

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES
COMMITTEE HELD 22 JUNE 2010**

Present:	Mr D Attah	-
	Mr M Bonsier	
	Ms L Clayton	
	Mr D Goodlet	-Principal
	Mr J Spooner	
	Cllr C Wright	(Chair)
In Attendance:	Mr J Allen	-Clerk to the Corporation
	Ms T Trotter	-Vice Principal Finance & Resources

The meeting commenced at 1830.

APOLOGIES & DECLARATIONS OF INTEREST

47. There were no apologies. The Chairman declared his usual Council interest. There was no declaration of interests against any of the agenda items.

MINUTES

48. **RESOLVED** - that the minutes of the Finance & General Purposes Committee meeting held 9 March 2010 be approved and signed by the Chair as a correct record.

MATTERS ARISING

49. There were no matters arising.

MANAGEMENT ACCOUNTS

50. Management Accounts for period 9 (1/4/9 – 30/4/9) were received (copy attached to the signed minutes). The Management Accounts record an out-turn projection based on current student numbers, forecast income and expenditure, of a year-end operating deficit of £30,039 against a budget deficit of £298,957.

51. There is a positive variance of £196,527 on income forecasts. Although there is a forecast short fall in LSC income due to the double counting of ALS allocation that has already been brought to the attention of the Committee, the positive variance arises through increased catering income, interest support from the LSC, and increased investment income.

52. Overall expenditure is forecast at £7,410,418 against the budget of £7,477,810, a positive variance of £67,392.

53. The Committee reviewed the cashflow forecasts, balance sheet, capital expenditures against budget, and the College's performance against agreed financial objectives.

54. The Committee noted the healthy balance sheet and noted that there are no issues with cash-flow. Performance against each key financial performance indicators were positive with the one exception being the dependency on LSC income (forecast at 95.6% against the target of 95%).

55. Capital expenditure is forecast at £205,769 against the budget of £450k. Against the allocation of £240k for IT capital expenditure, £170,515 has been spent to date.

56. Although a year-end deficit is forecast, the Committee welcomed confirmation that the forecast deficit is considerably less than the budget and that the year-end forecast is for a £56k historic cost surplus.

57. It was **RESOLVED** to note the Management Accounts up to 30 April 2010.

COLLEGE BUDGET 2010/11

58. The College report '*College Budget 2010/11*' was received (copy attached to the signed minutes).

59. The College's budget setting procedures ensure that the budget is built in a consistent and systematic manner taking account of the following:

- The strategic objectives set by the Board
- The targets contained within the Financial objectives set by the Board
- Student numbers agreed with the funding bodies
- The College's property strategy

60. In addition a background paper was made available which has also been shared with the Executive and College staff. The briefing paper confirmed that although there has been an increase in the allocation of student numbers, the income to be received per learner has decreased. Colleges are expected to deliver more but on less income per learner. For 2009/10, the allocation of 16-18 learners was 1,125 on an average fee per learner of £4,929, resulting in an overall income for 16-18 of £5,545,671. For 2010/11, the allocation of 16-18 learners has been increased to 1,240 but the average fee per learner has been reduced to £4,779, resulting in an overall income for 16-18 learners of £5,926,019.

61. The briefing paper confirmed that to achieve the allocated funding a total of 1,330 students must be recruited and retained over a 6 week period. For 2010/11 there will be in-year reconciliation where colleges will have to reimburse for any shortfall in the delivery of allocated student numbers. The Principal confirmed that the ILR will be strictly monitored and records will be questioned where students are removed from courses. Staff have been made aware of the financial penalties for the failure to recruit and retain learners against allocated student numbers. The following information on the cost impact of early withdrawals has been made available to staff:

- Under recruitment or early withdrawals by 10 students – approximately £52,000 clawback
- Under recruitment or early withdrawals by 20 students – approximately £104,000 clawback
- Under recruitment or early withdrawals by 50 students – approximately £260,000 clawback

- Under recruitment or early withdrawals by 100 students – approximately £520,000 clawback

63. The budget will have to be strictly reviewed after establishing exactly what the numbers are after enrolment and again following the 6 week period before the funding commences.

64. The draft budget for 2010/11 is set on an income of £7,619,459 with total expenditure forecast at £7,591,268, resulting in a forecast surplus on operations of £28,191. Income is based on the confirmed allocation of 1,240 16-18 year olds and approximately 90 19+ learners. Staff costs are forecast at £5,068,692, 66.9% of total income. £747,543 is forecast for interest payable on borrowing.

65. A capital budget of £205k has been identified - £50k land & buildings; £120k for IT; and £35k for equipment.

66. The following factors have been taken into consideration when setting the budget:

- To ensure that the College maintains sound financial health throughout the life of the capital project and to regain 'Outstanding' status as soon as possible after the completion of the capital project
- To ensure that all financial risks are managed while the College implements the accommodation strategy
- To set a budget framework that ensures a break-even position can be achieved following the completion of the capital project
- To maintain staff costs below 70% of total income
- To continue to improve retention and achievement of students
- Maintain annual capital expenditure at a value of at least 2.5% of income

67. The College Budget 2010/11 confirms the forecast achievement of all the financial objectives set by the Board with the exception of the following:

- Dependency on LSC income will be 96.2% against the objective of being below 95%.
- Borrowing as a % of income will be 236% against the target of being below 40% - due to the borrowing required to finance the capital project.

68. It was **RESOLVED** that the Committee recommends to the Board at its meeting on 12 July 2010 to approve the College Revenue and Capital Budget 2010/11.

69. It was confirmed that the 3-year financial forecasts to support the College Budget 2010/11 will be made available for approval at the July Board meeting.

ANNUAL REVIEW OF FINANCIAL REGULATIONS

70. The College report '*Annual Review of Financial Regulations*' was received (copy attached to the signed minutes). The report also provided the Committee with proposed changes to the College's financial procedures. The Clerk advised that any changes to the Financial Regulations need to be reviewed by this Committee and

approved by the Board. Financial procedures are operational matters and the proposed changes are presented for information purposes.

71. The Committee noted the proposed changes to the College's Financial Regulations:

- Director of Finance title changed to Vice Principal (Resources)
- HR Manager title changed to HR Officer
- IT Assets manager changed to IT Coordinator
- Section 4.3(iii) – Barclaycard Government Procurement card credit limit of £100,000 now spread over 13 cards
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72. It was **RESOLVED** to recommend that the Board at its meeting on 12 July 2010 approves the revisions to the Financial Regulations outlined above.

CAPITAL PROJECT

73. The Committee received '*Financial Report Number 9*' issued by Woodley Coles, the College's appointed Quantity Surveyor (copy attached to the signed minutes).

74. The report follows on from the information shared at the Governor Strategy Day held on 22nd May 2010. Since that meeting there has been a further formal contractors report (25th May) and a workshop (27th May) to determine the revised completion date for Phase 2 of the project. The workshop concluded that Phase 2 could be completed by 26 April 2011 but as yet there is no formal agreed change of contractual end date. All parties are now planning schedules to meet this revised completion date.

75. The project is still projected to be inside budget, although the detail, particularly the agreed changed orders, has yet to be formally signed off. There is also a question of the final cost of statutory authority works shown in section A53 of the cost report with a provisional estimate that this could incur extra costs of circa £10k.

76. The Committee **RESOLVED** to support the position taken by the Principal of seeking agreement with Wilmot Dixon to formally signing off the agreed changed orders before the date of the next Board meeting – 12 July 2010. Although no formal signing off has yet taken place, the Principal gave assurances to the Committee that there are no issues arising from this and that to-date there has been a lot of satisfaction with the way the contract has been delivered by Wilmot Dixon.

77. It was **RESOLVED** to note the report.

MONITORING OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

78. The College report '*Monitoring of College Performance & Assessment of Risk*' was received (copy attached to the signed minutes). The F&GP Committee is responsible for monitoring finance & estates. Assessments will be carried out at each meeting of the F&GP Committee through a standing agenda item '**Monitoring of College Performance**' with an overall assessment being made available to the Corporation.

79. An 'Amber' assessment was made against the target of generating an operating surplus before borrowing costs of 1% of income. Of the remaining performance indicators, all were assessed as 'Green' – no concern or risk.

80. It was **RESOLVED** to inform the Board of the following overall assessment for the area of finance & estates:

Finance & Estates	No Risk/No Concerns
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DATE OF NEXT MEETING

81. Tuesday 16 November 2010 @ 1830.

The meeting closed at 20.00.

Signed: _____ Date: _____
(Chair)

SUMMARY ACTION LIST

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	REVIEW DATE
69	3-year financial forecasts to support the College budget 2010/11 to be made available for approval at the July Board meeting	Board meeting 12/7/10 & F&GP 16/11/10
76	Signing off the agreed changed orders for the capital project with Wilmot Dixon before the date of the next Board meeting – 12 July 2010.	Board meeting 12/7/10 & F&GP 16/11/10