

# FINANCE & GENERAL PURPOSES COMMITTEE



THURSDAY 1 MAY 2014

GATESHEAD COLLEGE

**Report:** Minutes of a meeting held on 20 March 2014  
**Author:** Clerk  
**Action:** Approve  
**Status:** Open

**Present:** Robin Mackie (Chair)  
John McElroy  
David Mitchell  
Ian Renwick  
Judith Doyle

**In attendance:** John Holt  
Mick Brophy  
Emma Moody (Clerk)  
Gwyneth Jones (Minutes)

## **F/1691 Welcome/Apologies**

In the absence of Keith Cann Evans, Robin Mackie agreed to Chair the meeting and welcomed everyone. Apologies for absence were received from Keith Cann Evans and Ivan Jepson.

The Chair invited members to declare any interests on any item on the Agenda. He declared an interest in the Property Strategy item as Smith Technology had the possibility of taking space at Barmston Court but he explained that he was not directly involved in the due process.

No other 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 Interest.

## **F/1692 Minutes of the meeting held on Thursday 27 February 2014**

The minutes of the meeting held on Thursday 27 February 2014 were accepted as a correct record.

## **F/1693 Matters Arising**

The Chair indicated that an update on Charge Your Car Ltd featured later on today's agenda. There were no matters arising which were not substantive items on the agenda.

## **F/1694 Management Accounts: February 2014**

John Holt (JH), Director of Finance, presented the Management Accounts for February 2014.

## **Agenda No: 2**

Revenue for the month was below target and down on the month before at £3,793,000 (January £4,193,000). It had been impacted by Apprenticeships and the ESF Project 'Skills Support for the Unemployed'.

19+ apprenticeships had fallen short of target due to a significant number of withdrawals on the Nissan Programme. The Executive Team are urgently looking at the situation and doing everything they possibly can.

Pay Expenditure was down in February and was below budget on a month by month basis. February had been a short month so there had been less casual employment.

The College had returned to a surplus of £31,000 in February against a target of £90,000.

The Principal advised that there was a meeting on Friday 21 March to discuss the likely shortfall and the College would continue to drive down costs. JH said that they would normally expect a significant amount of recruitment in January and February but there had been quite a few withdrawals instead. By the end of January £3.5m of recruitment should have been £3.7m or £3.8m. Activity which had been anticipated coming in had not happened eg Vantec.

The Chair enquired why the apprentices had left Nissan and JH replied that it was because they did not like the job or had been dismissed. He said that Kevin Lewis, Strategic Leader, BID, Apprenticeships, and Mick Brophy's Team had to put together a recovery plan between now and the end of the year. There was £5m of provision to deliver in the non-apprenticeship category but only £3m needed. They would need to go through the £5m and convert some of the money to apprenticeships. The process needed to be done very carefully and they were working with two partners who they know can deliver apprenticeship activity. JH has had conversations with Zac Aldridge, Head of Department, BID, National Business Development and Curriculum, and Kevin Lewis and they know there is quite a bit of money to convert.

The Chair commented that the situation was critical and that he would like to see the plan and how it was in terms of milestones. He would like to see this item come back to Finance and General Purpose Committee meetings.

A member said he was confused about the word 'challenging' which had been used in the report under financial issues to say that 'Achievement of the full year surplus target of £79,000 remains very challenging'. JH replied that he had not had the paperwork when he wrote the report.

Another member commented about the £400,000 in deficit and asked if they were confident about turning it around. They had only got four months to effect the changes so needed to look at the plan. This would be brought to the next meeting.

A member enquired if they were confident about why the situation arose over two months eg was it partners or climate? The Principal replied that it was a different landscape to recruit apprentices and many had been unemployed or from difficult backgrounds.

A member said the main problem with Nissan was that apprentices were not good enough or left. There was a need to fill gaps within the structure but timing was a problem. JH said with only 4 months out of 12 months left it was difficult to recruit.

**Agenda No: 2**

The Chair asked if Nissan was not taking apprentices was there a quality issue? The Principal replied that provision was different because Nissan had recruited through the Unemployed project. The Chair wondered if there would be a claw back issue for funding and JH replied that if students were no longer with Gateshead College then funding would claw back. If they were £800,000 short then £800,000 claw back; they cannot vire £2m apprenticeships but can fund with non-apprenticeships. Non-apprenticeships cannot be funded by apprenticeship money.

The Chair asked where the cash impact would hit and JH replied that cash would go back in November. The Chair thought this situation needed to be looked at further.

**RESOLVED to note the contents of the report**

**F/1695 Property Strategy**

**The report and the record of discussion on it are 'closed to the public' until such time as they are considered to be no longer commercially sensitive**

**F/1696 Charge Your Car Ltd**

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*Mick Brophy joined the meeting at 1.15pm*

**F/1697 Gazelle Update**

**The report and the record of discussion on it are 'closed to the public' until such time as they are considered to be no longer commercially sensitive**

**F/1698 Any Other Business**

**The record of discussion is 'closed to the public' until such time as it is considered to be no longer commercially sensitive**

**F/1700 Date of next meeting**

The date of the next meeting will be held on Thursday 1 May 2014 at 12.30pm.