

CORPORATE SERVICES COMMITTEE

THURSDAY 25 JUNE 2015



GATESHEAD COLLEGE

Report: Minutes of a meeting held on Thursday 21 May 2015

Author: Clerk

Action: Approve

Status: Open

Present: Ian Renwick (Chair)
John Holt
Ivan Jepson
John McElroy

In attendance: Samantha Pritchard (Clerk)
Gwyneth Jones (Minutes)

CS/41 Welcome/Apologies/Declarations of interests

Ian Renwick welcomed everyone to the meeting. Apologies were received from Judith Doyle and Robin Mackie.

Ian Renwick reminded Committee members of the need to declare any interests they might have in the agenda items. He declared an interest in the Future Technology Centre at Barmston Court as the North East Transformation System, which is part of the Gateshead NHS Foundation Trust, was looking to take some space there. This item featured later on the Agenda at today's meeting.

CS/42 Minutes from the meeting held on Thursday 23 April 2015

The minutes of the meeting held on Thursday 23 April 2015 were accepted as a true record.

CS/43 Matters Arising

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

CS/44 Management Accounts: April 2015

John Holt (JH), Director of Finance, presented the Management Accounts: April 2015 together with the KPIs for this quadrant.

In summary the revenue for the month was £75,000 under budget. The main area of concern remains 19+ apprenticeships, where the College is currently on £3.7m against a revised forecast for the year of £4.3m. The College is over budget for the year to date in relation to payments to Partners as more provision is being delivered by partners than originally planned. The College had generated a small deficit of £8,000 in the month. The deficit for the year to date now totals £668,000 against an expected deficit of £346,000. The full year out-turn is forecast to be revenue of £44,904,000 (target £43,162,000) with a deficit of £209,000 against a target of £51,000.

Agenda No: 2

John McElroy joined the meeting at 12.45pm

A Governor referred to the planned strategy and activity for 19+ apprenticeships and Skills Support for the Unemployed and enquired what markets were being targeted. JH replied that a number of sub-contractors were doing some work. G4S were providing activity, there was the provision of functional skills and £250,000 from that; and 30-40 young people from Nissan were moving to Level 3 programmes. Achievement of next year's allocation will be easier because of the big surge of Nissan activity.

The Governor asked about the potential outcome or risk and JH replied that this had not been factored in at the moment. He said that a £175,000 impact on the bottom line was the worst case scenario.

The Chair enquired how confident JH was at this stage around the projected outturn and he replied that he was confident. He would keep pushing on as much as possible for extra funding but the allocation would not be known until the middle of June 2015. A third quarter review with private training providers would be undertaken.

The Chair asked about the risk relating to FRS 17 and JH confirmed he would find out the position in the middle of August 2015 at audit.

The Chair enquired about the bank covenants and JH replied that the College should still be OK. It was allowed to have a deficit two years in a row so the £200,000 deficit in the first year would not count. £60,000 of Student Loan Company debt had been recovered.

RESOLVED to note the contents of the report

CS/45 Estates Update

JH presented a report on the Estates Update.

In summary he explained that the College had 9 sites but they had just disposed of the Autoskills Centre on Team Valley. He referred to a meeting in February 2013 where the Finance and General Purposes Committee approved the strategy to rationalise Subsidiary Companies and associated College provision with each curriculum located in a single location, under a single line management structure.

The College was in the process of transferring activity from the TTS site at Kingston Park to Team Valley and to SASMI. The main area of concern is the Construction Centre as the expansion in the construction sector has not happened as the College had predicted. A number of actions are being taken as a result including accommodation at the Construction Centre being rationalised to free up space for new curriculum or to sub-let; the Jewish Girls Academy provision has been relocated to the Construction Centre; Dance City could expand dance degrees with the College; they could reduce evening and weekend opening; and revise timetabling arrangements to maximise utilisation of scarce resources.

A Governor referred to the financial implications used to identify the best performing sites but wondered if there were other issues involved. JH replied that they had looked at the revenue generated and the number of students using the sites. They had not done a student analysis of success rates by the sites but had looked at room utilisation.

Agenda No: 2

The Chair thought the schedule attached to the report was very interesting and asked what approach the College takes to asset impairments. JH replied that they continue to carry assets at depreciated original cost; once you start to revalue, it would have significant impact on key financial ratios.

The Governor mentioned the District Heating Scheme being run by Gateshead Council and JH replied that Gateshead College was buying into it by using land at the end of the car park. It would be a combined heat and power plant which would lead to a small improvement of 3% - 4% in energy bills and the College would not have to maintain the boilers in the same way as done previously.

The Governor referred to rationalising space and JH replied that the College had held discussions with Gateshead Council re: the International Stadium as 90% of the land was owned by the Council.

RESOLVED to note the contents of the report

CS/46 Gazelle Update – This item is CONFIDENTIAL and not for publication

CS/47 Any Other Business

There were no items for discussion.

CS/48 Date of next meeting

The next meeting will be held on Thursday 25 June 2015 at 12.30pm.