

**Minutes of a Meeting of the
Finance & General Purposes Committee
held on Monday 7 November 2011
at 5.30 pm in Room W108**

Action

Dominic Lynch	Chair	Gill Turner	Apologies
Guy Adams	Foundation Member from 5.55 pm	John Rudge	Member
Principal	<i>Ex Officio</i>	Jonathan Langdon	Member
David Wood	Foundation Member		

In attendance:

Jane Scott	Clerk to the Corporation	Marc Webb	Director of Finance
Paul Dampier	Assistant Principal: Curriculum and Business Development		

The meeting opened at 5.31 pm and was quorate throughout.

PART 1: MEETING FORMALITIES**1. Apologies for Absence**

Apologies for absence are recorded above.

2. Minutes of the Meetings

The following minutes were agreed and signed:

- The minutes of the meeting of the Finance and General Purposes Committee held on Monday 26 September 2011 FGP1112-2, subject to a reversal of the information in FGP1112-2/12/2 in respect of CIMA and ACCA courses respectively.
- The Minutes of the Capital Planning Committee held on Monday 31 October 2011 CAP1112-3.
- The Minutes of the Finance and General Purposes Committee FGP1112-3 held on Monday 31 October 2011.

3. Matters Arising

Reference FGP1112-2/2/4, the Director of Finance reported that finance directors of local colleges had recently met with representatives from Somerset County Council in order to discuss the implications of FRS17 in respect of the Local Government Pension Scheme. It is understood that there will be a revised actuarial report which reflects reconsideration of the assumptions used in respect of support staff salaries. Members noted that no further action could be taken until receipt of the report.

Reference FGP1112-2/2/6, there is little further substantive and lucid information in respect of the potential changes in regulation of colleges. The College will continue to review information as it is published. It is evident that the College must be prepared to plan for a number of radical changes within the sector, although it is not yet clear what path these changes will take.

4. Review of Items Retained as Closed Business During 2010-11

Although there had been some items of business which had been treated as closed business at the discussion stage, there was nothing which had been excluded from publication.

PART 2: ISSUES FOR THE MEETING**1. Consideration of:****Risk Management Action Plans – Huish Business School****Employer Responsive**

The Assistant Principal: Curriculum and Business Development noted that information has been submitted to the Skills Funding Agency in respect of increasing the College contract – permissible because the College is currently achieving in excess of its existing contract profile. There has been some reining-back of sub-contracted work. Achievement of targets in respect of 19+ work is challenging, but contrasted with the College position of achievement ahead of target in respect of 16-19 apprenticeships. The College has just received confirmation of its gold status in respect of its ACCA provision, facilitating further strengthening of its distance learning provision and international student recruitment.

Higher Education

The College is currently engaged in bidding for its own higher education student number allocation as part of a national process. There is considerable anxiety attached to the process as it is anticipated that there will be significant over-bidding by existing higher education institutions (HEIs). It is not clear what the outcome will be and there are fears that the qualification validation process will be further compromised.

International Students

The College must be due diligent in protecting its Highly Trusted Sponsor (HTS) status, and decided to mitigate risk in this respect by not re-admitting an international students after recent re-sit examinations. The recently confirmed gold status in respect of ACCA provision will facilitate additional international student recruitment.

Consideration of Management Accounts

and Revised Income and Expenditure Budget

The most significant changes highlighted in the management accounts refer to Huish Business School recruitment/activity. Other points were highlighted as follows:

- There has been a change to capital grant income after a re-phasing of expenditure.
- Income from music tuition fees has decreased. Anecdotal evidence suggests that this is due to family budgets being under pressure.
- Expenditure in respect of examination costs has decreased.
- There is an increase in income from basketball as this is now run in conjunction with Filton College.
- Payroll costs show some increase due to additional sets/maternity cover in respect of maths, English, economics, and history. There is also the long term sickness of one member of staff.
- The Principal has reduced his reserve fund.
- Disposal of temporary classrooms, the College car and the imminent disposal of the mini bus have resulted in profit on disposable assets.
- Depreciation has increased by £245k due to the phasing of the Beech refurbishment project.
- The College is currently preparing to tender in respect of cleaning services.
- There has been a change to the balance sheet, with a provisional sum allocated in respect of the work to the roof of Beech building. Members gave some consideration to the possibility of reviewing the timing of contracts in respect of work.
- Members noted that any changes in respect of FRS17 will significantly impact during 2012-13, but will not impact on bank covenants.
- The College will endeavour to make provision in respect of restructuring costs during the current year.
- There is currently no substantive information in respect of anticipated funding for 2012-13. Current student numbers show an increase. The College is planning on the assumption that there will be a £400k budgetary reduction.
- Members requested further cash-flow information based on the monthly forecasting position.

Action: Director of Finance to provide monthly cash flow forecast in respect of 2011-12

Jonathan Langdon recommended the Revised Income and Expenditure Budget for approval by the Corporation. This was seconded by Dominic Lynch and agreed *nem con*.

2. Consideration of the draft Members' Report and Annual Financial Statements

Members reviewed the documents in its draft format. There were no issues associated with the content of either the Members' Report or the Financial Statements. A number of minor drafting errors were noted for amendment.

Dominic Lynch recommended the Members' Report and Annual Financial Statements for approval by the Corporation. This was seconded by John Rudge and agreed *nem con*.

The Committee also considered the draft Letter of Representation prepared by the External Audit Service. The Committee noted the requirement to indicate in section 4 that Expenditure had been allocated between capital and revenue on the basis of professional advice. It was also agreed that the wording in respect of section 11 on Fraud should be amended to read '...We are not aware of any...'

Jonathan Langdon recommended approval of the Letter of Representation by the Corporation. This was seconded by Guy Adams, and agreed *nem con*.

3. Consideration of the draft Financial Management and Control Evaluation

The Committee reviewed the content of the draft Financial Management and Control Evaluation in the light of guidance relating to self-assessed grades. After substantive discussion and careful consideration of financial management and control generally, it was agreed that self-assessed grades of 'outstanding' should be applied to each of the areas of review. Whilst the College cannot necessarily demonstrate evidence of complying with all the identified assessment criteria, the Committee nevertheless considered that 'outstanding' grades apply and that the College has outstanding financial management and control. A revised action plan will be formulated on the basis of the College/Corporation reviewing those areas where it cannot currently demonstrate evidence of meeting all the criteria. There may be instances where no change to current practice is necessary, but formal review will demonstrate that no change is considered necessary.

A revised draft Financial Management and Control Evaluation will be presented to the joint meeting of the Committee with the Audit Committee.

4. Somerset Skills and Learning

The Principal reported that Somerset Skills and Learning is the vehicle by which adult education has been delivered through the County, with Somerset County Council holding the contract and co-ordinating the delivery of courses. Due to budget cuts at Somerset County Council, provision of adult education is now being put out to tender, with interested parties invited to bid to provide services for a period of three years. It is understood that there may be business up to a value of £8m at stake. Some of the business is profitable, some is not. There will be no fragmentation of the business, with the successful bidder taking on all provision. Somerset County Council will continue to be the contract holder.

The College has joined a consortium with other local colleges – Somerset, Yeovil, and Strode Colleges – to prepare a tender. Somerset College is co-ordinating the preparatory work and has engaged a team dedicated to the task. Success at the initial stage of the process is only one stage in the full process. The College has committed up to £5k of funds towards the costs of the pre-tender phase of the process. Approval of the Corporation would be required if the College wished to progress beyond the pre-tender phase and prepare full tender documents. Risk is currently limited to a maximum of £5k, with no further obligation of funds after the pre-tender phase.

The Principal will advise members of progress.

5. Tender for External Audit Services

The Committee noted that the Audit Committee will meet with potential external audit service providers on 23 November 2011, and that members of the Committee are also invited to attend and take part in the selection process. Members were requested to provide the Clerk to the Corporation with details of any specific questions to be used at the selection interviews and to confirm whether or not they will be in attendance.

6. Any Other Business

The Principal noted that student numbers in respect of 16-19 students currently stand at 1861 (target 1838). The revised arrangements for induction of new students appear to have positively impacted on start of year retention.

7. Dates of Next Meetings

14 November 2011 – joint meeting with the Audit Committee

23 November 2011 – presentations by external audit service providers

28 November 2011 – Capital Planning/FGP Committee meeting

5 December 2011 – meeting of the Corporation

The meeting closed at 7.54 pm

The Minutes were agreed and signed

Signed.....

Date.....