

FINANCE & GENERAL PURPOSES COMMITTEE



THURSDAY 25 APRIL 2013

GATESHEAD COLLEGE

Report: Minutes of a meeting held on Thursday 28 March
2013

Author: Clerk

Action: Approve

Status: Open

Present: Keith Cann Evans (Chair)
John McElroy
Robin Mackie
David Mitchell
Richard Thorold

In attendance: John Holt
Judith Doyle
Emma Moody
Gwyneth Jones

F/1623 Welcome/Apologies

Keith Cann Evans welcomed everyone to the meeting. Apologies for absence were received from Ivan Jepson, Ian Renwick and Mick Brophy.

The Chair invited members to declare any interests on any item on the agenda. Robin Mackie declared an interest in relation to Charge Your Car North. 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 interests.

F/1624 Minutes of the meeting held on Thursday 28 February 2013

The minutes of the meeting held on Thursday 28 February 2013 were accepted as a correct record save that Robin Mackie clarified that the interest he had declared at the last meeting was not because Smith Electric Vehicles were acquiring land – they simply had an interest in the College's project. The minutes would be rectified accordingly.

F/1625 Matters Arising

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

The diagrams relating to the Subsidiary Companies would be brought to the next meeting of the Finance and General Purposes Committee in April.

The Director of Finance advised that Equality North East would be coming into Gateshead College, following a member's enquiry.

F/1626 Management Accounts: February 2013

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.

The Report was duly noted.

The Director of Finance provided a monthly update on the position of each of the Subsidiary Companies.

Amacus Ltd

Revenue has reached £252,000 for the year to date against a target of £211,000, with the business beginning to see revenue from its new programme for the unemployed. Pay costs total £182,000 for the year to date, £7,000 over budget whilst non-pay costs are £17,000 under at £50,000. The surplus for the year to date is £21,000 against a projected deficit of £32,000. The Director of Finance advised that he had attended an Amacus Board meeting earlier in the week.

Charge Your Car (North) Ltd

Revenue for the year to date is £1,196,000, £83,000 under budget, however this is more than matched by lower expenditure, resulting in a surplus of £66,000 (target £18,000).

Zero Carbon Futures (UK) Ltd

Income for the year to date totals £81,000 against a target of £140,000 however expenditure was £123,000 against a budget of £172,000. A number of projects are currently in the pipeline, which should lead to an improvement in revenue over the next six months. The deficit for the year to date at £41,000 is slightly higher than the expected deficit of £32,000; it is expected to breakeven over the next six months. The Director of Finance referred to a new contract for the company which featured later on the agenda.

Tyneside Training Services Ltd

Revenue remains under budget by £44,000 at £488,000, with full cost performing well offsetting disappointing revenue from apprentices. Pay costs are running high against the budget as it is taking longer than originally planned to reduce staffing costs; however, in February there was a severance so costs should fall in March. Non-pay costs are running under budget by £30,000 for the year to date. The business returned a small surplus in February, but remains in deficit by £26,000 for the year to date.

The Chair of the Corporation enquired whether there was any chance of moving out of the TTS building at Kingston Park and selling the asset. The Director of Finance replied that it was a possibility. The Principal indicated that there was the opportunity to move the driver training to Barmston Court, Washington.

North East Apprenticeship Company Ltd

NEAC continues to benefit from grant funding from RGF and the SFA and therefore has generated revenue of £289,000 against a target of £229,000. This has resulted in a surplus for the year to date of £67,000 against a target of £6,000.

Agenda No: 2

Equality North East

The Director of Finance advised that Equality North East had not been included in his report because the Company had been taken into the Gateshead College accounting system.

Gateshead College Foundation

Revenue for the year to date totals £257,000 of which £233,000 is from Gateshead College, total expenditure has been £201,000 slightly under budget by £18,000.

The Director of Finance explained that the College wanted to continue putting funding into the Foundation, it puts £33,000 each month, but tying it up in the Foundation might not be the best option in the short term when the College's balance sheet was not particularly strong. The Principal suggested that there were other ways of raising money and advised that the College now had its own Fundraising Officer. A meeting was scheduled for 11 April 2013.

RESOLVED to note the contents of the report

F/1627 Indicative Funding 2013-2014 and Options to Achieve Savings

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/1628 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.

RESOLVED to note the contents of the report

F/1629 International Strategy Progress Update

The Principal introduced a report which provided an update on the progress of the International Strategy.

The College has built new partnerships with Colleges in France, Germany, Spain, Portugal and Denmark, and with major companies in France, Germany and Ireland. A number of bids have been submitted for these projects, with a value to the College and ZCF of over £600,000 over the next two years. A partnership has been established with the Compagnons de Devoir, a European wide apprenticeship programmes, and with the prestigious Franco-British Council. The establishment of an automotive programme in Romania is being examined, and further trans-European projects, including relating to E-Learning.

The Principal explained that activities in relation to Hong Kong have focussed on the Vocational Training Council (VTC) which is the most prestigious Hong Kong provider with over 200,000 students. Following an exchange of staff and a visit by VTC apprentices to Gateshead, the College is now providing income earning training programmes to them, with proposals of a value of approximately £95,000 currently being taken forward. Gateshead College is also developing a relationship with ITE in Singapore. ITE is very prestigious and is the major provider in Singapore and

Agenda No: 2

increasingly elsewhere in SE Asia. Following recent discussions the College has agreed to cooperate to identify areas of specific exchange of students and staff and shared opportunity, including in automotive, manufacturing and sport. It has also agreed to cooperate on the provision of consultancy services in such areas as curriculum and facility design.

Further opportunities have been identified as the College has been invited to consider the establishment of new facilities in Malaysia, as well as to offer training and vocational education with local providers. These opportunities, principally the proposed College development in the Iskandar Smart City project, are currently subject to an independent feasibility study. Current indications suggest that there are very significant opportunities in Malaysia, as they proceed to improve the prestige and quality of vocational education.

Significant opportunities also exist in Indonesia. It is the 4th largest country in the world by population with a massive skills and vocational shortage and it has approached the College to discuss the potential for assistance in its major educational investment programme. The Principal was recently invited to accompany UK parliamentarians on a trade mission to consider opportunities for the UK in Indonesia, and these visits have confirmed that the College has a potentially leading position there. He advised that he was now directly in discussion with the Trade Minister as well as the Education ministry and his team as to how the College may assist them through consultancy advice. A proposal for facilities for Barclays Bank is being prepared as they are targeting Indonesia as a major investment area.

Also being considered are opportunities for automotive manufacturing training facilities, similar to the College's existing SASMI facility, in association with existing partners. Three such opportunities are currently being considered, at an early stage. College teams will shortly be visiting South Africa and India at the request of partners, to consider the potential there, and the third development in the Perak region of Malaysia is being considered with the Malaysian Government.

The Principal indicated that there were massive opportunities in China although acknowledged the difficulty of getting money out of China; looking at revised series of business models *to get involved without investing money*. He thought that some of the Gateshead College staff might want to work out there; there are a lot of Australians currently working in China. China is also moving towards using more electric vehicles.

The Chair of the Corporation asked the Principal when the College would begin to see revenue from the International Strategy. The Principal replied that by 1 August 2013, Hong Kong will be looking to send students and these students would pay to come to Gateshead College. He advised that he would provide a high level executive summary on the International Strategy for the April or May meeting of the Finance and General Purposes Committee. A small group of senior leaders within the College would be tasked with controlling the international work.

RESOLVED to note the contents of the report

John McElroy left the meeting

F/1630 National EV Quick Charger Project

The Director of Finance introduced a report on the National EV Quick Charger Network Business Incubator Project. Nissan Europe has appointed Zero Carbon

Agenda No: 2

Futures Limited (ZCF) to act as a Quick Charger Network Business Incubator for three years and to also procure, install, maintain, own and lease up to 150 Quick Chargers to selected Network Operators at locations across the UK. He explained that the contract was related to the Memorandum of Understanding signed on 23 March 2012 between Nissan and Gateshead College.

Zero Carbon Futures has taken appropriate legal, procurement and insurance advice during these negotiations, in order to understand and appropriately mitigate the associated risks. Nissan required the contract to be signed before the launch of the Euro Leaf on 28 March 2013 and, therefore, consent was obtained from the Chair of the Corporation for the Director of Finance who is also a Director of Zero Carbon Futures to sign on behalf of the College. He advised that he was satisfied that the project would not present a risk to the financial health of the College. Quick Chargers will potentially transform the low carbon sector.

The Director of Finance noted that he had signed the contract in relation to Euro Leaf on Robin and Richard's authority as Nissan had wanted it signed quickly.

The Director of Finance advised that Gateshead College's Joint Venture with Elektromotive – Charge Your Car - is being bought out by Chargemaster. The Chair of the Corporation advised that he had attended a meeting with the Director of Finance and the Managing Director of Business, Innovation and Development in the Principal's absence and they had had a good debate about Chargemaster. It was clear that it was not core college stuff but there is an opportunity to develop in the commercial sector. Chargemaster have ambitions for the IPO Market. The Principal acknowledged that there were different options; the College could sell some of it and retain shares. Shares reaping dividends could come back into the College via the Foundation. Legal advice on the College's options would be sought.

RESOLVED to note the contents of the report

F/1631 Any Other Business

The Principal advised that he wanted items 4, 5 and 6 on the agenda to be 'closed' for the purposes of the minutes.

The Chair of the Corporation advised that he had had a conversation with Jamie Martin from Newcastle College on 4 March 2013 and he would be discussing the details with the Chairs of the Committees

F/1632 Date of next meeting

The next meeting will be held on Thursday 25 April 2013.