

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES
COMMITTEE HELD ON WEDNESDAY 25 APRIL 2007
IN ROOM CO.31, ASHLEY DOWN CENTRE AT 6.30 PM**

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

In Attendance: J Bentley - Director of Finance
R Thorold - Director of Resources and Estates
P Griffiths - Committee Services Officer

1 DECLARATION OF INTEREST

There were no declarations of interest pertaining to the Agenda.

2 APOLOGIES FOR ABSENCE

Apologies were received from J Taylor and K Rendell, Governors and I Venn, Clerk to the Corporation.

3 MINUTES OF MEETINGS HELD ON 14 FEBRUARY 2007

These were agreed as a true record.

4 MATTERS ARISING FROM THE MINUTES OF 14 FEBRUARY 2007

4.1 Minute 6 Management Accounts to 31 December 2006

The Chair requested further information about the unexpected maintenance costs relating to storm damage at the Bedminster Centre and dry rot problems in Davy House, Ashley Down Centre reported at the previous meeting.

The Director of Finance informed the Committee that an insurance claim for the loss of the Portakabins at the Bedminster Centre, through storm damage, was being pursued by the Head of Corporate Services.

It was noted that remedial work to the dry rot problems in Davy House had involved the removal of asbestos. The College was seeking further legal advice regarding the potential for an insurance claim against the professional organisations that had advised the College to seal the area. It was noted that at the time the decision was taken, the sealing of the area related to asbestos and not dry rot.

Members further noted that the remedial work had taken place during the Ashley Down project and had been charged to the project (capitalised) and removed from the revenue account. This was normal financial practice and supported by the Auditors.

4.2 Minute 7 Revised Financial Forecast 2006/07

The Committee noted that the Board had approved the Revised Financial Forecast 2006/07 at a meeting held on 28 March 2007.

5 REVISED FINANCIAL ACTION PLAN

Members were reminded that in order to avoid a recurrence of the situation that arose at the end of 2005/06, where the forecast surplus was not achieved and the outcome and causes were not identified until after the year-end, a plan had been formulated to address issues that had been identified by the College. Members were further reminded that Bentley Jennison (Consultancy) had been asked to review the plan for adequacy, make recommendations for additional improvements and assess skills gaps and training requirements of staff.

The Director of Finance presented a revised Financial Action Plan, which incorporated recommendations from the Bentley Jennison Report.

The Committee noted the detail of the report, in particular the key developments for 2007/08 which are:

- a new Human Resource/payroll system; and
- electronic purchase order management.

Members were advised that Bentley Jennison had also recommended that it would be appropriate for the Committee to receive more detailed financial information about faculties. In view of the length of reports this would generate, the Director of Finance recommended that in 2007/08 the Committee may wish to consider receiving exception reports.

Members asked a number of questions about the revised Plan and it was noted that realignment of faculties currently taking place within the College would reduce their number from fourteen to eleven. It was suggested that a brief paper or presentation on faculty structures and their financial operation would assist the Committee.

Action: Director of Finance

The Committee received the report.

6 MANAGEMENT ACCOUNTS TO 31 MARCH 2007

The Director of Finance presented a paper together with the Management Accounts to 31 March and a cash flow chart. The Committee welcomed the use of colour in the format of the accounts.

Members noted that the accounts now showed a surplus of £190k, which was an improvement to the deficit position reported at previous meetings. A significant change was the capitalisation of remedial work at the Ashley Down Centre (*Minute 4.1 refers*).

The Committee further noted that key risks areas continued to be:

- fee income;
- curriculum delivery pay costs; and

- premises maintenance costs.

In addition, other risks have been identified relating to a need to increase the College restructuring budget and under provision in the budget for off-site rentals.

The Committee also received a schedule setting out progress towards LSC funded enrolment targets, noting that the College was on target to meet its FE contracts. It was further noted that at the request of the LSC the College was reviewing the programmes of some 16-18 year old learners to ascertain the possibility of transferring them to programme led apprenticeships (Work Based Learning funded).

Members received a cash flow forecast noting the £1.5m revolving credit facility had recently been repaid to avoid interests costs. The Committee were advised that the facility will be used as required to maintain both positive balances in the bank and the College's current financial health status.

It was noted that the expiry date of the revolving credit facility is September 2007 and in order for any draw down to be treated as long term borrowing, this date would need to be extended for a period of twelve months beyond 31 July 2007. A report on this issue will be considered by the Committee at its next meeting.

Action: Director of Finance

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

7 REPORTS

7.1 Review of the level of contingency 2007/08

Members were reminded that the Board required the Committee to review the level of contingency annually, and had previously approved the recommendations of the Committee that:

- a contingency fund equal to 2% of operating income be identified during the budget setting process; and
- allocations from the contingency fund would be managed centrally, under the supervision of the Principal, with movements being reported via the regular financial reports.

The Committee considered that 2% of the operating costs equating to £1.6m, was an appropriate level and **recommended to the Board that the existing arrangements continue.**

Action: Clerk

7.2 HE Fees – effectiveness of Incentive Bursaries 2006/07

It was noted that when approving the Fees Policy for Higher Education HEFCE funded programmes 2006/07, the Board had requested that the effectiveness of incentive bursaries be monitored. Members were reminded that the following had been available to Plymouth Franchise and Consortium HE students during the current year:

- a bursary of up to £300 per annum based on the level of Government support and family income using the same criteria as applied to Learner Support Funds and Educational Maintenance Allowance (EMA) thresholds set nationally;
- a progression bursary of a one off payment of £250 to students who progress from a College Level 3 course to an HE programme within the College;
- a local progression bursary of £200 for students who live within 70 miles radius of the College and progress from an FE level 3 programme; and
- a retention bursary of a one off payment of £300 for year 2 students who progressed from a College Year 1 to Year 2 programme.

The Director of Finance reported that it was the view of the Learner Services team that the bursaries had not impacted on enrolment in 2006/07. Of 178 students able to apply, 61 applications had been received and £14,650 has been spent.

The Committee received the report.

7.3 New Financial Memorandum

The Committee received a revised Financial Memorandum issued by the LSC, which sets out the financial relationship between the LSC and colleges. It was noted that the document had become effective from 1 August 2006.

Members considered the Memorandum, noting the important extracts. It was recommended that a summary report be presented to the Main Board with any significant changes highlighted.

Action: Director of Finance

The Committee received the report.

8. STANDING ITEMS

8.1 Capital Projects Report

The Director of Resources and Estates reported on progress with proposals for the South Bristol Skills Academy and Members noted that discussions were continuing with the LSC.

The Committee was advised that the Approval in Principle (AiP) funding would not be released by the Chair of Governors until affordability was known. It was noted that if AiP spend occurred and the project subsequently did not proceed, £250k would be at risk to the College with the remaining £250k at risk to the LSC.

The Committee received the report.

The Director of Resources and Estates also updated the Committee on arrangements for outsourcing the College's catering services. Members noted that agreement had been reached with Aramark, who would be taking over the service from 1 August 2007. College staff will be transferring to

Aramark under the Transfer of Undertakings Protection of Employment (TUPE) regulations.

The Committee was also advised that from 1 July 2007, to comply with legislation, there will be a ban on smoking on College premises. The College was currently considering a plan for implementation of this ban and removal of the smoking shelters.

8.2 College Companies and Joint Ventures

The Director of Finance advised Members of the following:

- SBLN Limited – has an European debtor (approximately £2k) but it was envisaged this would likely to be paid by year end;
- Partners in Business (previously HRD Solutions Limited) was generating a surplus; and
- Joint Ventures on Centres of Vocational Excellence (CoVE) were continuing.

9. ANY OTHER BUSINESS

No other business had been notified.

10. DATE OF NEXT MEETING

It was noted that the next meeting would be held on Wednesday 6 June 2007 at 6.30 p.m. at the Bedminster Centre.

The Meeting closed at 8.15 p.m.