

# CORPORATE SERVICES COMMITTEE

THURSDAY 21 MAY 2015



GATESHEAD COLLEGE

**Report:** Minutes of a meeting held on Thursday 23 April 2015

**Author:** Clerk

**Action:** Approve

**Status:** Open

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

**In attendance:** Emma Moody (Clerk)  
Gwyneth Jones (Minutes)

## **CS/33 Welcome/Apologies/Declarations of interests**

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

The Chair reminded Committee members of the need to declare any interests they might have in the agenda items. No further 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.

## **CS/34 Minutes from the meeting held on Thursday 26 March 2015**

The minutes of the meeting held on Thursday 26 March 2015 were accepted as a true record.

## **CS/35 Matters Arising**

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

## **CS/36 Management Accounts: March 2015**

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

JH referred to the Income and Expenditure Statement and indicated that the Revenue for the month was just short of £4m. The main reduction was on adult learner responsiveness and apprenticeship activity.

The College was on track to hit full allocation but a key risk was provision being delivered through partners.

**The discussion is CONFIDENTIAL and not for publication**

## **Agenda No: 2**

Apprenticeships had increased in March with revenue reaching £3,628,000 with a further £1,774,000 in the pipeline for the remainder of the year so making £5,402,000 overall. Another 900 apprenticeships were needed to secure £6,342,000 for the end of the year and the College had applied to the SFA to vire Apprenticeship money to Non-Apprenticeship.

Revenue from the Skills Support for the Unemployed programme in March was up on February but there was a long way to go to deliver £1.6m before the end of the year. This was partly because of Easter but there were also fewer unemployed people.

Full Cost Fees continued to drop away month by month.

Other Grant Funding was down significantly due to expenditure with the TEN-T Project and the Incubator Project which had slowed down because of technical problems.

Pay Expenditure fell in the month by £25,000 to £1,878,000 as a result of lower restructuring costs than anticipated and reflecting the number of one off costs in February. The increased use of casual staff employed to support Ofsted preparations had pushed up pay costs during March and this was expected to continue through April.

Other Operating Expenses were over budget by £68,000 in March because of the agreement to write-off of the investment value in Gazelle Transform Ltd. This was in addition to the £93,000 written off for the Gazelle Foundation.

Premises costs were down for the month.

Payments to Partners were also running high for the month due to the extra work done on Train to Gain and 19+ Non-Apprenticeship Activity.

The College generated a small deficit of £5,000 in the month which was disappointing as the forecast included a small surplus. The deficit for the year to date now totals £660,000 against an expected deficit of £461,000 and £685,000 at the same point last year. One of the plans to absorb this over the summer is to use partners less and do more in-house.

### **The discussion is CONFIDENTIAL and not for publication**

The Chair referred to the costs to shore up Teaching and Learning and the Principal replied that higher grades would equate to better jobs for our students, which would deliver College strategy. JH said the College was putting more resource into English and Maths this year as the original provision had been under-estimated.

A Governor enquired about destinations and whether the College had received extra income. JH replied that, in the main, the Skills Support for the Unemployed was £2.2m but they had been able to claim £600,000 for job outcomes; a recent rule change had relaxed eligibility.

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The Chair enquired about the overspend on premises and JH replied this was due to project activity on TEN-T and the Incubator. JH referred to the Balance Sheet and the £206,000 investment in Gazelle; £68,000 had been written down thus far leaving a balance of £138,000 to be written down over the remainder of the year.

## **Agenda No: 2**

Current Assets fell substantially in March as a result of lower cash which dropped down to £5.2m. January, February and March had been a fallow period and the College had received half of the normal payments during these three months. Cash will pick up again in April and the College was on track to hit £8m by the end of the year. JH advised that £4m had dropped into the College's bank account on 17 April 2015.

The Net Current Ratio was now 1.4 rather than 1.3 last month and should increase further over the coming months to reach 1.5 by the end of the year. Loan and interest payments in the month of £174,000 have impacted on the ratio.

A Governor referred to the cash in the bank and asked whether there was an increased risk because of where the sector was and whether that the cash balance would come under external scrutiny. The Principal replied this was not currently on the horizon and not likely. However, it was acknowledged that this might change after the General Election.

The Chair commented on cash used differently in other organisations and thought that Colleges with cash in the bank would be the last ones standing.

JH advised that he had attended a six monthly meeting with Barclays Bank and they were now getting into more detail.

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

### **CS/37 Budgets and Business Planning**

The Principal indicated that she had circulated an email re: Budgets and Business Planning to Board members following a discussion with the Chair.

### **CS/38 Gazelle Update – This item is CONFIDENTIAL and not for publication**

### **CS/39 Any Other Business**

There were no items for discussion so the meeting closed at 1.10pm.

### **CS/40 Date of next meeting**

The next meeting will be held on Thursday 21 May 2015 at 12.30pm.