

Minutes of the F & GP Committee

11 May 2010

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

In attendance: L Swift (Head of Finance)
J Stott (Clerk)
S Butler (Minute Secretary)

Apologies: Dr R Dugdale

Meeting commenced: 19:00

Meeting closed: 20:00

12/10 Disclosure of financial and/or personal interest

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

13/10 To agree agenda and order of business as circulated

It was agreed to leave Item 5 until the arrival of the presenter, Nigel Hainsworth.

14/10 To approve the minutes of the meeting held on 9 March 2010

The minutes were approved as a true record.

15/10 Matters arising

There were no matters arising.

16/10 Training Item: Presentation on FRS 17

The presentation did not take place and will be deferred to another meeting.

17/10 To consider the Bi-Monthly Management Accounts for the period to March 2010

The Head of Finance took members through the report and explained that the accounts are looking optimistic, though partly because we have not yet paid all of the pay rise. We are still looking at a better year than we had anticipated.

Savings have been made in several areas, for example, the retired Assistant Principal's replacement has not yet started and savings have

been made on part time lecturing staff. Our over-achievement for Employer responsive work and the Unemployed contract has also brought in higher revenues than expected. Income from schools has also increased, though recruitment from the E2E work based learning contract has been low.

The bank balance did not dip as low as expected during March and April due to better than expected income in the period for Employer responsive and other project income. The cash flow forecast predicts an average balance of 30 cash days in hand for 09/10 and 20 cash days in hand for 10/11.

The number of staff employed is similar to previous years.

Over all, the College's financial health is 'outstanding', due to the high surplus in the period. The financial health at year end is expected to be 'Good'. It was pointed out that the difference between the College scoring a 'good' or 'outstanding' financial health score is achieving more than a 1% surplus, ie about £76k.

The report was received

18/10 To consider the Fee and Remission Policy 2010/11 to recommend to the Corporation

The Principal presented the paper saying we are aiming at a figure of £100 per funded teaching hour, which would take into account the mix of remission and fee paying students. A non refundable £10 administration fee has been introduced to take account of those students, including remission students, who enrol on courses, fill up places, then decide not to attend, thereby denying a place to other students. Working on £100 per hour gives the sectors more flexibility and this Fee Policy is far less prescriptive than the previous one.

Courses not funded by the Skills Funding Agency (SFA) will be priced on minimum student numbers to aim to contribute £60 - £100 per teaching hour. Next year there are many classes which are not funded as they do not fit within the funding guidelines at the moment. There has been a lot of ongoing debate with our lecturers of lifestyle classes who have been very flexible in agreeing to less hours to deliver full cost recovery courses next year. There has been a small rise in prices from £140 to £165 for a shorter course of 24 weeks, ie, students will be paying more for less. Other sectors will also be targeting cost recovery courses.

Although a fee is set for overseas students we have not had any overseas students for several years now.

Members had no objections to the 2010/11 Fee Policy.

The Committee agreed to recommend the Fee and Remission Policy 2010/11 to the Corporation.

19/10

To consider an update of the 3 year Financial Forecasts

The Head of Finance summarised the paper explaining as follows:

The figures look very similar but there has been some significant movement in the individual lines and the income target for 2010/11 which has reduced from £570k to £425k. Several contracts and projects are now confirmed and there are still possibilities for other projects in the pipeline. The budget setting process has identified £30k of savings in non pay budgets which are not yet included in the forecasts. These forecasts still assume 1.5% pay rise agreed and paid from 1/2/10 is backdated to 1/8/09. It was proposed that as the income target for the year has been met that the Committee recommend this back pay is paid in June.

The Committee agreed to a formal recommendation that staff receive payment of 1.5% back pay for the period 1 August 2009 to 31 January 2010 and that this be paid in June 2010.

Members were referred to:

- ❖ Page 8 of the report summarising the achievement of unidentified income target.
- ❖ Page 11 of the report showing the sector accounts. These are showing quite an improvement this year. Discussions have been taking place about this with Heads of Sectors in performance Review meetings.

There are assumptions in the figures as it is still based on the forecast, but we have already seen improvements between this year and last.

One member challenged the College to aim for at least a 2% surplus as a 0.7% surplus is too modest a sum. For example, we may get fewer students than we expected or maintenance fees may suddenly increase. The Principal agreed and informed the Committee that he will be presenting new strategic objectives where a target surplus of 3% would be the aim.

The report was received

20/10

To undertake the annual review of the Treasury Management Policy

The Head of Finance reminded members that it had been recommended by Internal Audit that F&GP review the Treasury Management Policy on a regular basis.

The Head of Finance presented the review of specific matters for the last year. The bank interest is negligible given low interest rates for the past year. Lloyds TSB have however revised the interest rate on the

current account to 0.25% below the base rate, which is bringing in just a small amount. We have no overdrafts and the bank balance has not dropped below £350k during the year. The treasury management is very simple for the College and any changes members might want to make can be incorporated in July. Currently there is no overdraft facility as the need was not forecast and the facility fee high. This facility used to be a minimal cost of a few hundred pounds but the last figure quoted was for a few thousand pounds.

The report was received.

21/10 To consider a progress report on the operational effectiveness of the Risk Management Plan with respect to financial issues

The Principal explained that, as this report comes to every F&G meeting, there are not many changes to report. A few areas were highlighted as follows:

We have over-recruited for employer responsive income and have already had a cut of 16% in adult responsive funding for next year. With good team work, this year has been successful however. We are not taking on some new learners where we have gone over our allocation funding. The biggest change is to the Lifestyle and Adult courses. We have already had some enrolments this week for cost recovery courses for next year which is positive. The SRIP funding has underpinned the college over the last few years. The College is exploring ways to replace this income. For example, we are setting up a Social Enterprise where we are taking unemployed people as placements to support an horticulture business. Hopefully, if this kind of work continues to be supported, we can continue to make up income targets.

The report was received

22/10 To receive a recommendation for the lettings charges to apply for the period 1 August 2010 to 31 July 2011

This is only a small income source which brings in £5 - £8k per year. We have some long-standing lettings, eg, Exhibition Hall is used for some annual events. Our prices have proved to be competitive, without being too low.

The Committee approved the recommendation that the lettings charges for the period 1 August 2010 to 31 July 2011 remain the same.

23/10 Any Other Business

b) Dates of meetings to December 2010

- ❖ Tuesday 13 July 2010
- ❖ Tuesday 28 September 2010
- ❖ Tuesday 7 December 2010

Members were asked to note that the meeting which had originally been scheduled for Tuesday 21 September 2010 will now take place on Tuesday 28 September instead as agreed at a previous meeting.

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

The following items are to be reported to the Corporation in more detail next week:

- ❖ **Item 6** - the Bi-Monthly Management Accounts for the period to March 2010
- ❖ **Item 7** - The Fee and Remission Policy 2001/11
- ❖ **Item 8** - update of the 3-year Financial Forecasts plus the pay rise
- ❖ **Item 11** - the lettings charges for 1 Aug 10 to 31 July 11.

c) The Head of Finance wanted to raise one matter. Margaret Robson, who has now left the College, was a signatory on the bank mandate and it was asked that the College Administrator & Clerk is approved to replace her. The Financial Regulations and bank mandate state that any cheques over £2k has to be signed by a Principal or Assistant Principal. The Committee's approval was sought for the College Administrator & Clerk to be included in this role. She reported that the Financial Regulations could be updated to reflect this change in July. Members did not agree with an interim measure as it was improper without formally changing the Financial Regulations. Members, however, did agree to amend the Financial Regulations with immediate effect to allow the College Administrator & Clerk to become a signatory on the bank mandate.

d) Malcolm Dixon wished to formally announce that this was his last meeting on the Committee and he wanted to take this opportunity to say how much he has enjoyed his time being part of the Corporation over the last 12 years. He now feels it is time to let someone else do the job. He was happy to say that his last meeting had painted a much more optimistic picture than he had expected.

All members joined together in thanking Malcolm for all his contributions and hard work and to say that he would be sorely missed.