

FG(09)M4

**Minutes of the seventy-sixth meeting of the
Finance and General Purposes Committee
held on Tuesday, 1 December 2009 at 18.30hrs**

Members present: Dr S Claridge (Chair)
Mr D Burns
Mr J McDougall (Principal)

In attendance: Mr G Blagdon (Director of Finance) Acting Clerk
Ms L Siddall (Deputy Principal)

15-09/10 Committee Chairship

The Committee approved the temporary appointment of Dr S Claridge as Chair of this Committee.

16-09/10 Apologies for Absence

Apologies for Absence were received from Mr P Hopkins and Ms S Hopkins.

17-09/10 Minutes

The minutes of the meeting held on 16 September 2009 were approved and signed as a correct record (FG(09)M3).

18-09/10 Actions Taken or Outstanding

The Committee noted a paper on actions taken or outstanding following the previous meeting (FG(09)25).

- (i) The Committee discussed and noted a paper concerning the number of FTE Teaching staff to student number ratios over the past 5 Years. The Principal highlighted the overall 25% efficiency gain that the College has made over that period. The paper was noted by the Committee.
- (ii) The Director of Finance confirmed the College has entered into discussions with Havant Borough Council in respect of shared utility services. The Director of Finance also confirmed that a similar arrangement is already in place with Hampshire County Council. These matters were noted by the Committee.
- (iii) The Director of Finance reported on the potential reduction in interest charges if the College borrowing requirements were reduced. The Committee noted the comments but did not feel it was the correct time to reduce the College overdraft facility.

19-09/10 Monthly Management Reports 1 August to 30 September 2009

The Director of Finance introduced and the Committee noted the Monthly Management Reports from 1 August 2009 to 30 September 2009 (FG(09)26). During the discussion the following points were made:

- (a) The year to date deficit is £10k which is due to timing issues and will correct over the coming months.
- (b) Staffing Costs year to date is £74k below budget due to pay awards not having been implemented due to national agreements having not been ratified.
- (c) The Committee discussed the overspend of Other Expenses which the Director of Finance confirmed was due to the Temporary Accommodation Costs which were anticipated for August but not received until September.

20-09/10 Draft Report and Financial Statements for the Year End 31 July 2009

The Director of Finance introduced and the Committee noted the Report and Financial Statements for the year end 2008-2009 (FG(09)27). During the ensuing discussion the following points were made:

- a) The trading deficit for the year amounted to £88k after accounting for FRS17 costs and bank charges which if excluded would have resulted in a small surplus.
- b) The aborted costs associated with the Capital Project amounted to £616k and over the last 2 years totals £1,379m. The Committee discussed the presentation of these figures as the relevant note is located at the back of the accounting notes and the Committee believe the note should have more prominence. The Director of Finance advised the Committee that the layout of the accounts is agreed between the LSC and Financial auditors.
- c) The increase in the FRS 17 pension provision is £950k
- d) The Director of Finance highlighted that the net cash inflow from operating activities amounted to £25k after allowing for the Capital costs of £616k

The Committee agreed to recommend the Draft Report and Financial Statements for the Year End 31 July 2009 to the Corporation for approval.

21-09/10 Key Findings regarding the Audit of The Financial Statements for the Year Ended 31 July 2009

The Director of Finance introduced and the Committee noted the Key Findings report from the College Financial Auditors (Baker Tilly) (FG(09)28). The Director of Finance advised the Committee that the document had been previously recommended to the Corporation by the Audit Committee and was an item for information only. The key finding from the report was considered in respect of reconciliation statements and the Director of Finance explained to the Committee the

need for two types of Letter of Representation which have been recommended to the board.

22-09/10 Staff Pay and Conditions 2009/10

The Principal reported that agreement had been reached with Support Staff Unions and a pay award of 1.5% backdated to September 2009 had been implemented under previously agreed Chair's Action, rising to 2.3% from 1 April 2010 giving an overall increase for the year of 1.84%. The Teaching unions have as yet to agree a pay award and it is likely that payment will not be made until December 2009 or January 2010.

23-09/10 College Pension Arrangements

The Committee noted a paper in respect of the details of the LGPS for support staff (FG(09)30). The Committee requested that further confirmation of the Employer obligations in relation to Staff retirement on the grounds of redundancy. The Director of Finance agreed to report back to the Committee at the next meeting.

Action: The Director of Finance

24-09/10 Risk Action Plan 2009/10

The Committee noted the revised Significant Risk Framework which now has details of which Committee is responsible for a particular risk (FG(09)31). The Committee requested that Management will report at every Finance and General Purposes meeting by way of exception on all relevant risks.

**Action The Principal
The Clerk to
Corporation**

25-09/10 Capital Projects

The Principal gave an oral report on proposals concerning a revised Property Strategy. He advised Committee that the Educational Rationale was still relevant but would require some minor amendments. The Principal reported that a report has been compiled with the assistance of Currie and Brown and that this report is to be discussed at the next Corporation meeting on the 3rd December 2009. The Principal outlined the content of the report which contains the following proposals:

- a) A new Teaching block containing 12 classrooms for the provision of Maths and Science.
- b) A new entrance area is to be created.

- c) A Strategy is to be produced showing a costed phased development for the entire College

The Committee discussed the need for Financial Appraisals to be undertaken and noted the temporary planning limitations of 3 years in respect of the temporary accommodation on site. The Principal advised the Committee that he had discussed the proposal with the Chair of the Capital Steering Group which would be reformed should the proposal meet with Corporation approval.

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| | Action | The Principal |
| | | The Director of Finance |
| 26-09/10 | Spring Training | |

The Director of Finance updated the Committee on the present situation of the Train 2 Gain provision. Activity to date is 98% against target at Level 2 and 97% against target at Level 3. The Skills for Life provision is slightly below target in respect of new starts but ahead of target for completers. The Director of Finance will give a further update at the next meeting.

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| | Action | The Director of Finance |
| 27-09/10 | Committee Priorities for the Forthcoming Year | |

It was agreed that the Committee's priorities for the forthcoming year should be:

- Continued close monitoring of the monthly management reports and, in particular, of the College's staff costs
- Monitoring of recruitment for 2010-2011
- Monitor the progress of the revised Campus Development Project and Estates Strategy.

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| 28-09/10 | Any Other Business |
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See confidential item.

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| 29-09/10 | Date of Next Meeting |
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Wednesday, 24 February 2010 at 18.30hrs.