WEST NOTTINGHAMSHIRE COLLEGE
FINANCE, RESOURCES & ESTATES COMMITTEE

Minutes of the meeting held at the Derby Road site on Tuesday 10th May 2016 at 4.05pm

BOARD MEMBERS PRESENT:	Terry Dean Hari Punchihewa, Chair Colin Sawyrs Alan Mele
ALSO IN ATTENDANCE:	Maxine Bagshaw, Clerk to the Corporation Andrew Martin, Deputy Principal/Director of Finance Tom Stevens, Executive Director Capital Projects & Estates Tracy Thompson, Director of HR Steve Cressey, Head of Partnerships & Projects, Business Development Unit Andrew King, Director of Strategy and Innovation David Overton (Governor for estates matters only)

		ACTION by whom	DATE by when
16.18	**DECLARATION OF INTEREST**		
	The Chair reminded those present to declare at the start of the meeting any interests that they may have on items on the agenda. No specific interests were declared and standing declarations were noted.		
16.19	**WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE**		
	Apologies for absence were received from Malcolm Hall MBE, Dame Asha Khemka DBE and Sacha McCarthy, Director of Employer Engagement. It was confirmed that Steve Cressey was attending to present items on her behalf.		
16.20	**MINUTES OF THE MEETING HELD ON 23RD FEBRUARY 2016**		
	The minutes were reviewed and it was agreed that they were an accurate record of discussions.		
	AGREED: to approve the minutes of the meeting held on 23rd February 2016.		
	There were no matters arising.		
16.21	**ACTION PROGRESS REPORT**		
	Members reviewed the action progress table and were satisfied that matters were progressing as required.		

Signed : ____________________________Chair Date:

AGREED: to note the update provided.

16.22 PROPERTY STRATEGY UPDATE

The Executive Director Capital Projects & Estates provided an update on a number of matters :

- Vision University Centre – the delay in installation of steel reported in January 2016 due to high winds has been caught up. The programme is running to schedule for construction completion on 16th September 2016.
- A construction risk register is maintained and reviewed at each site meeting.
- Meetings have been held with curriculum heads to develop a timetable for the use of the university centre. Existing HE students commence studies on 19th September 2016 which is one week earlier than the opening on 26th September 2016. Members' attention was drawn to the updated floor plan which was provided for information.
- Double yellow no parking lines on Cauldwell Road have been effective from 9th May 2016.
- Derby Road refurbishment – programme of work underway at weekends throughout term to summer vacation. Work is well underway. Refurbishment of lifts to commence in June, reception areas and all public areas to be refurbished July/August 2016.
- Competitive quotes are being obtained for all key elements of work. Members' attention was drawn to the summary of committed expenditure provided at appendix 4.
- Existing furniture in the buildings is under review to determine the most economical way of renewing or refurbishing from existing frame work suppliers where required. The College is trying to use as much of the existing furniture as possible. The intention is to purchase a limited number of new furniture for the Maths and English zone.
- LED lighting installation – a two stage tender process has been adopted for the installation of the LED lights in the 6 story tower block, 3 story block, Enviro block and foundation studies. Lighting manufacturers have provided submissions for evaluation and have selected the preferred manufacturer. Specifications are being drafted to tender for an electrical contactor. It was explained that it has taken quite a lot of time to develop the tender, and to enable works to be completed within the timescale required, the suspended ceiling element of works has been tendered separately. Appendix 5 identifies the tender result with Aurora lighting providing the most cost effective option with Whitecroft fittings for down lighters in areas where the ceiling is low. It was confirmed that, to mitigate the risk of disruption to teaching, any work contracted beyond the 1st September date will be undertaken out of hours.

The Committee discussed the tender options for the LED lighting and were generally supportive of the proposal to keep the whole project with Aurora Lighting to ensure that the programme of works required keeps moving and is not delayed. It was explained that UK Fittings are more energy efficient but are more expensive. Aurora Lighting use fittings from Asia. It was confirmed that LED energy savings have been factored into the budget for the future.

The Committee questioned whether there will be meters installed to monitor savings. It was confirmed that separate meters are in a number of areas and this will include the HE Centre. One member of the Committee present raised a potential point of concern and asked that the estates team just be wary of potential hidden costs which may emerge for emergency lighting.

- Studio School condition improvement fund (fire alarm and roof renewal) – bids to obtain grants to undertake this work have not been successful. The DFE received requests for more than £1.1 billion for over 3,500 projects. The replacement fire alarm scored 76% against a score pass rate of 77%. An appeal against this can only be made if something is materially wrong with the submission and no new evidence can be submitted. This will be considered but is unlikely to be successful. The Studio School has requested that competitive tenders are obtained for consideration. This was highlighted as a significant risk for the Studio School, however the Committee were assured that testing is undertaken on a regular basis.
- Fire alarm system Ashfield House business development unit – the alarm system is compliant however the age of the system leaves the College at risk should the alarm fail. It is proposed to assess the most economical means of replacing the fire alarm via competitive quotations for consideration as part of the long term maintenance plan for 2016/17. Assurance was given that the current alarm is completely compliant and regularly tested however there will come a point where the system needs to be replaced.

In terms of the competitive tenders received for the refurbishment works at Derby Road, members' attention was drawn to the table on page 20. Contractor details, scope of work and values were reviewed. Members were happy to approve the recommendations made for the appointment of contractors proposed.

AGREED:
a) To note the update provided; and
b) Approve the recommendations for appointment of contractors under competitive tender for refurbishment works at Derby Road.

Signed : ___________________________Chair Date:

16.623 PROPERTY STRATEGY 2015-2020 EXCESS SPACE

The Executive Director Capital Projects and Estates indicated that at the time of preparing papers this had been scheduled as a confidential item, however this was no longer necessary as staff have been informed of the proposals agreed by the Board. Members attention was drawn to a number of items:

- Report prepared for Corporation Board on 21st April 2016 provided a more detailed analysis of space utilisation as part of the 2015-2020 property strategy. Objectives identified in the strategy go a long way towards completing a strategy of consolidation and modernisation that commenced in 2010.
- Completion of the University Centre in September 2016 will increase condition A/B accommodation to 80%. Refurbishment of Derby Road will increase A/B condition to 85% and remove the majority of poor accommodation.
- A full room survey of estate in November 2015 and further work to update data on electronic register system identifies frequency of use to be 51.7% at Derby Road, 59.43% at Engineering centre, 39.7% at Station Park and 18.0% at Ashfield College.
- Local demographics for 16-18 year olds show a reduction across Mansfield/Ashfield and this is mirrored with a reduction in learner intake numbers from 3218 in 2012 to 2718 in 2016.
- Outcome of space utilisation surveys indicates that the College has too much space and as a strategy should be looking at ways to consolidate further as a means of increasing efficiency.
- Eventual disposal of Acorn Way and Thorsby Street Media Centre would relieve some space.
- Utilisation of space would suggest that the College should look to withdraw curriculum from Ashfield College consolidating all curriculum delivery to Derby Road and the Engineering Centre.
- Taking this action would increase condition A/B accommodation from 85% to 90%, reduce planned maintenance from £450k to £400k per annum and reduce operating costs.
- Relocation of the curriculum was considered and was supported by the Corporation Board on 21st April 2016.

Members reviewed the report presented and in terms of the reduction in planned maintenance from £450k to £400k per annum commented that this seemed a small saving. It was explained that this is a very specific saving related to the Ashfield site.

The Executive Director Capital Projects and Estates confirmed that at the end of 2016 the College will undertake a further conditions survey.	Executive Director CP&E	Dec. 2016

Members' attention was specifically drawn to section 2.12 of the report which provides a summary of space surveys undertaken in the autumn and spring terms, this clearly indicates that the College has too much space.

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In addition to this, the frequency percentage is much lower than it needs to be.

The committee were advised that the decision was taken to demolish portacabins to make way for the HE Centre. These were not replaced as staff found that there was no need as space was available elsewhere. The College does not really need the Ashfield buildings and they significantly influence utilisation statistics.

Members' attention was drawn to paragraphs 3.3 and 3.4 which summarise the Ashfield College position. It was noted that there are potential staffing implications, members attention was drawn to appendix 1 which goes in to more detail and provides the business plan for withdrawal from the Ashfield premises. It was confirmed that staff have been informed of the Boards decision to withdraw. The College will now try to find an alternative use for the building as it will still own the site.

In general discussion it was acknowledged that moving from Ashfield College does not solve the general poor use of space and more work needs to be done on this with more ground to cover. All agreed that there was a need to better understand how the College can improve utilisation and that withdrawal from Ashfield College is the first step in this process. In real terms the College needs to either generate more activity or continue to rationalise.

The Committee questioned what the target set is in terms of occupancy and how the College compares itself with other benchmarks. The Executive Director Capital Projects and Estates indicated that it was hard to set a specific target and that there was no real meaningful benchmarks available but anecdotally the belief is that the College is fairly similar to other FE institutions in the sector, however this does not make the position good enough. The Committee challenged the senior team and indicated that they want to know what the ideal position is in relation to; a) frequency and b) occupancy. They were of the view that the report presented was a reasonable starting point but felt that it was important for the College to challenge itself.

The Committee questioned what alternative proposals there are for the Ashfield site. It was confirmed that an attempt will be made to sell it and an approach made to the EFA regarding sites that they are looking for to support free school developments.

The Director of HR indicated that, from a HR perspective, the withdrawal from Ashfield site will mean that a number of staff are affected. These are predominantly 3 cleaners and 2 premises staff. In terms of the cleaners they have been offered redundancy or a move to evening shifts at another site. In terms of the premises staff there is one vacancy but the belief at this time is that both will choose voluntary severance.

	One member of the admin staff will also be affected. The College does have a vacancy she can transfer to if she chooses this option.		
	In terms of a 'plan B' it was acknowledged that the College could look to demolish and sell the Ashfield site for residential land, however the view is that the best expectation regarding this would be a zero capital cost. In terms of the options for Ashfield site it was confirmed that a full options appraisal and recommendations regarding the way to proceed would be presented to this Committee at a future meeting.	Executive Director CP&E	Dec. 2016
	The data provided regarding class sizes was also reviewed and it was acknowledged that this is relatively low when compared to the sector (class sizes are less than 13). This may require a review of the curriculum as the College may be offering too broad an offer.		
	Ashfield learners will move to either the Derby Road or the Engineering Centre. It is likely that there will need to be some reconfiguration costs regarding the Engineering Centre. Ashfield site will close at the end of June. The Committee questioned whether the estates team have enough time to complete the changes needed at the Engineering Centre. Assurance was given that this is the case and changes will be in place by September. It was noted that there are 40 Engineering students currently at Ashfield, however the expected numbers for September 2016 are not known at this stage (it was explained that this data is simply not available at this meeting). Utilisation rates at the Engineering Centre show there can be improvements. The Committee were supportive of the proposals and indicated that it was important to try to get a contractor in place who can hit the tight programme timetable.		
	It was confirmed that space utilisation and occupancy targets would be included within the business plan which goes to the July Board meeting for approval.	Executive Director CP&E	July 2016
	AGREED: to note the update provided.		
	As a matter of additional estates business one member of the Committee raised a concern that the fire alarm system at Derby Road had parts 'isolated' and showed 'errors' on the panel box. He asked whether this would be rectified. The Executive Director CP&E indicated that there were some isolated faults that the team were working towards resolving.		
	(David Overton left the meeting at 4.55pm)		
16.24	**<u>EMPLOYER ENGAGEMENT UPDATE</u>**		
	Steve Cressey introduced this item on behalf of Sacha McCarthy. Key points noted were:		

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- Actual performance for the business development unit at headline level at the end of March and planned activity for the remainder of the year indicates that all funding streams will be fully utilised or exceed allocations given, with the exception of classroom funding, should the plans submitted come to fruition.
- It should be noted that predictions have considered performance to date which in turn has highlighted risk and requires potential contingencies in order to mitigate any shortfall.
- Additional activity aligned to classroom activity is to be distributed to partners and there is confidence that these funds will be fully utilised ahead of yearend. Revised profiles have been requested at the time of writing the report.
- The risks are aligned to apprenticeship activity and therefore require robust monitoring of actual performance against planned in order to ensure actual funds are effectively utilised. The actual performance to date, based upon the scenarios applied for both potential achievements and starts planned, requires further scrutiny. Should performance increase then this will have a positive impact upon forecasting figures which will need monitoring at the end of every period in order to transfer funds.
- Areas of concern have been noted around the shortfalls within the internal work related training teams. It has previously been reported that there have been a number of staffing shortages in the business development team which has contributed towards a number of the reasons why shortfalls in new activity have been apparent. A new head of business development and business development sales manager will both start in April and are joined by a business consultant who joined at the end of March. There is now one vacant business consultant post still yet to fill. It is hoped and anticipated that this will bring some stability back to the team. There have been £275k of pay costs removed in the year as a result of the shortfalls reported.

He explained that the partner review process has led to some changes in terms of partner allocation. There are 3 performance management points to the year. The team are still confident that the total budget will be met.

Members' attention was drawn to page 53 which shows the variances. The Committee commented that the work related training (internal) unit shows the most significant variances. It was explained that the College made the decision to give more to partners to offset this, however this does have a number of consequences, the most significant of which is a reduction in the profit margin for delivery.

In general discussion the Committee all agreed that the most significant issue to address is performance for the work related training internal team. In real terms this department has looked to be a concern for some time now and has a history of underperformance. This was acknowledged but the team generally now believe that new staff appointments will make a difference.

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It was acknowledged that improved delivery requires a culture change in terms of the team and there are signs of this already happening. The BDU team have had high turnover with staff clearly seeing a need to move on as they were unable to hit expectations. The sales team have all, at some stage, been performance managed. To bring about improvements there has had to be a new and change in team approach. The impact of changes will be seen in 16/17 rather than 15/16. The Committee were advised that the focus is now on getting the internal team to deliver. It was explained that the WR team, whilst they will not hit their target, will show growth and potentially the College set too ambitious targets in this area. Lots more staff collaborations is evident with development of a much clearer delivery unit with robust infrastructure in place.

AGREED: to note the content of the report provided.

PARTNERSHIP UPDATE 2015/16 – COMMITMENT PROPOSALS

Members' attention was drawn to page 56 and it was explained that the paper presented includes any amendments requiring approval, these are highlighted within the appendices in yellow. Those subcontractors highlighted in pink are new partners and interim contracts are noted and subject to approved due diligence before funds are to be released. The second partner performance review has concluded, tolerance levels of 6% were applied across all funding streams - £464,982 for 16-18 apprenticeships, £714,023 for adult apprenticeships, £462,210 traineeships were removed as part of the process. Contingency plans considered as part of the process include new partners approved and over allocation of funds based upon trend of actual performance in order to ensure funds can be utilised in year. Extensive monitoring in place for the remainder of the year to review planned activity against actual. The next formal review will be conducted in May 2016. It was explained that this is what has been done to give greater flexibility to respond to concerns identified regarding delivery.

Steve Cressey explained the complexity of funding calculations for timely completions etc and therefore indicated that the 6% tolerance applied on review is not the maximum/worst case shortfall position.

Members' attention was drawn to the updated partner list on page 59 and they were happy to approve the same.

It was explained that, on the whole, new partners have been appointed/utilised to take on the College shortfall from the internal WRT team. They have monthly targets and agreed profiles. The Committee took the opportunity to discuss the variable reasons for new partners coming to the College. Assurance was given that thorough due diligence is done with all partners both in terms of finance and quality.

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In 16/17 the team would like to initially focus on the top 20 partners and give them circa 75% of College allocation and then on top of this there will be a remaining 25% to go to another 10 partners. It was confirmed that the College is looking at the review of partnership models going forward to respond to the apprenticeship delivery changes. The team hope to aim to establish work with the top 30 quality providers.

AGREED:
a) To note the update provided; and
b) Approve the updated partnership list for 2015/16 provided at pages 59 and 60 of the pack.

16.25 <u>EMPLOYER FEEDBACK</u>

Andrew King introduced this item and key matters noted were:

- Quite a high level of assurance is seen
- The overall perception rate from the survey across all questions combined shows that 98% of respondents agreed with the questions asked and the standard of service provided by the College.
- Responses show that the position in relation to communication has improved.
- 5 key questions were asked with employers and a consistent scoring system utilised.
- Whilst satisfaction results were high across all questions there is room for improvement with regards to the response rate, not only to the surveys as a whole, but also with a particular focus to those questions where employers did not respond. Response rates were particularly low for the question 'how well do managers communicate and how well do the sales team communicate with you'. This may be due to the fact that not all employers would have reason to engage in communication with either manager or sales person as part of their dealings with the College. More consideration may need to be given to the questions asked to refine them for the target audience. It was also explained that the survey coincided with a national survey covering similar issues and topics and therefore this could have suppressed the number of responses received.
- 60 employers responded. This is a snapshot survey and will continue to be open until June 2016, partner and College delivered provision will be separated out.

In terms of next steps, it was agreed that an updated snapshot would be provided at the next meeting in June 2016 with a full yearend analysis undertaken in the autumn term.	Director Strategy & Innovation	June 2016/ Sept. 2016

(Steve Cressey left the meeting at 5.25pm)

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The Committee were assured that with partners, the team have worked hard to improve the size and quality of employer information. The team are creating some case studies where there is really positive feedback. The Committee indicated that they would like to see more done with employers who have given positive feedback rather than simply accepting the information that they have provided. It was confirmed that the College is also reviewing the survey process for 2016 and the questions to be asked. The Committee indicated that they would like to see an alumni type approach developed for students, both in relation to direct delivery and partners. It was agreed that Andrew Martin would speak to the marketing team on this.	AM	2016
The Committee indicated that they would like to see much greater emphasis on positive advocacy from students and employers. It was confirmed that a copy of the employer/partnership engagement strategy would come to this Committee to comment. Alongside this would sit the employer communication strategy.	AM	2016

16.26 **MANAGEMENT ACCOUNTS TO 31ST MARCH 2016**

The Director of Finance introduced this item and presented an update for the period to end of March 2016. Key matters noted were:

- An overall operating surplus before interest and depreciation of £2,263k (prior year £2,430k). After interest and depreciation this becomes a surplus of £700k which is £104k behind forecast. The core driver of the current performance is the shortfall in income although March did see income of £4,355k close to forecast and £100k above recent months.
- At the end of March 2015 the College group had recorded an operating surplus of £2,430k before interest and depreciation, although this did include a £228k contribution from VWS.
- Across the component parts of the group the College's performance is below forecast with a surplus before interest and depreciation of £1,279k (corresponding month for last year £1,344k) against a target of £1,544k. After interest and depreciation the College position is a £256k deficit, prior year a £273k deficit against a forecast of £24k. As in the prior year there is a similar pattern with College direct delivery being the area of shortfall.
- BKSB continues to deliver strong results with an operating surplus of £1,026k (forecast £853k corresponding with last year £852k). BKSB external income continues to exceed budget by £181k at £1,981k for the year to date.
- VWS has contributed a deficit of £28k for the year to date.
- Overall group income of £33.876 million for the year to date is £0.88million behind forecast and £3.92million lower than £37.796million recorded in 14/15, although this was boosted by the ESF programme which ended in July 2015. The issues with adult skills performance remain.

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- Overall pay costs continues last year’s trend of being below the forecast position. At the end of March 2016 group pay costs of £16.799 million are £223k under spent and below the £17.365 million incurred at the same point in 14/15. It should be noted that pay costs will increase in April as the national insurance rates for both employees and employers take effect for those in final salary pension. The Deputy Principal confirmed that the College was pushing hard across the board in terms of staff utilisation.
- The group balance sheet continues to strengthen since the yearend with total assets of £10.768 million. Cash balances have declined as expected to £7.35 million a fall of £3.909 million from the yearend. During March the SFA completed the recovery of the unearned £4.1million ASB for 2014/15. March is the low point of the year in terms of income and cash balances.
- The short term current ratio remained at 0.8:1 in month. Working capital is supported by sufficient liquidity, although the College must work hard to achieve the ASB budget for 15/16 to minimise draw down of the revolving facility funds in place to support the new HE Centre. The Committee were assured that the finance team are keeping an eye on this and it has been impacted by deferred grants from the LEP regarding the HE Centre of £2.6million.
- Group reserves have increased from £8.77million at the start of the financial year to £9.44million as at the end of March 2016. The Committee were assured that the College is well clear of all of its bank and loan covenants.

The yearend forecast for the College direct delivery is a breakeven, however this looks unlikely given the position at the end of March. BKSB is likely to get to the £1.5million point.

Members’ attention was drawn to page 68 and they questioned whether there is a maximum percentage transfer to partners. It was explained that this depends on the type of provision and varies between 70%-90%, however it is unlikely to vary from the current average of 78% for the remainder of the year. It was explained that a lot of funding is received at the end of the year when achievements come in. This is a pattern repeated year on year, however the Colleges is trying to more effectively manage this.

In terms of the future, the plan is for group reserves to continue to try and increase. The Committee were advised that there will be a need for a stricter Reserves Policy to respond to FRS102 and an updated policy will be provided at the next meeting. The aim is to try and increase the reserves position to offset the pension deficit.	Deputy Principal	June 2016

The Director of HR provided a staffing update and indicated that the College has struggled to recruit to some posts/vacancies in year, this has led to an increase in agency staff to respond to the position. Members’ attention was drawn to page 72 and the summary of pay costs.

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It was confirmed that there is an under spend across all areas but that there is a higher use of sessional staff. The College has also had some additional contractual capacity this year in relation to staff utilisation and has chosen to use natural wastage/natural people movement as the mechanism for finding savings. There is the view that delivery is now 'lean' and therefore the use of sessional hours is expected. In terms of future reporting the Committee indicated that if variances increase significantly then they would like a little bit more analysis but not if this is not necessary or helpful.

AGREED: to note the content of the management accounts presented.

16.27 **CONTEXT FOR THE BUDGET AND FINANCIAL FORECAST 2016/17**

The Deputy Principal introduced this item and confirmed that the information provided was a precursor to setting the budget and that this is within the context of quite significant changes expected for 16/17. Key matters noted were:

- Apprenticeships will be separately funded and distinct from all other adult skills programmes. This is partly associated with the introduction of the apprenticeship levy from April 2017 but also as a result of a change in the way that apprenticeships will be administered through a new digital apprenticeship voucher service which will place the employer in control of the funds spent on apprenticeship delivery. £19million of College income will be affected.
- There remains much confusion over the precise mechanisms that will be in operation at April 2017 but the current planning assumption (based on information released from government) is that levy payers will use the new system from April 2017 while SME's will use the existing prime funder route, going through Colleges and larger contract holding training providers. There will therefore be a twin track mechanism.
- A major factor in planning and budgeting assumptions will be the extent to which providers will be approved to hold a direct contract with the SFA. The College is encouraged by its partner position who seem to want to remain with the College rather than access direct funding. The position of subcontracting, which the College engages in significantly, will be a critical planning assumption in getting a deliverable budget against the ever evolving backdrop.
- The remaining budget for adult skills will now become (from 16/17) part of the adult education budget and the agency have been asked to prepare that this budget should be devolved to combined authorities in line with any devolution deals.
- National funding policy – not much change. In terms of apprenticeships there is an enormous opportunity to grow but this is a big leap.

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- Income 16-18 FE – the Colleges current 15-16 allocation of £11,406k represented an expected volume delivery of 2940 learners. In the current year the College has recruited 2746 meaning that this reduction in funding will be reflected as part of the 16/17 funding allocation. For 16/17 the College will receive £10,877k, representing a reduction of £529k. This is driven by the lower delivery volumes, which in turn reflects a cohort of 16-18 learners where a steady decline has been observed in the past few years which will continue in to the next few years.
- Learner support funds for the 16-18 classroom cohort will see proportional reductions, likely to be in the region of £209k to around £3,927k. This is driven by the statistical indicators for deprivation and incidents of Maths A*-C GCSE on entry, both of which have turned against the College resulting in a lower funding allocation.
- Across the 16-18 classroom programme funding income will reduce by £738k.
- Income adult skills budget (including 16-18 apprentices) – there is always opportunities to seek growth as this is such a high government priority. In 16/17 13,213k represents the current likely outturn in 15/16 of £13,692k and has rebased from the initial 15/16 allocation of £15.5million which the College has never achieved.
- Whilst the budget in 16/17 will seek to utilise the contract capacity provided in the funding allocation it is the accuracy of the forecast and the deliverability of the assumptions that will set the longer term tone of the College apprenticeship programme in to 17/18, which will be defined by the extent to which the College is able to adapt to this substantial change.
- Income College tuition fees – the College tuition fee policy for 16/17 has set fees at the same level as in 15/16 in order to incentivise growth, particularly across the expanded programme for advanced learner loans. In particular this now includes adults age 19+ undertaking a second full level 3 programme where co-funding was available previously. Whilst this may not impact a significant proportion of learners, currently there will be some specific choices for learners undertaking a two year course of study in two separate qualifications where the age spans 19 years old.
- Higher education – fee levels for full and part time learners remain the same in 16/17 at £5,950 and £3,150 respectively whilst the College seeks an expansion in volumes linked to the opening of the HE Centre. The overall income levels anticipated from the College HE programme in 16/17 are expected to be around £1million higher than in 15/16 if the HE business plan is to be successfully achieved this will be a significant challenge. Public funding from the agency (HEFCE) has been provided in 16/17 and is £421k around £64k lower than the value received in the current financial year.

- Pay costs – in 16/17 there are no further specific cost impacts that have been experienced in 15/16 through pensions and national insurance but these policy changes will see the first full year impact since introduction. The full year impact of the TPS changes in 16/17 will be around £260k following the introduction in September 2015. The full year impact of the removal of the rebate available for employers national insurance contributions for contracted out pension schemes will be £315k in 16/17 following the introduction of this change in April 2016. Inflationary assumption in budget is 1%.

Approach to budgeting 2016/17 and beyond

- The budget for the College will be difficult in 16/17 but the introduction of initiatives such as blended learning and a targeted drive to increase contribution levels from schools of learning and proving efficiency in back office functions should see a budget set at close to the breakeven point with planned improvements in subsequent years dependent on the success of the College response to apprenticeship reform.
- As a group the College is fortunate to have BKSB.
- Financial objectives – the proposal is to retain them as they currently are, however they will be revisited when the 16/17 budget is set. In terms of the ratings the agency is changing its calculation methodology and this will have an impact. In real terms what is key is understanding the trajectory. The objectives continue to be fit for purpose in relation to the impact on College financial health, enabling the management of working capital and borrowing facilities in order to minimise interest charges. This will result in the Colleges rating being no better than 'satisfactory' under the indicators for a number of years although an indicator of 'good' will become technically closer under the revised financial health ratio calculations used by the agency.

In general discussion it was confirmed that there is still work to do to model the impact of co-investment with SMEs who do not pay the levy. The levy will be a huge cultural change for employers. The College has got to try and predict employer behaviours which will be more of a challenge for the 17/18 year. The Committee felt that there was much more that the College could do to educate employers, business advisors, etc regarding the changes. It was agreed that there is a need to work to shape the Colleges curriculum to meet local needs so that the College can work to protect any proportion of any devolved adult budget to the combined authorities. It was confirmed that the senior team are working on an adult education strategy which will, when finalised, be presented to the Board for approval.

As a general comment the Committee indicated that in the future they would like the Board to be in a position to consider investment opportunities for BKSB, all agreed that this was a much wider discussion to have as part of Board strategic analysis.

AGREED:
a) To note the content of the report presented; and
b) Recommend that the assumptions be accepted by the Board in terms of preparation for the 2016/17 budget and financial forecast.

16.28 **FINAL FUNDING ALLOCATIONS 2016/17**

The Director Finance introduced this item and confirmed that what was presented was for information purposes only. Page 86 shows comparisons. In terms of the total, the key is for the College to deliver more directly and then there is an opportunity to go for growth. The Committee questioned whether there was any risk regarding 16/17 allocations being dependent upon actual 15/16 outturn. It was confirmed that this is unlikely and that the agencies would more appropriately performance manage in year in 16/17 if the College is not delivering.

16.29 **LOAN REVIEWS**

The information presented was for information purposes only.

AGREED: to note the update provided.

16.30 **AOB**

There were no items of additional business.

16.31 **DATE OF NEXT MEETING**

The Clerk confirmed that the date of the next meeting was 28th June 2016.

Meeting closed at 6.30pm.

Signed : ____________________________Chair Date: