

Minutes of the F & GP Committee

8 December 2009

Present: Mr M Murray (Chair)
N Chohan (Principal)
Mr M Dixon
Dr R L'Amie
Dr R Dugdale
Ms L Romaniak

In attendance: L Swift (Head of Finance)
S Jones (Ass Principal)
J Stott (Clerk)

Apologies: None

Meeting commenced: 19:03 **Meeting closed:** 21:08

69/09 Disclosure of financial and/or personal interest

There was no disclosure of financial and/or personal interest.

70/09 To agree agenda and order of business as circulated

It was agreed to discuss the pay award under any other business. With this addition the agenda and order of business was agreed as circulated.

71/09 To appoint

i) Chair of the Committee

Mick Murray was nominated, seconded and agreed to continue as Chair.

ii) Vice Chair of the Committee

Roger L'Amie was nominated, seconded and agreed to be the Vice Chair.

To take effect from the 10 January 2010 meeting

71/09 To approve the minutes of the meeting held on 22 September 2009

The minutes were approved

71/09 Matters Arising

There were no matters arising

72/09

To receive an update on the Draft End of Year Accounts for the period to 31 July 2009 and the Annual Report for recommendation to the Corporation

The Head of Finance reported that the figures presented in the end of year accounts have not changed from the Bi-Monthly Management Accounts considered at the last meeting. However, she reported that the end of year accounts now include the affects of FRS 17 adjustments which significantly impacts on the presentation of the accounts. A discussion on the way FRS 17 is reported in the accounts took place. The Head of Finance reported that FRS 17 is prescribed in the Accounting Standards in the way it has to be accounted for.

She reported that before adjustments the College is reporting a retained surplus of £66k. She also informed the meeting that when the LSC assess the financial health score for the College FRS 17 is not taken into account.

The meeting was informed of the changes proposed by the Audit Committee and discussed with the Financial Statement Auditors.

Following discussion members agreed to recommend to the Corporation the end of year accounts to the 31 July 2009 subject to the alterations discussed at the meeting and following the circulation of a final draft any subsequent comments that members make.

73/09

To receive a copy of the draft Management Letter for the financial year 2008/2009 prepared by the Financial External Auditor

The Head of Finance introduced the item and referred members to the Financial Statement Auditors comments:

- that they found that the College's financial systems reviewed were well controlled, providing an adequate basis for the preparation of accounts.
- that the College has prepared cashflow forecasts which demonstrate that it has sufficient cash resources to cover a 12 month period, and as a result has confirmed that it is a going concern.
- that the money committed on capital project work, after the LSC told College's to stop spending, was undertaken after a risk assessment and resulted in better value for money and stakeholder confidence than if activities had ceased immediately.
- on testing staff contracts they found that in some files the contracts had not been returned and recommended that they are chased up.

The report was received.

74/09 To consider the draft Sector and Service accounts for the year to 31 July 2009

The Principal introduced the item and explained to the meeting that the accounts include all the major income and expenditure incurred for 2008/09. He described some of the difficulties still to overcome, for example Lecturers who teach across a number of Sectors and how to fairly take account of the weightings that apply to certain courses.

Meetings have taken place with Managers to get the figures as accurate as possible and that work is in progress on producing 2009/10 accounts by the end of January 2010.

A discussion took place and a member requested a breakdown of the staff FTE figure to help understand the staff costs and information on income per student. It was agreed to look into the request to see if it was feasible. Another suggestion was that, where applicable, Service income and expenditure should be attributed to the relevant Sectors.

The Head of Finance reported that she would be working with another similar size College on benchmarking the results.

The meeting welcomed the introduction of the accounts and looked forward to future updates.

The report was received

75/09 To consider the bi-monthly Management Accounts for the period to September 2009

The Head of Finance introduced the bi-monthly Management Accounts for the period to September 2009. She highlighted the following to the meeting:

- A retained surplus of £129k compared to a budgeted surplus of £86k.
- a decrease in income of £55k against budgeted income of £1299k
- An overachievement of the contracted Work Based Learning (WBL) students that it is hoped the LSC will fund under the 16-18 guarantee.
- An under achievement of tuition fee income of £20k compared to budget
- New projects have been identified so the budgeted target for new income of £386k has been reduced to £185k in the November forecasts.
- A decrease of £39k in pay expenditure, of which £13k relates to the delay in the pay increase.

- A decrease in non-pay expenditure of £59k
- That the projected low cash-flow balance of 4 days in March 2010 (against a Corporation target of 25 days) is mainly due to the effect of the LSC payment profiles.

In respect of the sensitivity analysis the Principal emphasised that it is not the number of enrolments that is key but the income those students generate. It is a risk that the LSC will base future allocations on whether or not income targets have been met.

The report was received

76/09 To receive the 3 year Financial Forecast update

The Head of Finance introduced 3 year Financial Forecast update and referred members to line 7b income target on the forecast income and expenditure account which shows the original budget (386k) and the forecast currently £185k. She also referred members to the summary of achievement of the unidentified income target sheet which details identified income and areas still to be confirmed, for example the pay award. But also includes negative impacts, for example the forecast shortfall in tuition fee income of £60k.

The meeting was told of some good news in that the Enhancement Bid has been approved and a significant proportion of the £98k income would be in this financial year.

The Principal informed the meeting that a significant reason that the income target has been reduced to £185k is down to the overachievement of WBL income.

The report was received

77/09 To undertake an annual review of alternatives for cash investment

The Head of Finance introduced the item and informed members that following a discussion with the Bank Manager it has been agreed that free banking will continue for routine business although charges are now made for BACS payments which have recently been introduced. This is on the basis that the surplus funds continue to be invested with Lloyds.

The report was received.

78/09 To undertake the annual review of the Finance Plan

The Head of Finance introduced the item and explained to members that the report is a review of achievement of the 2008/09 plan. She informed members that a number of the items have already been drawn to the attention on the Committee and that most of the actions

have been completed.

The report was received.

79/09 To receive an update on current issues regarding tendering for services

The Head of Finance referred the meeting to the paper that was emailed to members as a result of the Audit Committee the preceding week. A discussion on the annual reappointment of External Auditors and the contract took place. The Audit Committee reported they are very happy with the services of Tenon and the value for money was excellent at the full tender process. They proposed that Tenon are approached for a price to extend the contract for 3 years and if this is reasonable then they are reappointed without a formal retendering process.

As this would be a variation from the Financial Regulations the F&GP Committee are asked to approve the proposal.

The Head of Finance reported the proposal had been checked with the LSC and was within the guidance of the Audit Code of Practice.

Following a discussion the Committee approved the proposed process

The Head of Finance then referred the meeting to the paper on the current issues regarding tendering for services. In respect of Banking she explained that the current service is free with the exception of BACS payments. These charges are low given that the College invests its surplus funds with Lloyds. The service is considered to be excellent value with FE specific staff.

Following a discussion the Committee agreed the proposal to continue with Lloyds for a further 12 months without further value for money checking.

In agreeing the proposal members encouraged the Head of Finance to try and achieve total free banking with the Bank Manager at Lloyds.

The meeting noted that in respect of Property Consultancy and Catering that further negotiations and testing the market are being explored to ensure value for money.

80/09 To receive details of a new Partnership arrangement

The Principal informed the meeting of a new Partnership to help the College deliver the Work Focussed Training contract. The arrangement is with Trescom Research & Consultancy Limited to deliver the BTEC Award in Door Supervision linked to the Security Industry.

The meeting endorsed the new arrangement.

81/09 i) To review the terms of reference of the Committee

Following an introduction by the Clerk the Committee agreed to continue with the terms of reference without change.

ii) To identify any training needs for the Committee or individual member

A request was made for a training item for the full Corporation on the implications of the raising of the school leaving age. The Principal agreed to consider this for a training item.

83/09 Any Other Business

a) To consider further a recommendation to the Corporation for the pay and remuneration of staff

The Principal introduced the item and reported that most Colleges are offering 1.5%, a small number above and some below or a zero pay award.

He proposed that a pay award of 1.5 % is made from the 1 February 2010 and that a decision on whether or not it is backdated to the 1 August 2009 is delayed until we are clearer about the unidentified income. This would keep the staff in line with the national pay scale. He emphasised that it will be important to identify savings as the crunch will come in 2010/11 with the likelihood of a reduction in Adult and Learner Responsive funding.

A discussion took place and alternative options were considered.

The meeting agreed to recommend to the Corporation a 1.5% pay Award from 1 February 2010 with backdating to the 1 August dependent on achieving a surplus that covers the backdated pay award.

b) Date of meetings to December 2010

- ❖ Tuesday 10 January 2010
- ❖ Tuesday 9 March 2010
- ❖ Tuesday 11 May 2010
- ❖ Tuesday 22 June 2010 – See below
- ❖ Tuesday 13 July 2010
- ❖ Tuesday 21 September 2010 – See below
- ❖ Tuesday 7 December 2010

Following a proposal from the Head of Finance it was agreed to cancel the 22 June 2010 and move the agenda items to the 13 July 2010 and move the 21 September 2010 meeting to the 28 September 2010.

b) To decide which of the above items are reported to the Corporation in more detail

The meeting noted that minute 72/09 and 83/09a would be substantive items on the Corporation agenda.

The meeting agreed to report minute 74/09 (Sector & Service Accounts) and 76/09 (Financial Forecasts) to the Corporation.