

JOHN RUSKIN COLLEGE FURTHER EDUCATION CORPORATION

FINANCE AND PERSONNEL COMMITTEE

Minutes of a meeting of the Finance and Personnel Committee held on Tuesday 22nd September 2009 at John Ruskin College, Selsdon Park Road, South Croydon, Surrey CR2 8JJ commencing at 7pm.

Present: Geoffrey Jackson Chairman
 Marilyn Jones
 Judith Bennett
 Tim Eyton-Jones Principal

In Attendance: Malcolm Staton Vice Principal Support Services
 Michael Gainlall Finance & Resources Manager
 Lawrence Stewart Governor Observer
 Barbara Maude Clerk to the Corporation

1.	<p>Apologies for Absence and Timing of the Agenda</p> <p>No apologies had been received as all current members were present. The Chairman gave indicative timings for the agenda which were agreed. There were no items of urgent business and no new declarations of interest. The Chairman welcomed Lawrence Stewart to the meeting who was attending as an observer and also Tim Eyton-Jones, Principal to his first Committee meeting.</p>
2.	<p>Minutes of the Previous Meeting</p> <p>The Committee received the minutes of the meeting held on Tuesday 23rd June 2009. It was noted that in paragraph 4 on page 2, the LSC allocation in respect of employer responsive funding was in fact £441k and not £422k. Save for this amendment, the minutes were agreed as an accurate record and approved for subsequent signature by the Chairman.</p>
3.	<p>Matters arising</p> <p>The Finance and Resources Manager advised that in relation to the reference in the minutes to the retention payment being treated as an exceptional item and therefore “below the line”, the initial view of the Financial Statements Auditors was that this should in fact sit “above the line”.</p> <p>Therefore, at present the retention payment was included in the operational outturn although the appropriate accounting for this payment was still being reviewed by both the Finance and Resources Manager and the IAS.</p> <p>The Vice Principal Support Services also confirmed that the work to extend</p>

	<p>the Cotelands Nursery to create an adjoining room within the College had been completed over the summer. The works had been completed on time and all the works had been funded by the Local Authority and the Cotelands Centre.</p> <p>The separate occupational lease for the room was on the verge of being finalised and it was noted that the income derived to the College through the additional leasing of the room to the Cotelands Centre was £10k per annum.</p>
<p>4.</p>	<p>Budget Monitoring Report</p> <p>The Committee received the budget monitoring report for the period ending 31st July 2009 which was presented by the Finance and Resources Manager.</p> <p>It was noted that the College for the month of July 2009 had achieved an operating deficit of (£745.83k) before exceptional items. To date the College has achieved an operating deficit of (£704.42k) and the forecast to 31st July 2009 indicated a deficit of (£720.92k).</p> <p>With regard to income the College had received £6,669.96k in income from all sources for the year. Of this sum £5,998.09k were recurrent funds paid by the LSC in the financial year to 31st July 2009. An accrual for £40.09k had been made for Employer Responsive funding received in August which explained the figure of £6,038.18k against LSC income. This amounted to 90% of the College's total funding.</p> <p>In respect of 16-18 FTE participation funding received from the DCSF the LSC allocation for 2008/09 was £5,044k based on Learner numbers of 1,100. The latest ILR indicated that the College had earned funding of £4,551k which was £493k below the LSC funding allocation.</p> <p>The College appeared to be over target in respect of its adult responsive budget with the LSC allocation being £402k and the latest ILR indicating that funding earned to date stood at £494k.</p> <p>Employer responsive funding continued to be an area of concern with the funding being paid on profile and the College needing to ensure that actual income earned matched the agreed profile. The LSC had in fact issued the College with a variation in contract and this meant that the College allocation had been reduced by £91k and the College would now receive £350k (against an original agreed allocation of £442k) and this variation had been reflected in the forecast.</p> <p>The Finance and Resources Manager highlighted the main areas where there had been significant overspend against budget. The principle reason</p>

	<p>for the deficit related to an overspend in terms of salary costs and in particular compromise agreement payments that had not been budgeted for, the retention payment to staff of £218k and agency costs exceeding budget by £270k. Whilst it was acknowledged that the retention payment made to staff had been referred to it had not been included in the numerics. It was the view of the auditors that this should be included in the operational salaries at present but this would be confirmed when the auditors carried out the College's Financial Statements Audit.</p> <p>The Committee sought clarification over the reasons for the agency overspend and the Principal confirmed that in future the senior management team would be looking to separate out "cover" in terms of sickness cover etc from "agency" and these would form two separate budget lines.</p> <p>The Committee concurred that this was a disappointing year end position and requested that all attempts be made to seek financial assistance and contributions from either Croydon Council or the LSC in respect of the significant consultancy costs incurred in progressing the ultimately unsuccessful Local Authority proposals. The Principal confirmed that whilst he would of course seek financial recompense from the Local Authority and the LSC any contribution would not alone be sufficient to address the College's current position and both the College and the Corporation must concentrate on the here and now.</p> <p>In terms of the 12 month cash flow forecast, it was noted that there would need to be careful cash management in March/April 2010 when due to the LSC's payment profile, cash reserves would dip to just above the Corporation agreed minimum level of £500k.</p> <p>The Committee resolved: To receive the Budget Monitoring Report for the period ending 31st July 2009.</p>
5.	<p>Budget Strategy 2009/10</p> <p>The Committee received a summary of the key strategies to be put in place to achieve savings for 2009/10 which had been prepared by the Finance and Resources Manager.</p> <p>The College had a deficit budget of (£500k) for 2009/10. It was vital that the College had clear strategies in place as to how it was to reduce that deficit and achieve a break even position in 2010/2011.</p> <p>The main strategy focus would be centred on staffing. Staff costs as a percentage of income were currently running at 71% which was considerably higher than benchmark of 65%.</p>

	<p>In order to robustly challenge and more effectively monitor staffing costs, the Committee were advised that a staffing panel had been convened and this panel comprised the Principal, the Finance and Resources Manager and the HR Manager.</p> <p>The panel met every week to monitor staff vacancies and to vet each post against budget to ensure that any proposed post to be filled was business critical.</p> <p>The Finance and Resources Manager also advised that the areas of premises, energy, furniture, postage and supplies and services were being targeted as areas that could be challenged to reduce spend and to help reduce the deficit. The list was not exhaustive but gave a starting point for proposed action.</p> <p>The Committee welcomed the proposals and supported and encouraged the senior management team to take all prudent steps available to reduce the deficit position.</p> <p>The Chairman considered that to assist the Committee in its monitoring role of the success or otherwise of these proposed budget saving strategies that the Finance and Resources Manager identified for each area firstly what he would anticipate achieving in percentage terms against each area, secondly how he would anticipate making those savings and finally when he would expect to achieve those savings.</p> <p>If that information was presented within the financial reports for example, then the data could be monitored at each meeting to assess progress and to monitor whether the College remained on track to achieve the identified savings or not.</p> <p>The Committee resolved: To receive, note and approve the proposed budget strategy on achieving savings for 2009/10.</p>
6.	<p>Three Year Financial Forecast 2009 to 2012</p> <p>The Committee received the commentary to the Financial Forecast together with the Financial Forecast 2009/2012. Both reports were presented by the Finance and Resources Manager.</p> <p>The Committee noted that the financial objectives and targets including working towards achieving a break even budget by 31st July 2010, maintaining a current ratio of at least 2:1, maintaining at least 50 cash days or more at all times, keeping staffing costs to approximately 66% and keeping borrowing to less than 25% of general reserves at all times.</p>

	<p>As before, the Chairman indicated that he would like to see on a regular basis a summary of how any changes in the College's financial position impacted upon the Financial Forecast and the College's overall strategic plan.</p> <p>The Committee requested that it was provided with high level information that would enable it to track and assess any changes in the College's financial position against the assumptions and targets of the financial forecast and the overall direction of the College. Any small divergence now would mean that a gap could not then be addressed during the course of the year. There must be synergy between all component parts and there must be the discipline of always tracking back to the original position to assess progress.</p> <p>The Committee resolved: To receive the commentary to the Financial Forecast and to receive and approve the Financial Forecast 2009/2012.</p>
7.	<p>Learner Numbers</p> <p>The Committee received an interim report on the latest learner enrolment figures for 2009/10 from the Vice Principal Support Services.</p> <p>The Committee were reminded that at the last meeting the Vice Principal Support Services had predicted that potential learner numbers for September 2009 could be between 900 and 975. To date the College had 936 learners on roll which was in fact exactly the midway predication.</p> <p>However, the September figures were a snapshot only and some learners would inevitably drop out of courses whilst more learners would continue to enrol. The College was funded in 2009/10 for 1,009 learners. The College capacity was in fact 1,200 at current staffing levels. The College was therefore underutilising both staff and premises. However, the Principal confirmed, in response to a question that whilst there was staff under utilisation his preferred choice for this year would be to run more courses such as Key Stage 4 groups.</p> <p>It was also evident that the College had much greater success with its BTEC courses in retaining learners with BTEC Level 3, Year 1 to BTEC Level 3, year 2 notably improving. It was also clear that coupled with poor A level success rates, the A level learners did not have such a positive learning experience and this in itself promoted a negative image of the College to the wider community.</p> <p>As A level provision had been cut from the curriculum offer there would be no AS provision this year and the remaining A2 provision together with</p>

the GSCE Maths and English courses had been put on “special measures” by the Principal. In his view, these were both areas of failing provision and therefore those areas were now to follow the regime and procedures that would be required if an OfSTED inspection itself had placed them under special measures.

The Principal confirmed that the College would also look to enrol more ESOL learners and to strategically plan to have continuous enrolment to achieve true roll on/roll off provision.

The Vice Principal Support Services updated the Committee on the steps taken to encourage learners to enrol at the College. These included “keep warm” materials such as text messages which wished prospective learners success in their exam results and also reminded them to enrol, website information, fliers distributed to targeted areas and formal invites. The College had also written to 120 schools and all Connexions contacts advertising late enrolment opportunities and new entry courses.

24 members of staff had been out and about on GSCE results day at local schools to promote these opportunities and 34 members of staff had agreed to come along to the Whitgift Centre in central Croydon with students spanning a 12 hour period over the weekend to promote the College and to encourage people to enrol.

A prize draw had also been set up for students who recommended someone to come to the College. If that recommendation led to a person actually enrolling, then the student would be entered into the prize draw.

The Committee commended the officers and staff for the efforts made to attract learners to enrol. However, it was acknowledged that the College was unlikely to hit the LSC learner target number of 1,009 but that it was vital that efforts continued to ensure that learner numbers remained in or around the 950 mark.

The Principal commented that his impression of the College was that it did not have a culture of successful vocational provision and that there were no deep links with local schools. The poor success rates of the A level provision had impacted considerably. These were major issues that would need to be addressed.

Going forward the College was much more likely to be promoting itself through Facebook and Twitter as opposed to big advertising campaigns as it would have to evolve and use mediums that linked to its potential cohort.

The Committee **resolved:**

	<p>To receive an interim report on the latest learner enrolment figures for 2009/10 from the Vice Principal Support Services.</p>
<p>8.</p>	<p>Human Resources Update</p> <p>The Committee received an oral report on Human Resource issues together with a report on the progress of National Pay Negotiations. Negotiations were still ongoing in respect of both teaching and support staff. At present the cost of the increase for teaching staff would be 1.84% over the financial year and 1.54% in respect of support staff again over the financial year.</p> <p>The Principal highlighted that the College had failed to achieve any of its key targets for the current academic year. It had not met its learner number targets, its success rate targets and had been forced to set a deficit budget. The College had failed to achieve its core business functions and as a result with a projected deficit position for 2009/10 the Committee would have to consider whether it was justifiable to make a pay award.</p> <p>It was also noted that both teaching and support staff had received a retention payment which had been paid in August 2009 and therefore staff had been rewarded for their loyalty. It was hoped that staff would feel that they had been appropriately rewarded and in turn look to support the College through a challenging financial year.</p> <p>After due consideration, the Committee was of the opinion that given these key issues, then regrettably it could not recommend to the Corporation that a pay award should be made for this academic year. It was vital that management sought to achieve a break even position as soon as possible and the College needed to be a robust institution. It was confirmed that if the Corporation at its meeting on 5th October 2009 endorsed the Committee's view then staff should be advised as soon as possible of the decision.</p> <p>If the budgeted pay award of 2.5% which had been included in the budget for 2009/10 was stripped out it was confirmed that this would generate a saving of approximately £100k, reducing the deficit position by one-fifth.</p> <p>In addition, the Principal presented a review of the Staff Development Plan for 2008/09 together with the Staff Development Plan for 2009/10. The reports had been prepared by Louis Stover, Director of Learning ICI. The Principal commended the work of the Director of Learning as the Plan for 2009/10 had a clear emphasis on improving teaching and learning.</p> <p>However, one point of note was that the Principal was keen to look at the impact of the plan and therefore would be looking to emphasise "impact" and in particular being able to measure the impact on the College's success rates.</p>

	<p>The Committee resolved:</p> <p>a. To commend to the Corporation that regrettably for 2009/10 there should be no staff pay award for the reasons highlighted;</p> <p>b. To receive a review of the Staff Development Plan for 2008/09;</p> <p>c. To receive and approve the Staff Development Plan for 2009/10.</p>
<p>9.</p>	<p>Health and Safety Report</p> <p>The Committee received an update on Health and Safety issues and reviewed both the Health and Safety Management Plan Progress Review for 2008/09 and the Health & Safety Management Plan for 2009/10.</p> <p>The Vice Principal Support Services presented both reports highlighting any changes in the 2009/10 Plan.</p> <p>The Committee resolved:</p> <p>To receive the Health and Safety Management Plan Progress Review for 2008/09 and to approve the Health and Safety Management Plan for 2009/10.</p>
<p>10.</p>	<p>Premises Report</p> <p>The Committee received an annual Premises Report which had been prepared by Gareth Sidney, Facilities & Estates Manager and was presented by Michael Gainall, Finance & Resources Manager.</p> <p>The report detailed the works completed over the summer recess in 2008/09 and then over the summer for the year 2009/10.</p> <p>Of particular note was the fact that the College had had a mandatory five yearly fixed wiring inspection which had seen the whole College inspected for any defective or poor wiring. In addition, significant progress had been made in reducing the use of gang extension cables in classrooms which had been identified as an issue under the fire risk assessment. The problem had been overcome by adding further sockets to the main ring.</p> <p>Furthermore the College also now had 3 new gas fired heating boilers which were much more efficient than the previous old boilers and their associated fittings. It was hoped that this would improve the energy use and reduce wastage.</p> <p>Progress had also been made on recycling and the College now had 7 different forms of waste that were recycled through a contract with Grundon Waste.</p> <p>The Committee resolved:</p> <p>To receive the annual Premises Report and to thank the Facilities & Estates Manager for the report and the work that was being undertaken</p>

	by his team.
11.	Any Other Business There were no other items of business.
12.	Date and Time of Next Meeting It was agreed that the next meeting of the Committee would take place on Tuesday 24 th November 2009 at 7pm.