

FINANCE & GENERAL PURPOSES COMMITTEE



THURSDAY 27 JUNE 2013

GATESHEAD COLLEGE

Report: Minutes of a meeting held on Thursday 23 May
2013

Author: Clerk

Action: Approve

Status: Open

Present: Keith Cann Evans (Chair)
Ivan Jepson
John McElroy
Robin Mackie (via video conferencing)
Ian Renwick
Richard Thorold

In attendance: John Holt
Mick Brophy
Judith Doyle
Samantha Pritchard (Clerk)
Gwyneth Jones

F/1642 Welcome/Apologies

Keith Cann Evans welcomed everyone to the meeting in particular, Samantha Pritchard who would be acting as Clerk as Emma Moody had a speaking engagement over the lunchtime. Apologies for absence were received from David Mitchell.

Robin Mackie participated in the meeting via video link. All participants in the meeting were able to see and hear all other participants for the full duration of the meeting.

The Chair invited members to declare any interests on any item on the agenda. No interests were declared at this stage in the meeting; however, members noted that should the direction of debate on any item result in a potential conflict of interest, this should be indicated during the meeting. Members were also reminded to advise the Clerk of any changes to be made to the declaration of interests.

F/1643 Minutes of the meeting held on Thursday 25 April 2013

The minutes of the meeting held on Thursday 25 April 2013 were accepted as a correct record.

F/1644 Matters Arising

There were no matters arising which were not substantive items on the agenda.

F/1645 Management Accounts: April 2013

The Director of Finance introduced the Management Accounts for April 2013.

Agenda No: 2

He issued members with copies of up-to-date KPIs on Learner Numbers which gave an overview of how the College is doing against its targets.

- 16-18 LR Headcount is 78 ahead of the target for the year; the College is on track to exceed its target of 3262. This would help future discussions with EFA re: allocations.
- 19+ LR Headcount - 9,037 achieved in May 2013
- 19+ LR Funding £10,433,492 achieved in May 2013 towards a target for the year of £11,939,347.
- 19+ Employer Responsiveness Funding – the target is £4.8m for the year.
- The target for 19+ Combined Single Funding was originally £15,787,075, but was increased by £952,272 to £16,739,347 as a result of the College hitting its allocation in 2011/2012. Overall the College appears to be on track to achieve this target having reached £14,836,785 in May 2013; the College is solidly working at putting on £1m each month.
- The target for 16-18 Apprenticeships is £1,700,000, by May 2013 the College had reached £1,354,231.
- The target for Direct Delivery has been increased from £1.25m to £2.5m between March and July to reduce franchise and associated payments, plans are currently in place to deliver £2.394m, of which £0.5m is already enrolled.

The Deputy Principal Curriculum and Quality advised that the numbers for 16-18 LR Headcount were unlikely to change. If any students were going to withdraw they would have done so by now so the College was more or less where it was going to be at the end of the year.

A member queried why the 19+ LR Headcount was rated as 'amber' and indicated that he thought this was cautious but the Director of Finance replied that there was still two months to go.

The Director of Finance then ran through the detail of the Management Accounts.

- Revenue in April totalled £3,665,000 down from £4,022,000 in March and was under budget by £96,000. This took the year to date total to £34,380,000 with a favourable variance against the budget of £1,234,000. The full year is expected to outturn at £45,776,000 ahead of target by £1,369,000.
- SFA/EFA revenue was £45,000 over budget in the month at £3,010,000 taking the year to date total to £27,618,000 (budget £25,804,000).
- The Skills Support for the Unemployed Programme continues to perform well bringing in £370,000 in the month but is mainly delivered by partners where 70% has been paid out.
- Higher Education revenue continues to be slightly ahead of target reaching £937,000 for the year to date with an expected outturn of £1,161,000 for the full year. HEFCE is lower than planned at £859,000 instead of £900,000 as a result of under recruitment.
- Education Grants funding for 14-16 and from other training providers for apprentices is below budget for the month and the year to date as a result of few referrals as other organisations cut back on their expenditure.
- Revenue generated by Amacus, previously shown under full cost fees has been reclassified to SFA Funding and Other Grant Income. Amacus has been brought on to the College Finance System thus allowing revenue to be split into various categories for the first time. Revenue, if the Amacus adjustment is removed was up in the month compared to March reflecting strong performance by Tyneside Training Services.
- Other Grant Income increased in April mainly as a result of the Amacus transfer

Agenda No: 2

- with an underlying decrease from £238,000 to £206,000.
- FE Tuition Fees were £46,000 in the month rising to £324,000 for the year to date with an expected full year outturn of £451,000 which is £30,000 under budget.
- HE Tuition Fees total £594,000 for the year to date and are expected to end the year at £775,000 a decrease of £112,000 against the budget as a result of lower recruitment and retention of learners.
- Interest receivable continues to run at around £16,000 a month but will fall in June as the College's long term placements come to an end. Currently interest is only 1% on new placements compared to 3% a year ago.
- Overall expenditure in April totalled £3,634,000 against a budget of £3,577,000 bringing the year to date total to £34,526,000 (budget £23,258,000).
- Pay Expenditure was over budget in the month by £39,000 which reduced the year to date favourable variance to £360,000. The upturn in pay is due to two factors, increased use of agency/casual staff associated with additional delivery by business development and £32,000 of backdated costs for a member of staff at DWP who works for the College securing unemployed learners for its programmes. Overall pay costs continue to run high and only essential leavers need to be replaced and additional posts not added.
- Overall Other Operating Expenditure was £13,000 over budget in the month with payments to partners £60,000 over and other items £47,000 under. Expenditure is being brought down as the College tries to minimise outlays to essential items only. Payments to partners are also coming down month on month as the volume of work they undertake is reduced whilst direct delivery is increased.
- Depreciation charges increased in April slightly as a result of new additions; however the College remains on track to achieve a full year outturn of £271,000 under budget by £30,000 at the year end.
- Interest Payable continues to benefit from low interest rates resulting in a favourable variance of £27,000 for the year to date with the outturn predicted to be £465,000 (budget £500,000).
- The College generated a small surplus of £31,000 in the month which reduced the year to date deficit to £145,000.

In terms of the Balance Sheet, the Director of Finance indicated that it remained strong. Fixed Assets decreased in value by £172,000 following additions of £63,000 and depreciation of £235,000. Additions were mainly related to the development of Barmston Court. The Director of Finance advised that following the investment of £425,000 with the Charge Your Car Joint Venture, the College had recovered all but £60,000 from ONE and OLEV and he was hoping for more back by the end of June 2013. Current Assets increased by £3,414,000 in the month of which £2,164,000 was owed by Nissan on the QC Incubator Project and the first instalment of this money had now been received. The remainder of the increase is from RGF claims £137,000 and PIP claims £286,000 together with accrued income and increased prepayments. Current Liabilities increased by £3,128,000 and this includes: £2,164,000 of income held on account from the QC Incubator Project. Overall Net Assets increased by £285,000 to £3,756,000; however, the current ratio has fallen to 1.33 from 1.53 mainly as a result of the impact of holding cash for Nissan and RGF which, if removed, increased the ratio to 1.48.

The Chair commented that the statement 'Tyneside Training Services continues to perform strong' was a bit of an exaggeration. The Director of Finance replied that the company had performed well for two months in a row, setting a trend.

RESOLVED to note the contents of the report

Agenda No: 2

F/1646 Funding and Draft Budget 2013/2014

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be longer commercially sensitive.

RESOLVED to note the contents of the report

F/1647 Confidential Item

The record of discussion on it is 'closed to public access' until such time as they are considered to be longer commercially sensitive.

RESOLVED to note the contents of the report

F/1648 Confidential Item

The record of discussion on Gazelle is 'closed to public access' until such time as they are considered to be longer commercially sensitive

RESOLVED to note the contents of the report

F/1649 Any Other Business

Confidential Item

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be longer commercially sensitive

Board Reporting

The Deputy Principal Curriculum and Quality advised that, following a request from the Chair of the Corporation, the Leadership Team had been looking at the key aspects of Gateshead College. The suggestion from the Chair of the Corporation was to have a 'quadrant approach' which would mean that meetings were structured into four areas: Business; Students and Learners; Services and Finance; People. She indicated that the quadrant approach would support the delivery of the Strategic Plan, as it would provide a common approach, clarity and focus. Under the quadrant approach it could conceivably lead to a different committee structure. It would allow all members of the Board to look at key aspects of business and allow the College to have a set of agreed metrics so that the Board can quickly identify if the College is not meeting its targets and can intervene. If this was agreed at this level it could translate to most of the College so staff can see where they fit in to everything. It was noted that it was a first draft to look at and consider so suggestions would be welcome. Members were asked 'is it a good idea?' and 'can it be changed?'

A member suggested that there should only be one Lead Reporting Executive for each area and not two as listed. He felt the proposed areas had something missing and suggested that 'CSR' and 'impact on regional economy and charitable e.g. Gateshead College Foundation' should be a separate area.

The Deputy Principal Curriculum and Quality commented that the brand crosses everything that Gateshead College does. They had pulled in key discussion points over the past few months at Board and Committees in relation to the launch of the Strategic Plan.

Agenda No: 2

F/1650 Date of next meeting

The next meeting will be held on Thursday 27 June 2013 at 12.30pm.