

**New College Corporation**  
**Finance and General Purposes Committee**  
**Monday 18 February 2008**

**Minutes**

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

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

**1 Apologies**

Mr I Woulds

**2 Confirmation of Minutes**

The minutes of the Finance and General Purposes Committee meeting of 26 November 2007 were confirmed.

**3 Declarations of Interest**

None,

**4 College Planning and Development: An Update**

Mr Clark introduced the report (copy in minute book) for the Committee. He supplemented his report with a visual aid presentation to provide further explanation of salient points. He explained that the purpose of the report was to summarise some of the major changes facing the College.

Mr Clark provided the Committee with a summary of the contents and potential impact of a number of government reports published over the last three years, including particularly the 'Leitch Report' (December 2006), which focused on the development of 'world class' skills. He described the various categories of skills identified in the Leitch Report, and related the Report's conclusions to impending changes in the funding and planning regimes which affect Further Education.

Mr Clark described the initial impact of the changes in governmental structures in education, principally the formation of the Department for Children, Schools and Families (DCSF) and the Department for Innovation, Universities and Skills (DIUS), and outlined their different roles in 'sponsorship' and funding. He noted the manner in which sixth form colleges sit awkwardly in this structure, the DIUS being the sponsoring department for Further Education colleges, while the DCSF has the responsibility for public funding for 14-19 year olds. He reviewed some of the policy pressures on sixth form colleges resulting from changes in the Schools and Universities sectors, and the emerging roles of local authorities and regional agencies in terms of: education; economic development; community regeneration; and social cohesion.

Turning to the LSC, Mr Clark reported its role as 'planner', 'market maker' and (for the immediate future) funder of both 16-18 and adult learning. He particularly drew the Committee's attention to the fact that these two funding streams have now effectively become ring fenced within the LSC, thus inhibiting any virement between the two that might have been used to support growth in participation for 16-18 year olds. He described how these changes, coupled with other changes including investment in specific programmes and the general pressures on public spending, have made the impact of the introduction of the LSC new funding methodology much more uncertain.

He described the intention of linking funding to priorities (both national and regional), and the use of separate models for 'demand-led' funding, namely 'employer' demand led, and 'individual' demand led, with the latter applying to 16-18 funding delivered on a commissioning basis. He confirmed that a new national funding rate would apply (albeit with tapering, protection and London weighting) based on students assessed in terms of Standard Learner Numbers.

In debate, members commented that previous changes had not produced an equitable funding regime for New College compared with schools and other further education colleges, and they were yet to be convinced that the new funding methodology would produce a 'level playing field'. Mr Clark commented that the new methodology was designed to be more transparent than previous models, however its introduction comes at a time when many other policy imperatives and the squeeze on public spending combine to make it difficult to predict the outcome of its implementation. He confirmed that the new methodology would apply to school sixth forms, some of which will struggle to deal with the impact of elements such as 'retention' and 'success rates'.

Mr Clark believed that under the new methodology there was a prospect of the College benefiting from increased Additional Learning Funds. He noted the difficulty some colleges might find themselves in where budgets were predicated upon assumed increased funding arising from additional student numbers. He confirmed that the LSC funding for 2008/09 was unlikely to be confirmed before the end of April 2008. Members commented that the uncertainties made planning and budgeting for the future exceptionally difficult, but were pleased to express support and appreciation for the manner in which the Principal and Vice Principal continued to accommodate changes in LSC methodologies.

Mrs Tyley commented that the annual funding dialogue with the LSC was a more uncertain process than hitherto, and in particular they were concerned that the College's adult funding was at risk. The College would continue to make a strong case for the retention of part-time adult funding.

Mr Clark concluded his remarks on the changes by noting that the policy and funding tensions have combined to render the context in which the College operates considerably more complex and uncertain than in the past.

Turning to human resources, Mr Clark and Mrs Tyley reviewed the organisational developments undertaken, and described the revised organisational structure and new senior posts proposed. The Committee welcomed the new approach with the prospect, before too long, of easing somewhat the management burden on the Principal and the Vice Principal.

In terms of updating the College's HR procedures Mrs Tyley reported on the continuing work undertaken on a number of key areas, including the College's Employment Protection Scheme. Mrs Tyley tabled (copy in minute book) the latest re-draft of a revised Employment Protection Scheme being developed. She drew the Committee's attention to the intention to refine and streamline the process while still retaining timely consultation and approval processes. The Committee supported the principle of developing a more streamlined process and Mrs Tyley noted that further work on the detail of procedures, including consultation with the Clerk on the specific role of governors in the process before presentation to the Corporation for approval. In response to a question from the Chairman she noted that work on revising and updating other key elements in the College's Personnel Handbook was underway and anticipated their completion later in the year.

The Committee resolved to receive the report.

## **5 College Accommodation : Update**

Mr Clark introduced the brief report from Tribal (copy in the minute book) and provided a supplementary oral update. He explained that Tribal were in the course of undertaking a thorough update, review and reassessment of the original options for redeveloping the current New College site.

An important part of this work is a re-examination of the accommodation requirements in terms of floor area, including that of each sector subject area. It was anticipated that any capital applications will be kept to a level within the authority of the Regional LSC Board, rather than taking an application forward to the National Capital Committee.

Mr Clark reported that he had undertaken further meetings with the LSC and Telford & Wrekin Council at which the College's accommodation strategy had been raised. However, no substantive conclusions were reached.

The Committee resolved to receive the report.

## **6 Management Reports for the Period to 31 January 2008.**

Mrs Tyley introduced the report (copy in the minute book) for the Committee, explaining that the reports covered the first six months of the college year. She noted that the reports identified a surplus to date of £32,000 as against the profiled deficit of £22,000, representing an improvement of £54,000 against a profiled budget. She summarised the principal income and expenditure variations set out in more detail in the reports. After satisfactory explanation from Mrs Tyley on questions of detail raised by Mr Hopkins and others, the Committee resolved to receive the report.

## **7 Mid-Year Update 2007/08**

Mrs Tyley introduced the report (copy in minute book) for the Committee. She explained that the report summarised major variations in financial performance and presented a mid year update in the form of a proposed revised budget. She drew the Committee's attention to the fact that the overall position had improved in the current year largely as a result of additional income and reductions in the overall cost of staffing, partly offset by forecast increases in non pay expenditure. She noted that notwithstanding the improvement, the forecast shows a budget deficit of £72,000.

Mrs Tyley reported that despite improvements in contracted FTE rates from the LSC, the College will be underfunded by some £550,000 in the current year, largely because the College has recruited well to full time 16-18 programmes this year, and has exceeded LSC full time targets by some 50 learners. She reported that overall payroll costs are expected to be lower than the levels experienced last year and pay as a proportion of income has reduced to 74%, now below the Corporation's maximum target figure of 75%. She reviewed for the Committee the major reasons for the reduction in forecast expenditure on pay in 2007/08, including: unplanned vacant posts; reduction in contingencies; and a performance management credit.

In debate, members of the Committee welcomed the reduction in pay as a proportion of income to a figure below the Corporation's maximum target, and noted that some of the staff costs reductions experienced in 2007/08 are of a 'once-off' nature and are unlikely to be repeated next year. Members commented that the staff reduction exercise undertaken in 2006/07 had been necessary to limit pay costs, particularly at a time when considerable uncertainty surrounded future funding allocations.

The Committee resolved to:

- i) receive the mid year update; and
- ii) commend it to the Corporation for approval

## **8 New Instruments and Articles of Governance**

The Clerk introduced the report (copy in minute book) and tabled for members a replacement 'Appendix 1' to the report which summarised the major changes to the Instruments and Articles and which, in error had not been distributed with the agenda. The Clerk reviewed the major changes and the four principal areas of activity affected. He reviewed his proposals on: Corporation membership; website publication requirements; mission review and quality strategy approval; and procedures for handling certain employment matters.

After a short debate in which members supported the Clerk's proposals the Committee resolved to recommend to the Corporation that:

- i) a determination be made that the membership of the Corporation shall be:

### **Proposed Membership**

General	12
Principal	1
Parent	2
Staff	2
<u>Student</u>	<u>2</u>
<b>Total</b>	<b>19</b>

- ii) through the current student member the student body is invited to nominate an additional student member as soon as practicable;
- iii) no changes are needed to accommodate the new requirements for mission review and quality strategy approval;
- iv) arrangements be made as soon as practicable for the document 'Corporation Procedures, Committee Membership and Terms of Reference' to be published on the College website;

- v) arrangements be made as soon as practicable for the confirmed open minutes of each meeting of the Corporation and its committees be published on the College website as soon as possible following the confirmation of those minutes;
- vi) that the new requirements in relation to employment matters be included in the current review of Human Resources procedures been overseen by the Finance and General Purposes Committee, and that the Committee be changed with bringing forward to the Corporation for approval any resultant revisions to such procedures.

## **9 Date of next meeting**

The next meeting of the Finance and General Purposes Committee will be held at 5.30 pm on Monday 9 June 2008.