

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES  
COMMITTEE HELD ON WEDNESDAY 8 JULY 2009  
IN THE COMMITTEE ROOM, BEDMINSTER CENTRE AT 6.30 PM**

**Present:** T Bray, K Elliott, R Frankham, N Middleton (Chair) and M Timmins

**In Attendance:**

J Bentley	-	Director of Finance
B Cooper	-	Director of Resources
P Griffiths	-	Committee Services Officer
I Venn	-	Clerk to the Corporation

1 DECLARATION OF INTEREST

There were no declarations of interest.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from I Crawford, Governor.

3 MINUTES OF MEETINGS HELD ON 10 JUNE 2009

These were agreed as a true record.

4 MATTERS ARISING FROM THE MINUTES OF 10 JUNE 2009

**4.1 Minute 7 Bi-Annual Report on Debtors**

The Committee noted that the report had been amended prior to its circulation to the Board.

**4.2 Minute 8.1 Capital Projects – North Bristol Development**

The Committee noted that enquiries on alternative funding routes were continuing.

5 MANAGEMENT ACCOUNTS TO 31 MAY 2009

The Director of Finance presented the Management Accounts to 31 May. Members noted that the accounts continued to show a deficit and there had been no significant changes to the Balance Sheet since the last meeting.

**The Committee received the report, noting that:**

- **the College remains solvent and able to meet its liabilities as they fall due;**
- **there were no breaches of banking covenants.**

6. PROJECTED OUTTURN AT 31 JULY 2009

The Director of Finance presented details of the projected out-turn to 31 July 2009, and the Committee noted that a year-end deficit of £1.06m was predicted.

Members further noted that it was likely the College will achieve its FE LSC funded contracts but were reminded of the following factors associated with income:

- £200k for infrastructure, relating to employer responsive/Train to Gain, had been withdrawn by the LSC;
- Apprenticeship funding was dependant on the number of achievements as at 31 July;
- funding for the adult responsive contract could be clawed back if the College does not achieve 95% of the contract;
- Train to Gain funding had been capped earlier in the year; and
- fee income was less than forecast.

The Committee was advised that the College was continuing to reduce non pay costs in particular those associated with Premises. However it was noted that a proportion of premises costs was non-discretionary.

In response to Members questions, it was noted that:

- a small amount of overage on the sale of land at Ashley Down may be forthcoming, but this had not been confirmed;
- the College will be reviewing infrastructure costs; and
- the contraction in income, together with the consequences of the recession on fee income had resulted in a larger deficit than previously forecast.

### **The Committee received the report.**

#### **7. DRAFT FINANCIAL ESTIMATES 2009/10 AND 3 YEAR FINANCIAL STRATEGY AND FORECAST 2009-12**

The Director of Finance presented a partial report for 2009/10. This set out the detail of the final funding allocations together with estimates for other income.

The Committee noted that due to the late notification of final LSC allocations together with the continued efforts to reduce costs, the detail of forecast expenditure in the Draft Financial Estimates was work in progress.

Members asked a number of questions relating to expenditure in the current financial year and predictions for 2009/10, noting the LSC contract income for 2009/10 represented a cut in real terms of £1.5m.

The Principal advised the Committee that the problem areas were the cuts in EUL, and adult responsive funding. Every effort was being made to continue the EUL programme by utilising the 16-19 core contract.

In response to a question about the pay award for 2009/10, the Principal stated that the Association of Colleges recommendation, which the College had implemented every year as Board policy, was 1.5%. The Draft Estimates would include provision for paying the 1.5%.

There was a discussion about the overall surplus achieved in the period 2007-09 as well as the importance of avoiding two successive deficit budgets. The Chair summarised the requirement for 2009/10 as a need to identify a planned surplus for the purposes of the 3 Year Financial Plan and to enable the College to be in a position to start repaying the loan for the South Bristol Skills Academy.

**The Committee received the report and recommended that the Financial Estimates 2009/10 be present to the Board in as much detail as possible, together with a proposal for finalising the Financial Estimates and the 3 Year**

## **Financial Forecast for submission to the LSC by 31 July 2009.**

### **Action: Director of Finance**

#### **8. STANDING ITEMS**

##### **8.1 South Bristol Skills Academy Project Board**

The Committee received the Minutes of SBSA Project Board meeting held on 15 June 2009 and noted the following progress on the project has been made to date:

- Connections to the main drainage;
- Steel frame completed;
- Pre-cast panels to building envelope is underway; and
- Main roof covering work has commenced.

Members further noted that the total project cost is £31,627,341 and current expenditure as at 31 May was £9,791,628.

**The Committee received the report.**

##### **8.2 Capital Projects – Soundwell Gymnasium**

The Director of Resources and Project Development presented a report and Members were reminded that the Board had approved a scheme to the value of £1.5m in the 2008/09 Capital Expenditure Programme for the conversion of the Gymnasium at Soundwell. This scheme included the installation of a new mezzanine floor and alteration to rooms adjacent to the Gymnasium.

A revised scheme was presented to the Committee in December 2008, costing approximately £750,000. This scheme was to provide a range of teaching spaces and alterations to the catering provision and was based on the revised teaching space needed to match the proposed curriculum. It also incorporated the results of a room utilisation survey, which indicated there was available space adjacent to the Gym.

These two factors allowed the mezzanine floor to be removed from the contract and a smaller scheme to be delivered to meet students' needs. The results of these changes, with the appointment of a Design Team, brought the new project cost to a budget figure circa £750,000.

The Committee noted that:

- the scheme allows for a mezzanine floor to be inserted at a later date, should this become necessary;
- following a tender process, contracts have been let for external cladding and roof replacement and general building works; and
- the Kingswood Partnership will be making a £300,000 grant to the College to provide these new facilities, specifically for hairdressing and catering.

**The Committee received the report, noting the reason for the change in the scope of works and the Grant of £300,000 towards the cost of providing Hairdressing and Catering facilities.**

##### **8.3 College Companies and Joint Ventures**

The Director of Finance reported on the following:

- Skills Centre South West Ltd (Cabot Circus Skills Centre) – the Company registration had been received and the lease for the building has been signed.
- SBLN Ltd – dormant and outside of the College VAT group. The Company has an outstanding loan from the Corporation and changes in tax regulations may enable the Company to be wound up without incurring a tax liability by the College. This will be investigated further during the External Audit process.

**Action: Director of Finance**

**The Committee received the report.**

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, 16 September 2009 at 6.30 p.m. in room 1.29 at the Bedminster Centre.

The Meeting closed at 8.35 p.m.