

Minutes of the Finance & Estates Committee meeting held in the Boardroom at the Derby Road site on Wednesday 6 July 2011 at 4.30 pm

BOARD MEMBERS PRESENT: Howard Baggaley
Terry Dean (Chair)
Asha Khemka
Brian Stopford

ALSO IN ATTENDANCE: Maxine Bagshaw, Clerk to the Corporation
Andrew Martin, Director of Finance and Deputy Principal
Tom Stevens, Executive Director: Capital Projects and Estates
David Overton (from 4.30 – 6.10 pm)

	ACTION by whom	DATE by when
<p>10.39 <u>DECLARATION OF INTEREST IN ANY ITEM ON THE AGENDA</u></p> <p>The Chair reminded those present to declare, at the start of the meeting, any interest held in any matter to be considered. The standing declarations of interest were noted.</p>		
<p>10.40 <u>WELCOME, INTRODUCTIONS & APOLOGIES FOR ABSENCE</u></p> <p>Apologies were received from Kate Allsop, absent without apologies were Philip Lancashire and Chris Winterton. The meeting was confirmed to be quorate with four Members of the Committee present at the start of the meeting.</p>		
<p>10.41 <u>MINUTES OF THE MEETING HELD ON 5 MAY 2011</u></p> <p>AGREED: that the minutes of the meeting held on 5 May 2011 be confirmed as a correct record and be signed by the Chair.</p>	Chair	6 July 2011
<p>10.42 <u>ACTIONS OUTSTANDING & MATTERS ARISING FROM MEETING HELD ON 5 MAY 2011</u></p> <p>The Action Progress schedule was noted and the following was discussed:</p> <p>The Borrowing Strategy and Options Report will be presented to the September meeting. The Director of Finance explained that the loan facilities will not actually be required until December 2011, and therefore if the College enters into arrangement with any bank at this stage, there will be non-utilisation costs that the College would not wish to incur unnecessarily. The Director of Finance confirmed that the tender documentation would be issued shortly to a number of banks and that the outcome of the tender exercise would be reported to the meeting scheduled for 29 September 2011.</p>	Director of Finance	29 Sept 2011

Signed : _____ Chair

Date:

10.43 LONG TERM MAINTENANCE PLAN

The Executive Director: Capital Projects & Estates introduced this item and drew the following to members` attention:

- From a budget allocation of £397k for reactive maintenance in 2010/11, £350k is committed to 31 May 2011.
- Reactive maintenance and planned maintenance expenditure in 2010/11 was on projects including summer works, internal ceiling and vertical hanging tile replacement, gas remedial work and new gas main at Derby Road, three storey roof replacement, structural building inspection and Derby Road additional dining space. Total expenditure is anticipated to total £1.1million. Some of this expenditure is likely to be allocated to the 2011/12 accounts, as works will be undertaken over the 2010/11 summer period.
- Budget of £200k allocated for planned maintenance and £400k allocated for reactive maintenance in 2011/12 budget.
- Proposals for expenditure on planned maintenance in 2011/12 is listed at appendix 1, this document also identifies outstanding projects for 2009/10 and 2010/11.
- The complexity of the gas remedial works is now known and includes the new gas main, temporary repair and professional fees, which are anticipated to cost around £198k in total.
- It is also likely that to meet curriculum standards for the School of Hospitality in 2012/13, the two training kitchens will require upgrading. Further investigation is underway regarding this particular point.
- Replacement of the Derby Road three-storey roof will take place over the summer vacation period, from week commencing 4 July to week commencing 22 August, (7 weeks), at a tendered cost of £163,357 inclusive of VAT.

Members` attention was drawn to page 18 and the mid year planned and reactive maintenance budget revision schedule. Members were asked to note that the gas remedial works and provision of new gas mains is estimated to be at a cost of approximately £200k, this is a sum significantly more than originally anticipated. Members were advised that the additional work has been identified to bring the gas provision to College up to the required specifications. One positive point noted is that the gas company have indicated that they can make an external connection to the No 19 Brasserie and this prevents a need to carry out an internal upgrade immediately. The Committee were advised that the College would need to look to replace ventilation in this area of the College, and the cost of this has not yet been allocated within existing budgets.

Members reviewed the schedule of works set out at page 21, and were advised that those items shaded in green are essential, and those shaded in yellow are desirable. The Committee questioned whether some of the items shaded could be carried out in-house by staff and/or students. It was envisaged that this might lead to cost savings and also increase work experience and development for staff and students. It was generally accepted by the Committee that this was a sound proposal, and in particular they would like to see the students given practical experience to support appropriate courses. The Principal confirmed that the College should be more proactive in trying to support practical work experience for students. The Director of Finance indicated that this may be something that the College`s subsidiary company Safety Plus Construction could

Signed : _____ Chair

Date:

assist with, as they have apprentices in place waiting to undertake practical experience. All members of the Committee agreed that a key issue was to ensure that all health and safety requirements were taken into consideration and the appropriate insurances were in place to cover any students working on College site premises.

AGREED to:

- 1) note the content of the report,
- 2) approve the planned maintenance expenditure as part of the 2011/12 business planning process, and
- 3) approve the projects identified as desirable and essential on the schedule at page 21, totalling £195,180.

10.44 **PHASE 1 DEVELOPMENT**

The Executive Director: Capital Projects & Estates introduced this item and drew members` attention to the following:

- A new logo – CREATE Vision West Notts has been selected to promote the brand.
- Project timeline is on target for completion for 1 September 2011.
- Within the approved budget of £4,102,157 some £377,369 is allocated for contingency with corresponding reductions on other budget headings.
- To date, a total of £323,817.94 is scheduled for allocation to the contingency heading. This includes DDA access to CREATE and Control Room, roof installation and IT works totalling £122,436.54.
- A major item of unforeseen expenditure is to provide 40mm of installation to the roof at a cost of £51,088 plus VAT. As part of the application to Mansfield District Council building control to proceed, it was assumed that the roof contained sufficient installation to comply with legislation. On further inspections this was found not to be the case.
- The project includes IT provision in the region of £122,436.54 plus VAT. The budget includes the provision of switches to enhance the Apple Macs, and work to provide a new Server Room.
- The budget for loose furnishings and IT benching is slightly over budget at £104,455 against a provisional sum of £90k plus VAT. It is anticipated that the extra costs can be absorbed into the whole budget.
- TMC Ltd is appointed as contractor for the specialist theatre work and infrastructure at a tendered cost of £267,830.66 plus VAT. A video wall is to be installed at a cost of £22,306.00 plus VAT in the learning resource area. The system is capable of showing high definition TV, DVDs and text information.

During wider discussion, members were advised that the project is still on target for completion on the due date. Although contractors are currently three days behind schedule they are confident that this time can be made up. It is envisaged that to catch up there will be a slight overlap between internal and external work, but that this will not prevent the project completing to timetable.

Members reviewed the variation schedule at page 24, and questioned why such a significant number of items had fallen within the contingency budget. The Executive Director: Capital Projects & Estates explained that because of the time pressures involved in scheduling this programme, it

Signed : _____Chair

Date:

had not been possible to have certain internal elements of the project fully specified prior to tendering and that this is why so many variables are noted in the contingency element of the project budget. Members expressed some concern at such significant increases in certain items, particularly in relation to IT provision and theatre installation, and questioned whether the College was obtaining a satisfactory and comprehensive service from its consultants.

Members questioned whether the College Management Team and, therefore the Committee and the Board, continue to have faith and confidence in its consultants and advisors, as in their view, variations of such significance should not be an accepted part of project management. The Executive Director: Capital Projects & Estates confirmed that he had anticipated a number of the additional costs because of the specialist nature of the facility being provided, and that, in his view, late decisions taken by the College to either accelerate parts of the programme (eg, DDA access), or upgrade facilities has led to the variations. He explained that in relation to the IT costs, the networking of Apple Macs had been found to be substantially more expensive than usual PC networking and that this had led to the significant variance seen. Members noted the breakdown of IT provision detailed at paragraph 7.5 on page 25.

Whilst Members accepted the variations detailed, they did however, caution against regular acceptance of increased costs, as this would significantly lead compartments of the project, and inevitably the project as a whole, to be outside the budget agreed. The Principal accepted all of the concerns raised by the Committee, and agreed that the key was to try and achieve each component part of the project phases within the budget set, and that if this was not possible, savings needed to be found in other areas of the project to ensure that the overall budget of £24million was not exceeded.

AGREED: to note the update provided.

10.45 PROPERTY STRATEGY PHASE 2 DEVELOPMENT

The Executive Director: Capital Projects and Estates circulated two additional reports, the first was supplementary information to the general report provided, (which should be cross referenced with paragraph 14), and the second was a more specific report on the Sports Hall and Car Park budget costs.

The Executive Director: Capital Projects and Estates drew members` attention to a number of sections within his report as follows:

- Page 33 new build budgetary costs – a schedule providing an estimate of WNC budget, stage C estimate and the difference.
- Quantity surveyor and cost management – appointment of consultant proposed. He explained that using the buyers` solutions and OGC framework for project management and full design services, 12 suppliers were invited to competitively tender to provide quantity surveying and cost consultancy services, to support the detailed design of the new build, post RIBA design stage C. Four responses were received with a significant variance noted in the costs proposed. The most competitive rate had been submitted by Turner and Townsend at a cost of £50k plus VAT, and that within the contractual arrangements, Turner and Townsend are prepared to accept the

Signed : _____ Chair

Date:

ACTION by whom	DATE by when
-------------------	-----------------

- architect and structural engineer contracts being novated to the building contractor as part of the design and build contract.
- BREEAM - appointment of consultant – members were advised that, following competitive tenders, it is proposed that Anderson Green are appointed as BREEAM consultants at a cost of £8k plus VAT.
 - Catering design - appointment of consultant – it was confirmed that following competitive tenders, it is proposed that GWP Food Service Design is appointed at a cost of £8.5k plus VAT.
 - Acoustic engineer - appointment of consultant – It was confirmed that following tendering evaluations, it is proposed that Sharps Redmore Partnership is appointed at a fee of £2300 plus VAT to provide acoustic consultancy support.
 - Fire engineer - appointment of consultant – members were advised that currently an assessment of a fire engineer is underway, and it is estimated that a fire report and marked plans to indicate required fire compartmentalisation can be obtained at an estimated cost of around £8k plus VAT.
 - Consultation with a police architectural officer – members were advised that Secure by Design is a police initiative owned by the association of police officers, and that the aim of the standard is to reduce crime in the building environment. It was acknowledged that the Secure by Design is an aspirational target, but that wherever possible, attempts should be made to ensure that design at an early stage fits the criteria. It was noted that more investigative work is required to confirm whether the standard can be achieved within budgetary constraints, and that this can be undertaken as part of the detailed design process. Members were reminded that the standard is not mandatory for colleges, however, in the context of the wide range and ages of Students, where possible, it is recommended that the building is developed to Secure By Design standards within budgetary constraints. It was acknowledged that the cost of security within any building is expensive, and that it is more efficient to resolve issues at a design stage rather than subsequently having to undertake a retro fit.
 - Six storey block technical feasibility – members were advised that to advance the concept design for the six storey tower block, a technical feasibility study on the re-cladding is required. The proposal made is to appoint Taylor Young to undertake the work at a cost of £6.5k plus VAT. Members were advised that the cost of this study will be deducted from any commission for any further architectural development.

The additional report circulated by the Executive Director: Capital Projects & Estates for the architect to provide a proposal for architectural services was referred to at this stage, where the following was noted:

- 1) Taylor Young has led the concept development on all elements of work linked to phase 1 and phase 2 of the Derby Road property strategy. Presently they are acting as lead architects for the Sports Hall, car parks and new build.
- 2) Around £6million of work still has to be commissioned by the College as part of the phase 2 development. This includes the re-cladding of the tower block, other buildings and conversion of the three storey trades buildings. Taylor Young have submitted a proposal on the basis of charging 2.75% should contract expenditure exceed £4million, or 3.08% if it is less than £4million.
- 3) Taking a holistic approach, the design and tender information for all elements of the programme will be prepared. This would give a more

Signed : _____ Chair

Date:

ACTION by whom	DATE by when
-------------------	-----------------

accurate cost against budget. Packages of work could then be tendered over the next two years for completion by September 2013 as scheduled.

- 4) To ensure continuity of design from concept to detailed plan and cost, it is proposed that Taylor Young is appointed via a single action tender to provide architectural services for the completion of phase 2 works. Members` attention was drawn to appendix 1 which sets out the scope of works.

Members reviewed the data provided by the Executive Director: Capital Projects & Estates, and the second supplementary report which related to the cost of providing the Sports Hall and car park facilities, and the following was specifically noted and commented upon:

- The costs associated with appointment of consultants for quantity surveying and cost management work shows a significant difference, how can this be justified?
- Paragraph 8.6 shows such a significant difference that there has to be a question regarding the variance on the quality of services on offer. It was noted that Turner and Townsend are prepared to novate the architectural contracts without additional costs. Other companies are not and have factored in additional costs, this may explain a significant element of the variance in the costs. Members were advised that the second lowest cost provided by Faithful & Gould, excludes an additional 7% cost to take on the novated contracts. Members questioned why Turner and Townsend were less concerned about risks in this area than the other contractors.
- Each of the consultant appointments proposed at pages 9–13 were discussed in detail. Members all agreed that consultants for BREEAM, Catering Design, Acoustic Engineer, Fire Engineer and Landscape Strategy appeared straightforward.
- Members discussed the technical feasibility investigation work needed regarding the re-cladding of the tower block and acknowledged that this linked with discussions at the Residential event.
- The Principal questioned whether the fees based upon a percentage of total cost of the project would lead to any incentive to keep costs as low as possible.
- Members then debated generally whether to proceed with Taylor Young as the architects in this matter or to split the build elements down. All agreed that the question to be considered was the level of confidence that the College has with the architects and cost consultants at this stage. The Executive Director: Capital Projects & Estates confirmed that controlling costs is a real challenge and significant frustration for the Project Team and that an assessment has to be made on how to best manage the companies who will inevitably seek to expand contracts as far as possible. Committee Members indicated that it was incumbent upon the Management Team to ensure precision in relation to contract proposals to ensure that the cost of works tendered were exactly to the brief set.

The following information was specifically drawn to members` attention:

- The Finance & Estates Committee was advised in May, to keep to budgetary limits for the six court hall, consideration was given to reducing storage space and not including classrooms. On further investigation, it was decided that a larger combined provision, including

Signed : _____ Chair

Date:

classrooms is best suited to meet curriculum requirements, satisfy Sport England, and could be achieved within reasonable budgetary costs.

- On receipt of the detailed Stage D estimate from the cost consultant, the construction cost had increased to £1,135m2, following budget expectation of around 900m2. In total, this increases the costs of the sports hall and car parks by £798,826, increasing from £2,364,808 to £3,163,634.
- More detailed work has been undertaken to re-evaluate costs and consideration given to the construction of a four-court hall instead of a six court, with the reduced size bringing the scheme back into budget.
- Independent benchmark costs have been obtained from a building contractor and an alternative cost consultant, these were reviewed by the Committee.
- The planning application was submitted on Friday 3 June 2011. Statutory bodies are presently being consulted, with a provisional confirmation of an 8-week planning table, a decision is anticipated by 9 August 2011.

Members reviewed the data at appendix 2 and discussed the dramatic increase in proposed costs. Members were advised that the project now costed by Turner and Townsend is approximately adrift by 40% on the original estimate. Bowmer and Kirkland have provided the College with market rate costs as a sample comparator. The Committee reviewed the supplementary report in detail and accepted that there were a number of variables that could lead to an increase, one of which is the percentage fees for professional services at 10%, which is not accepted, and that the College would seek to maintain it at 7%. Also seen is a higher cost per m2 than the original estimate. Members all agreed that if consultants did not believe that the facility could be built at the estimated cost per m2, then they should have informed the College right at the start of this process.

In terms of the planning application, members were advised that there is the potential to withdraw from the current planning application, and that whilst this will have no cost consequences, there will be an impact upon the timetable of the car park plans. If the College does withdraw at this stage, it will be able to review its plans and resubmit, but the project timetable would slip.

Members were reminded that Turner and Townsend are currently completing, or proposed to complete three pieces of work for the College, these are:

- 1) Support the development of CREATE – it was accepted that this project is at such a significant stage that the College has no alternative but to continue with Turner and Townsend as the cost consultants in this area.
- 2) Supporting the College in relation to the development of the Sports Hall. The Executive Director: Capital Projects & Estates indicated that one alternative in this area is to look to change consultants to Abacus who are specialists in this area. It may be that they can bring the project back on budget.
- 3) The new build construction project.

Members debated the need for a six-court versus four-court Sports Hall facility, and whilst acknowledging a four-court will satisfy curriculum requirements noted that this will leave no capacity for learner engagement

Signed : _____ Chair

Date:

activities at any time. In addition, the restriction to four-court provision, would give no increase in social area for students, which has been highlighted as an area to address.

The Committee expressed significant concern regarding the increased cost and the pressure that this placed on the College generally in terms of its confidence with Turner and Townsend. All agreed that it was important to make the component parts of each budget fit so that there was no carry over of additional costs in to other areas.

Members debated the pros and cons of discontinuing its relationship with Turner and Townsend for all matters other than the CREATE project. It was felt that there had to be an over-riding concern regarding the impact on the project timetable if the College was to break its contract with Turner and Townsend. It was agreed that the College would have to be sensitive about timing and implications and that on balance, members did not feel that now was the appropriate time to sever ties.

In terms of the way forward, the steer from the Committee was as follows:

- 1) The College should proceed with its current planning application for a six-court Sports Hall. It was generally felt that if an application for planning was successful for a larger facility, then if the provision needs to be scaled back at some point because of budget, it was more likely that the Local Authority would be happy with this, rather than at a later date seeking to 'scale up' a planning application from an agreed four-court building.
- 2) Invite tenders to be provided for a six-court facility only, this would allow the College to assess more detailed costings. It was felt that if contractors were invited to tender for both a four and a six-court provision, then this may inhibit competitiveness.
- 3) In terms of the new build project the Principal and Executive Director: Capital Projects & Estates was asked to meet with Turner and Townsend and make an assessment on whether they should continue with the programme of work of the new build, or whether, subject to concessions on novation of architect and structural engineer cost, the second best tender submission from Faithful & Gould should be considered. It was generally felt that, subject to the outcome of a meeting with Turner and Townsend, it may be an appropriate time to give another company an opportunity to advise the college in relation to cost management.

Members were advised that tenders in relation to the Sports Hall were anticipated to be returned for evaluation and detailed analysis in September. It was felt that the Committee would benefit from an additional meeting in early September. This is to be discussed further at the Board meeting on 15 July 2011.

Members were advised that tenders in relation to the Sports Hall and detailed costings would be provided to the College in September. It was felt that the Committee would benefit from an additional meeting in early September. This is to be discussed further at the Board meeting on 15 July 2011.

In terms of the recommendations for all other consultants, members were happy to support the proposals made.

Signed : _____ Chair

Date:

AGREED:

- 1) the appointment of Anderson Green as BREAM Consultants at a fee of £8k plus VAT,
- 2) the appointment of GWP Food Service Design as Catering Consultants at a fee of £8.5k plus VAT,
- 3) the appointment of Sharps Redmore Partnership as acoustic consultants at a fee of £2300 plus VAT, plus advice through the construction process at a day rate of £600 plus VAT.
- 4) to commission Taylor Young by single action tender to prepare a landscape strategy for the Derby Road Campus to support the Sports Hall and new build planning application together with the integral development of the site at a fee of £4.5k plus VAT,
- 5) to propose that the new build Sports Hall and car parks are built to Secure by Design standards where feasible within budgetary limits.
- 6) to commission Taylor Young via a single action tender to provide architectural design services for the completion of phase two works on the basis of charging 2.75% for building contract expenditure of £4million and 3.08% if less than £4million, with the proposed cost of £6,500 + VAT for a technical feasibility study for the tower to be offset against the commission.

(David Overton left the meeting at 6.10 pm).

10.46 FINANCE REPORT MAY 2011

The Director of Finance introduced this item and drew members` attention to the executive summary detailed at page 42. All agreed that the report showed a good projected out turn for the College. It was noted that a full copy of these management accounts would also be presented to the full Board at its meeting on 15 July 2011.

AGREED: to note the Finance Report for May 2011.

10.47 2010/11 PROJECTED YEAR END POSITION

The Director of Finance introduced this report and confirmed that the College was now very close to its final year-end position. Members` attention was drawn to page 59 and the variances seen between the original budget, the mid year forecast and the current end of year forecast. Of particular note were the variances in relation to College pay (a decrease on budget), and College non-pay expenditure (an increase in budget). It was explained that to a greater or lesser degree, these offset each other as the College has seen less direct pay but increased partner costs as increased provision has been subcontracted. It was noted that the total operating surplus will be better than the mid year reforecast position. It was hoped that it might be better still, as the Finance Team are currently cleaning up the balance sheet in relation to old creditors who realistically would not be able to pay.

Members` attention was drawn to the significant variance in Vision performance, which was explained in detail. Also of note, was the fact that total non-pay expenditure will again be lower than anticipated and this is linked to the reduction in 16-18 apprenticeship activity delivered by partners. It was confirmed that this reduction in expenditure will be offset by previously reported increases in maintenance expenditure that have emerged during the financial year.

Signed : _____ Chair

Date:

AGREED: to note the projected 2010/11 year end position.

10.48 DRAFT BUDGET FOR 2011/12 & FINANCIAL FORECAST TO 2019/20

The Director of Finance introduced this item and confirmed that the setting of the budget this year had been particularly complex because of the various assumptions needed to try and project income streams in a turbulent sector. He indicated that realistically 2010/11 was a year of great uncertainty for the College and for the sector as a whole, and that 2011/12 should proceed with more certainty but with significant clear challenges already known. He confirmed that the restructuring exercise would be completed by the 13 July, and that a critical assumption in the 2011/12 budget is a reduction in the cost base. He confirmed that the College would need to achieve the savings identified and that a report on this would be presented to the Board at its meeting on 15 July 2011.

Members` attention was drawn to the following information in the report:

- Paragraph 10 – this provides a summary of the funding streams. It was noted that for all areas, except for the 16-18 apprenticeship programme, the budget has been based upon agreed contract allocations. However for 16-18 apprenticeships, the actual contract currently in place is £7.9million, but a budget figure of £8.925million has been included within the forecast. He explained that the basis of this has been contract variations agreed in year in 2010/11, where the College has been able to take advantage of increased delivery.
- Paragraph 14 – additional learner support has been increased substantially in 2011/12 for 16-18 learners with a maximum allocation of £3.5million. The budget has been set to reflect action plans being developed to support delivery. This assumes that income of £2.86million will be secured. Any additional income generated will not contribute significantly to profitability.
- The College pay budget has been set following the outcome of the current restructuring process and includes the policy of automatic increments built into the proposed pay budget costs.
- Negotiations around pay settlements are usually concluded within the sector at some point leading up to Christmas. The AoC conducts joint negotiations with the Trade Unions, which, although collective, are not binding on the College. Decisions on the outcome of pay review are, and continue to be, a matter for the Board. At the time of setting the budget an assumption of 0% pay change has been included in respect of cost of living. Members were advised that AoC recommendations are currently being developed and they are suggesting 'bandings'. If these bandings are accepted, then the overall increase would be 0.63%, which amounts to a cost of £140k for the year. Of this amount, the College would only need to pay 7/12's. The Director of Finance confirmed that if the Board does decide to accept AoC banding recommendations, then there is the capacity to deliver on this within the contingency budget.
- Total College non-pay costs for the 2011/12 budget of £22.85million are once again dominated by the costs payable to partners in relation to the delivery of the employer responsive provision. These costs are calculated a level of 70% of income (the contracted amount) and reflect the expectations of the mixture of delivery of the College's own staff and partner delivery.
- In general, non-pay budgets have been set at levels comparative to current spend levels, with adjustments made to known changes in activity levels, or prices which will impact on actual out turn costs.

ACTION by whom	DATE by when
Director of Finance	15 July 2011

Signed : _____ Chair

Date:

- Additional expenditure has been budgeted to reflect increases in transport costs following the College's decision to increase its transport service in response to the changes to the EMA system. Running cost budgets have been reduced to reflect lower contract energy prices and savings following the withdrawal from Thoresby Street in September 2011.
- Maintenance costs have been budgeted to return to more reflective historic levels of £600k following a challenging year in 2010/11, where the forecast increased to £850k following issues with the suspended ceilings.
- The College has also taken the decision to maintain its enrichment budgets at similar levels for 2010/11 despite the reduction in funding associated with this type of activity. An amount of £242k will be awarded to enrichment to support learner programmes and the Student experience.
- A depreciation charge of £742k for 2011/12 reflects the increase in charges as a result of the completion of the Creative Arts building at the start of the 2011/12 academic year.

The Director of Finance confirmed that he has set a budget which is prudent, and that in his view, this is an appropriate course given the College's requirement to manage debt finance. Members made reference to the strong caveats within his report at page 67 and were assured that the Director of Finance had confidence that the assumptions made when preparing the budget were realistic.

Members reviewed the schedule at page 88 and acknowledged that the December 2011 Board meeting is a critical decision point and will potentially involve committing the College to a significant loan amount. The Director of Finance confirmed that at that point he would provide as much information as possible regarding the validity and soundness of the assumptions made to support the Board in the decision making process required.

In terms of prudent assumptions, it was agreed that key headline figures were:

- 20% reduction in higher education provision,
- 30% reduction in adult education provision,
- 2% increase in 16-18 year old provision, 5% increase in apprenticeships.

Members all agreed that this was such a significant area for the Board to monitor, that they would like to see a standing Board agenda item which updates all Governors against performance against key assumptions at each Board meeting. They asked that this standing item be cross-referenced with the financial mapping paper presented to Governors at the strategy residential.

The Director of Finance explained that should the College see any loss in any of its income streams, then there are steps that management can take to mitigate losses and that these will be addressed should they occur.

The Principal confirmed that the College's reliance on the public purse is very high and there is a need to address this. She explained that in all other areas the College is actually doing exceptionally well and better than other colleges, but that it has not been able to develop its independence

ACTION by whom	DATE by when
Director of Finance	Standing Item

Signed : _____ Chair

Date:

from the public purse at a rate that would give it some protection from changes in Government and changes in Government priorities.

In terms of the soundness of the assumptions made, the Director of Finance indicated that the SFA would need to approve each stage of the College's capital project, and that it is hoped that they would not sign off substantial borrowing, if the College has made unrealistic assumptions.

AGREED: to recommend that the Board approve the Draft Budget for 2011/12 and Financial Forecast to 2019/20.

10.49 EMPLOYER RESPONSIVE AND WORK BASED LEARNING PROGRAMME UPDATE – MAY 2011

The Director of Finance introduced this report and circulated a coloured version of page 95. He drew members' attention to the data table on page 92, which he confirmed showed an element of linear consistency, which was reassuring. Members noted the switch in actual versus forecast income for Train to Gain and Work Based Learning 16-18. It was confirmed that the Work Based Learning programme which had shown signs of significant improvement in January 2011 has not been able to maintain the level of performance required in order to reach the full year forecast level of activity in the College budget. As a result, the current expectation for the 16-18 work based learning programme is that total income will increase from the current £5.7million achieved to around £7.5million by the end of July 2011 (this is against a maximum contract capacity of £8.5million). Adult apprenticeships continue to perform well supporting recent reporting that the full year forecast of £2.5million will be exceeded. Income up to the end of May 2011 of £2.165million indicates that total performance is likely to exceed £3million by the end of the financial year.

Members' attention was drawn to the contract variations detailed on page 95, with yellow showing new contracts or increases and orange showing decreases.

AGREED: to endorse and recommend that the Board approve the contract variations proposed.

10.50 DESTINY E-PEN DATA SYSTEM

The Director of Finance introduced this report and confirmed that the College engaged with Destiny around twelve months ago to discuss the development of e-pen technology to tackle a growing and labour intensive process of data recording across all provision delivered away from College premises. He explained that the e-pen solution is a digital pen and paper technology using an Anoto functionality which enables users to write out digital forms, transmit them electronically to Destiny's secured servers and have them sent to their own computer system. He indicated that the solution proposed to the College's data requirements centres around the completion of approximately 600 enrolments per year on employer responsive programmes, and that once the solution is fully implemented, assessors will be able to complete these documents with a Destiny digital pen.

Members were advised that the College has been piloting the use of the scheme with approximately 10 pens, and that the introduction of the pens

Signed : _____ Chair

Date:

is integral to the restructuring process. Members were advised that by removing the need to support data capture and paperwork submission in the work place, the College has been able to reduce the number of posts required from the current volume of 17 down to 7 and that this will provide an annual saving of approximately £231k in costs.

Members were advised that the implementation costs of the Destiny e-pen solution over three years, is £97,322 plus VAT and that the costs are budgeted for within the 2011/12 year.

Members were entirely satisfied with the business case for introducing e-pens.

AGREED to:

- (i) approve the implementation of the Destiny e-pen solution at a total value over three years of £97,322 plus VAT and
- (ii) delegate authority to the Director of Finance to enter into contract on the College's behalf.

10.51 COMMITTEE TERMS OF REFERENCE 2011/12

The Clerk to the Corporation introduced this item and drew members' attention to the proposed changes highlighted. Members were entirely satisfied with the validity of the proposed changes.

AGREED: to recommend that the Corporation approve the amended Terms of Reference for 2011/12.

10.52 COMMITTEE WORK PLAN 2011/12

The Clerk to the Corporation introduced this item and drew members' attention to the proposed framework for agenda setting. Members were entirely happy that it presented a sound base point for scheduling of business for the next academic year.

AGREED: to approve Committee Work plan for 2011/12.

10.53 CONFIDENTIAL ITEMS

- (i) CONFIDENTIAL MINUTES OF THE MEETING HELD ON 5 MAY 2011.

AGREED: that the minutes of the meeting held on 5 May 2011 be confirmed as a correct record and were signed by the Chair.

Chair	6 July 2011
-------	----------------

There were no matters arising.

- (ii) NEW SPORTS HALL & CAR PARKS – PROCUREMENT APPROACH AND BUILDING CONTRACTOR SELECTION

The Executive Director Capital Projects & Estates proposed a contractor tender list. It was acknowledged that the same list had been put forward for the contract to build CREATE facilities. Members continued to be happy with the contractor list proposed. In terms of the procurement approach, Members were happy to identify its own preferred short list of invites to tender as the contract falls below the current OJEU threshold.

Signed : _____ Chair

Date:

10.54 AOB

There were no items of additional business.

10.56 DATE OF NEXT MEETING

The Clerk to the Corporation confirmed that the next scheduled meeting was Thursday 29 September 2011, although it was noted that an earlier meeting date would be discussed at the Board meeting on 15 July 2011.

Meeting closed at 7.05 pm.

ACTION by whom	DATE by when

Signed : _____Chair

Date: