

# BEDFORD COLLEGE

## Finance, Estates and Strategy Committee

12 noon  
Wednesday 25<sup>th</sup> February 2009

Chief Executive's office

*Members are reminded of their obligation to declare openly any conflict of interest arising from a matter before the Committee.*

### AGENDA

1. Apologies for absence
2. To approve the minutes of the meeting held on 3<sup>rd</sup> November 2008 (attached)
3. Matters arising not covered elsewhere in the Agenda

#### Item for approval

4. To approve Debtor Write-offs PAPER 1

#### Reserved item for consideration

5. To consider proposals with regard to Shuttleworth College PAPER 2

#### Items for consideration

6. To consider an update on the proposed College Redevelopment and other Accommodation Plans PAPER 3
7. To consider a Strategic Background Paper on Funding and Policy Climate PAPER 4
8. To consider the Fees and Charges Policy prior to Board approval PAPER 5
9. To consider the college Information Report for January 2009 PAPER 6
10. To consider a report on Progress against Strategic Aims PAPER 7

#### Items for information

11. To receive a progress report on the Bedford Academy PAPER 8
12. To receive a report on Baseline Financial Indicators PAPER 9
13. To receive a letter from the Learning & Skills Council on the Financial Plan 2008-2011 (attached)
14. Any other business
15. Date of next meeting: Tuesday 12<sup>th</sup> May 2009 – 12 noon

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## Finance, Estates & Strategy Committee

Wednesday 25<sup>th</sup> February 2009  
12 noon

**Present:** Mr. K. Bromboszcz (in the Chair)  
Mr. M. Hartley  
Mrs. L. Hockey  
Mr. D.J. Shingler  
Mr. M. Weeden  
Mr. R.J. Whysall  
Mr. I. Pryce

**In attendance:** Mr. N. Jeffery, Director of Finance  
Mrs. I.S.E. Lennox, Clerk to the Corporation

**FES01/09** There were no apologies for absence.

**FES02/09** The minutes of the meeting held on 3<sup>rd</sup> November 2008 were considered, approved and signed.

**FES03/09** Debtor Write-Offs

The Director of Finance (NJ) reminded members that individual irrecoverable debts under £2,000 could be signed off by either NJ or the Chief Executive (IP) but only up to a cumulative total of £5,000 and £20,000 respectively. He outlined the various measures being taken to tighten the credit management process. He responded to questions as to why the write-off provision had been set at over £100,000 and gave assurance that the remaining provision of almost £50,000 was considered adequate to cover any other write-offs in the current year.

Most of the debts to be written off related to billings made in the previous two years, in most instances in connection with fees payable by instalments. Members urged NJ to continue to ensure that a robust set of processes were in place to minimize risks of this kind, and it was

**RESOLVED 1** that debt write-offs to the value of £35,917 be approved by the committee under formally delegated authority from the Board.

Discussion then focused on a substantial debt owed by New Age Training Ltd., a company awarded a European Social Fund contract by the LSC within which some of the work had been allocated to the college. Members noted that payment had been made for £30,000 of activity, that other colleges had experienced similar difficulties and that the company was now in the process of being wound up. Since the committee had authority to approve individual debt write-offs only up to a limit of £10,000, it was

**RESOLVED 2** that a recommendation be made to the Board that a debt write-off amounting to £17,433.33 owed to the college by New Age Training Ltd be approved.

**FES04/09**    **Shuttleworth College**    ***[Reserved item]***

The Chief Executive (IP) gave the background to the college's relationship with Shuttleworth College, a land-based college of further education run by Writtle College in Chelmsford. He had reported to members during a presentation at the recent Development Day that an opportunity had arisen for the college to submit a formal expression of interest to take over Shuttleworth.

Members were informed that Writtle had had an inadequate Ofsted report relating to its FE provision and had decided to concentrate on its higher education provision, with further education only Writtle-based. IP outlined the key issues in a potential agreement, namely that existing staff and assets would be taken over but subject to the LSC agreeing to transfer the relevant funding and to the Shuttleworth Trust agreeing a new lease with the college. In response to questions, IP confirmed that the college would be expected to maintain the name Shuttleworth College for the site, and maintain a level of land-based activity.

The potential risks to the college in pursuing this opportunity were debated thoroughly and included damage to both the college's reputation and financial position if poor performance was allowed to continue. IP was confident that the college would be able to raise standards, expand the curriculum and the income at Shuttleworth, and significantly increase the margin on activity. Members were agreed that, since there was every indication that there had been substantial interest by other parties, a major risk for the college would be losing to another competitor.

IP then elaborated on the terms of the proposal to Writtle, currently gaining an income of approximately £5 million from Shuttleworth of which £3 million was from the LSC. The higher education income stream of £200,000 would be moved to Essex. Of the £800,000 net profit declared by Writtle, £600,000 appeared to be overheads. IP had proposed a formula to Writtle whereby its margins would be protected over the first year and then tapered down over 3 subsequent years, constituting a payment of £1 million over four years. Queries arose due to lack of detailed information from Writtle, on, for example, the high figure for overheads and the lease terms with the Trust, but concerns would presumably be allayed by a due diligence process if the college became the chosen suitor.

Members were all of the view, however, that this initiative would have huge potential for the college. There had been growth of approximately 30% over the last years and scope for developments would be immense since the college clearly felt it could make a major contribution in improving the quality and breadth of provision at the site. Members understood that this would be a funding transfer rather than a formal merger, and would therefore be relatively straightforward for the LSC.

Subject to further financial detail becoming available and an indication of the likely burden on management time, members gave their full support to the project but asked to be kept informed on all the key stages of the process.

## **FES05/09**    **Accommodation Update**

In his update of the current position with regard to the LSC Capital Committee, the Chief Executive (IP) reported that no submissions had been approved at the December meeting and that Sir Andrew Foster had been commissioned to look into the current process for capital funding applications and make proposals for the way forward. Two critical meetings in early March would give colleges a clearer indication as to the prospect of gaining substantial funding in the foreseeable future.

In response to questions as to how all this could impact on the college, IP felt that there was a slight chance the college might be in a better position than before, since its buildings were older than most in the sector. Members urged the management team to submit the Application in Principle to the LSC without further delay. They further noted that the determination of the Planning Application for the redevelopment project was due in March/April, and to date no major queries had been forthcoming.

Time was then spent in discussing the way forward, should a full redevelopment of the site cease to be a possibility. Major decisions would be required as to the practicality of phasing the existing plan for the site, but all members felt strongly that at this uncertain stage the college should make no permanent commitments other than in connection with projects that would definitely continue whatever the outcome of the LSC capital funding decisions. The lease for premises on the High Street for the expansion of Hair and Beauty and the renewal of the Cauldwell House lease, both approved at the November Board meeting were regarded as essential for the continuation of normal operations.

Discussion then focused on the college's intention, as part of the Decant Strategy, to purchase the freehold of the rear part of the former Crayola site on Amphill Road. Whilst the Board had been fully supportive of the management's view that these premises would be ideal to cater for Construction and Technology students during the major redevelopment of the main site, members felt strongly that circumstances had now changed dramatically since the offer to purchase was made. In the light of the new message from the LSC and Sir John Denham's letter to further education colleges in the process of applying for capital support, members unanimously concluded that the college was regrettably no longer in a position to maintain its offer to purchase, and

**RESOLVED 3**        **that a recommendation be made to the March Board meeting that the offer to purchase part of the Crayola site, approved under Resolution 5 at the November Board meeting, be withdrawn due to changed circumstances.**

## **FES06/09**    **Funding and Policy Climate**

Members appreciated being kept in the picture with regard to government funding and policy strategy impacting heavily on the college. The Chief Executive described how the new regime would work in practice and assured members that he would try and maintain a good relationship with all agencies, as had been the case with the LSC in the past. Members understood the potential difficulties of dealing with several new organizations including local authorities but felt sure respect would be gained through the college's position of strength. Paper 4 was received.

## **FES07/09**     **Fees and Charges Policy**

The Director of Finance (NJ) informed members that the Fees and Charges Policy was supported by an internal Fees and Charges Regulations document and a detailed Fees Schedule, all agreed by the college Executive. He gave the background to the two proposed revisions to the Policy and responded to questions. Both the bursary scheme to support adults on certain full-time LSC programmes which might otherwise not be able to continue, and the increase in the fees discount ceiling received support. Members also noted the decision by the Executive, taken in the light of current economic circumstances, that fees be increased by an average of 4% rather than the 12% necessary to cover the reduction in LSC contribution. It was then

**RESOLVED 4**     **that the revised Fees and Charges Policy as submitted as Annex A to Paper 5 be recommended to the Corporation for approval.**

## **FES08/09**     **College Information Report – January 2009**

In his review of the Information Report, the Finance Director reported on strong full-time recruitment, mostly in the priority 16-18 area, and on the management team's focus on part-time recruitment, close to budget to date but likely to fall short of the annual target unless proposed measures were successful.

In discussion of the current financial position, members expressed great concern that the year-end surplus was now forecast to be 30% below budget. The Chief Executive (IP) gave some background to the sudden increase in staffing costs and spoke of the difficulty in predicting fee income. He had emphasized at a recent staff meeting that measures to counteract the recession would be affecting all staff. Staff turnover had been lower than anticipated but no replacements were being made unless absolutely necessary. The Director of Finance (NJ) reported that £66,000 related to an additional estimated provision for the local government pension fund, and some staff costs were incurred on unplanned business generating additional income. Agency costs were being closely monitored, more analysis was being carried out by cost centres and measures were being taken to ensure that no staff remained under their contracted hours.

It was the sudden downturn and lack of specific clarification that was of most concern to members, especially as staff costs had been more closely controlled in the previous year. Both IP and NJ gave assurance that the management team were giving these issues a high priority, and, after an update from NJ on the current position vis-à-vis Heritable Bank, Paper 6 was received.

## **FES09/09**     **Progress against Strategic Aims**

The Chief Executive (IP) reviewed the progress made against each of the seven strategic aims and spoke specifically about the impact of the college's outstanding Ofsted result both in terms of its positioning in relation to 18 other local educational providers and in terms of the major response for advice and consultancy from other organizations. In view of the Ofsted comments on the college 'A' level provision, the number of subjects offered would be substantially expanded. IP was thanked for his report, current key priorities were noted and Paper 7 was received.

**FES10/09**    **Bedford Academy**

The Chief Executive (IP) gave a comprehensive report on progress with the Bedford Academy. The current feasibility stage seemed to be proceeding according to agreed timescales. Major agreements had been reached including official confirmation that the whole school would be rebuilt within the Academy (rather than local authority) building programme and geared to the 11-18 age range. The public consultation events were successful; a governing body and an appointment panel for the Academy Principal had been established, and a formal agreement between the college and the Harpur Trust was being drawn up. IP confirmed that the college was still expected to contribute £1 million to the Academy as joint sponsor, and reported on visits he had made to established academies and on certain issues that still needed to be agreed. IP was thanked for an interesting update, and Paper 8 was received.

**FES11/09**    **Baseline Financial Indicators**

Members were pleased to note that all indicators were ahead of baseline, but noted the downward trend in Cash Days in Hand following substantial cash outflows on the Redevelopment project and the effect of the exclusion of the Heritable Bank deposits. The Director of Finance assured members that cash level projections were being closely monitored, and Paper 9 was received.

**FES12/09**    **The letter from the Learning & Skills Council** confirming the college's financial assessment grade for 2007/08 as Outstanding was considered and received. The new approach and changed assessment grades as part of the Framework for Excellence were noted.

**FES13/09**    **The next meeting** was confirmed for 12 noon on Tuesday 12<sup>th</sup> May 2009.