

# Minutes of the Finance, Estates & Marketing Committee Meeting held on Friday, 14 November, 2008 at 8.00 am

Present: Mr Christopher Ashcroft (Student Council)  
Mr John Fogarty  
Mr Gerry Hill (Vice Chair)  
Mr Rod Hill (Chair)  
Mr Rob Peacock (Principal)  
Dr Christine Tyler

In attendance: Mrs Michelle Williams (Director of Resources)  
Mrs Lenore Burgess (Finance Manager)  
  
Dr Mike Benson (Finance Auditor) of Murray Smith for Agenda Item 6  
  
Mr Mike Moran (Estates Manager) for Agenda Item 10  
  
Clerk Mr John Perry  
Minuting Clerk Mrs Alison Fishwick

## 1. Declarations of Interest

None.

## 2. Apologies

Apologies were received from Fr Felix Stephens.

## 3. Minutes of the meeting of 26<sup>th</sup> September, 2008

The Minutes were agreed as a correct record and signed by the Chair.

## 4. Matters Arising

### **Agenda Item 4 – Matters Arising from 26.09.08 – Agenda Item 7 Procurement Report**

An update has not been prepared as agreed at the last meeting owing to a high workload in the Finance Department. However, a progress report will be available at the next meeting of this Committee.

### **Item 7 : Year End Account 2007- 08 : Pension Liability**

The Director of Resources took Governors through the Pension Liability data reporting that the pension deficit for the support staff pension scheme (Merseyside Pension Fund), as recorded in the financial statements, has increased considerably. A NewsAlert letter from Mercer (Local Government Actuary) tabled at the meeting explained how the 12 month period ended 31 July 2008 was a very poor one for FRS17 calculations both in relation to liabilities and assets.

Governors considered the implications of this and the fact that as an employer the College has no influence whatsoever over the evaluation and the pension facility is embedded firmly within the Support Staff's Pay and Conditions, although it was noted that the LSC do remove the effect of the pension liability before considering the financial health of the College.

Governors noted that a teachers' scheme operates alongside the support staff pension fund but this is not funded by the College. The College's contribution to the support staff fund equates to £147k and this is governed by liability. Tiered contribution rates have been implemented within the support staff pension fund to share out the contributions.

The Finance Auditor explained that fundamentally actuaries did not expect life expectancies to increase, calculations were based on assumptions which were found to be inaccurate but now perhaps actuaries are being more realistic. How colleges will adopt the pension functions differs from institution to institution but it is likely that, if the actuaries have calculated the figures correctly, the College's funding will increase over a longer length of time. In essence Governors acknowledged that it was about signing up to unlimited liability with limited funds. The Principal referred to lobbying across the sector via the Sixth Form Colleges' Forum on this matter.

### **Item 13 : Staff Salaries Settlements**

The Director of Resources took Governors through the paper detailing the Teaching and Support staff awards.

After negotiations the settlement was reached on the teaching offer: 2.45% on all salary levels in the pay structure. The National Union of Teachers were going to be ballot members on an individual basis to undertake strike action to re-open negotiations, however, Governors noted that the NUT have since withdrawn the proposal.

In respect of the Support staff award, 2.45% plus an additional increase for staff on point 9 had been agreed. Governors noted that no Support staff have been appointed on point 9 so the latter did not apply.

In addition, Governors noted that Support staff also received a Professional Standards Payment of £370. The national agreement is for £320 but Carmel agreed when the payment was introduced to pay an additional £50 and for this differential to remain. The Principal explained that, as the teaching staff received an annual standards payment, it was felt that a token payment should also be made for support staff. The Director of Resources confirmed that all payments are identified within the planned budget.

## **5. Financial Update October 2008**

The Director of Resources took Governors through the data and highlighted key sections:

*(Noted that the figure 42 in the Movement column (Income) in Table 1 Page 1 should read positive and the figure 42 in the Movement column (Staffing and Non-Pay) should read negative.*

- **5 Staffing - Payroll analysis 08-09** – The payroll is operating in line with the budget. Governors noted that there are no agency costs this year.
- **6 Non-pay** – Governors noted the £48k favourable variance against exams profile and that this was due to the Exams Manager being away from College and therefore has not caught up with paperwork. Staff appear to be spending their allocation earlier in year as recommended. The £46k premises adverse variance was not felt to be accurate and was due to the payment of the annual insurance bill. The Director of Resources wished to verify this.
- **8 Projected Surplus** – Governors noted that this should read **Projected Deficit**. Governors noted that the bottom line has not changed.
- **9 Capital Equipment** – Governors noted that Capital underspend to the value of £112,442 has been carried forward to this year. These are actual items which hadn't arrived in College in the last financial year.
- **10 Capital Project Summary** – Governors noted that the College has to-date made nine Income Claims to the LSC and that the claims system is working efficiently taking approximately 20 days to process. Contractors invoice the College on a monthly basis and the College claims 72.4% from the LSC. To-date, £1,093,219 has been spent on consultancy fees. Governors referred to the 50% arrangement for consultancy fee

payments. The Director of Resources explained that this had to be included in the Application in Principle where it states that claims will be made in retrospect of the intervention rates.

- **11 Balance sheet** – Governors noted that un-reconciled items to the value of £47k relates to un-presented cheques and gave an example of when this situation would arise.
- **12 Cash Flow** – Governors noted that there are more funds in the bank than anticipated: a 4.9% adverse variance at end of October.
- **13 Activity Report** – The Director of Resources explained that the College has been unable to process the Learner Information System funding report to-date as the LSC has yet to issue an efficient reporting suite. There are particular issues regarding the coding of the entitlement programme within the ILR which is still with the LSC national office. In the meantime, the College's own MIS team are producing their own funding report in order to provide an opinion. In response to Governors' questions, the Director of Resources explained that it would be difficult to ascertain whether the additional learners recruited (50) are to be funded or not. Under the new Funding Methodology the LSC now count SLNs as opposed to student bodies but suspects that they will not be funded. In respect of the 148 HE students, Governors noted that the College receives funding up to 75 students after which funding is at a lesser rate. The 13 University of Salford Graphic Design students are fully funded as are the Medical Dentistry students.

Governors expressed their concern that the LSC report was not available which gave an unacceptable level of discomfort for the College. The Principal agreed to convey this concern to the Finance arm of the LSC. The Director of Resources added that it was also raised at a recent Merseyside Colleges' Association meeting as it is a national issue.

**Governors approved the contents of the Report.**

*Mr John Fogarty gave his apologies and left the meeting at this point for another appointment.*

*The following item was taken after Agenda Item 4:*

## **6. Management Letter Arising from the Audit of the Financial Statements for Year Ended 31 July 2008**

Dr Mike Benson of Murray Smith tabled and presented the Management Letter which reflected a clean set of reports from the audit of the College's financial statements and regularity for the year ended 31 July 2008. Murray Smith concluded that an examination of the Internal Auditor's detailed working papers was not necessary and the Management Letter did not identify any issues which should be brought to the attention of the Members of the Corporation.

Dr Benson referred to Page 21 of the Members' Report and Financial Statements which shows the continued growth of the College which has proved consistent over the years. Governors noted the Loss on disposal of assets (639) which Dr Benson explained was an 'academic' figure as it relates to the disposal of re-valued building adding that this has been well controlled.

Dr Benson referred to Page 23 Balance Sheet explaining that analysis would not be relevant at this point as the College is only halfway through capital spend.

The Chair thanked Dr Benson for the Management Letter which will be presented to the Audit Committee and eventually the Full Governing Body meeting.

**The Committee noted the Report**

## **7. The Financial Memorandum**

Governors noted Part 1 which reflects the legal responsibility of the LSC to all Colleges and Part 2 which is the agreement between the College and the LSC. The final page (Appendix 1) is a summary of Programme Funding.

Governors noted the contents of the report.

## **8. The Financial Regulations**

Governors noted an updated version of the financial regulations for approval by the Governing Body. This document should be approved by the Governing Body on an annual basis. It is intended that staff training will be delivered on the financial regulations in the near future.

The Director of Resources took the opportunity to place on record her thanks to the Finance Office Manager for her contribution to the Financial Regulations.

The Committee commended the draft Financial regulations to the Governing Body for adoption.

## **9. Loan Update**

The Director of Resources reported that no monies have been drawn down from the agreed revolving credit facility to-date this is resulting from a combination of the use of available college cash reserves and 'front loading' of the LSC revenue funding and prompt remittance of capital expenditure claims submitted to the LSC. The College is able to take advantage of the reduced Bank of England base rate if required during the period of the revolving credit facility.

Governors noted the position to-date.

*Mr Chris Ashcroft gave his apologies and left the meeting at this point for another appointment.*

## **10. Health and Safety Report**

The Chair introduced Mike Moran, College Estates Manager, to the Committee.

The Estates Manager presented the Health and Safety Report which is updated on an annual basis.

Governors enquired whether the Health & Safety budget has increased. The Director of Resources responded that there is no separate health & safety budget within the Estates budget, any exceptional costs are met if possible via other resources.

The Principal added that the Estates Manager has brought a more structured and coherent approach to health and safety and wished to place on record his thanks for that.

Governors noted the contents of the report.

## **11. Accident Report**

*The report was tabled.* Governors noted the reported accidents to-date.

## **12. Absence Report**

Governors noted that there are two members of the cleaning staff on long term absence and this is being actively managed by the HR Department and Occupational Health. This absence is being covered as an additional cost via overtime arrangements rather than bringing in new staff.

In respect of teaching staff absence, there are two on long term absence. The cost of the absence of one member is incorporated into the new budget via spreading the responsibility across the departments

for two members of staff. **The Chair requested that for future meetings the data for this Committee should include details of the cost implications of staff absence.**

The Committee noted the Report

**13. Any Other Business**

The Chair informed the Committee of the recommendations of the Remuneration Committee in respect of pay increases for Senior Staff Post Holders. It was also recommended by the Committee that the Director of Resources be identified as a Senior Staff Post Holder. This item will be presented to the Full Governing Body in December.

**14. Accommodation Update**

The Principal gave an update provided by the Project Sponsor.

The Chair was pleased that there had been no change to the budget. The Principal referred to the wisdom of appointing two members of College staff to the project and how crucial it has been overseeing the build project. It was also noted that the Project Sponsor and the College's own Clerk of Works have been working very effectively together.

The meeting ended at 9.35 am.

Signed by the Chair: .....

On this day: .....