

ENFIELD COLLEGE
BOARD OF GOVERNORS

COMMITTEE	FINANCE AND GENERAL PURPOSES
Date of meeting	Wednesday 24 June 2009
MINUTES	PART 1

MEMBERS

Mr S Alexander*, Miss J Carter~, Mr K Harmsworth, Ms M Hayward~, Ms D Johns+~, Mr P White (Chairman), Mr S Wright*

(* denotes absence)

(+ Governor Johns joined the meeting after Minute Number 18/2009)

(~ not in attendance for Minute Number 34/2009)

In attendance

Mr P Brady~ (Director of Human Resources)
Ms C Grant~ (Director of Finance and Estates)
Mr S Jakubowski~ (Vice Principal)
Mr A Jeffery (Clerk to the Board of Governors)
Mr M Sableski~ (Director of Planning and Information)

(~ not in attendance for Minute Number 34/2009)

F/16/2009 APOLOGIES FOR ABSENCE

16.1 Apologies for absence were received from Governors Alexander and Wright.

16.2 Apologies for lateness were received from Governor Johns.

F/17/2009 DECLARATION OF RELEVANT INTERESTS

There were no declarations of relevant interests.

F/18/2009 MINUTES

Part 1 of the Minutes of the meeting held on 19 March 2009 were confirmed and signed by the Chairman as a correct record.

F/19/2009 MONITORING ACTIONS FROM PART 1 OF THE FINANCE AND GENERAL PURPOSES MEETINGS HELD ON 26 NOVEMBER 2008 AND 19 MARCH 2009

RECEIVED report number F389-24.6.2009 from the Clerk to the Board of Governors.

NOTED:

19.1 All items had been completed; only one was on going.

F/20/2009 MATTERS ARISING FROM THE MINUTES

20.1 Minute Number 9/2009 - National Financial Situation and College Banking Arrangements

The Director of Finance and Estates reported that the new banking arrangements with RBS are now operational, but interest rates remain low and treasury management remains a challenge.

F/21/2009 FRAMEWORK FOR EXCELLENCE

RECEIVED report number F401-24.6.2009 from the Principal and Chief Executive.

NOTED:

21.1 The Framework for Excellence (FfE) is an LSC framework for colleges to present and analyse information in a structured way.

21.2 The FfE has three dimensions:

- a) Responsiveness
- b) Effectiveness
- c) Finance

21.3 The scores for each dimension are combined into a grade and will ultimately result in an Overall Performance Rating.

21.4 In terms of the finance dimension the College is rated as 'good' or 'outstanding'.

21.5 Predictions for future gradings also identify the College as 'good' or 'outstanding'.

F/22/2009 COLLEGE PERFORMANCE REPORT AND LSC FUNDING ALLOCATION 2009/2010

RECEIVED report number F393-24.6.2009 from the Director of Planning and Information.

NOTED:

Headline Performance Targets 2008/2009

22.1 The College is set to achieve its learner number and cash value targets for 16-18 Learner Responsive Allocation; cash value will be met for Adult Learner Responsive allocation, but there will be a

shortfall in overall learner numbers. Adults on full-time programmes have generated higher SLN:Learner ratio than anticipated, therefore cash value is met with fewer learners. This leaves the College in a safe position in relation to LSC reconciliation tolerances for over/under performance.

- 22.2 Based upon the level of activity identified in the College's Employer Responsive ILR to May 2009, the LSC applied a variation to the College's Maximum Contract Value (MCV). The in-year reduction in MCV totalled £108,388, leaving the College with a revised MCV of £120,378 for 2008/2009. A supplementary report further detailing the variation to MCV was considered by the Committee. Based on current and planned activity, the College forecasts that the revised MCV will be met.

LSC Funding Allocation 2009/2010

- 22.3 The College has now received its final 2009/2010 funding and learner number allocations.
- 22.4 The learner number allocation for 16-18 Learner Responsive provision has remained the same at 1,291 although there has been a marginal decline in related funding.
- 22.5 The learner number allocation for Adult Learner Responsive provision has reduced to 3,000 and due to a revised SLN:Learner ratio, the related funding allocation has also reduced by approximately £300,000.
- 22.6 The College has received its final Employer Responsive (ER) Maximum Contract Value for 2009/2010. The MCV of £98,000 is significantly reduced from the initial MCV of £398,000, and the College is in discussion with the LSC regarding potential alternative income streams to enable the College to meet the levels of demand for ER provision in the area. One potential alternate income stream could be through projects funded by European Social Fund.
- 22.7 The College's allocation is set as an individual organisation; merger assumptions would not be a factor in setting the 2009/2010 allocation for the College. It was also noted that the LSC's fee element assumption for learners funded through Adult Learner Responsiveness (ALR) stream has increased to 47.5% in 2009/2010. That is, Adult Learners are expected to contribute 47.5% of the total income received for their learning aim, although means tested fee remissions still do apply. Employers are also assumed to contribute to provision funded through the Employer Responsiveness income stream at similar levels to the 47.5% for ALR. 16-18 year olds are still not expected to pay any tuition fees for 2009/2010.

F/23/2009 MANAGEMENT ACCOUNTS TO 31 MAY 2009

RECEIVED report number F397-24.6.2009 from the Director of Finance and Estates.

NOTED:

- 23.1 The management accounts show an operating deficit of £94,000 for the ten months to 31 May 2009 compared to a budgeted surplus of £109,000.

- 23.2 A full-year forecast to 31 July estimates a deficit of £767,000 of which property and merger costs represent £345,000 and £83,000 respectively.
- 23.3 The forecast has dropped as a result of reduced property commitments. The financial restrictions have resulted in a payroll saving of £153,000 for 2010/2011. The reduction in the Maximum Contract Value of £108,000 for Employer Responsive has increased the operational deficit.
- 23.4 Governors White and Hayward expressed concern at the projected increase in the deficit from £94,000 to £767,000 between now and the end of the year. The Director of Finance and Estates indicated that the majority of the unbudgeted costs that impact on the deficit occur in the second half of the year, therefore more costs were forecast to be incurred in the last two months than were included in the results to May 2009. The level of the deficit is still uncertain and may reduce by additional Train to Gain contributions by the end of July 2009. A decision on merger or otherwise will also impact on the result. £767,000 represents the probable worse case scenario, with the likely range being between £500,000 and £700,000.
- 23.5 The Principal and Chief Executive reported that she had received a message from Conel's Principal, who reported that the College is on the list to have a discussion about the LSC's contribution towards the overall costs in terms of refunding for fees related to property costs.
- 23.6 It was noted that pay expenditure to date is £3.9m and is forecast to be £4.9m by the end of the academic year. Pay costs are currently £419,000 over budget.

F/24/2009 IT INFRASTRUCTURE DEVELOPMENTS AND COST IMPLICATIONS

RECEIVED report number F394-24.6.2009 from the Director of Planning and Information.

NOTED:

- 24.1 Upgrades to the IT infrastructure have been identified with two sets of recommendations:
- a) Works essential to complete if the merger with Conel is approved.
 - b) Works recommended to complete if the merger with Conel is not approved.
- 24.2 Conel has a CISCO based system, whereas Enfield uses Hewlett Packard (HP).
- 24.3 If the merger goes ahead, all the existing HP switches would need to be replaced.
- 24.4 If the merger is delayed the new switches could be phased in over a period of time.
- 24.5 If the merger does not take place, the College would keep its HP networks.

- 24.6 It will require a common approach with Conel if the merger takes place.

RESOLVED:

- 24.7 The Finance and General Purposes Committee agreed the following:
- a) That if the merger with Conel is approved, essential network upgrade works are carried out in line with total indicative costs of £194,510 with £41,870 to invest in 2008/2009.
 - b) That if the merger with Conel is not approved, recommended network upgrade works are carried out in line with total indicative costs of £95,000, with £21,870 to invest in 2008/2009.
 - c) That in either scenario, (a) or (b) above, the indicative costs are over and above itemised capital bids.

F/25/2009

ANNUAL AND THREE YEAR BUDGETS - 2009/2010 WITH OR WITHOUT MERGER

RECEIVED report number F402-24.6.2009 from the Director of Finance and Estates.

NOTED:

- 25.1 As part of the preparation for merger the two Colleges have co-operated to produce a merged budget for 2009/2010. A merged college would have outstanding grades under the Framework for Excellence.
- 25.2 If merger is refused or delayed to later than 1 August 2009, both colleges will need to approve individual budgets.
- 25.3 Budgets were presented to the Committee for approval based on the following scenarios:
- a) Merged College Financial Forecast 2010/2011
 - b) Enfield College Budget (Revenue and Capital) 2009/2010
 - c) Enfield College Three Year Forecast 2010/2012
- 25.4 If the College does not merge, staff savings will be needed. A small surplus of £35,000 should be achieved. Restructure costs to achieve this will be required if proposed savings are to be achieved. The restructure proposals would require immediate implementation and would incur costs pre-July 2009, currently estimated to be £100,000.
- 25.5 The Enfield College Three Year Forecast for 2010/2012 was presented as a precaution against Ministerial delay in making a decision on the proposed merger. The assumptions show a positive situation based on realistic assumptions.
- 25.6 In response to questions from Governors, it was noted that, without merger, a balanced budget will only be achieved with substantial savings in staffing which would impact on the quality of teaching. If this scenario occurs, the College is requested to conduct a full risk assessment.

RESOLVED:

25.7 If merger occurs on 1 August 2009:

- a) The Finance and General Purposes Committee recommends to the Board of Governors for approval, additional capital costs of £41,870 in 2008/2009.

25.8 If merger does not occur on 1 August 2009:

- a) The Finance and General Purposes Committee recommends to the Board of Governors for approval, the draft Enfield College Annual Budget for 2009/2010 and the Enfield College Three Year Forecast 2010/2012.
- b) The Finance and General Purposes Committee recommends to the Board of Governors for approval, additional redundancy costs in 2009/2010 as part of the implementation of the Annual Budget 2009/2010.
- c) The Finance and General Purposes Committee recommends to the Board of Governors for approval, additional capital costs of £21,870 in 2008/2009.

F/26/2009 FULL-TIME TUITION FEES 2010/2011

RECEIVED report number F392-24.6.2009 from the Director of Planning and Information.

NOTED:

- 26.1 The full-time tuition fees for 2010/2011 were presented and agreed. If the merger with Conel takes place, the resolutions below will not be required.

RESOLVED:

26.2 The Finance and General Purposes Committee agreed the following:

- a) that tuition fees for adult students on full-time LSC FE funded provision in 2010/2011 be set at £1,200;
- b) that tuition fees of £1,200 for full-time adult students studying for a Level 1 qualification be waived for the academic year 2010/2011;
- c) that tuition fees for full-time HEFCE funded collaborative provision in 2010/2011 be set in line with the guidance from the partner institution when this information becomes available;
- d) that tuition fees for overseas students on full-time courses in 2010/2011 be set at £6,214.

F/27/2009 CONTRACTED SERVICES, INCLUDING INSURANCE

RECEIVED report number F400-24.6.2009 from the Director of Finance and Estates.

NOTED:

- 27.1 Several contractual arrangements are due for renewal and some have been extended into 2010/2011. In other instances, Conel and Enfield have engaged in joint tendering arrangements, obtaining decisions that can be adapted with or without merger.
- 27.2 College management requested that certain contractual arrangements be extended at management discretion until the Autumn 2009 Corporation Committee Cycle.

RESOLVED:

- 27.3 The Finance and General Purposes Committee agreed to managerial discretion in connection with any contracted services where tenders are required and where contracts will run out mid 2009.

F/28/2009 REPORT FROM THE DIRECTOR OF HUMAN RESOURCES

RECEIVED report number F395-24.6.2009 from the Director of Human Resources.

NOTED:

Staffing Update

- 28.1 The College is continuing with its programme of restructuring areas of the College to provide efficiencies and cost savings.
- 28.2 Details of savings on staffing reductions were presented.
- 28.3 Savings on non-pay costs have proved to be insufficient to meet the cost reductions required.
- 28.4 A restructuring plan is in place for designated areas of the College.

Forthcoming Legislation

- 28.5 The National Minimum Wage will increase from £5.73 to £5.80 per hour from 1 October 2009. It was noted that no College staff are paid at or below the Minimum Wage.
- 28.6 Information concerning a new centralised vetting and barring system (VBS) for further protecting children and vulnerable adults was considered by the Committee. The VBS is due to be implemented from 12 October 2009.

Investors in People (IIP) Re-accreditation

- 28.7 The College has been successful in obtaining re-accreditation of its IIP status.

- 28.8 Feedback was very positive in all ten areas assessed. Sharing of good practice and continuous professional development processes for staff were highlighted in the feedback summary.
- 28.9 The Chairman congratulated all staff involved in the process for this excellent result.

Review of the College Health and Safety Policy and Operating Arrangements

- 28.10 The College Health and Safety Committee has reviewed the Policy and Operating Arrangements and does not recommend any amendments.
- 28.11 If the merger does not go ahead, the College will retain its existing Policy.

RESOLVED:

- 28.12 The Finance and General Purposes Committee ratified the current Health and Safety Policy and Operating Arrangements.

F/29/2009 PROPOSED PROPERTY DEVELOPMENTS/LSC CAPITAL PROGRAMME

RECEIVED report number F403-24.6.2009 from the Principal and Chief Executive.

NOTED:

Property development

- 29.1 The College will request that it is first in the next round of bids for capital development. The College will attempt to retrieve some of the money spent on fees.

Enfield Primary Care Trust

- 29.2 The College is still trying to secure funding for the project.

Future Position

- 29.3 The future funding is unclear at this stage but the College is clear about its priorities.

F/30/2009 MERGER UPDATE

RECEIVED a verbal report from the Principal and Chief Executive.

NOTED:

- 30.1 The Principal and Chief Executive informed the Committee that the College had received no formal notification about the proposed merger.
- 30.2 A staff meeting to present an update on the merger had been deferred from Friday 26 June to Friday 3 July 2009.

F/31/2009 REVIEW THE WORK PLAN FOR 2008/2009 AND CONSIDER A WORK PLAN FOR 2009/2010

RECEIVED report number F398-24.6.2009 from the Clerk to the Board of Governors.

NOTED:

- 31.1 The work plan for 2008/2009 and progress against the plan was assessed.
- 31.2 The work plan for 2009/2010 was discussed and it was agreed, that if merger does not take place, a plan should be constructed using the 2008/2009 plan as a template.

RESOLVED:

- 31.3 The Clerk would amend the 2008/2009 work plan to accurately reflect the reports considered at this meeting (final version attached at Appendix 1).

F/32/2009 SELF-ASSESSMENT OF THE FINANCE AND GENERAL PURPOSES COMMITTEE 2008/2009

RECEIVED report number F399-24.6.2009 from the Clerk to the Board of Governors.

NOTED:

- 32.1 Under the requirements of the College's Quality Assurance Framework, Committees/Working Groups of the Board undertake a self-assessment exercise at the end of each academic year to support an update on the strengths of Governance in the College.
- 32.2 The Committee was required to consider a draft report prepared by the Clerk, make any changes it felt appropriate, identify one key strength, any key weaknesses and grade itself against the LSC PFA grading system for both framework and effectiveness.

RESOLVED:

- 32.3 The Finance and General Purposes Committee agreed the following:
 - a) That the key strength was: The Committee meets its key responsibility of ensuring the effective use of resources.
 - b) That the area for development was: To explore further value added options for students.
 - c) Following discussion the Committee awarded itself the following grades (final version attached at Appendix 2).
 - (i) Soundness and Operation of frameworks: 1
 - (ii) Effectiveness of frameworks: 2

F/33/2009 ANY OTHER BUSINESS

33.1 Standing Items

It was noted that, pending the outcome of the merger decision, the following standing items were not considered at this meeting:

- a) Review of the Finance and General Purposes Committee Terms of Reference and Membership for 2009/2010.
- b) Election of Chairman and Vice Chairman for 2009/2010.
- c) Dates of Committee meetings for 2009/2010.

F/34/2009 PART 2E OF THE MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING HELD ON 24 JUNE 2009

The Board of Governors resolved that in accordance with the Confidentiality Policy approved by the Board, the minutes from Part 2E of the Finance and General Purposes Committee meeting held on 24 June 2009 should be transferred to Part 1 of the minutes. These are as follows:

34.1 Quoracy

It was noted that quoracy for the Committee is 3 members, but only Governors Harmsworth and White were present for this part of the meeting. However, as there were no decision items Governors Harmsworth and White proceeded with the agenda.

34.2 Minutes

Part 2E of the Minutes of the meeting held on 19 March 2009 were confirmed and signed by the Chairman as a correct record.

34.3 Monitoring Actions from Part 2E of the Finance and General Purposes Committee meeting held on 19 March 2009

RECEIVED report number F391-24.6.2009 from the Clerk to the Board of Governors.

NOTED:

- a) The action had been completed.

34.4 Matters Arising from the Minutes

There were no matters arising from the minutes.

CHAIRMAN Date