

**Minutes of a Meeting of the  
Finance & General Purposes Committee  
held on Friday 6 May 2011  
at 5.00 pm in Room C108**

**Action**

Dominic Lynch	Chair	Gill Turner	Foundation Member
Guy Adams	Apologies	John Rudge	Apologies
Principal	Ex Officio	Ann Helsby	Member From 5.15 pm
David Wood	Foundation Member From 5.15 pm	Jonathan Langdon	Member

**In attendance:**

Jane Scott	Clerk to the Corporation	Marc Webb	Director of Finance
Paul Dampier	Assistant Principal: Curriculum and Business Development	Tim Duffen	Vice Principal: Resources
Martyn Owen	Assistant Principal: Curriculum and Operations		

The meeting opened at 5.00 pm

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

There were apologies for absence from Guy Adams and John Rudge. The meeting was quorate throughout. The Vice Principal and Assistant Principal were present for the item on development planning only.

**2. Declaration of Financial Interest**

There were no declarations of financial interest in the meeting.

**3. Minutes of the Meeting of the Finance and General Purposes Committee held on Monday 28 February 2011**

The Minutes were agreed and signed subject to the following amendments:

- Reference FGP2011-5/II/5development planning, the text to be amended to read '...Joint working arrangements with smaller sixth form colleges would provide stronger negotiating rights and meet threshold contract values...'

**4. Matters Arising**

Reference FGP1011-5/I/4matters arising, it was noted that the three month trial period of the central opening of post is under way. A duty manager supervises the member of staff responsible for the opening of post, and ensures the recording of financial and other correspondence requiring follow-up action. The meeting agreed that post relating to Corporation/governance matters should be opened by the Clerk to the Corporation in order that appropriate confidentiality is assured.

Reference FGP1011-5/I/4, the Personnel Director is investigating the matter of HR legal services.

Reference FGP1011-5/II/2/3, a pay award in respect of teaching staff had been agreed at 0.75%.

Reference FGP1011-5/II/2/3, the £7k included as part of the Career Academy income in the budgetary forecast had been incorrect, and has now been adjusted by £3k, reflecting the erroneous internal transfer.

Reference FGP1011-5/II/5, new rules associated with Skills Funding Agency contracts mean that the College no longer has to consider joint negotiating arrangements with another college.

There were no other matters arising which are not dealt with under the agenda for the current meeting.

## **PART II: ISSUES FOR THE MEETING**

### **1. Financial Update**

#### **Management Accounts**

#### **Presentation of Outline Budget for 2011-12**

In consideration of the current set of accounts and the anticipated year end surplus, the Committee noted the overall favourable position, a strong year-end surplus, and a positive starting point for 2011-12, with the anticipated surplus increasing from £128k to £182k. However, this position has been achieved through identifying an additional £40k of savings in respect of payroll, with £9k of costs currently identified in respect of restructuring/redundancies, and with an additional £45k allocated for restructuring. It is currently anticipated that there will be three voluntary and three compulsory redundancies. The restructuring will result in an anticipated actual surplus of £128k

The draft budget in respect of 2011-12 provides a starting point for further detailed discussion and refinement. The key risks in respect of the indicative budget are associated with recruitment, changes to pension contributions and the impact of further restructuring. There has been no provision in respect of a cost of living increase, in line with the public sector pay freeze. The changes to Education Maintenance Allowance, being introduced as an alternative scheme, are noted as a significant risk to student recruitment. Unconfirmed details of further changes in the county bus ticket system may also pose significant risk to student recruitment.

Any significant changes to anticipated student numbers will not impact on the budget in 2011-12, but will be delayed until 2012-13. There has been provision in respect of changes to national insurance and incremental drift.

The Committee noted that the current system associated with the refundable deposit has been working for some years, but that it does not optimally address the current needs of students in terms of the course materials etc which they are required to buy during the first weeks of each academic year. The College would like to introduce a system whereby a tranche of the deposit is automatically retained by the College to cover the costs of printed course materials and students will no longer be charged. Only part of the 'deposit' would then be liable for refund by the College, subject to existing provision in respect of returned books etc. Subject to further information about the limitations on the way in which the 'deposit' can be administered, Jonathan Langdon proposed that the Corporation approve a recommendation of a 'deposit' of £70, with only £40 of this being refundable. This was seconded by David Wood, and agreed *nem con*.

The College is still awaiting further information about the replacement scheme for Education Maintenance Allowance. The Richard Huish College Foundation has deferred a decision about how it will disburse some of its funds to students pending further information about the way in which students can be given support.

## 2. Development Planning

The Committee noted the success of the recent bid for capital grant. The Young Peoples' Learning Agency had awarded the College £767,767 in respect of the overall bid for £1.2m. In view of the time limitation associated with acceptance of the grant, the Committee considered how the College might achieve best value out of the grant and looked at options available. The papers appended to the minutes of the meeting set out the financial detail. Given the financial challenges of the coming period, the Committee considered it prudent not to increase expenditure beyond the most recent business plan in order to create headroom and contingency funds in respect of 2012-13 and 2013-14 - there is still no information about government cuts in these years. A delay in the planned work on Maple Building - with loan funds already designated for the purpose - would generate some £200k of funds which could be used along with the capital grant without compromising the financial position moving forward. In this way, there would be sufficient funds immediately available to finance the building of accommodation to include six new classrooms.

Given that the criteria associated with use of the grant impose a very strict working timetable, the Committee discussed how the usual requirements in respect of tendering might be managed to ensure that there was no consequential loss of value or added risk to the overall project. The Committee noted the recent positive experience of working with Mansell Contractors, and also the advice/comfort provided by Baker Ruff, project consultants, in respect of a tendering process. Financial Regulations stipulate that a Capital Planning Committee be convened to oversee the work of any capital project. In the light of financial and time constraints, Dominic Lynch proposed the following recommendations to the Corporation:

- The planned work to Maple Building be delayed indefinitely
- The tender process in respect of the building of six new classrooms be waived
- Mansell Contractors and Baker Ruff Project Consultants be instructed to work with the College on the planned build of new classroom accommodation
- A total project cost of £1,024,000 to include demolition of temporary classrooms, the building of six new classrooms (£950k) and the refurbishment of one laboratory in Beech building (£74k), in addition to the work already planned on Beech building
- That a Capital Planning Committee be convened as soon as possible. Given the significant financial and time constraints involved in administering the project, membership of the Capital Planning Committee, subject to the constraints of the Terms of Reference of the Committee, be limited to members of the Finance and General Purposes Committee, and to include the Director of Finance. The Capital Planning Committee would monitor the project which will now cover the six new classrooms, and the totality of the work on Beech building (£400k in total, including the £74k above).
- An urgent dialogue with Lloyds TSB in respect of current loan facilities, and the virement of the balance of loan facilities to the new project.

The proposals were seconded by Jonathan Langdon, and agreed *nem con*.

It was noted that the College may receive some income in respect of the sale of unwanted temporary classrooms, and that this income would be offset against the capital project. It was also noted that it is as yet unclear as to whether there may be additional funds available from the Young Peoples' Learning Agency before the end of the project accounting period.

The Committee was aware of the recommendations contained within the recent internal audit report on capital planning, and will be at pains to ensure that the current project addresses all the recommendations contained within the report.

The Principal asked the Committee to give its recommendation for approval of the draft Development Plan for the coming period. All meetings of committees, and the annual strategic planning meetings have included opportunities for members to consider the draft Plan, and to learn more about the implications of its provision. Dominic Lynch proposed a recommendation that the draft Plan be adopted for the remainder of the current year, and that the Corporation be advised of changes and developments to the Plan, responding to further information about funding and other issues as that information becomes available. David Wood seconded the proposal, and it was agreed *nem con*.

**3. Risk Management: Business and Professional Development**

Members noted there had been no substantive change to the risk management summaries in respect of Business and Professional Development activity.

Given the impending publication of the Browne Report on Higher Education, and the forthcoming IQER inspection (Integrated Quality and Enhancement Review) of its higher education activity, the College will review its Higher Education strategy in the light of any changed circumstances. The College is currently maintaining a strong working dialogue with the University of the West of England (UWE).

The current Course Manager looking after higher education partnership work has resigned her post, but will work alongside the new incumbent to ensure a smooth handover, particularly important given the forthcoming inspection.

**4. Any Other Business**

There was no other business.

**5. Date of Next Meeting**

The date of the next meeting was arranged for Monday 20 June at 5.30 pm.

The meeting closed at 6.40 pm.

The Minutes were agreed and signed

Chair.....

Date.....