

# CORPORATION OF KIDDERMINSTER COLLEGE

## Minutes of the Finance & Personnel Committee held on Thursday 23<sup>rd</sup> June 2011 at 17.30 hours

|                             |   |
|-----------------------------|---|
| <b>FP 786 Present</b>       | David Cory, Chair<br>Andy Dobson<br>Jonathan Grice<br>Karen Stevens   |
| <b>FP 787 Quorum</b>        | 3   |
| <b>FP 788 In Attendance</b> | Derek Harrison, Director of Resources<br>Angharad Hale, Clerk to the Corporation<br>Judith Simpkins, Senior Finance Officer |
| <b>FP 789 Apologies</b>     | Adrian Davis  |

### **FP 790 Declaration of Members' Conflict of Interests**

The Chair made the same declaration as at the previous meeting regarding his son-in-law being an employee of ISG Regions.

### **FP 791 Minutes of Meeting Held on 19<sup>th</sup> May 2011**

The minutes of the meeting held on 19<sup>th</sup> May 2011, having been circulated, were agreed and signed by the Chair.

### **FP 792 Matters Arising**

#### *i) Recruitment of HR Manager*

It was reported that following the second round of interviews held on 7<sup>th</sup> and 8<sup>th</sup> June 2011, a candidate had been offered the position. The candidate initially accepted but has since taken the decision to become a self employed consultant. A proposal has been put to the college involving the candidate working full time for 3 months, reducing down to 3 days a week until a suitable full time HR Manager can be recruited. This offer has been accepted commencing on 4<sup>th</sup> July 2011. Options for recruitment will be considered again in the Autumn Term.

Reasons for being unable to recruit following 2 rounds of interviews were discussed. Governors queried whether the candidate would be contracted on a self employed basis during the initial 3 months of full time employment. It was confirmed that this would be the case and that the candidate had taken advice from HM Revenue & Customs regarding her contract.

#### *ii) Catering Service*

Trading statements had been received for April-May 2011 and deficit levels had increased to the highest levels previously mentioned, around £30K. It was noted that one of the factors involved was the fact that there were only 9 trading days in April but the level of fixed costs remained the same.

Mitie have undergone a restructure and reduced from 4 down to 2 Regional Managers. The current local manager is still on long term sick leave but there are no longer any associated costs due to her sick pay entitlement being exhausted. As the summer term is the quietest time of year for trading, the hot food outlet has been closed. Assurances will be sought for how the service will be improved from September 2011, linked to the new facilities created by the building project.

It was noted that the college is nearing the end of Year 3 of a 5 year contract with Mitie. It was agreed that staff and students do need a service but it has to be cost effective. The service would benefit from a good local manager.

### **FP 793 Building Project**

A report from King Sturge was tabled. It was noted that following a merger, their name as it appeared on the report had changed to Jones Lang LaSalle.

Key elements of the report were highlighted, including a scheduled meeting on 27<sup>th</sup> June where increased costs and impact on the programme resulting from the delay associated with the groundwork obstruction would be finalised. It was noted that even if the college has to bear the full cost claimed by ISG of £26K, costs for the project could still be contained within the budget set by governors.

It was noted that the College had identified which areas are most important to enable curriculum delivery as part of the planning for a phased occupation in September, if occupation of the whole building was delayed after the start of term.

Section 7.2-7.4 of the report dealt with previous queries from governors regarding additional ground surveys that could have been carried out before commencement of work.

### **FP 794 Organisational Review**

Details had been circulated and a further Newsbrief (3) was tabled. It was confirmed that face to face meetings had taken place wherever possible with all individuals concerned. In cases where individuals were not in college on the relevant day, a personal letter had been sent to their home address and they were met when next in College.

Newsbrief 1 had been circulated to all staff to inform them of the process and Newsbrief 2 picked up on questions that had been received during the consultation process.

Queries from governors regarding the process of informing staff were discussed at length. It was agreed that governors would be sent any further Restructure Newsbriefs.

It was noted that the process was one of redeployment and restructuring rather than simply redundancies. The rationale for the removal and creation of roles was entirely based on the needs of the organisation.

## FP 795 Management Accounts 2010-11

### i) Period 10 to 31<sup>st</sup> May 2011

Details having been circulated, it was noted that the figure of £398K had been agreed for the early Lennartz VAT repayment & this was due to be paid by 1<sup>st</sup> July 2011.

The solvency ratios were :-

|                   | <u>Target</u> | <u>Actual</u> |
|-------------------|---------------|---------------|
| Current Ratio     | 1-1.5:1       | 3.83 :1       |
| Cash Days in Hand | 15 days       | 153 days      |

## FP 796 Financial Reforecast 2010/11

Details having been circulated the following was noted. The College budgeted for a surplus of £241K (£52K including FRS17). The latest income and expenditure projections to 31<sup>st</sup> July 2011 indicate a surplus of £1,002,000 (£856K including FRS17) and the table below summarises the anticipated position.

| £000s  | BUDGET       | NOV 10<br>REFORECAST | MARCH 2011<br>REFORECAST | JUNE 2011<br>REFORECAST |
|--|--------------|----------------------|--------------------------|-------------------------|
| <b>INCOME</b>                                | <b>9,828</b> | <b>9,830</b>         | <b>9,976</b>             | <b>10298</b>            |
| <b>EXPENDITURE</b>                           | <b>9,776</b> | <b>9,693</b>         | <b>9,787</b>             | <b>9,442</b>            |
| <b>SURPLUS/(DEFICIT)</b><br>Including FRS 17 | <b>52</b>    | <b>137</b>           | <b>189</b>               | <b>856</b>              |
| <b>FRS17<br/>ADJUSTMENT</b>                  | <b>189</b>   | <b>146</b>           | <b>146</b>               | <b>146</b>              |
| <b>SURPLUS/(DEFICIT)</b><br>Excluding FRS 17 | <b>241</b>   | <b>283</b>           | <b>335</b>               | <b>1002</b>             |

It was noted that the building project will now be completed in September 2011. There will be no depreciation costs included in the income and expenditure account this year as the building extension would not be capitalised until its completion in 2011-12.

The (early) repayment of the Lennartz VAT advance to HM Revenue & Customs will be made on 1<sup>st</sup> July.

YPLA have confirmed that there will be no in-year clawback of funds, therefore the figure of £261K has been released to the income and expenditure account. Other key changes from the Spring Term forecast included savings from continuing or new staff vacancies, additional SFA funding and lower estimates of one-off restructuring costs.

KPIs are all in excess of targets, as shown in the table below.

| Key Indicators                | Approved Target | Anticipated Performance |
|-------------------------------|-----------------|-------------------------|
| (adjusted) Operating Position | Surplus         | Surplus                 |
| Cashflow from Operations      | Inflow          | Inflow                  |
| Current Ratio                 | 1.0-1.5:1       | 3.0:1                   |
| Cash Days in Hand             | 15+             | 111                     |
| Borrowing to Income           | <40%            | 16%                     |
| Borrowing to Reserves/Debt    | <30%            | 21%                     |
| Pay to Income                 | <68%            | 58%                     |

**FP 797 Financial Forecast 2011-14**

Details having been circulated, it was noted that the one off costs associated with the Organisation Review are unlikely to be contained within this year's budget. A clearer sense of staff preferences will emerge after 1<sup>st</sup> July 2011.

It was noted that item 1.3 in section D of the document needs revisiting.

*At 6.45pm Karen Stevens left the meeting*

Key risks were discussed, including changing to tuition fee policy for learners on benefits. It was suggested that this could be discussed with Mark Garnier as an area of direct concern to the College.

Subject to changes that may need to be made regarding the Organisational Review, the document was approved.

**FP 798 Any Other Business**

None raised.

**FP 799 Date of Next Meeting**

Subject to the Calendar of Meetings 2010-11

The meeting closed at 19.00 hours

Chair\_\_\_\_\_Date\_\_\_\_\_