



## **Minutes of the Finance and Resources Committee**

held 23 June 2009

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*Present:* Paul Downing (*Chair*), Keith Bate, George Kasper, Phil Osborne, Nicholas Ronan

*In attendance:* Jacquie Carman (*Director of Finance and Administration*)  
Andrew Condlyffe (*Paul Mantle Partnerships Limited*)  
Jennifer Sunter (*Clerk*)

### **1 Apologies**

Apologies were received on behalf of Pam Thomas and Alison Perks.

### **2 Declarations of Interest**

George Kasper declared an interest in agenda item 18, Recognition, Reflection and Reward Scheme. George Kasper, Jacquie Carman, and Jennifer Sunter declared an interest in agenda item 19, Staff Pay 2009/10. Jacquie Carman, Jennifer Sunter and Keith Bate declared an interest in agenda item 20, Senior Post-Holder Remuneration.

### **3 Minutes of Meeting held 4 March 2009 and Matters Arising**

The minutes of the meeting held 4 March 2009 were approved as a true record.

There were no matters arising.

### **4 Review of Revenue Budget 2008/2009**

Jacquie Carman reported that in reviewing the budget there were no significant changes. The College remained on course to meet the financial targets including achievement of an operating surplus of £865,633 representing 4.18% of income.

With reference to income Jacquie Carman further highlighted additional learner support funds awarded by the Learning and Skills Council and funding to deliver training to students unemployed for six months.

Members noted that income from investments had been further reduced in line with the current position regarding banking interest rates.

Jacquie Carman reported that changes to planned expenditure included increased costs on utilities and rising food prices. Paul Downing asked if the College was tied into costly contracts for energy. Jacquie Carman explained that the College benefited from using Energy Quote.

Members noted that the budgeted pay levels would be achieved. A loan for Block 8 had now been drawn down and had been incorporated into the budget model.

Paul Downing asked about the College contract with the Learning and Skills Council. Jacquie Carman explained that there had been a new draft of the Financial Memorandum provided which could lead to a resolution. Members noted this was needed for auditing of accounts and statements.

The Finance and Resources Committee resolved to recommend to the Corporation the approval of the Revisions to Revenue Budget 2008/09 (June 2009).

## **5 Three Year Financial Forecast 2009-2012**

Jacquie Carman explained that following the annual requirement the forecast was provided in line with the Learning and Skills Council prescribed format and outlined how the financial objectives supported the College strategic plan.

Jacquie Carman reported that financial performance remained strong and expanded on current budget assumptions.

The Learning and Skills Council continued to be the main source of funding and had begun to address previous under funding of provision. Following transitional protection arrangements it was assumed that there would be a convergence of national rates over future years. Since the report was drafted a further twenty five 16-18 places at Halesowen College had been agreed. The adult learner contract had increased in cash terms and the maximum contract value for Train to Gain was now higher than predicted.

Funding of the College expanding Higher Education collaborative activities were sensitive to current HEFCE capping of student numbers.

The forecast incorporated fee policy changes and income from investments had been set a realistic level. Increased costs included utilities, marketing and staff development. Depreciation was set at a level based on the current capital estate.

Jacquie Carman concluded that the self assessment of the College financial health remained 'outstanding' under the Framework for Excellence model. Consideration of the ratio analysis over three years revealed that the College remained strong at this point. Risks associated with the forecast model were clearly defined.

The Finance and Resources Committee resolved to recommend to Corporation the approval of the Three Year Financial Plan 2009-2012 subject to increases in income reported to the Committee.

## **6 Revenue Budget 2009/2010**

Jacquie Carman presented the budget noting the inclusion of learner support funding and the reconciliation between the three year forecast and the College operational

budget model.

The Finance and Resources Committee resolved to recommend to Corporation the approval of the Revenue Budget 2009/10 subject to increases in income verbally reported to the Committee.

## **7 Capital Projects**

Keith Bate reported on the directives and correspondence received from the Learning and Skills Council on progressing applications for capital projects. The College had submitted a 'shovel ready' scheme in line with the Learning and Skills Council deadlines however, further delay on agreeing projects to go forward had been instigated. The Committee were invited to consider options on taking the College forward.

Andrew Condyffe presented a Block 9 proposal report incorporating an outline costed appraisal based on current market rates and building regulations which would provide a building of the same standard as Block 8.

Members asked questions on the outline budgeted model including reduced budgets for the internal fitting of a new Block 9. Jacquie Carman noted that in addition to greater knowledge of favourable market costs on equipment and fittings due to recent fitting of Block 8 the College would seek to recycle relevant equipment where possible and prioritise needs for equipment purchasing.

Phil Osborne asked about funding for capital development including current borrowing arrangements. Keith Bate reported on the current level of borrowing in place and that the College had sought permission from the Learning and Skills Council to revise the level of borrowing consent. Members further discussed the College financial standing in relation to the capital reserves, operating surplus, grant application and borrowing.

Keith Bate reported that planning permission remained in place for the development of Block 9 and outlined the potential impact for accommodation of curriculum areas and student facilities including the potential to remove the campus mobiles with an associated rental cost saving.

Members noted the need for a clearer profile on cost and funding, in particular Learning and Skills Council borrowing consent.

Jacquie Carman informed members that if the College proceeded with capital development there would be a requirement to undertake Impairment Review and Disclosure of Fees in relation to demolition of a section of Block 0. The reflection of this process in the annual accounts would be subject to the time all required external factors were in place.

The Finance and Resources Committee noted awareness of the current Capital Development options for the College and resolved that, in order to consider the next stages, the Principal be authorised to proceed in putting together a costed proposal including appropriate consent required from the Learning and Skills Council and

revised financial forecasting for the College.

*Andrew Condlyffe left the meeting.*

**8 Halesowen College Enterprises Business Plan August 2009 – July 2012**

Jacque Carman presented the three year plan for the College companies noting the negative impact of the current economic climate. Members noted that all high risks associated with Halesowen College Enterprises surrounded the macroeconomic conditions.

In looking to the year ahead Jacque Carman explained that a second shop would be opened in the current Block 0 Refectory to increase space and provision for students.

Halesowen College Enterprises predicted an end of year surplus though reduced from that of previous years.

The Finance and Resources Committee resolved to recommend to Corporation the approval of the Business Plan for Halesowen College Enterprises August 2009 to July 2012.

**9 Review of Financial Regulations and Standing Orders Relating to Contracts**

Jacque Carman referred members to the changes in place to clarify banking arrangements under the revised Treasury Management Policy and to the incorporation of regulations for College Companies and The Halesowen Foundation.

The Finance and Resources Committee resolved to approve the revised Financial Regulations and Standing Orders Relating to Contracts.

**10 Memorandum of Understanding - Halesowen College Enterprises Limited**

Jacque Carman drew attention to the outline of Corporate Social Responsibility in line with latest legislation and to the Relationship with The Halesowen Foundation which would also have its own financial memorandum.

The Finance and Resources Committee resolved to recommend to Corporation the approval of the revised Memorandum of Understanding - Halesowen College Enterprises Limited.

**11 Procurement Policy**

Jacque Carman explained that the policy had been revised to reflect transparent procedures in place as were required. Risk of non compliance was noted.

The Finance and Resources Committee resolved to approve the revised Procurement Policy dated January 2009.

## **12 Treasury Management**

In accordance with the revised Treasury Management Policy accounts had been opened with Lloyds/Bank of Scotland and Barclays. In considering a third banking institution members discussed risk ratings and interest rates. Jacquie Carman emphasised the original basis for opening further accounts lay in the reduction of risk and that a review of the portfolio would be conducted in autumn 2009.

The Finance and Resources Committee resolved to approve the revised Appendix A of the Treasury Management Policy.

## **13 Financial Benchmarking**

Members noted that the College compared well in a range of indicators against performance data of a variety of sector groupings and all colleges.

The Finance and Resources Committee noted the report.

## **14 Costing the Curriculum and Resource Deployment**

Jacquie Carman explained the basis of the annual costing framework. The College achieved a 48.63% contribution rate in 2008/2009. The Learning and Skills Council weightings had changed from individual course weightings to an overall provider factor.

The Finance and Resources Committee noted the report on Costing the Curriculum and Resource Deployment and resolved to approve that the target contribution rate remained between 45% and 50% for 2009/10.

## **15 Review of Frequency and Content of Financial Reports**

Jacquie Carman reported that following recommendations from the Internal Audit service provider three new ratios were being introduced into the monthly information pack. Further to this there would be more information provided on both Treasury Management and on The Halesowen Foundation.

The Finance and Resources Committee resolved to approve the revised Frequency and Content of Financial Reports Policy

## **16 Learner Support Fund Policy 2009/2010**

Members noted the annual update of the framework for the fund as managed by the

Learner Support Fund Committee which included two student representatives.

The Finance and Resources Committee resolved to recommend to Corporation the approval of the Learner Support Fund Policy 2009/10.

**17 Financial Reporting Standard (FRS)21**

Jacque Carman explained the requirement under (FRS) 21.

The Finance and Resources Committee resolved to approve that Halesowen College Enterprises accounts for any Gift Aid payment in 2008/2009.

**18 Recognition, Reflection and Reward Scheme (Confidential)**

As per confidential minute.

**19 Staff Pay 2009/2010 (Confidential)**

As per confidential minute.

Under Instrument 14 members resolved that staff members withdraw in relation to pay and conditions related solely to that member of staff or to staff senior to themselves.

**20 Senior Post-Holder Remuneration**

As per confidential minute.

**21 Health and Safety Minutes**

The minutes of the Health and Safety Committee meeting held 3 March 2009 were received.

**22 Staff Council Minutes**

The minutes of the Staff Council meeting held 2 June 2009 were received.

**23 Any other business**

There was none.

**24 Date of next meeting**

The next meeting is scheduled for Wednesday 11 November 2009.

Closed 8.15pm