

GOVERNING BODY

FINANCE & RESOURCES COMMITTEE

Minutes of the non-confidential part of the meeting held on Thursday, 25th June 2009 at 6:30 pm at the Parkshot Centre, Richmond

Present:	Mr T.C. Lim (Chair) Ms Christina Conroy OBE, Principal and Chief Executive Ms Louise Fluker (<i>part</i>) Mr Tony Hooper (Non-Governor member)
In attendance:	Ms Judith Potter, Vice Principal (Finance and Corporate Services) Ms Anna Brekkeflat, Director of Finance & Information Services Mr Paul Coveney, Clerk to the Governing Body
Apologies:	Mr Kevin Finnigan Mr Sylvester Olutayo Ms Gabrielle Flint, Vice Principal (Curriculum & Quality)

Part 1: Non-Confidential Items

- 1. MINUTES** of the meeting on 30th April 2009 were approved as a correct record and signed by the Chair.
- 2. MATTERS ARISING**
There were none.
- 3. DECLARATIONS OF INTEREST**
There were none.
- 4. MANAGEMENT ACCOUNTS AND CASH FLOW MANAGEMENT TO APRIL 2009**
The Director of Finance & Information Services summarised the main items. Since LSC clawback had been lower than expected and partner payments higher than expected, some 2007/08 provisions for Employer Responsive provision had now been released or transferred to bad debts as appropriate. The maximum exposure for the Capital Project was projected to be £550K at the end of May. Employee costs were over budget for lecturers, but this was compensated by savings in other areas. The Vice Principal (Finance and Corporate Services) informed the Committee that she and the Principal would be visiting the LSC the following day to discuss possible compensation for the £500K for Capital Project fees.
The Committee asked what was the critical ratio of staff costs to turnover, in the light of the reduced College income. The Principal replied that there was no defined percentage, but that reduction of income to a level below £10m would mean that there was no cushion in the budget to provide for serious problems.
The Committee asked why the forecast debt write off provision was so high at £222K. The Vice Principal (Finance and Corporate Services) replied that this was offset by the released clawback provision in Employer Responsive income, and the net effect on the management accounts was zero. The Committee considered that the management accounts and cashflow forecast indicated good financial management by the College.

The Committee noted the Management Accounts.
- 5. ENROLMENTS AND FUNDING**
The Director of Finance & Information Services reported that the College was on track to meet its targets for 2008/09. The LSC funding for 16-18 provision in 2009/10 was higher than previously reported, at £250K. The Committee asked whether this was in response to higher unemployment. The Vice Principal (Finance and Corporate Services) replied that unemployment related funding was included in the contestable category: the College would need to compete for such funds, but was well positioned with Jobcentre Plus, for whom 18-24 provision is a key area.

The Committee noted the Enrolment and Funding update.

6. COLLEGE BUDGET 2009/10 AND 3-YEAR PROJECTION PLUS CAPITAL BUDGET 2009/10

The Vice Principal (Finance and Corporate Services) reported that the College was presenting a flat-line budget for the next three years. Adult funding was expected to be in decline for 2009/10 and 2010/11, and the lost income would need to be made up through contestable project income. The Principal added that the Government's policy trends were understood, but the full practical details were yet to emerge: the new Director of Business Services who would start work in September 2009 had been recruited as an expert in bidding for contestable funds.

In summarising the capital budget for 2009/10, the Vice Principal (Finance and Corporate Services) informed the Committee that this would need to be adjusted: the hoped-for grant from the Carbon Trust would not be forthcoming. In its place, the College could be offered an interest-free five year loan (the Carbon Trust approved projects only if they had a payback period of less than five years). The College had concerns, in the light of the Capital Project position of the LSC, about the upkeep and improvement of the Clifden site. It had therefore budgeted to address the renewal of services at Clifden in 2009/10 to a cost of £400K, refurbish the main building for £1.5m over 2010/11 and construct a new, smaller building in 2011/12 for £3.0m. The College could self-fund this without an LSC grant or loan, and the LSC framework for capital projects would not apply to projects under £5m. The possibilities would be examined in detail during 2009/10.

For IT developments, the College had originally hoped to address the infrastructure at least partly by means of the LSC Capital Projects funding. There was now a need to refresh the technology through the College's own resources, although there might be some grants available to contribute to this cost.

As far as the risk analysis was concerned, the College could break even if income dropped by £500K.

The Committee enquired whether the change in LSC funding forced the increase in employment costs as a percentage of turnover, and the Principal replied that this was the case.

The Committee enquired whether the proposed budget was generally conservative. The Principal replied that it was realistic, but the College would need to perform well in winning contestable funding that was consistent with the College's educational character and mission. There were opportunities as well as problems associated with the recession, and the College had considerable experience in coping with funding cuts, having been victim of them over each of the last three years.

The Committee noted that the proposed budget should be amended to reflect the change in the Carbon Trust's approach, and to correct an arithmetical error 2009/10 net projection for capital.

Subject to these amendments, the Committee recommended the proposed budget for 2009/10, the three year projection and the capital budget for 2009/10 to the Governing Body for its approval.

JP

7. FEES AND CHARGES FOR 2009/10

The Vice Principal (Finance and Corporate Services) reported that the proposed policy reflected the LSC's reduction in funding and increase in fee assumption. The College's response was to increase its general fee rate from £4 to £4.60 per hour. The Committee enquired whether a 15% increase would encourage students to go elsewhere, to which the Vice Principal (Finance and Corporate Services) replied that the Surrey County Council rate was £6, and the Principal added that Kingston College already charged £4.60: the College's proposed rate was not uncompetitive.

The College was, however, proposing to charge £1 per hour for the priority areas (Full Level 2, Full Level 3, Foundation Tier and Skills for Life), and to charge £1 for its "recession busting" courses.

With regard to bursaries, the Vice Principal (Finance and Corporate Services) reminded the Committee that it had, on 9th October 2008, approved an increase in the bursary to £700K: she would correct the figures quoted in the paper to reflect this before seeking approval from the Governing Body. The College was seeking a £700K bursary for 2009/10 also.

JP

The College was proposing to keep room hire rates the same in 2009/10, with the exception of one (new) room which had not been selling well, so the College was proposing a reduction in the charge for this room.

Subject to the bursary correction noted above, the Committee recommended the fees and charges proposed for 2009/10 to the Governing Body for its approval.

8. FINANCIAL REGULATIONS 2009/10

The Vice Principal (Finance and Corporate Services) informed the Committee that the proposed Financial Regulations included no procedural changes. Changes had been made to reflect the revised structure in the Finance Department, and the need to follow the LSC framework for capital projects.

The Committee requested the Vice Principal (Finance and Corporate Services) to add to the section (11) on Treasury Management) the need to consider the liquidity ratio of the College's bankers in deciding where day to day deposits should be made. JP

The Committee requested that a new paragraph 10.1.2 be added, with wording similar to 10.1.1, but referring to the receipt of hospitality and gifts by members of staff, with the register being held by the Director of Finance and Information Services. The Committee further requested that "de minimis" should be defined as being below £50 in value. JP

In considering the Whistleblowing Procedures, the Committee requested the addition of the requirement that the Clerk should be notified of all whistleblowing disclosures, for summary report to the Governing Body once per year. JP Clerk

Subject to the additions noted above, the Committee recommended the Financial Regulation 2009/10 to the Governing Body for its approval.

9. CATERING

The Vice Principal (Finance and Corporate Services) reported that, even though Pabulum had taken over the College's catering provision at short notice, and the investments in equipment and staff training were planned to be made over the summer, the quality and value of the food appeared much improved.

The Committee noted the catering update.

10. IT UPDATE

The Vice Principal (Finance and Corporate Services) reported that the Interim IT Project Manager (three days per week for five months) had now started work, and displayed a high level of professionalism.

The Committee noted the IT update.

11. HEALTH & SAFETY REPORT

The Vice Principal (Finance and Corporate Services) reported that the Health & Safety consultant was due to produce a draft report in the week commencing 29th June 2009. This would be reviewed by the Executive, and used to generate an action plan. The Committee asked whether there were any cost implications identified so far, and the Vice Principal (Finance and Corporate Services) that the required improvements related mainly to improved procedures, staff training and reporting.

The Committee noted the Health & Safety report.

12. ANY OTHER BUSINESS

There was none.

This part of the meeting ended at 7:50 pm

CHAIR