

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES
COMMITTEE HELD ON WEDNESDAY 2 DECEMBER 2009
IN ROOM 1.19, BEDMINSTER CENTRE AT 6.30 PM**

Present: K Elliott, R Frankham, N Middleton (Chair), M Timmins and M Williams

In Attendance:

J Bentley	-	Director of Finance
B Cooper	-	Director of Resources
T Felthouse	-	Senior Manager, KPMG (Item 5)
M James	-	Director of Business Development (Item 8.1)
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, I Crawford and J Taylor, Governors.

3 MINUTES OF MEETINGS HELD ON 16 SEPTEMBER 2009

These were agreed as a true record, subject to amending Minute 10.2 to £50,000 for additional costs incurred for the Soundwell gymnasium scheme.

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

4 MATTERS ARISING FROM THE MINUTES OF 16 SEPTEMBER 2009

4.1 Minute 6 Financial Out-turn 2008/09

The Committee noted that the report was amended and presented to the Board.

4.2 Minute 7 Financial Estimates 2009/10

Members noted that these were approved by the Board at its October meeting.

4.3 Minutes relating to Reports

Members noted that the Reports set out in the Agenda had been received by the Board at its October meeting.

**5 MEMBERS' ANNUAL REPORT AND FINANCIAL STATEMENTS 2008/09
INCLUDING MANAGEMENT LETTER**

Members noted that the Audit Committee had agreed to recommend the Members Annual Report and the Management Letter to the Board for approval from an Audit perspective.

T Felthouse presented the Management Letter and focused on the Highlights Memorandum at Section 2 drawing particular attention to the summary of the financial

position. He commended the College for taking steps to mitigate the deficit and drew attention to the reduction in audit differences and recommendations, in comparison to the previous year.

He reported that a new section had been incorporated into the Management Letter, which referred to FRS17 pension assumptions and disclosures. The Committee was reminded that the increase in FRS17 provision did not result from operational performance and in 2008/09 had been higher than expected.

The Committee discussed pension provision and requested numerical details of membership of the College Pension Schemes.

Action: Director of Finance

The Committee then reviewed the Letter of Representation to the Auditors and the Members' Report. A number of corrections were identified, none of them material.

Members agreed that the Report should include a short explanation of the reasons for the deficit in 2008/09, noting that the Director of Finance and the External Auditors will agree a form of words.

Action: Director of Finance/KPMG

Finally, the Committee agreed to recommend that the Board approve the Members' Annual Report and Financial Statements 2008/09, the Management Letter and the Letter of Representation.

Action: Clerk

6. MANAGEMENT ACCOUNTS TO 31 OCTOBER 2009

The Director of Finance presented the Management Accounts to 31 October which showed a £1.114m deficit against a predicted deficit of £1.201m for the first quarter.

The Committee noted that the significant income variances related to:

- Entry to Employment, which was behind profile, but plans are in place to deliver the contract targets by the year end;
- Contracts - the target profiles for the first 3 months have not been met, due to start up delays and issues in relation to the Work Force Training and the Filton College contracts;
- Fees - a £168k positive variance, due to an increase in overseas students this year. However recent intelligence suggests that a significant amount of refunds are expected, due to the late cancellation of courses and students experiencing problems with obtaining visas; and
- Higher Education income which is showing an adverse variance and current indications show that student numbers are below target.

It was also noted that the significant cost variances occurred in curriculum delivery pay costs:

- Curriculum Delivery pay - a positive variance largely due to unfilled vacancies; and
- Curriculum Support, Business Support and Premises costs slightly ahead of profile.

The Committee was advised that the College has been successful in securing new contracts to the value of £796k and noted that issues relating to the Learner Support fund and College Apprenticeship Scheme could impact on the contingency fund in the event that appropriate savings or alternative income streams were not available in year.

Presentation of the Management Accounts included budget profiling for each quarter of the year and Members welcomed the format.

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

7. LOAN AGREEMENT WITH BARCLAYS BANK

Confidential Minute.

8. REPORTS

8.1 Annual Report on Overseas Travel 2008/09

The Committee was reminded that, at the previous meeting, Members had requested that further details be included in the Annual Report on Overseas Travel 2008/09 to reflect the increase in expenditure related to recruitment of overseas students.

The Director of Business Development introduced the report which provided a summary of student numbers and income against expenditure on international marketing. It also set out in detail the international marketing strategy.

Members asked a number of questions, noting that overall the activity of recruiting overseas students was profitable.

The Committee received the report and agreed to recommend to the Board that the recruitment of overseas students should continue. It was noted that the report to the Board would include student overseas travel.

Action: Clerk

8.2 Annual Report on College Companies and Joint Ventures 2008/09

The Clerk presented a report and Members noted that the College owns 100% of the issued ordinary shares of Partner in Business (West) Limited (PIB Ltd.) and SBLN Limited. Both Companies are incorporated in England and their results are consolidated into the College Financial Statements.

The Committee also noted that the principal business activity of PIB Ltd. is the supply of goods and services and SBLN Limited was currently dormant.

In 2008/09 the College was involved in three joint ventures: Newcastle Aviation Academy, Trust in Learning Ltd, and Skills Centre South West Ltd. Members noted the detail of the joint ventures.

The Committee recommended that the Board receive the report.

Action: Clerk

8.3 Bi-Annual Report on Debtors

The Director of Finance presented her paper and drew attention to the outstanding amount due from debtors which stood at £3,616k as at 30 October 2009. This compares to £3,613 at 31 October 2008, £4,151k at April 2009 and £2,566k July 2009.

Members noted that included in debtors are amounts due from various sources including the sales ledger, grants from the LSC, other accruals and payments from HE partners, less the bad debt provision.

It was further noted that within the £51k outstanding for more than three months there was two amounts totalling £23k, which have now been resolved and will soon be paid.

The Committee received the report.

8.4 Fees Policy 2010/11

Members noted that there have been a number of recent important national developments which will impact on the College, including the publication of a Government paper 'Skills Investment Strategy 2010/2011'. The paper outlines the Skills Funding Agency budget for 2010/2011 and replaces the annual grant letter. Within the proposals is the expectation that Colleges will maximise fees and the College was assessing the impact of this. The impact of these developments was such that the extant Fees Policy was no longer effective.

The Committee agreed to recommend to the Board that the Fees Policy should take the form of an overall framework within which specific fees could be developed to reflect changing external requirements as well as market forces.

9. CAPITAL PROJECTS

9.1 South Bristol Skills Academy

The Committee received the Minutes of SBSA Project Board meetings held on 21 September, 2 and 16 November 2009 and noted the following progress on the project has been made to date:

- completion of external cladding system;
- mechanical and engineering first fix underway;
- biomass boiler cladding works to building;
- internal partitions currently being installed; and
- glazing work underway.

It was further noted that the total project cost is £31,627,341 and current expenditure as at 31 October was £17,480,599.

Members asked a number of questions, in particular about programming issues where contractors bring forward their schedules of work. **It was agreed that a further explanation of such issues would be provided in future reports.**

Action: Director of Resources and Project Development

The Committee received the report.

9.2 Soundwell Gymnasium Update

The Director of Resources and Project Development presented a report and Members noted that the refurbishment work at Soundwell in the former gymnasium had been completed and is being occupied by hair and beauty and catering students. The work also included the provision of a new refectory for staff and students.

It was further noted that the period of defects and liabilities on the building element will be for a period of 12 months.

The Committee was reminded that the College had incurred additional costs of approximately £50k, which raised the contract from £750k to £800k. The final account is currently being prepared and will be reported at a future meeting. The grant income from The Kingswood Partnership (£30k) towards the cost of provision of catering and hair and beauty has been received in full.

The Committee received the report.

9.3 Sustainability

Members noted that there have been two meetings of the Sustainability working group since its formation in September 2009. The group has considered the following:

- sustainability targets:
 - reduce Carbon emissions in line with Bristol City Council 10 /10 policy;
 - reduce utilities cost by 5 %;
 - use at least 20 % recycled paper;
 - increase recycling of waste;
- Green travel plan - draft plan in circulation for discussion;
- Going Green fortnight (21st September to 2nd October) - a two week activity across all sites to raise awareness of sustainability; and
- cycling - a bicycle user group established to promote cycling to work.

Members discussed the frequency of Sustainability reports and agreed to recommend to the Board that the Committee receive regular updates and the Board receive an Annual Report.

Action: Clerk

The Committee received the report.

10. ANY OTHER BUSINESS

No other business had been notified.

11. DATE OF NEXT MEETING

It was noted that the next meeting would be held on Wednesday, 10 February 2010 at 6.30 p.m. in the Committee Room at the Bedminster Centre.

The Meeting closed at 9.35 p.m.