

**New College Corporation**  
**Finance and General Purposes Committee**  
**Monday 9 June 2008**

**Minutes**

**Present:** Mr D Hopkins (Chairman)  
Mr M Crowson  
Dr R Hargreaves (Part)  
Mr I Woulds (Part)  
Mr G Clark

**In Attendance:** Mrs B Tyley  
Mr P Taylor (Clerk) (Part)

*[Clerk's note: the Clerk having been delayed en route to the meeting, Mrs Tyley agreed to take a note of proceedings. These minutes, up to the point of arrival of the Clerk are based upon that note].*

**1 Apologies**

None.

**2 Confirmation of Minutes**

The minutes of the Finance and General Purposes Committee meeting of 18 February 2008 were confirmed.

**3 Declarations of Interest**

None.

**4 College Planning and Development**

Mr Clark introduced the report (copy in Minute book) for the Committee explaining that it presented an overview of some of the changes now affecting

the College and made proposals for investigating a separate college charitable trust and/or company.

Mr Clark began by reviewing briefly the major changes in the environment in which the College operates since 1993. He then focussed on developments in 2007/08 arising from the governmental imperatives to create a new 14-19 phase of educational and develop world class skills in the UK, and referred to the frenzy of activity both nationally and regionally in FE circles. He summarised the wider educational context and highlighted the key elements emerging from the new policy framework noting that: the LSC is to cease to exist in its current form during 2010; the creation of two new agencies, one for young people's learning 14-19 and another for post 19 skills; local authorities are to take the lead role in local 14-19 development and fund provision by 2010; sixth form colleges are to be re-designated having a clear role in the new system; and general FE colleges are to focus on meeting the needs of employers. Mr Clark noted particularly that while there is to be no formal raising of the age of leaving full time education or training, there is to be a new emphasis on extending participation to the age of 18.

*[Clerk's note: at this point in proceedings the Clerk joined the meeting]*

In initial debate on the matters covered by the first part of the report, members considered the potential impact on New College, and particularly the effect of the new emphasis on participation on the numbers of students at the College. Members acknowledged the importance, stressed by the Principal, of 'positioning' the College appropriately in response to the changes, threats and opportunities that exist.

An important process is the development of a new five year Strategic Plan. In response to questions from Mr Hopkins and others, the Principal reported that he hoped that some of the government policy imperatives would be clearer in July 2008 and that he would want, should the timings allow, to involve Governors in the strategic development process before the autumn term 2008.

Returning to the report, Mr Clark referred to the move towards FE becoming a self regulating sector. Mrs Tyley reported on the College's involvement in a peer referencing group commenting that initial contacts and comparisons have served to reflect well on the progress made within quality development matters in New College. Mrs Tyley described the new 'Framework for Excellence' which is to be used throughout the FE and training sector (and eventually school sixth forms) and which will provide a common framework for assessing key areas of performance. She noted that institutions' financial positions are likely to form a key determinant of performance rating.

Turning to LSC Planning and Funding, Mr Clark summarised the major changes introduced for 2008/09 including the following elements: a new funding methodology; new funding rates; revised funding priorities; a new college target 'Standard Learner Number'; a unique provider factor; and a

national funding rate, all coming together in a new funding formula for the College.

In debate, although there was some scepticism from Dr Hargreaves and Mr Crowson as to whether the new methodology would completely rectify the disadvantage New College had suffered in funding, members welcomed the indicative settlement for 2008/09.

Mr Clark described the elements of the funding elements for 2008/09 and was pleased to be able to describe it as a positive one in which previous growth had been consolidated and which represented a 7% overall increase. He noted it contrasted sharply with the extremely tight settlements received over the last four years, notwithstanding that the adult allocation for 2008/09 represented a 20% decrease from the 2007/08 figure.

In response to questions from Dr Hargreaves on learner number targets, Mrs Tyley explained the pragmatic approach used to generate the full time 16-18 target figure.

On Human Resources, Mrs Tyley referred to the progress made in HR policies, procedures and practices set out in the report. She noted particularly the comprehensive staff training needs survey, and the planned employee well being survey.

Mr Clark described some organisational developments, particularly the arrival of a new Assistant Principal (Phil Lloyd) with a broad role in curriculum planning and development, and referred members to the section of the report setting out revised organisational structures. He noted the new extended role of Alison Rosser in respect of student services and improving the student experience, and to the establishment of a new performance team managed by Mrs Tyley, who also retains substantial duties elsewhere. Mr Clark noted that it was intended that the organisational developments would release more time for the Principal and Vice Principal to concentrate on the longer term development of the College.

*[Clerk's note: at this point in proceedings, given that Mr Woulds had to leave the meeting shortly, the Chairman invited Mr Woulds to comment upon the other agenda items: management reports; and budget 2008/09 and three year financial plan. Mr Woulds' comments are recorded in the minutes against those items].*

*[Clerk's note: at this point, Mr Woulds left the meeting].*

Turning to promoting the College's educational ethos and purpose, Mr Clark and Mrs Tyley referred to the proposal to investigate the possibility of creating a charitable trust and/or company that would support the educational ethos and purpose of the College, but that would operate in a different context from the College. Mrs Tyley stressed that a formal proposal would only be brought forward after careful research, with particular attention to aspects of: the legality of proposals; transparency; tightly controlled financial management;

and the safeguarding of assets. Mr Clark referred to the need to undertake some limited expenditure (in terms of securing legal, financial and other advice) to complete the research.

In debate, members expressed general support for the proposal, although it was acknowledged that they could not reach a final judgement on the merits of such a proposal until the results of the feasibility research were known.

The Committee resolved:

To receive the report and to support the further investigation of options that could lead to the creation of a separate charitable trust and company.

## **5 Management Reports to 30 April 2008**

Mrs Tyley introduced the report (copy in minute book) for the Committee, noting that the accounts show a surplus of £92,000 reducing to £14,000 when expenditure commitments are taken into account. This compares favourably with the profiled budget surplus to date of £4,000. She summarised briefly on the areas of principal variation from the profile set out in the report. She noted in particular concerns over the catering provision expenditure, and undertook to review catering arrangements.

Mr Would's comments were that he welcomed the positive position set out in the management reports and had no concerns to record. He was particularly pleased to note that at 73% the pay costs as a proportion of income was coming in below the Corporation's maximum target figure of 75%.

In debate, members commented favourably on the income and expenditure figures and raised helpful suggestions about several budget areas including energy costs and interest receivable.

The Committee resolved to receive the management reports.

*[Clerk's note: at this point Dr Hargreaves left the meeting which remained quorate].*

## **6 Budget 2008/09 and Three Year Financial Plan to 2010/11**

Mrs Tyley introduced the report (copy in minute book) for the Committee noting that the report included the forecast outturn for 2007/08 and a proposed budget for 2008/09, and a three year financial plan and forecast balance sheet. She was pleased to report an indicated surplus in the current financial year, and that a similar position is envisaged throughout the plan period. She was particularly pleased to propose the setting of a balanced budget in 2008/09. This represented the first balanced budget set for a number of years and was largely attributable to a more realistic grant settlement from the LSC.

Mrs Tyley summarised the main features of the three year forecast income and expenditure, and the key planning assumptions involved, particularly on income, pay and non-pay expenditure, and capital expenditure.

Mr Would's comments were that he welcomed the move to a balanced budget position set out in the report, and had no concerns to report. He was aware that the budgetary position rested on the achievement of improved LSC income levels, and noted the importance of continued effort to achieve the target student numbers.

In debate, Mr Hopkins and Mr Crowson both referred to the need to develop the College accommodation strategy, and recognised that no account in the budget and forecast had been taken of the cost and impact of longer term building proposals.

In further debate on the matter of the College's financial health category, members noted that on the basis of the current planning assumptions the balance sheet remains healthy during the period, and year end balances are not expected to fall below £1.9m. Taking into account the financial forecast and performance against the LSC financial ratio calculations, members agreed that an uplift to category 'A' would be appropriate.

The Committee resolved to:

- i) Receive and note the forecast outturn for 2007/08
- ii) Commend the planning assumptions included in the report for the proposed budget for 2008/09 and financial plan to 2010/11 and to commend them to the Corporation for approval.
- iii) Recommend that the financial health of the College should be re-categorised as 'A'.

## **7 Date of next meeting**

The next meeting of the Finance and General Purposes Committee will be held at 5.30pm on Tuesday 25 November 2008.