

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES  
COMMITTEE HELD ON WEDNESDAY 10 FEBRUARY 2010  
IN ROOM 1.19, BEDMINSTER CENTRE AT 6.30 PM**

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

**In Attendance:**

J Bentley	-	Director of Finance
B Cooper	-	Director of Resources and Project Development
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 and R Frankham, Co-opted Member.

**3 MINUTES OF MEETINGS HELD ON 2 DECEMBER 2009**

These were agreed as a true record.

The Confidential Minute (*Minute 7*) was also agreed as a true record.

**4 OFSTED/FINANCIAL MANAGEMENT CONTROL AND EVALUATION (FMCE)**

The Chair informed the Committee that Ofsted have carried out a full inspection of the College and the LSC have undertaken a parallel Financial Management and Control Evaluation visit. Members were pleased to note that Ofsted have graded the Overall Effectiveness of the College as 'Good' and the FMCE graded was 'Outstanding'.

Congratulations were expressed to the Committee, Executive and Staff on the successful outcomes.

**It was noted that the FMCE report will be circulated with the Minutes.**

**Action: Clerk**

**5. MATTERS ARISING FROM THE MINUTES OF 2 DECEMBER 2009**

**5.1 Minute 5 Member's Annual Report and Financial Statements 2008/09, including Management Letter**

The Committee noted that the report had been approved by the Board.

**5.2 Minute 8.1 Report on Overseas Travel**

The Committee noted that the Board endorsed the Committee's recommendation that the recruitment of overseas students should continue.

In response to a question regarding the effect on the recruitment of overseas students with the introduction of new Government rules on Visas, it was noted that the College had taken this into account in the 2010/11 planning process. It was further noted that the College held a licence from the UK Border Agency.

**The Principal was requested to provide information on this in the Executive Report to the Board.**

**Action: Principal**

### **5.3 Minute 8.2 Annual Report on College Companies and Joint Ventures 2008/09**

The Committee noted that the Board received the Report.

#### **6. MANAGEMENT ACCOUNTS TO 31 DECEMBER 2009**

The Director of Finance presented the Management Accounts to 31 December which showed a deficit of £1.45m against a predicted deficit of £1.64m. Staff costs are holding below profile and the budget profile predicts a year end surplus.

The Committee noted that income is becoming much more variable in nature, whilst costs are still largely fixed. The College is seeking opportunities to bring the fixed/variable nature of costs into balance.

Presentation of the Management Accounts included budget profiling for each quarter, achievement against LSC contracts and cash flow forecast.

Members were reminded that the College has two financing facilities:

- £2.5m unsecured overdraft with the Royal Bank of Scotland; and
- £17m unsecured revolving credit facility with Barclays Bank for the construction of the South Bristol Skills Academy, with an option to enter into a fixed term loan for 25 years at a fixed rate of interest.

It was noted that, based on advice from Ian Crawford, the College had engaged Rathbones to negotiate the precise terms for the fixed term loan. The College has now entered an agreement for a 25 year fixed term loan at 5.665% and the final drawdown of £17m will be made at the end of March 2010. It was estimated that the cost of Rathbones' fees would be covered in the first year's savings.

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

#### **7. REVISED FINANCIAL FORECAST 2009/10**

The Committee received a report on the mid year review of the College budget, noting the shortfalls in various income lines, and provisions against two particular income lines (fees and HE contract income).

It was further noted that saving targets have been identified for particular expenditure groups and it was predicted that the College would achieve a break even position at year end with use of the contingency.

The revised forecast has resulted in an overall reduction of £2.32m in predicted income and the following savings in expenditure:

- non recruitment of staff where vacancies occur;
- reductions in non-pay costs.

The Committee noted that, as a result of faculties reducing budgeted expenditure for hospitality, there would be a short fall in the revised Aramark contract. The Director of Resources and Project Development had arranged a meeting with Aramark to address this issue.

**Action: Director of Resources and Project Development**

**The Committee received the report and recommended that the Board adopt the result of the mid year review as the Revised Financial Forecast 2009/10.**

**Action: Clerk**

#### 8. FEES POLICY 2010/11

The Committee noted that the Instrument and Articles of Government requires that the Board of Governors set a policy by which the tuition and other fees payable to the College are determined subject to any terms and conditions attached to grants, loans or other payments paid or made by the LSC.

At its last meeting the Board endorsed a recommendation by the Committee that a framework be adopted as the Fees Policy. Members considered a draft framework and suggested a number of amendments to the wording.

**The Committee recommend that the Board adopt the Fees Policy, as amended, noting that a report on the detail of the fees determined for the client groups across the College will be subsequently reported to the Committee for monitoring purposes.**

**Action: Clerk**

#### 9. BI-ANNUAL REPORT ON CAPITAL BUDGET MONITORING

The Director of Finance presented a report which outlined the capital expenditure for the five months ending 31 December 2009, against the budget for 2009/10.

The Committee noted that expenditure to date was £6.5m against a budget of £19.1m.

It was further noted that £1.2m originally earmarked for the purchase of the College House land at Ashley Down, was no longer required as the College had negotiated an agreement with the Council to lease parking space on land formerly owned by the College (*Minute 10.2 refers*). The College proposed not to release these funds against other potential projects, apart from £160k for the lease premium for the 125 year lease for the car parking site, until the result of the mid-year review is known and the impact on the cash flow forecast becomes more certain.

Members suggested that the amount of capital grants received **be included in the report to the Board, together with reference to the Section 106 agreement at the Ashley Down Centre.**

**Action: Director of Finance**

**The Committee received the report.**

## 10. STANDING ITEMS

### 10.1 South Bristol Skills Academy

The Committee received the Minutes of SBSA Project Board meetings held on 21 December 2009 and the draft Minutes of 25 January 2010, noting the following progress on the project has been made to date:

- completion of the external cladding system;
- continuation of mechanical and engineering 'first fix';
- biomass boiler installed;
- internal partitions currently being installed;
- glazing work underway;
- installation of Motor vehicle doors;
- landscaping; and
- ceramic wall tiling.

It was further noted that the total project cost is £31,627,341 and current expenditure as at 31 December 2009 was £20,321,005.

At the previous meeting, a Member had sought clarification as to how cash flow for the Project was controlled and the Director of Resources and Project Development presented a report which explained this. The question raised was based on a variation in the profiled cash flow because the biomass boiler had been brought onto site.

The Committee noted that this variation was made with the full agreement of the College as a grant for the 'green' boiler had been obtained, which was conditional upon the procurement being completed within a defined time frame. The College's Quantity Surveyor would not authorise payment in excess of the agreed profile unless it was fully justified by the Contractor and agreed by the College.

**The Committee received the report.**

### 10.2 Ashley Down: S106 Transfer and Lease of Car Park

The Clerk advised the Committee that under a Section 106 Agreement, linked to the Planning Consent at Ashley Down, the College was required to transfer ownership of land to Bristol City Council (plan attached to Minutes). This transfer had been carried out in conjunction with a lease back to the College of car parking space which was made available by re-siting of the Primary School planned for the site.

### 10.3 College Companies and Joint Ventures

The Director of Finance reported that there had been no change to that reported at previous meetings.

## 11. ANY OTHER BUSINESS

### 11.1 LSC Allocations 2010/11

The Principal informed the Committee that the College has received a number of initial funding allocations. The 16-18 allocation represents a cut of £800,000 compared to 2009/10 and the College was in discussions with the Young Persons Learning Agency (YPLA) in an attempt to improve this position.

The adult responsive funding allocation represents a £2.4 million cut in overall adult funding compared to this year's position. This is the result of national decisions to move funding away from key areas of provision, including Skills for Life and Developmental Learning, into LSC priority areas. It is estimated that removing this provision would result in a further £700,000 reduction in fees. The initial Train to Gain allocation shows a further £700,000 reduction and overall, including Additional Learning Support, the initial allocations are approximately £4.3m lower than last year.

It was noted that additional learning support for adults will be cut in proportion to the proposed reductions of £2.4 million in the adult responsive budget.

The Principal informed the Committee that the College has continued to press the case for improvement in the adult funding allocation at national and local levels. The Association of Colleges (AoC) is campaigning against the cuts; the 157 Group of Colleges has written to the Minister of State for Further Education raising concerns and asking for a meeting; a delegation of 157 Principals met senior civil servants at the Department for Business, Innovation & Skills to press for change to the allocations and the College has convened a meeting with local community groups; the local authority; local MPs and Prospective Parliamentary Candidates to communicate the College's position and seek support.

Members noted that the impact of the cuts is serious for the College and the City and requested that the Principal circulate an appropriate briefing to all Board members.

**Action: Principal**

12. DATE OF NEXT MEETING

It was noted that the next meeting would be held on Wednesday, 28 April 2010 at 6.30 p.m. in the Committee Room at the Bedminster Centre.

The Meeting closed at 9.30 p.m.