

**MINUTES OF A SPECIAL MEETING OF THE FINANCE AND GENERAL PURPOSES
COMMITTEE HELD ON WEDNESDAY 20 SEPTEMBER 2006
IN ROOM CO.31, ASHLEY DOWN CENTRE AT 4.30 PM**

Present: T Bray, K Elliott, K Rendell (Chair), J Taylor and M Timmins

In Attendance:

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| N Middleton | - | Chair of Governors |
| J Bentley | - | Director of Finance & Learner Information |
| R Thorold | - | Director of Resources & Estates (DoRE) |
| I Venn | - | Clerk to the Corporation |
| P Griffiths | - | Committee Services Officer |

1 DECLARATION OF INTEREST

There were no declarations of interest pertaining to the Agenda.

2 APOLOGIES FOR ABSENCE

All members were present.

3 ELECTION OF CHAIR

The Committee unanimously agreed that K Rendell be elected to the Chair for 2006-07.

4. REPORT ON FINANCIAL OUT-TURN 2005/06

The Chair informed Members that the Financial Out-Turn 2005/06 had not been as expected and the purpose of the meeting was to give the Committee the opportunity to consider the out-turn in detail.

Members received the Management Accounts to 31 July 2006 together with a report on the Financial Out-Turn 2005/06. It was noted that the out-turn indicated a deficit position of £587k compared to a predicted surplus of £619k as was advised to the Committee in June. When the transfer of funds from the Revaluation Reserve was accounted for, the deficit was reduced to £218k against a predicted surplus of £978k. The position was still being analysed but the major factors were:

- additional costs arising from the enrolment of 16-18 year old and adult students over the target funded by the LSC contract;
- forecasting errors resulting in an under estimation of the problem;
- extra spending on additional learning support; and
- shortcomings in certain financial systems, primarily orders and invoices.

The Director of Finance gave a detailed explanation about the variances in income and expenditure including:

- the delivery of LSC FE work which was currently not funded, although representations had been made to the LSC to seek additional monies relating to the work;
- additional redundancy costs relating to the review of a faculty; and
- costs relating to invoices that had not been included in the forecast.

The Committee noted that although the Management Accounts for May, presented at the June Meeting, had showed a deficit position, it was believed that by limiting expenditure the deficit could be turned around by the year end. However, as the May accounts did not show the full extent of the deficit, due to the reasons described, the limit on spending was not sufficient to rectify the situation.

Members raised a number of questions about the out-turn. Concerns were expressed about the issues of forecasting and budget control and Members sought assurance that this would not be repeated in 2006/07.

The Committee noted that work was continuing to finalise the out-turn, and that an action plan had been initiated in relation to improving financial controls and forecasting.

Members further noted that in order to achieve the target surpluses contained in the College's Three-Year Financial Strategy, which was essential for the funding of Capital Plans, income targets needed to be fully met and expenditure must remain within budget.

The Committee received the report, noting that the College continued to be solvent and able to meet its liabilities as they fall due.

5. ACTION PLAN

The Committee received a first draft of the Action Plan and noted that further planned action included:

- meetings with budget managers within the next week to review the budget out-turns for 05/06 and base line budgets for 06/07;
- improving the financial information available to managers;
- appropriate training for managers;
- greater control of costs;
- reduction in expenditure; and
- budget reviews would take place in October as well as in the Spring.

Members noted a comprehensive Action Plan would be presented to the Committee at the next meeting.

Action: Director of Finance

The Committee recommended to the Board that the Action Plan be reviewed by the Internal Auditors to ensure all issues were covered and that they monitor progress in-year and report to the Audit Committee that actions have been completed.

Action: Clerk

6. ANY OTHER BUSINESS

No other business had been notified.

7. DATE OF NEXT MEETING

It was agreed that the next meeting would take place on Wednesday 4 October 2006.

The Meeting closed at 6.40 p.m.

Afternote: It was subsequently agreed to change the meeting date to Wednesday 11 October 2006.