

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES  
COMMITTEE HELD ON WEDNESDAY 16 SEPTEMBER 2009  
IN ROOM 1.29, BEDMINSTER CENTRE AT 6.30 PM**

**Present:** K Elliott, R Frankham, N Middleton (Chair), J Taylor 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 T Bray and I Crawford, Governors.

**3 ELECTION OF CHAIR**

The Committee unanimously agreed that N Middleton be elected to the Chair for 2009/10.

**4 MINUTES OF MEETINGS HELD ON 8 JULY 2009**

These were agreed as a true record.

**5 MATTERS ARISING FROM THE MINUTES OF 8 JULY 2009**

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

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

**6 FINANCIAL OUT-TURN 2008/09**

The Director of Finance presented the Management Accounts to 31 July 2009. Members noted that the accounts showed a deficit of £1.6m against a predicted deficit of £1.1m.

Members further noted that although there appeared to be an increase in the deficit from that reported at the July meeting, the major variance related to the increase in FRS17<sup>1</sup> provision, which did not result from operational performance. Total income had remained the same due to additional fee income offsetting a reduction in apprenticeship income. The reduction in income was in the region of £400k, largely

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<sup>1</sup> The Financial Accounting Standards Board sets standards of financial accounting and reporting which govern the preparation of financial reports. They do this by producing mandatory Financial Reporting Standards (FRSs). FRS17 is an accounting standard which states that organisations should reflect their share of total assets, less potential future pension costs, as a net entry in their balance sheets. It has no bearing on the cash balances of the College. The size of provision is determined by actuarial review which is carried out by the Pension Fund Managers.

due to the LSC not paying the College for adult apprenticeships and disallowing out of area provision on national contracts.

The FRS17 provision was higher than predicted in the mid year review although Members recognised that the calculation is based on the market valuation of the underlying assets as at 31 July, and actuarial assumptions as set out by legislation, thereby making it difficult to accurately predict what the provision will be.

The Committee scrutinised the accounts, noting that the College had been successful in achieving the year end outcome, as predicted in the mid-year review, if FRS17 provision was ignored. Members were satisfied that the College had taken steps to mitigate the deficit, recognising that investment had been made in restructuring to improve the future financial position.

The Director of Finance informed Members that the financial outturn for 2008/09 did not impact on the covenants required under the terms of the College's borrowing.

#### **The Committee:**

- **received the report, noting that the College remains solvent and able to meet its liabilities as they fall due; and**
- **agreed that the report be amended for presentation to the Board in order to clarify the effects of FRS17 provision and restructuring costs.**

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

#### 7. FINANCIAL ESTIMATES 2009/10

The Director of Finance presented the latest draft of the Financial Estimates 2009/10, and the Committee noted that a predicted surplus of £720k was forecast.

Members noted that there were a number of risk areas which could impact on achieving the predicted surplus, including apprenticeship income streams, the need to achieve Learner Responsive targets to avoid claw back and the ability to reduce costs if income falls in year.

It was noted that the College's operations had delivered £2.7m cash in 2008/09 and the Financial Estimates for 2009/10 planned to deliver £4.8m.

**The Committee received the report and agreed to recommend to the Board that the Financial Estimates be approved as the operating budget for 2009/10.**

#### **Action: Clerk**

#### 8. CASH FLOW FORECAST 2009/10

The Committee received the Cash Flow Forecast for 2009/10. The discussion that followed is the subject of a confidential Minute.

#### 9. REPORTS

##### **9.1 Indicative Financial Implications of Enrolment 2009/10**

The Principal reported that provisional student enrolment data indicated that the College will meet the LSC target for full-time 16-18 year olds and adults.

## 9.2 New Sources of Income

The Director of Finance informed the Committee that the College received new income from the following sources:

- HE – new foundation degrees, although this funding was currently at risk;
- International students; and
- new short term contracts (£5m in 2008/09).

## 9.3 Draft Annual Report of the Committee 2008/09

Members considered a draft of the Committee's annual report to the Board, together with supporting papers.

The Committee assessed its overall performance as 'Good' and **agreed to submit the report to the Board.**

**Action: Clerk**

## 9.4 Capital Expenditure: Report on 2008/09 and Recommendations for 2009/10

The Committee noted that the total expenditure to 31 July 2009 was £1m, against a Capital budget approved for the year (excluding SBSA) of £2.8m. The two significant under spends in the year were:

- some expenditure on the HE Centre, Ashley Down, which went through in 2007/08; and
- the Soundwell Gym project, which had reduced in value, as reported under item 10.2.

The Committee also received proposals for 2009/10 Capital expenditure, noting the priority areas are:

- SBSA - £18.3m;
- College Core budget: ICT £1.1m (£350k ring fenced for SBSA); and
- major projects £1.3m as identified in the Agenda paper.

**The Committee received the report and recommended that the Board approve the 2009/10 capital expenditure budget of £22.5m, noting that capital grants would reduce this figure to £17.3m.**

**Action: Clerk**

## 9.5 Overseas Travel 2008/09

The Clerk presented a report and the Committee noted that there is a requirement to report to the Corporation on overseas travel in order to complete one of the questions in the Regularity Audit. Members further noted that a policy for overseas travel is in place and is included in Financial Regulations and Procedures.

**The Committee requested that further details be included in the report to reflect the increase in expenditure related to recruitment of overseas students and that it be re-submitted to the next meeting.**

**Action: Clerk**

## 10. CAPITAL PROJECTS

### 10.1 South Bristol Skills Academy

The Committee received the Minutes of SBSA Project Board meeting held on 20 July 2009 and noted the following progress on the project has been made to date:

- External cladding system continues to be installed;
- Key M&E equipment on site for installation;
- Biomass boiler arriving on site late September; and
- Internal block work walls currently being installed.

Members further noted that the total project cost is £31,627,341 and current expenditure as at 31 August was £15,428,046.

The Committee requested more detail on BREEAM, referred to in the Project Board Minutes. The Director of Resources and Project Development informed Members that BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance.

Bristol City Council (BCC) has insisted that an 'excellent' rating should be achieved under the terms of the agreement to lease the SBSA land at Hengrove Park. The College would not be able to achieve this within the budget for the project as it had only been funded to achieve a 'very good' rating, which was required by the LSC.

The College had approached the Government Office for the South West (GOSW), which had imposed the BREEAM rating on BCC as a requirement for providing infrastructure funding for the Hengrove Park project. GOSW had advised that the College should submit a case to BCC, which was required under the terms of the Infrastructure Agreement to forward it to GOSW. The case was currently being prepared for submission.

**The Committee received the report.**

### 10.2 Soundwell Gymnasium Update

The Director of Resources and Project Development presented a report and Members were reminded that a scheme had been approved costing £750,000 to provide a range of teaching spaces and alterations to the catering provision. The Kingswood Partnership was providing a grant of £300,000 towards the cost. A design team had been appointed and work commenced on 9 July 2009 with a completion date of the end of September 2009.

The Committee noted that the total spend to the end of July 2009 was £210,000, with the balance of building works still to be invoiced £497,250.

Members were advised that the project had incurred additional costs of £50,000 due to the kitchen walls not meeting environmental health requirements and the need to replace gas equipment.

**The Committee received the report.**

11. ANY OTHER BUSINESS

No other business had been notified.

12. DATE OF NEXT MEETING

It was noted that the next meeting would be held on Wednesday, 2 December 2009 at 6.30 p.m. in the Committee Room at the Bedminster Centre.

The Meeting closed at 8.45 p.m.