# WEST NOTTINGHAMSHIRE COLLEGE FINANCE, RESOURCES AND ESTATES COMMITTEE

***Minutes of the meeting held at the Derby Road site on Tuesday 10th November 2015 at 4.05 pm.***

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| **BOARD MEMBERS PRESENT:** | Terry Dean<br>Malcolm Hall<br>Dame Asha Khemka DBE<br>Hari Punchihewa, Chair<br>Colin Sawers |
| **ALSO IN ATTENDANCE:** | Maxine Bagshaw, Clerk to the Corporation<br>Andrew Martin, Deputy Principal/Director Finance<br>Tom Stevens, Executive Director: Capital Projects and Estates<br>Tracy Thompson, Director: HR<br>David Overton, Governor for Estates matters only |

| | | ACTION by whom | DATE by when |
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| **15.53** | **DECLARATION OF INTERESTS** | | |
| | The Chair reminded those present to declare at the start of the meeting any interests that they may have on items on the agenda. As a general point Hari Punchihewa indicated that he was aware that there were a number of contracts in place between the College and Derby University. He pointed out that he was not directly involved in any of the contracts agreed, however for the sake of transparency this ought to be recorded. It was agreed that these circumstances did not prevent him from participating nor chairing this committee meeting. | | |
| **15.54** | **WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE** | | |
| | There were no apologies for absence. | | |
| **15.55** | **MINUTES OF THE MEETING HELD ON 29TH SEPTEMBER 2015** | | |
| | The minutes were reviewed and one additional comment was requested. At page 4 the Chair indicated that he would like included his request for details of any energy efficiencies achieved as a result of the improvements in the estate to be reported at a future meeting. The Clerk confirmed that she would make the amendments requested and then email out the amended version of the minutes for signing. | Clerk | Nov 2015 |
| | The Committee confirmed that there were no matters arising and no items of AOB to be discussed later in the meeting. | | |

Signed : ______________________________Chair Date:

## 15.56 ACTION PROGRESS REPORT

Members reviewed the action progress table and it was noted that the vast majority of items were either included within the agenda today or were due in February 2016. The Executive Director: Capital Projects and Estates confirmed that there were a number of items for him to report in February and that these would come as part of a single report rather than separate items.

AGREED: to note the update provided.

## 15.57 PROPERTY STRATEGY UPDATE

The Executive Director: Capital Projects and Estates introduced this item and provided an update on a number of matters.

1) University Centre – on-site construction commenced on Monday 19th October 2015 as planned with a contract completion date of 16th September 2016. Opening is planned for 26th September 2016. It is going to be necessary to complete gas diversion works. A weekend for this has been identified. It was hoped that this could have been done without closing down the site but this has been impossible and therefore the College will be subject to business interruption during the works. The College is awaiting the final contract from the construction company. The Committee were advised that there has been a £13k increase in construction costs but assurance was given that this will not impact upon the overall budget. It was confirmed that this would be reported to the Board at its meeting next week. The committee questioned whether the College has received written confirmation from D2N2 regarding their funding commitment. It was confirmed that this has been received and was also confirmed at the LEP Board.

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| Q | ED:CPE | Nov 2015 |

2) Professional Fees to be confirmed – the Finance, Resources and Estates Committee approved professional fees to the pre-construction stage and confirmation of D2N2 LEP £2.6 million grant. A number of consultants will continue to work on the client side of the projects these include; Scott Hughes Design, Waterman Building Services, Gleeds Ltd. It was confirmed that all fees have been competitively tendered.

3) Derby Road Learning Centre LRC – during the summer vacation period the LRC was refurbished with a new open plan layout design to accommodate the development of a blended learning concept which allows students to study independently. For 2015/16 the existing library shelving has been reused to reduce refurbishment costs and provide sufficient shelfing space for the higher education book stock (around 30% of stock).

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This will be transferred to the new University Centre on completion and the shelving replaced as part of the University Centre project. The projected cost of the LRC is £186,629 against a budget of £185,232.

4) Vision Workforce Skills property – since the previous report two of the remaining 3 properties (Derby and Newcastle) have been exited leaving Wakefield to exit by 19th July 2016. At this point in time the landlord has declined an early surrender of the lease.

5) Ransom Hall administration – relocation from Ransom Hall to the Chesterfield Road site has been successfully completed. All staff are now in and generally seen to be happy. Inevitably there are some issues regarding car parking which the College is trying to manage. There is still some ongoing work to do which is being progressed to conclusion. All works required will come under the maximum expenditure agreed of £500k. In the future the building will need some additional resource as part of the general upkeep given the age and nature of the building. In relation to Chesterfield Road the Committee were advised that there is some asbestos on site, but that this is controlled by way of a managed environment.

The Principal took the opportunity to express her view that, in terms of the property and the College estate generally, there is a need to consider both the local and national environment and the political landscape. Inevitably there will be changes introduced as part of devolution, area reviews, spending reviews etc. A proposal has been made to the Treasury from the East Midlands LEP to accelerate devolution and move to one area. This is likely to bring forward the local area reviews. The Principal indicated that in her view the College needs to look to lead on this as part of the ongoing relationship with the LEP.

In terms of the sector generally the forecast is that there will be 40% less Colleges, and of these half will be in financial difficulties. The national agenda has very serious implications both in terms of apprenticeships and HE pathways.

The Principal indicated that the College has invested a lot in its estate over the recent years but that there are still some areas that need to be addressed. The Principal's view, and that of the senior team, is that the College should work quickly to finish the refurbishment of Derby Road. It was confirmed that this is included within the property strategy but that the works are spread out over a number of years. The view and recommendation to the Board is that this now needs to be accelerated.

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The Principal and Director of Finance confirmed that any decisions on this need to be on the basis of affordability, but that the recommendation is that the decision needs to be made to enable works to be completed in the summer of 2016. At this stage the estimate for works required is an investment of circa £1 million.

The Committee, while supportive of further works being done to update the estate, asked that this be done in conjunction with curriculum review and assessment. The Principal provided assurance that she is part of local and regional discussions looking at College specialisms, duplication, strengths and weaknesses etc. She confirmed that Colleges are working well together on this in advance of the area reviews expected. The Deputy Principal/Director Finance confirmed that he would provide an updated financial forecast at the next meeting and that this will inform any decisions made regarding accelerated estates investment.

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| Director Finance | February 2016 |

The Committee, in summarising the proposal, all agreed that there were two things that they and the College would want to achieve.

1) That the work is in place and on track before any potential control in the organisation is diminished.
2) An expectation that the College will 'get its house in order' before the Board looks at any potential other working arrangements, whether they be federation, merger, partnership etc.

**Q** One member of the Committee questioned whether there were any grants available to support the refurbishment investment required. The senior team provided assurance that if there are any grants available then they will explore the possibility of submitting the appropriate bids.

AGREED:
A, to note the update provided.
B, approve the professional fees identified.

**15.58** **<u>SUSTAINABILITY – CARBON POLICY AND CARBON TRUST STANDARD</u>**

The Executive Director: Capital Projects and Estates introduced this item and explained that the aim of the 2015-2020 property strategy is to further address the environment with incremental improvements. The College has identified an aim to recommend further opportunities for carbon savings as part of the SFA and D2N2 LEP grant applications for Visual Arts, Engineering and University Centre. He indicated that at the current time the College does not have a carbon policy in place and good practice requires the introduction of one, particularly if the College wishes to progress to achieve the Carbon Trust Standard.

He explained that the Carbon Trust Standard is a voluntary certification and mark of excellence. It recognises an organisation's efforts in reducing carbon emissions and provides tangible proof of steps taken.

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| | The Carbon Trust provides support to assist in the completion of the application form for the standard. This will provide the opportunity for sustainable and environmental improvements to be identified and prioritised. On successful assessment the Carbon Trust issues a verification letter. The College would then be allowed to use the Carbon Trust logo to prove credibility of carbon footprint. He explained that a lot of background work has been done to date which will assist with the carbon reduction aims and that the College continually seeks to look to find incremental options which, with the support of the Carbon Trust, could be accelerated. He explained that the Carbon Policy presented at this meeting today for approval simply states what the College currently does. | | |
| | All agreed that the green agenda is something that everyone is looking for. It is very much a national driver and is becoming more prominent with expectations that this will become increasingly so. | | |
| **Q** | One member of the Committee questioned whether the live costs of securing the Carbon Trust Standard should be recorded and evaluated. It was acknowledged that there will be ongoing maintenance and time costs in keeping the standard. It was agreed that this should be assessed to ensure value for money, although the Committee were keen not to make additional work for staff. | | |
| | The Committee were advised that the cost of verification depends on the Colleges energy bill and it is expected that costs will be in the region of £7k plus VAT. The cost will be funded as a professional fee within the cost model for the university centre construction. | | |
| **Q** | Members reviewed page 37 of the pack and the policy proposed, they questioned whether clear enough targets were included. The Executive Director Capital Projects and Estates acknowledged that there was still work to do in making the targets clearer and smarter and that he would use the time of the carbon trust assessor to support this. He confirmed that more specific and clearer targets would be presented as part of the policy once work has been undertaken to secure The Carbon Trust standard. | Executive Director: CP&E | 2016 |
| **Q** | The Committee questioned whether the Carbon Trust was the best accreditation to try and secure. The general consensus was that it is, given its professional reputation and longevity. It was acknowledged that accreditation is a very competitive and broad market with a number of options available. It was felt that the Carbon Trust is an organisation that has been recognised as good practice for a long while. | | |
| | The Executive Director: Capital Projects and Estates provided assurance that the College will be able to identify savings as a result of the work undertaken to secure the Carbon Trust Standard. All agreed that the key was to ensure that implementation is effective and well managed. | | |

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| | In approving the Carbon Policy the Committee all agreed that the College ought to be able to set some much clearer targets and then monitor delivery against these and therefore asked that the Carbon Policy be represented for review in 2016. | Executive Director: CP&E | May 2016 |

AGREED:
a) to note the update provided,
b) approve the Carbon Policy,
c) approve the submission of an application for the Carbon Trust Standard at an estimated cost of £7k Plus VAT.

(David Overton left the meeting at 4.55 pm)

**15.59** **EMPLOYER RESPONSIVE PROVISION – STRATEGY AND UPDATE**

The Director of Finance introduced this item and explained that it was a little early in the year to be providing actual data. The report provided from the Director Employer Engagement sets out and provides a summary of the management and KPI processes. Key points brought to the Committees attention were:

- Detailed learner reporting is not yet available as the organisation is in the process of closing down one year and rolling activity in to 15/16. To date there have been 833 new starts on apprenticeship provision, 109 on work placed learning and 454 on classroom based provision.
- The monitoring and reporting against KPIs for 15/16 has been formalised and will be reviewed every quarter. It was confirmed that a report on this will be provided at the next meeting. — Director: EE — February 2016
- Overall work placed learning targets have been set. Total WNC is £25,229,281. WRT is £5,806,707 (this is delivered by the Colleges own staff) Partners are £19,422,574.
- Each partner has a contract limit.
- The financial contracting request for partners on adult apprenticeships start profiles is £6,256,121 against a funding target of £13,313,420. There is an estimated carryover of £6,748,548 within this contract cohort which would give an estimated yearend variance of £308,754. This allows for the College to attract new partnerships. Whilst there is a risk attached to this, this controlled approach will allow additional contracts to be spent with potential partners who fulfil the College's robust engagement requirements and presents a more realistic model for implementation to achieve overall targets through the contract year.
- The targets set link directly to the College's 15/16 budget.
- It is planned that any underperformance at an individual partner level that falls outside of the SFA performance measures will result in funds being reduced and redeployed with partners who are over performing or used to attract new high performing partners in year.

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| | It was explained that there are a number of performance points in the year with tolerance levels applying to each, these are summarised at paragraph 4.3. It was explained that there will be an automatic reduction (except in exceptional circumstances agreed with the Head of Partnership and Projects) in contract value made where financial performance is below the given tolerance for the period in question. The reduction in contract value will reflect all of the value of the underperformance to date and will reduce the total contract value in year.<br><br>It was explained that the tolerance is based upon the cumulative position and the response to any under-performance should give the College sufficient time to reallocate. Assurance was given that partner performance is monitored on a monthly basis not just at the review points.<br><br>In reviewing the report provided the Committee all agreed that the process presented was clear and asked that their appreciation be passed on to the Director of Employer Engagement. The Principal indicated that the Director of Employer Engagement has also devised a one page KPI reporting format which is really useful to the internal team as it allows a very clear focus. It was confirmed that an example of this KPI reporting would be included within the Director of Employer Engagement's report to the next meeting. | Director: EE | February 2016 |
| | It was confirmed that any contract changes as a result of the 3 reviews planned will be implemented, managed and reported back to this Committee.<br><br>Members reviewed Appendix 1 and were reminded that the framework introduced has been devised as a direct response to the fact that the College significantly underperformed against allocation in 14/15. The College is clear that it wants to avoid a similar position happening this year. Appendix one provides an illustrative report and it was confirmed that there is one report produced for each key programme area.<br><br>AGREED: to note the update provided. | | |
| **15.60** | **HR REPORT – KEY SUMMARY OF 2014/15 PEOPLE REPORT** | | |
| | The Director: HR introduced this item and confirmed that it was her intention to provide an overview of the full report and presentation provided to the Board at the last meeting. She indicated that the College has spent a lot of time analysing the 14/15 data and has worked hard to understand and act upon any trends seen. Key matters brought to the Committees attention were:<br>• Strategies identified since the last inspection have been successfully implemented. | | |

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- The College is seeing clear evidence of strong and effective leadership and management.
- A variety of improved processes are now in place, an example given was the Business Development Unit. They now have consistency of message and a clear understanding of expectations.
- The College has seen an increased number of resignations but views this as a positive and is a result of clearly communication higher expectations. This has taken place in the Business Development Unit and replicated across College.
- A lower number of complaints and grievances.
- The College has made great strides in terms of its people management.

**Q** The Committee questioned, from a HR point of view, how the team would measure success and impact. The Director: HR indicated that this was in a number of ways:

- The team has looked at both statistical information and anecdotal information.
- There is clear evidence of consistent approaches.
- A strong working relationship with the trade unions.
- The College has seen improved success rates.
- The College has seen improvements in relation to completions of frameworks.

It was explained that there is a clear correlation between improvements in the workplace, the environment and the success and outcomes achieved by learners. It was acknowledged that there are still pockets of provision that need to be addressed and this is being progressed.

- Heads of School are more knowledgeable and therefore effective.
- The College has worked hard with staff to implement the changes needed to get back to a position of financial security
- UCU took the decision locally not to take national strike action given that the College was able to reach a local agreement.

The Committee all agreed that the indicators presented demonstrated a positive position and thanked the HR team and staff for all of their hard work in this area.

AGREED: to note the update provided.

**15.61** **FRANCHISE AND PARTNERSHIP ACTIVITY – RISK ANALYSIS**

The Director of Finance introduced this item and confirmed that the report was prepared following clear identification of a significant risk in this area. Key points brought out from the report were:

- The analysis of the College budget for 15/16 (in much the same pattern as 14/15) places the franchise and partnership programme as a key element of the overall College delivery, providing contributions and significant turnover for the overall business (approximately 40% of the overall income budget for 15/16).
- The overall budget for the College is a breakeven position and within this the franchise and partnership programme provides a net contribution of £521k, suggesting that the programme subsidises other parts of College activity.
- Whilst noting the contribution from franchise and partnership, emphasis of equal importance in managing the College business should be to ensure that the other elements of College activity are viable in their own right and remove the reliance upon this activity. This is not specifically because of what is but more importantly because of common business sense to ensure that all parts of the College activity make genuine financial contributions.
- As was pointed out in the segmental analysis report, an end to the College franchise programme would mean that savings equivalent to the overhead absorption plus the net contribution would need to be made. This is around £4.5 million and therefore represents a significant risk.
- The operational risks of running a remote programme are well documented and well known. The fact that the activity is remote brings several specific risks around the ability to control and monitor the work of College learners. This manifests itself in the existence, eligibility and tracking of learner progress in line with the relevant funding rules. It is critical that the College has in place the appropriate checks and balances in relation to the stability of providers, their ability to deliver quality and ensure compliance.
- Outside of the operational factors there is a higher risk of fraud or irregularity within partner based programmes. This is borne out by a number of investigations that the College has dealt with over the past 3 years, although none to date have resulted in any proven cases of fraud.
- To offset this, it is clear that engagement with partners has brought strong learner outcomes and the ability to meet government priorities, and perhaps more importantly enable the College to respond to changes within the sector more swiftly then would otherwise be the case.

In terms of the operational aspects of working with partners the Director of Finance confirmed that there are risks, but that he and the senior team are confident that the internal risk management processes are in place to mitigate. However, external risks are a very different position.

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In terms of external risks a number of points were noted:

- Way back in the late 1990's problems with College franchising resulted in the agency at the time introducing a funding rule which required providers to limit franchise to 5% of income. This factor, if applied to today, would decimate our current programme and result in significant business reengineering. However, this is not currently suggested although funding agencies are not easy to predict in the medium to long term.
- Further bolstering of the funding rules regarding responsibility for repayment of public funds are in place to avoid increased fraud.
- The College is now bound by much more specific funding rules around subcontracting programmes and the obligations in doing so. The College must publish its supply chain fees policy and the values of income and payments made to each partner for the financial year. This is essential in response to the allegation that some Colleges and training providers have charged excessive fees to partner deliverers and thus diverted educational funding away from its intended purpose. There has also been the introduction of the Register of Training Organisations.

Perhaps of greater concern is the unknown future of the apprenticeship levy and the ownership of apprenticeship funding by employers. The Government has committed to increasing the number of apprenticeships by 3 million as part of its manifesto. Whilst there are a lot of unknowns in terms of the processes what is becoming absolutely clear is that the government will, however it needs to do this, meet this promise. A voucher system is currently proposed and it is the cashing of these vouchers that may determine whether subcontracting has a future in the adult skills system. The precise nature as to how this would work is not known at this stage and a key area will be how quality is monitored.

The Committee all acknowledged that close monitoring of developments in this area needs to take place and that the Board need to know precisely how the system will work so that it can form its strategy. The Director of Finance indicated that the proposed changes to apprenticeship funding are the single biggest risk to the Colleges subcontractor programme at this stage. The Committee all acknowledged that if some of these threats start to materialise then there will be a significant impact on the viability of the organisation which will result in a vastly different organisation than currently operates. The key is to focus on all areas of College provision and make sure that each is making a contribution and avoid the current subsidised position.

AGREED: to note the content of the report provided.

**15.62 COMMERCIAL INCOME GENERATION STRATEGY**

The Director of Finance introduced this item and confirmed that his report provides background to commercial income development over the last 3 years. Members' attention was drawn to page 65 which shows that income has significantly increased over the last 3 years. All acknowledged that there needed to continue to be a focus on other areas of funding, and to develop this, the College is looking to recruit a permanent full time bid writer.

**Q** The Committee questioned whether the College has an active process in place for identifying bids. The Director of Finance confirmed that it does but acknowledged that there is more that can be done. He explained that the College subscribes to an information database which identifies money available for education purposes on a monthly basis. The Principal indicated that there are currently significant amounts of ESIF funds available and that someone needs to be recruited with experience on how to access these funds and drive forward a number of initiatives.

In reviewing the commercial and other income analysis it was acknowledged that a number of income lines have gone both up and down over the years. It was explained that if the College loses key people then it does have an impact. The Committee all agreed that it was important that each area of College provision is commercially viable, albeit that there is recognisable volatility within most of the income streams identified.

**CH** The Committee expressed the view that the College has a great estate available and would like to see the assets 'sweated' more effectively. The Director: HR confirmed that the introduction of VBSS would help to reduce costs and make the College offer more competitive. One Governor present expressed the view that Board membership could be strengthened by recruiting someone who has commercialisation experience in terms of health and beauty and catering. The Committee agreed that the College needs to look to be creative and identify all possible opportunities and that this extends in to marketing. It was felt that this could be improved in relation to commercial activities. It was acknowledged that marketing to customers on a commercial basis is very different to marketing to students regarding enrolment.

AGREED: to note the update provided.

**15.63 MANAGEMENT ACCOUNTS 30$^{TH}$ SEPTEMBER 2015**

The Director of Finance introduced this item and confirmed that the information provided was very early in the year. Key matters noted:

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- For the period up to the end of September 2015 the College group performance had delivered an overall operating surplus before interest and depreciation of £769k. After interest and depreciation the surplus remains positive at £374k which is £45k behind budget.
- At the end of September 2014 the College Group had recorded an operating surplus of £203k.
- Across the component parts of the group the College performance is below forecast with a surplus before interest and depreciation of £560k (corresponding month last year was £126k) against a target of £626k.
- BKSB continues to deliver strong results with an operating surplus of £233k (budget £195k, corresponding month last year was £246k) whilst VWS has contributed a loss of £31k for the year to date as some costs came in above estimates. VWS is expected to breakeven in the 15/16 year.
- Overall Group income of £8.104 million for the year to date is £639k behind forecast (although it is very early in the year) and £291k lower than the £8.395 million recorded in 14/15. Similar issues with adult skills performance remain with a slow start, however assurance was given that the difference this year is that the senior team know what it intends to do to address this position.
- Overall pay costs continues last year's trend of being below the forecast position. At the end of September 2015 pay costs of £3.962 million are £202k underspent and below the £4.042 million incurred at the same point in 2014/15. It was explained that some posts have been hard to recruit to. All agreed that it was not a viable position to continue to offset underspends in staff costs against a shortfall in income. The Committee agreed that a decline in income was a concern and that it was only possible to offset up to a point and then becomes a non-viable position.
- The Group balance sheet strengthened in month with total assets now of £10.699 million, £287k above yearend. Cash balances improved to £12.551 million, an increase of £1.292 million from yearend as £5.607 million from the SFA for the adult skills budget and £1.212 million for ESF projects completed last year were paid.
- The short term current ratio of 0.93:1 has weakened since the yearend due to capital payments and the quarterly loan repayment due in August. Whilst there is plenty of liquidity the target is to get to 1:1.
- Group reserves have increased from £8.77 million at the start of the financial year to £9.12 million as at the end of September 2015.

The Director of Finance confirmed that the bank is happy with the current position and he and the team continue to meet regularly with the bank to discuss overall facility requirements.

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AGREED: to note the content of the management accounts to 30th September 2015.

15.64 **2014/15 DRAFT MEMBERS REPORT AND FINANCIAL STATEMENTS**

The Director of Finance introduced this item and confirmed that the draft members report and financial statements presented follow a standard format. Key points noted:

- Pages 71-96 provides background commentary.
- Page 97 - shows that turnover is up on the prior year. The College ended the year with a £2million surplus this should be compared with a £5million loss in 13/14 and represents a significant turnaround.
- Page 99 - cash at bank and in hand has declined slightly but not significantly. Net current assets are strengthening but are still not at the position where the College wants them to be. Loans are reducing. Pension liability has increased.

He confirmed that the accounts have now been audited and KPMG are producing their management letter which should be with the College by the end of the week. One correction will be made in relation to BKSB staff costs which have gone in to the wrong column. It was confirmed that this will not impact upon the overall position.

- There have been 3 disposals within the year.
- Strong performance from an operating point of view.
- Cash at bank still positive although a reduction on the prior year.
- Loan balance will reduce by approximately £730k each year.
- Although pension liability has increased it could have been at a higher rate. The College challenged the inflationary pay increase assumptions. If this challenge had not taken place the pension liabilities would have increased by an additional £3million.

**Q** In reviewing the information provided the Committee noted that the level of debtors has increased and questioned why. The Director of Finance explained that ESF was a significant debtor at the end of the year and that by comparison this ESF contract was not in place in the prior year. He explained that it was a timing issue in terms of payment. In addition, BKSB uses July to issue the majority of annual invoices and this has an impact upon the figures.

He confirmed that at the end of the external audit process there were no audit adjustments. The management letter is expected this week with no issues of significance raised. He expressed the opinion that it was a very smooth audit this year.

In reviewing the information provided the Committee were happy to recommend that the Board approve the 2014/15 draft members report and financial statements presented.

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AGREED to recommend that the Board approve the 2014/15 draft members report and financial statements

**15.65** **RECONCILIATION OF FINANCIAL STATEMENTS TO THE JULY FINANCE REPORT**

The Director of Finance introduced this item and confirmed that it was good practice to provide a reconciliation. Members' attention was drawn to page 30 which sets out the table of differences. It was noted that performance improved slightly at each review point in the year and this is as a result of the prudent approach taken.

The Director of Finance explained that there was quite a long tail to close down of the ILR this year and that this is one of the reasons for improvements seen. The Committee were happy to note the relative consistency regarding forecast and projections and that the start of year forecast was close in terms of the outcome.

AGREED: to note the content of the report provided.

**15.66** **STUDENT UNION ANNUAL AUDITED ACCOUNTS FOR 2014/15**

The Director of Finance explained that the Student Union does not exist as a separate legal entity to the College but operates within delegated budgets. The budget is ultimately delegated through to the Deputy Principal for Teaching and Learning up to the end of the 14/15 financial year. For the yearend 31st July 2015 the Union generated a surplus on its operations of £16,109 (last year £31,588). This is largely due to underspending on staffing costs with a vacant post carried throughout the year and a better than anticipated performance on income generation. All agreed that the key issue was to ensure a surplus position on what is a very modest operation.

AGREED: to note the content of the report provided.

**15.67** **PROCUREMENT**

a) 2014/15 year-end report
b) 4 year strategy.

The Director of Finance introduced this item and confirmed that the report at page 139 onwards summarises the key savings achieved. He explained that it was getting harder year on year to identify savings but that for the 14/15 year the College hit the targets set.

**Q** The Committee questioned whether or not the College seeks external advice and support in this area on a 'no savings no cost basis'. The Director of Finance expressed the belief that there is a strong qualified internal team in place.

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The College has used some specialised services but does not chose to do so generally as there are other mechanisms for identifying savings in place, particularly collaborative working arrangements eg Crescent Purchasing Consortium, the NEUPC, the NWUPC etc.

One area brought to members' attention is the fact that staff noncompliance is still an issue that the College is seeking to address (section 6 page 142). Particular emphasis has been placed on adopting the correct procedure of raising open orders for low value/multiline items such as catering, hair and beauty supplies etc. Although it is disappointing that these correct ways of working are not reflected in the end of year reports some of these may not come in to effect until the reporting in the next financial year.

**CH** The Committee generally indicated that the key for them is to monitor attempted frauds and mitigate these as far as possible. Assurance was given that the team are vigilant and share information regarding known fraud practices.

In terms of the strategy going forward it has effectively been rolled on given its successes. Targets are to remain the same as is the aim and missions. The Director of Finance expressed the belief that the procurement function is efficient and is able to achieve the savings required.

AGREED: a) to note the content of the 2014/15 yearend report & b) approve the 4 year strategy.

**15.68 WORK PLAN 2016**

The Committee reviewed the work plan and agreed minor changes.

- February 2016 – the 'people strategy – draft' will be removed. Also to be included as part of the lighting review is a report on energy efficiencies and savings as a result of estate development. The 'people report - mid-year for 2015/16' will be presented at the February 2016 meeting.

AGREED: to approve the Committee work plan for 2016.

**15.69 AOB**

There were no items of additional business.

**15.70 DATE OF NEXT MEETING**

23rd February 2016.

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**15.71** **<u>CONFIDENTIAL MINUTES OF THE MEETING HELD ON 29TH SEPTEMBER</u>**

The minutes were reviewed and approved as a correct record of discussions.

There were no matters arising.

Meeting closed at 6.05 pm.

Signed : ______________________________Chair Date: