

**Minutes of the Finance, Estates & Marketing
Governing Body Committee Meeting
held on Friday, 6 March, 2009 at 8.00 am**

Present: Mr Christopher Ashcroft
Mr John Fogarty
Mr Gerry Hill (Vice Chair)
Mr Rod Hill (Chair)
Mr Rob Peacock (Principal)
Fr Felix Stephens

In attendance: Mr Nick Burnham (Vice Principal)
Mrs Michelle Williams (Director of Resources)
Mrs Lenore Burgess (Finance Manager)

Clerk Mr John Perry
Minuting Clerk Mrs Alison Fishwick

1. Declarations of Interest

None.

2. Apologies

Apologies were received from Dr Christine Tyler.

3. Minutes of the meeting of 14th November, 2008

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

4. Matters Arising

Agenda Item 5 Financial Update October 2008

Point 6 – Non-pay – The Director of Resources referred to the words within the paragraph thus: *“The £46k premises adverse variance was not felt to be accurate and was due to the payment of the annual insurance bill”* and explained that this could be construed that the figures were not correct when in fact they are accurate and reflects the way in which the insurance expenditure is profiled.

Point 11 – Balance Sheet – In response to the Chair’s request for clarification of the ‘Minute’ *“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.”*, the Director of Resources explained that the un-reconciled items affect the difference between the cash balance and the ledger balance.

Agenda Item 6 – Management Letter Arising from the Audit of the Financial Statements for Year Ended 31 July 2008 – The College is in receipt of a letter from the LSC noting and thanking the College for the clean set of reports.

Agenda Item 8 - The Financial Regulations – The Director of Resources confirmed that training for staff on *The Financial Regulations* has been planned.

5. The Financial Implications of the Accommodation Strategy

The Principal gave a verbal report on the current situation for both Phase 1 and Phase 2.

Governors noted that the existing Phase 1 build is on track and within budget. It is hoped to take possession of the Art Building (Notre Dame) on the 9th April and the three-fingered building (West Park) on the 14th August.

In respect of Phase 2, the Principal reported that, further to the previously circulated LSC statements and Parliamentary Written Statement, there was nothing further to report at this stage. The LSC had met on the 4th March as planned and a number of College AiP and AiD projects were approved. However, it was understood that the financial situation has not changed and, as feared, there appears to be insufficient funds to accommodate all the building schemes.

The Principal has spoken with the Acting Director of the GM LSC who explained that there will be a short consultation period which will take place in the sector, the AoC and local LSC branches to consider the future priorities. In the meantime, all Colleges have been advised not to incur any additional costs by advancing their plans. The Acting Director of the LSC has been invited to Carmel to see the challenges faced by the College if funding for Phase 2 is not secured. In financial terms the liabilities of not completing Phase 2 will equate to almost £2m and there is also the additional problem of how to complete the entrance of Phase 2, as Phase 1 was planned with the assumption that Phase 2 would go ahead. Governors noted that, in preparation for the possibility of Phase 2 not going ahead, the College is currently working with the Quantity Surveyors and the Architects to explore a number of options which would make the new entrance fit for purpose.

The Chair expressed disappointment on these recent developments and asked the Principal to prepare a full report for the full Governing Body meeting to be held on 24th March. The Principal added that the college-wide situation will also be discussed at the ACVIC Conference in London the following week. It was thought that some lobbying at director level may be a worthwhile course of action. Indeed the Principal reported that letters have already been submitted to the Finance Director, the Regional Director and the Partnership Director of the LSC outlining the issues in careful detail.

Some Governors felt strongly that the case for securing funding for Phase 2 of the build should be actively pursued, particularly bearing in mind the Beacon status of the College. Suggestions for actions included contacting individuals and/or bodies to provide support e.g. constituents, parents, MPs, LEA, Council Leaders, etc. There was a suggestion to contact The Times to raise a greater awareness of the current situation. There was, however, some apprehension that extensive lobbying could have an opposite negative effect.

The Principal, acknowledging the points raised and the suggestions put forward, agreed to prepare a report for the Governing Body detailing the strategic issues faced and the proposed way forward to complete the build project.

6. Procurement Policy Progress Report

The Director of Resources updated Governors on the implementation of the Government Procurement cards (GPC). Initially the Government Procurements cards were devolved to IT Services and IT Capital. However, the main concern was the level of record keeping and financial monitoring of the transactions. The College were also concerned over the potential loss of spend analysis through the purchase ledger account. It had been decided therefore to use the cards for low value, high volume purchases and devolve the facility to central support areas only e.g. Administration, Library.

Governors noted that the implementation of the GPC will be monitored for a three month period after which time a review will be undertaken to establish the level of potential procurement savings achieved as well as the effectiveness of the scheme.

Governors asked whether the LSC were aware of the lack of detail associated with the use of GPC. The Director of Resources responded that the LSC were aware but this is offset by the substantial savings the LSC felt were being made.

The Chair expressed concerned about the level of control and accuracy associated with the process and the distraction to management in overseeing its implementation.

Governors noted the contents of the report and approved the recommendations:

- a. The College will monitor the implementation of the GPC for a period of three months. Following this period a review exercise will be undertaken to establish the level of any procurement savings achieved from the scheme.**
- b. The College will then decide the most appropriate way forward for the use of the GPC.**
- c. The College will endeavour to ensure that the acquisition of all goods and services and works procured, are undertaken in a consistent manner and that value for money is achieved.**

7. Annual Treasury Report

Governors noted and approved the annual Treasury Report.

8. Financial Update January 2009

Two corrections were tabled:

Page 4 **Budget at January 09** should read (124,814) not 124,814.

Page 6 Table 9 Summary Balance Sheet **Net Pension Liability** for Year ended 31 July 2008 should read (2,114) not (987).

The Director of Resources took Governors through the key areas of the Financial Update:

- i. Governors referred to the variance in staffing of £39K on Page 2 and asked why this has increased. The Director of Resources responded that this increase relates, for example, to when someone leaves and is not replaced, or a member of staff goes on long term sick and then goes on half- pay halfway through, it also includes invigilation costs.
- ii. Governors referred to the percentage staffing budget and thought it was at 77%. The Director of Resources responded that currently it is at 73% but the most accurate figure would be calculated at the end of the academic year.
- iii. The Director of Resources referred to the £10k favourable as a result of student council activity/income generation (Page 3) and how the student council are currently exploring ways of spending it otherwise it will be capped.
- iv. The Director of Resources referred to Page 3 and the management adverse variance of £21K which is mainly a result of the retention payment of £34K to the building contractor on the curriculum 2000 capital project (F Block). Governors noted that the payment is eight years old and the sum in question has been debated over this period of time on a number of occasions; indeed some of the members of staff who worked on the project have since left. The invoice has been signed off by both the Architects and the Quantity Surveyors and the College felt that the actual costs of investigating the payment via legal guidance would outweigh the sum of money involved and it was therefore decided to pay the full amount. Governors noted that the payment has been funded from additional Year 0 provision and that the College now ensures that all matters of retention are recorded by the College. The Chair agreed that this was the right decision to make under the circumstances.
- v. Governors were referred to Page 5 and the *Capital Project Summary* and noted that the LSC have been 'sticky' about payments. Some claims from the College have not been received on the first of each month as planned owing to either the Christmas holidays or the claim being a day late which means that payment has not been regular. Currently the LSC owe the College £2.6m which has meant that the College has had to draw down from the Loan. The College has had assurances that they will be paid on the 20th of the month for two of the outstanding claims. It was suggested by Governors that assurances like these should be confirmed by email rather than just verbally.
- vi. The Director of Resources drew Governors' attention to Table 13 on Page 7 which details the ILR Funding Estimates/Claims 2008/09. The table shows negative learner numbers for the Adult (19+), resulting from where the birthday falls for students reaching their nineteenth year. Last year their nineteenth birthdays fell in the second year, there

are less students whose birthday falls in this way this year. If the College over-achieves in one category (16-18) and under-achieves in another (Adult 19+) this unfortunately is not taken into account and the variance still has to be paid by the college. In this instance the College will need to repay £39,842. The College has spoken to the financial representative at the LSC who has agreed to look at this matter but the College did not feel optimistic about the outcome.

- vii. The Director of Resources referred to the funding allocation for next year which is due on the 31 March. This year the College had been funded at 1.6 SLN per learner, next year this will be reduced. The reason for this is that the ratio fell last year from 1.6 to 1.54 because the College negotiated with the LSC in respect of not claiming for the General RE programme as the College was in the process of changing from one course to another. The LSC are now saying that because the ratio fell the ratio will be reduced for next year and that this could have a negative effect equating to a £250k reduction from next year's allocation. On a positive note, however, the allocation will incorporate growth and Additional Learning Support. The Principal added that the College is legally obliged to offer General RE and it is felt that the College is being penalised for being successful. The Director of Resources explained that the £250k anticipated reduction was calculated based on the new funding methodology and suggested waiting for the whole funding package to come through as the picture could change. Data on the 16-18 allocation is expected 13th March, and the Adult (19+) allocation is due 31st March. The College was not sure when details of the Additional Learning Support funding was expected and it may be that an increase in the ALS could make a difference.

Governors were concerned about the uncertainty that this issue creates and the Director of Resources was asked to keep Governors informed of developments.

Governors enquired about Year 0 funding and whether numbers within this cohort required further control and hence support the main allocation. The Director of Resources explained that the Year 0 provision is funded separately by the HEFC. Full HEFC funding is available for up to 75 students thereafter the College receives partial funding.

The Vice Principal informed Governors that the College has been planning some changes to the College Timetable which will allow flexibility in staffing to ensure greater staffing efficiencies.

Governors noted that the college is in adequate financial health.

9. Accident Report

Governors noted the report, there were no particular trends.

10. Absence Report

As requested by the Committee, the Director of Resources reported that the cost to the college for staff absence equates to £50k at this point in time. Three members of teaching staff have been on long term absence throughout the year, one member of the support staff and one member of the cleaning staff. There is currently a high level of absence within the cleaning staff but Governors noted that this is being actively managed.

Governors noted the financial impact of covering staff absence.

11. Any Other Business

(a) The Director of Resources tabled a letter from Barclays Commercial. This was a re-issue from the Bank detailing the revised Treasury Loan as there was an error made by Barclays in the original letter. Governors noted that the Letter reflects accurately the agreement between the College and Barclays. The recommendation of the Corporation Management Team was to sign the letter off as it is an administrative requirement of the Bank. Governors agreed to recommend the signing off of the letter to the Full Governing Body.

12. Date of Next Meeting

Thursday, 11 June, 2009

The meeting ended at 9.30 am

Signed on this day:

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By the Chair:

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