

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES
COMMITTEE HELD ON WEDNESDAY 6 FEBRUARY 2008
IN THE COMMITTEE ROOM, BEDMINSTER CENTRE AT 6.30 PM**

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

In Attendance: J Bentley - Director of Finance
I Venn - Clerk to the Corporation

1 DECLARATION OF INTEREST

There were no declarations of interest pertaining to the Agenda.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from R Thorold, Director of Resources & Estates and P Griffiths, Committee Services Officer.

3 MINUTES OF MEETING HELD ON 5 DECEMBER 2007

These were agreed as a true record.

4 MATTERS ARISING FROM THE MINUTES OF 5 DECEMBER 2007

4.1 Minute 5 Members' Annual Report and Financial Statements 2006/07

It was noted that the Corporation Board had approved the Members' Annual Report and Financial Statements at its December Meeting.

4.2 Minute 8.1 Bi-Annual Report on Debtors – write off of debt

It was noted that the Corporation Board had agreed to the Committee's recommendation to write off the debt of £135k and that write off action has been taken.

4.3 Minute 8.2 Fees Policy 2008/09

It was noted that the Corporation Board approved the Fees Policy 2008/09 at its December meeting.

5. MANAGEMENT ACCOUNTS TO 31 DECEMBER 2007

The Committee agreed to consider the Management Accounts and the Revised Financial Forecast together but the Minutes have been drafted as separate items for ease of reference.

The Director of Finance presented a paper together with the Management Accounts to 31 December 2007 and a cash flow chart. She drew Members' attention to an additional report that provided data on faculty performance against LSC funded contracts. It was agreed that although the additional

information was useful for the Committee it was too detailed for the Board and should not be included with the Committee's report.

The Committee noted that the accounts showed a surplus of £246k against an expected minor deficit of £52k, which was due to the following variances:

- Income (shortfall):
 - the LSC Train to Gain contract;
 - the Pre E2E contract;
 - fees;
 - Higher Education Franchise contracts; and
 - non core activities, particularly the delayed transfer of Catering Operations.
- Expenditure
 - curriculum delivery pay costs ('avoidance' of pay costs in period to 31 December resulted in faculties absorbing most of the shortfall in income); and
 - curriculum support, business support and premises costs being contained within budget allocations.

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

6. REVISED FINANCIAL FORECAST 2007/08

The Committee received the mid year review of the College budget, noting the forecast indicated a surplus of £460k with a £500k contingency.

Members further noted that variances from the original budget income streams amounts to a reduction of £1.5m relating to:

- LSC funding – revision of the Train to Gain and Education Unlimited (EUL) forecast income;
- Fees;
- Contracts; and
- Other income.

Members further noted the variances in expenditure relating to:

- curriculum delivery and support;
- business support;
- premises costs;
- non-core activities;

and that key risks to the College were:

- funding by Plymouth University (income of £274k) relating to level 4 and above programmes. This was the result of a switch from FE to HE funding and a subsequent audit by HEFCE that determined the course wasn't valid. Members noted that the risk of 'claw back' of 2006/07 funding had diminished and that following a meeting with Plymouth University the funding for 2007/08 looked more secure.
- Train to Gain and EUL Contracts; and
- HE Fees.

The Committee received the report and recommended that the Board adopt the result of the mid year review as the Revised Financial Forecast 2007/08.

Action: Clerk

7. REPORTS

7.1 Financial Health Check

The Committee received a report, noting that the current method of calculating the financial health of a college is well understood inside and outside the sector and has particular relevance to banks and contractors for capital works. A view of financial health and other controls is also taken into consideration by Ofsted in reaching a conclusion on the grade for management and leadership.

Members also noted that under a new system (currently being piloted by the LSC with other colleges) the financial measures will be extended beyond the current annual calculations, and a four-yearly review of controls will be undertaken by the LSC Provider Financial Assurance (PFA) team who will work alongside Ofsted inspectors.

There will be three performance areas - responsiveness, effectiveness and finance – and each area will be graded on a four point scale (outstanding, good, satisfactory and inadequate). The key finance performance areas are:

- financial Health - to assess the overall robustness of the College's finances;
- financial control - a single performance indicator based on audit opinions; and
- use of resources - how effectively the College manages its financial and other resources to provide best value from public funds.

The Committee noted that all of the calculations and assessments for the finance performance areas will be assimilated into one score, and combined with the scores for responsiveness and effectiveness to give one overall score for the College.

Poor financial health scores will generate 'notices to improve' from the LSC, in the same way that poor success performance will impact on the funding available for certain streams of work.

Members received the report and recommended that a clear explanation about the current and new methodology be made to the Corporation Board so that the Board is aware of the importance and impact of the changes.

Action: Director of Finance.

8. CAPITAL PROJECTS REPORT

The report is the subject of a confidential minute.

9. ANY OTHER BUSINESS

No business had been notified.

10. DATE OF NEXT MEETING

It was noted that the next meeting would take place on Wednesday 5 March 2008 at 6.30 p.m. in room 1.19, Bedminster Centre.

The Meeting closed at 8.45 p.m.