



CORPORATION FINANCE AND ESTATES COMMITTEE

MINUTES OF THE MEETING OF THE CORPORATION FINANCE AND ESTATES COMMITTEE HELD ON WEDNESDAY 16 MARCH 2011

PRESENT : Mr I Standen Chairman
 Dr D Cole
 Dr G Wilson
 Ms W Wright Principal

IN ATTENDANCE :
 Mrs P Connell Clerk to the Corporation
 Mr S Andrews Deputy Principal
 Mr J Fitzpatrick Director of Finance and Estates

1/11 **APOLOGIES FOR ABSENCE**

An apology was received from Mr D Harrison. The Chairman welcomed the Deputy Principal, who was attending his first meeting of the Committee.

2/11 **MINUTES**

The minutes of the meeting held on 1 December 2010 were received and confirmed as a correct record.

3/11 **MATTERS ARISING FROM THE MINUTES**

24/10 Financial Statements for the Year Ended 31 July 2010. It was noted that all actions recorded under this item had been completed. The Director of Finance and Estates had provided a further progress report to the Corporation on 14 December 2010 and Members had approved the Financial Statements at that meeting. (Corporation minute 66/10 referred). The Principal was pleased to report that the issues regarding the potential claw-back from HEFCE and the size of the over-recruitment penalty had been resolved. A full report on the outcome of the Appeal Hearing had been made to the Audit Committee on 4 March 2011 (Audit Committee minute 4/11 referred). The outcome for the College was very favourable and was reflected in the Mid-Year Financial Forecast as an exceptional credit.

29/10 The Learning Zone Project. The report had been submitted to the Corporation on 14 December 2010 and an oral progress report had been provided by the Director of Finance and Estates, as requested by Members.

30/10 Annual Report of the Finance and Estates Committee to the Corporation. The relevant amendment had been made to the report before submission to the Corporation in December.

ACTION

4/11 COLLEGE ACCOUNTS FOR THE PERIOD ENDED 28 FEBRUARY 2011

The Committee received the accounts for the above period, which were contained within appendix A.

The Director of Finance and Estates spoke on the accounts, drawing the attention of Members to their most significant features. It was noted that performance against budget was sound. The Director of Finance and Estates believed that the forecasted out-turn remained robust. The positive outcomes of the HEFCE appeal and settlement of the Interserve claim had resulted in welcome exceptional credits, which were expected to help fund the College's restructuring programme. **It was agreed that** this would be discussed more fully under the following agenda item. Data recording actual performance against the main SFA / YPLA funding streams was provided regularly to governors in the monthly funding reports. No concerns about the College's ability to achieve its contract values had been recorded in the current report and the senior management team had not deemed any adjustments to the forecast to be necessary. However, at a recent meeting with the SFA, it had become apparent that the contract value from the Agency was not assured within the year, as had previously been believed. Nevertheless, the College was already very close to achieving its contract and it was envisaged that this would be fully achieved by the year end. The budget value of the contract with the YPLA remained assured within the year. It was noted that the SFA had required colleges to submit a mid-year up-date for 2010/11. The College's response would be tabled under the following agenda item.

Discussion ensued concerning the challenges to be faced over the forthcoming year and, indeed, over the longer period of the three year financial forecast. Although the position for the current year appeared robust, the College would face an extremely challenging financial environment over the next three years. Members were keen to ensure that any surplus for the current year was used to place the College in the strongest possible position to face the funding challenges which lay ahead. **In conclusion, the Committee recommended the accounts for the above period together with the attached commentary, to the Corporation meeting of 29 March 2011.**

5/11 MID-YEAR FINANCIAL FORECAST

The Committee received the Mid-Year Financial Forecast, which was contained within appendix B. Members also received a paper entitled 'Mid-Year Update 2010/11' which had been submitted to the SFA since the distribution of papers during the previous week. The report was tabled as appendix Bi.

The Director of Finance and Estates spoke on the Mid-Year Financial Forecast, which he felt was encouraging, given its proximity to the original budget. The expected surplus, before exceptional items, was £275k compared with £280k in the budget. Members considered at length the various factors which had contributed to this position. Discussion ensued concerning the scope for further improving resource management. Members supported the view of the senior management team that there needed to be a more creative approach to course delivery to secure the most efficient model.

They concurred with the Director of Finance and Estates' view that under investment in 2010/11 would impact negatively on 2011/12. **Members, therefore, agreed** that there should be an increased level of investment during the current year to establish the strongest position for the forthcoming academic year.

The Committee noted the monies set aside to ensure that the IT infrastructure was in excellent condition and fully fit for purpose. A provision of £50k had been made for the pump-priming of new and existing provision for 2011/12. Heads of School had been made aware of the need to plan their budgets carefully since monies available for investment during 2010/11 were likely to be met by corresponding cuts during 2011/12. **Members supported the actions taken by the senior management team** to secure efficiency gains and to encourage College managers to deploy those resources available during the current year to build the firmest foundations for the effective delivery of the curriculum during the difficult financial times which lay ahead.

A lengthy discussion ensued concerning the general provision for redundancy which had been included in 'Admin and Central services'. It was noted that this provision of £80k was over and above the sum for specific redundancies which had already taken place. The Principal reported on the response which had been received in relation to the voluntary severance initiative which had recently been launched. It was anticipated that the process of reviewing any requests received from staff would be completed by the end of the month and would be driven by the need to secure significant savings whilst improving the quality of service provided to the College's students.

The Director of Finance and Estates spoke on any other factors which could foreseeably have a negative impact on the anticipated out-turn for the year. It was noted that the final position regarding FRS17 would not be known until a report had been received following the actuarial review of the local government pension fund. This was not likely to be received before the summer. However, the Director of Finance and Estates believed that there were unlikely to be any further surprises concerning the current, technical accounting treatment of the figures. He felt that the matters arising during 2009/10, in this respect, had now been fully resolved. Similarly, issues raised in relation to the HEFCE audit had now also been addressed and sound procedures had been put in place to ensure that similar difficulties were not experienced in future. The Committee went on to consider the position in relation to the consultation process on the Academy. The Director of Finance and Estates advised that the possibility of securing efficiency savings by establishing some shared service models was being explored. However, from a financial perspective, the Academy would be treated as an entirely separate entity and a cost code had been established accordingly so that any relevant expenditure could be appropriately recharged to the Academy. The Principal reported that some monies were expected to be made available by the Department for Education for enabling work to facilitate the transitional processes. The College's solicitors were advising on the lease arrangements which would need to be agreed between the College and the Academy.

In conclusion, Members recommended the papers contained within appendices B and Bi to the Corporation for approval on 29 March 2011. This recommendation was made subject to the proviso that a further

mandate should also be sought from the governing body for the Chairman (or Vice-Chairman, in the absence of the Chairman) to be authorised to approve further restructuring costs, as appropriate, should the provision of £80k need to be exceeded. It was intended that the projected operating surplus should be protected but any additional funds generated by the exceptional credits contained within the forecast should be deployed, as necessary, to support the current restructuring exercise and to ensure adequate levels of investment during the current financial year to best support the Corporation's stated curriculum objectives for the forthcoming year.

6/11 CAPITAL EXPENDITURE UP-DATE

The Committee received a written report, which was contained within appendix C, from the Director of Finance and Estates.

The report contained an analysis of committed and planned capital expenditure against the budget approved by the Corporation. It was noted that the overall level of commitment to date remained relatively modest. Only 46% of the IT expenditure approved had been deployed since the senior management team had decided to suspend any further expenditure pending a strategic review to be undertaken by the new Technology and E-learning Manager who was to take up post later in the month. The position regarding expenditure on general equipment remained disappointing. Only 10% of the budget had, as yet, been deployed. Managers had been reminded that, if capital purchases were not arranged by 30 April 2011, budget approval would be cancelled unless a request for postponement had been approved by the senior management team.

7/11 FEE PROPOSALS

The Committee received written proposals from the Director of Finance and Estates, which were contained within appendix D.

It was noted that, historically, efforts had been made to develop a policy for the College which took account of government objectives as well as local demand and price sensitivities. However, this had proven to be more problematic during the current year, since further guidance was awaited from the SFA concerning changes to entitlements and the correct interpretation of the new rules, following the change of government. The Director of Finance and Estates believed that, in all likelihood, the SFA would introduce further changes to ensure a decreased level of public funding and increased levels of contributions by individuals who did not qualify for exemptions and by employers. In addition, in view of the current state of the economy, it had been difficult to assess what the market would bear in terms of any significant price increases. In general, the senior management team proposed that pricing be linked to CPI in future years, with specific agreed variations from time to time according to strategic priorities and / or local market conditions. Discussion ensued concerning the proposed fee structure in various categories. It was noted that the HE consortium had considered its fee policy for 2011/12 and, for the first time, it had been decided to charge a variable fee. It was noted that recreational courses delivered under the Adult and Community Learning contract with Cheshire East were subject to local authority rates, with limited College discretion. These proposed fees were,

therefore, subject to final agreement with the local authority.

In conclusion, it was resolved that a recommendation should be made to the Corporation meeting of 29 March 2011 to approve the policy contained within appendix D, subject to the following amendments being made:

- i the document submitted to the Corporation should commence with the section entitled 'Proposed Tuition Fees Policy 2011-12' on page 2.
- ii the bold italics at the top of page 4 should be removed.
- iii on page 6, any reference to 'Financial Controller' should be replaced with the words 'Finance and Estates Manager'.

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The recommendation was also made subject to the proviso that the Principal should provide any necessary oral progress report to the Corporation meeting, should any further guidance be received from the SFA in the intervening period.

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8/11 LEARNING ZONE

The Committee received a written report from the Director of Finance and Estates, which was contained within appendix E.

Members noted that, overall, there remained a modest favourable variance on the contract cost. Agreement had now been reached on the claim made by Interserve. The Committee commended the excellent outcome for the College and thanked the Director of Finance and Estates for his contribution in leading the negotiations. The concrete slab in the rotunda was still not in a suitable condition to take the vinyl sheet flooring and had recently been reinspected. All submitted Part I claims had been finalised and, again, the outcome for the College was very positive. The Committee commended the Director of Finance and Estates for his sustained efforts in attempting to secure a favourable outcome for the College. Work on the land boundary changes remained on going and progress was being made. Issues regarding the s106 agreement remained outstanding and the College awaited further action by the local authority. New drainage for the field at the front of the site was to be installed, at a total cost to the College of £15k.

In conclusion, Members commended the report contained within appendix E to the Corporation meeting of 29 March 2011, for the information of all Members of the governing body.

9/11 RESTRUCTURING OF THE ESTATES TEAM

The Committee received an oral report from the Director of Finance and Estates on the above subject. Essentially, two separate teams had been combined into one. The newly created post of Finance and Estates Manager had overall responsibility for both areas. One of the roles in the Finance team had been modified to provide additional support for the Finance and Estates Manager and one member of the former Estates teams had been up-graded to assume some supervisory responsibilities. Significant savings had been generated by the introduction of the new model which, it was believed, would be equally effective.

10/11 ANY OTHER BUSINESS

There was some discussion regarding the College Funding Report, which was prepared by the MIS Manager and distributed to governors on a monthly basis. The Director of Finance and Estates confirmed that he had reviewed the report, in which any issues in relation to the main funding streams were routinely highlighted. Members noted that the reporting of progress on SFA contracts in the way used previously ie by learner numbers, was no longer possible because the Single Adult Budget was now devised in a different way.

11/11 DATE OF NEXT MEETING

This would be held on Wednesday 29 June 2011, at 9.30 am.

Pamela J Connell
Clerk to the Corporation
17 March 2011

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