Registry, Estates & Governor Services
	Ms M Bulman	Assistant Principal - Finance
	Mrs Z Lewis	Vice Principal - Resources
	Mr M Hopkins	

The Vice Chairman of Governors welcomed Mr Mike Hopkins to his first Finance, Assets & General Purposes Committee meeting.

10/012 **ITEM 1 APOLOGIES**

Mr A Hanif	College Governor
Mr J Hogg	Principal / Chief Executive
Dr M Mehta	College Governor
Mrs H Pearson OBE	College Governor

10/013 **ITEM 2 MINUTES – 2 MARCH 2010**

These were approved as a true record and duly signed by the Chairman.

10/014 **ITEM 3 MATTERS ARISING**

None other than those appearing on the agenda.

10/015 **ITEM 4 INTERNAL AUDIT REPORTS 2009 / 2010**

**4.1 Financial Systems (01.2009/10)**

The Assistant Principal - Finance presented the Financial Systems Internal Audit Report (01.2009/10) and informed the Finance, Assets & General Purposes Committee that the internal audit had been awarded **substantial** assurance with one significant recommendation.

It was noted that the Audit Committee had debated this internal audit report in depth at its meeting on the 16 March 2010 receiving explanations as to how the College is addressing the recommendations.

It was reported that this recommendation has already been implemented.

The report was considered and received.

10/016 **ITEM 5 BUDGET MATTERS 2009 / 2010**

**5.1 Management Accounts (March 2010)**

The March 2010 management accounts were considered and received with the Finance Assets & General Purposes Committee discussing the May 2010 management accounts in detail (agenda item 5.2).

**5.2 Management Accounts (May 2010)**

The Vice Principal - Resources presented the May 2010 management accounts and it was noted that the College is forecasting to outturn an operating surplus of £1.083 million with the forecasted historical cost position being a surplus of £609,500 due to the inclusion of some one off costs in relation to the potential sale of Acklam and some late commissioning settlements, totalling £473,000.

To the end of May 2010, there was an operating surplus of £830,457 against a budgeted deficit of £500,140.

The management accounts referred to a number of variances including income, capital, payroll and non pay costs, which are summarised on pages 3 to 6 inclusive and were noted for information, with the most significant reasons for the financial improvements being:

- Reduction in utility costs.
- Staffing vacancies being held open due to being on one site.
- Staff utilisation.

- Claims Basis Staff provision now in-house.
- Time-tabling efficiencies.
- Overheads decreasing as a percentage of income.

The Vice Principal - Resources also highlighted during discussions that the turnaround in the financial position has also been due to the predicted growth in unfunded learners not materializing during 2009 / 2010, as budgeted for. The growth experienced since enrolment in 2009 has been managed mainly through bigger class sizes as opposed to employing more staff and resources and hence the lower operating costs.

There was also some discussion with regards to the provision of a clawback for PCDL in the management accounts, which has been built into the year end forecast position.

Cash balances are forecasted to be £7.1 million by the 31 July 2010.

The May 2010 management accounts were considered and received.

### **5.3 Recruitment & Progress against Target 2009 / 2010**

The Recruitment & Progress against Target 2009 / 2010 Report as at the 23 June 2010 was considered and received for information with the following conclusions being reported.

- the College has continued to encounter significant growth in the number of 16-18 year old learners with an increase of 190 learners (6%) on 2008 / 2009.
- Adult Learner and Employer Responsive targets for 19+ learners should be achievable.
- 16-18 Apprenticeship recruitment remains a challenge.
- PCDL, 6 month unemployed and ESF targets remain challenging.

It was then reported that there was also a predicted shortfall in HE income and this was due to some tightening in the HE funding from Teesside University, albeit further growth was predicted in 2010 / 2011.

The Finance, Assets & General Purposes Committee was then informed of the progress being put in place to address the apprenticeships shortfalls and this was to be achieved following a restructure within the directorate.

Some encouragement from the Government in relation paying employers to take on apprentices may also have a beneficial effect but this is not expected until 2011 and the College is awaiting further information on this initiative.

The report was considered and received.

#### **5.4 European Social Fund (ESF) and Other European Funded Projects**

The Schedule of European Social Fund and Other European Funding Report was considered and received for information, noting that two contracts are currently being managed by the College:

1. Enhanced Train to Gain Contract.
2. Contract for Provision of training for individuals who have been unemployed for more than six months.

It was reported that the Finance, Assets & General Purposes Committee would receive regular reports on the progress being made with the delivery of these two projects.

The report was considered and received.

#### 10/017 **ITEM 6 CONTRACTS UP-DATE**

The Assistant Principal - Finance presented an up-date in relation to the progress being made with the new Procurement Team (Tenet) with a number of issues discussed including:

1. Procurement Audit & Review and Collaborative procurement.
2. Electronic Tendering.
3. Contract Library.
4. Procurement activity.
5. Student Transport Service.
6. Facilities Maintenance (FM) Contracts.
7. Secure Cash Transportation Service.
8. External Audit Services.
9. ATM Cash Machine.
10. Gas & Electricity Supply.
11. Hair & Beauty Student Kits.

12. Efficiency Measurement Model (EMM).
13. Current and Future plans.
  - Office Stationery
  - Marketing Print
  - Minibus Hire
  - Copier Paper

It was also reported that a number of other areas of procurement activity are scheduled to take place in the forthcoming months, as detailed below.

- IT capital spend tendering via existing frameworks – July 2010.
- Marketing print framework contract via EU tender – July 2010.
- A review of the existing postage contract is underway. An options report will be submitted to the Senior Management Team for consideration.
- Waste management contract via EU tender – August 2010
- Various facilities maintenance contracts via EU tender – staged over 12 months starting September 2010.
- Banking Services tender – Autumn 2010.
- Outsourced cleaning service via EU tender – early 2011.

Some recent tender planning has realised revenue savings and this was in relation to Planned Maintenance. Mr Gary Rogers informed the Finance, Assets & General Purposes Committee of the progress made and the impact this could have on future spend.

After discussion on the various up-dates and having received some further clarification with regards the tender prices for the Student Transport Contract, which was tendered as an EU complaint tender, it was **agreed** that:

- the Student Transport Contract is awarded to Compass Royston at the agreed tender values for the Academic Year 2010 / 2011 with the opportunity to extend for a further 2 x 12 months subject to an annual review.

This review at the end of year 1 would be undertaken by the Senior Management Team to ensure best value and also ensure the performance criteria is being met.

No other contracts over the value of £250,000 have been awarded.

The report was considered and received.

10/018 **ITEM 7 CAPITAL BUILD & ACCOMMODATION UP-DATE**

**7.1 Capital Build Management Accounts**

The Vice Principal - Resources presented the Middlehaven Management Accounts and reported that these would be the last set of management accounts in relation to Middlehaven, with future accounts focusing on the phase 2 development.

The Finance, Assets & General Purposes Committee noted that the spend to date was £68,097,118 with some minor adjustments to be made before the final budget position.

It was then reported that there remains one potential cost outstanding of up to £110,000 in relation to the removal of the Telecoms masts at Kirby but will now be reported through the management accounts as a one off revenue cost once the final removal costs have been agreed with Orange.

The Finance, Assets & General Purposes Committee noted that project expenditure has remained on budget and project net income has outturned £1.5m greater than anticipated in the business case due to an unused contingency in relation to asbestos / telecoms removal. This additional 'income' alongside the Lennartz deferral of VAT repayment has meant that the College has financed a lower balance of £5.2m through its own cash resources and has not required a long term loan facility.

The Finance, Assets & General Purposes Committee welcomed the detail provided since the start of the Capital Build and wished to place on record their thanks for the hard work in delivering the project on time and within budget.

It was **agreed** during discussions that:

- agenda item 7.1 would be kept confidential and remain out of the public domain until the project had been completed, at which time the Governing Body would review all Middlehaven documentation, in order that it could be released into the public domain.

The report was considered and received.

## 7.2 Environmental (Green) Issues Up-date

The Environmental (Green) Issues report was considered and received for information with updates on the background (context & policy), raising awareness / encouraging Involvement, renewable energy technologies, skills development, climate change action plan, travel plan, waste management, energy and water, community partnerships and One Planet Living being noted.

The report was considered and received.

10/019 **ITEM 8 Ten Year Financial Plan**  
*(including Revenue and Capital Budgets for 2010 / 2011)*

The Vice Principal - Resources presented the Ten Year Financial Plan and shared with the Finance, Assets & General Purposes a number of issues, which were debated in depth, including:

1. Background.
2. Middlesbrough College Strategic Plan.
3. Current Financial Position.
4. National Context.
5. Capital Investment Considerations.
6. Acklam Disposal.
7. Financial Planning 2010 to 2020.
8. 16-18 allocation.
9. Adult Learner Responsive (ALR) Budget.
10. Employer Responsive (ER) Budget.
11. WBL / Apprenticeships.
12. Additional Learning Support.
13. Higher Education.
14. Personal and Community Developmental Learning (PCDL).
15. months Unemployed.
16. 14-16.
17. Other Income Sources.
18. Other resource implications.
19. Contribution levels.
20. One off Costs.
21. Cash Flow.
22. Revenue Budget 2010 / 2011.
23. Ten Year Financial Plan and assumptions.
24. Risks.
25. Sensitivity Analysis.
26. Financial Health Assessment.

A number of appendices were also discussed, including;

- Appendix 1 Commentary to the Ten Year Financial Plan.
- Appendix 2 Revenue Budget 2010 / 2011.
- Appendix 3 Capital Budget 2010 / 2011.
- Appendix 4 Ten Year Financial Plan.
- Appendix 5 Visual outline of proposed Phase Two development.

It was then reported that the College is now planning its phase 2 development as a Sixth Form Centre following recent discussions with stakeholders, staff and learners. This has meant a change in focus of the development, with the revised plans highlighting eleven classrooms, four sports changing rooms, car park, café, staff / learner area and a sports pitch, all of which are now being designed as part of the £5.5 million scheme. The building, as identified in appendix 5, would be two blocks with outline permission for a third block and a decked car park.

The new build would be called Middlesbrough Sixth Form Centre.

It was further reported that the College will need to prepare a Business Case for the Skills Funding Agency for the Capital Build even though no public funds are being requested. A Special Governing Body meeting would need to be called during August 2010 so that the work can get underway for a planned September 2011 opening.

After some discussion on the various issues raised in the report, noting that many assumptions may change with the Comprehensive Spending Review and the change of financial status due to the new build, it was **agreed to recommend** that:

- the Ten Year Financial Plan be approved.
- the 2010 / 2011 Revenue Budget be approved as a £640,000 historic cost surplus.
- the 2010 / 2011 Capital Budget be approved at £1,393,405.

### **Note**

The Ten Year Financial Plan has already been circulated to the Governing Body prior to its meeting on the 12 July 2010, as the unconfirmed minutes of the Finance, Assets & General Purposes Committee would not be available for this meeting.

## 10/020 **ITEM 9 HEALTH & SAFETY**

### **9.1 Health & Safety Periodic Report**

The Health & Safety Periodic Report for 2009 / 2010 was considered and received for information.

### **9.2 Health & Safety Committee Minutes**

*(12 February 2010)*

*(23 April 2010)*

The Health & Safety Committee minutes of the 12 February 2010 and 23 April 2010 (tabled) were received for information. The Finance, Assets & General Purposes Committee welcomed the improvements made to Health & Safety during 2009 / 2010.

### **9.3 Health, Safety & Welfare Policy 2010 / 2011**

The Vice Principal - Resources presented the revised Health, Safety & Welfare Policy, which had been approved by the Senior Management Team on the 28 June 2010.

After consideration and discussion on the changes that have been made to the previous document, which mainly related to the changes in the membership and also the introduction of Welfare into the Health & Safety Policy, it was **agreed to recommend** that:

- the Health, Safety & Welfare Policy for 2010 / 2011 be approved.

Membership changes to the Health & Safety Strategic Committee were also **endorsed**. This would mean that the Vice Principal - Resources and the Assistant Principal - Student Services would join the Health & Safety Strategic Committee in 2010 / 2011.

**Note**

The Health, Safety & Welfare Policy has been circulated to the Governing Body prior to its meeting on the 12 July 2010 (agenda item 6.5.1), as the unconfirmed minutes of the Finance, Assets & General Purposes Committee would not be available for this meeting.

10/021 **ITEM 10 TERMS OF REFERENCE ANNUAL REVIEW 2009 / 2010**

The Assistant Principal - Registry, Estates & Governor Services presented the Finance, Assets & General Purposes Committee's Terms of Reference for review, in order that any changes could be reflected in the Assistant Principal - Registry, Estates & Governor Services' Annual Report for 2009 / 2010.

Some changes were suggested to the wording in three areas relating to "*Budgetary Pay Awards*", "*Monitoring the financial health of the Corporation*" and "*To determine policy in relation to the general development of the College sites*". After these changes had all been endorsed, the Finance, Assets & General Purposes Committee **agreed to recommend** that:

- the Terms of Reference as attached in **Appendix 1** of the Finance, Assets & General Purposes Committee minutes be approved prior to formal approval at the Governing Body meeting on the 12 July 2010.

Membership of the Finance, Assets & General Purposes Committee would also change in 2010 / 2011 due to the resignations of the Chairman of Governors and Dr Mani Mehta.

10/022 **ITEM 11 PROPOSED DATES & TIMES FOR 2010 / 2011**

The Assistant Principal - Registry, Estates & Governor Services presented the proposed dates and times for the 2010 / 2011 Academic Year taking into account the schedule of business planned for the forthcoming year.

Some discussion ensued with regards to the timing of the meetings and after consideration of a revised start time to 2.00 pm from 2.30 pm, it was **agreed** that:

- the Assistant Principal - Registry, Estates & Governor Services would propose the following three dates and times to the Governing Body at its meeting on the 12 July 2010 under the formal Governance heading of “*Calendar of Meetings 2010 / 2011*”.

<b>Date</b>	<b>Time</b>
Thursday 9 December 2010	2.00 pm
Tuesday 8 March 2011	2.00 pm
Thursday 7 July 2011	2.00 pm

10/023 **ITEM 12 DATE OF NEXT MEETING**

The next meeting of the Finance, Assets & General Purposes Committee will be determined by the Governing Body at its meeting on the 12 July 2010 and will be circulated to members shortly afterwards.

10/024 **ITEM 13 ANY OTHER URGENT BUSINESS**

None.

The meeting closed at 3.45 p.m.

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### **Committee Circulation**

Mr B H Whitfield	College Governor
Mr R Brady	College Governor
Mr A Hanif	College Governor
Mrs A V Haskins	College Governor
Mr J Hogg	Principal & Chief Executive
Mrs A McLaren	External Member
Dr M Mehta	College Governor
Mrs H Pearson OBE	College Governor
Mr G Rogers	Staff Governor (Business Support)
Mrs Z Lewis	Vice Principal - Resources



## **Appendix 1**

### **Terms of Reference Annual Review 2009 / 2010**



**The Further Education Corporation of Middlesbrough College**

**Governor Committees**

**Terms of Reference**

Terms of Reference agreed by the Finance, Assets & General Purposes Committee on the 8 July 2010

<b>Committee</b>	<b>Terms of Reference</b>
<p><b>Finance, Assets &amp; General Purposes Committee</b></p>	<p>To make recommendations to the Governing Body on</p> <ol style="list-style-type: none"> <li>1) The annual estimates of income and expenditure.</li> <li>2) Major variations of expenditure.</li> <li>3) Capital expenditure requirement including loans.</li> <li>4) Budgetary Pay Awards.</li> <li>5) Financial Strategy.</li> </ol> <p>Determine and make amendments to the College's Financial Regulations.</p> <p>Reviewing arrangements for securing value for money, solvency and safeguarding of assets.</p> <p>Determining Fees Policy and other charges.</p> <p>Determining the College's Investment Policy.</p> <p>Monitoring the financial health of the Corporation.</p> <p>Awarding contracts above £250,000.</p> <p>To determine policy in relation to the general development of the College sites.</p> <p>To keep an overview of the use and quality of the College's premises.</p>

Committee	Terms of Reference
<b>Finance, Assets &amp; General Purposes Committee (Contd)</b>	To approve programmes of <ul style="list-style-type: none"> <li>a) Capital equipment and</li> <li>b) Minor works.</li> </ul> To keep under review Health & Safety matters.

**Governor Committees  
Terms of Reference  
(Continued)**

**Committee Details**

***Finance, Assets and General Purposes Committee***

<b>Description</b>	<b>Name of Governor</b>
Chairman of the Committee	Mr Brian Whitfield <i>(elected for 2008/2009 and 2009/2010)</i>
Clerk to the Committee	Mr Richard Atkinson
Governors (8)	Mr Robert Brady Mr Aslam Hanif Mrs Zandra Haskins Mr John Hogg Dr Mani Mehta Mrs Hazel Pearson OBE Mr Gary Rogers Mr Brian Whitfield
External Member (1)	Mrs Anna McLaren
Quorum	4