

The Committee received the Accounts for Cheshire Solutions Limited for the year ended 31 July 2009, which were contained within appendix Ci, together with the Accounts for ECAT for the same period, which were contained within appendix Cii.

It was noted that both companies remained dormant. It was considered beneficial to continue to protect both company names by maintaining the current arrangements. **In conclusion, Members recommended the documents contained within appendices Ci and Cii to the Corporation for approval on 15 December 2009.**

25/09 TERMS OF REFERENCE

Members reviewed the current terms of reference for the Finance and Estates Committee and received a written report from the Clerk to the Corporation, which was contained within appendix J. The Clerk spoke on her report, drawing the Committee's attention to the amendments to the terms which were being proposed. In conclusion, Members supported the Clerk's proposals and commended the terms contained within annex 2 to the Corporation meeting of 15 December 2009 for approval.

26/09 CAPITAL EXPENDITURE UP-DATE

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

It was noted that the anticipated expenditure by the College of £5k to upgrade the JANET internet connection had not materialised because funding had been received from the LSC to meet this cost. The Principal advised that the money which had been saved would not be re-deployed against other capital projects. She believed that this should only happen when the savings had actually been made by the College itself.

Discussion ensued concerning the bidding process. It was noted that all capital bids were submitted to the Senior Management Team, with those relating to IT expenditure being routed through the IT Manager. It was hoped that, in this way, a consistent approach would be maintained. It was noted that the majority of expenditure was designed to enhance curriculum delivery and support. Relatively late procurement, after expenditure had been approved, was discouraged since Members of the Senior Management Team were keen to ensure that there was no delay in providing any related benefits to students.

27/09 THE LEARNING ZONE PROJECT

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

The Principal drew Members' attention to the most significant points in the report. It was noted that the overall position remained very positive and there had been no change to the estimated final account since the Committee had

last met in June.

Discussion ensued concerning those issues which remained outstanding. These were as follows:

- i problems relating to the vinyl sheet flooring in the rotunda. Unfortunately, the floor still retained too much moisture. The manufacturer had been asked to investigate the matter and an independent flooring consultant had been engaged to protect the College's position
- ii significant areas of vinyl sheet flooring (other than in the rotunda) which had needed replacement because of 'bubbling'
- iii flooring issues relating to carpeted areas which had needed replacement
- iv problems relating to the sports pitch. A meeting had been arranged with planners from the local council to review the College's Section 106 commitments. Members noted that a solution would need to be found to prevent footballs from interfering with traffic / pedestrians on Park Lane. This was likely to be in the form of high netting.

Members noted the total sum of money being withheld from the main contractor pending a satisfactory resolution of the above problems. With regard to the contract status, the Certificate of Practical Completion had been issued with respect to the external works in January 2009 but the sports pitch, Park Lane path and the pond area had been excluded from this. There had been no further development with regard to the claims situation since the last meeting of the Committee. The potential liability remained but it was intended to mount a robust defence of the College's position in the event of any claim. The dispute with the project management's company had been resolved and the latter was now pursuing any outstanding matters, on behalf of the College.

The Committee considered recent developments in relation to Part I claims under the Land Compensation Act 1973. The College had recently received notification from the Local Authority of claims submitted by an agent acting on behalf of local residents. Cheshire East had offered to act for the College in negotiating the claims. The Director of Finance and Estates had arranged a meeting with the Local Authority to review this matter.

Members had previously been informed of the anti-competitive pricing investigation being conducted by the Office of Fair Trading (OFT). The OFT had imposed fines on 103 construction firms in the UK, including the College's main contractor. However, the College's procurement had not been listed in the OFT's list of findings. The advice of the College's lawyers had been sought. Members supported the recommendation from the Director of Finance and Estates that no further action should be taken in relation to this matter since the costs were likely to outweigh any potential gain.

In conclusion, Members commended the report contained within appendix Fi to the Corporation meeting of 15 December 2009, for the information of all Members of the governing body.

The Committee received and considered the Post Project Review of the Learning Zone, which was contained within appendix Fii. It was noted that the document had been completed in accordance with LSC requirements. A review of the first year of operation of the Learning Zone to July 2008 had been attached to the document. The Principal advised that she had recently reported on the second year of operation of the Learning Zone in

a presentation made to a number of external partners. In preparing the presentation, she had concluded that the second year of operation had been equally successful and the positive trends identified twelve months earlier had continued.

Discussion ensued concerning the educational objectives and outcomes of the project. Members also considered a detailed financial appraisal. In particular, some areas of adult growth projected when the original Business Case for the project had been made had ceased to be funded by LSC by the time the Learning Zone opened. However, the substantial growth in learner numbers (particularly in the 16-18 category) had far exceeded original expectations. The corresponding increase in teaching staff costs had accounted for a significant proportion in the reduction of the net present value of the investment but, **in educational terms, the results of the new build had been extremely positive.** The new campus had brought substantial benefit to a wide customer base, including both students and employers and, in particular, to the College's local community.

The Director of Finance and Estates joined the meeting at this point.

It was felt that, although there were naturally lessons which could usefully be learnt in relation to any future major capital project which the College might undertake, **there was much to celebrate in terms of the overall outstanding success of the project.**

In conclusion, **Members commended the report contained within appendix Fii to the Corporation meeting of 15 December 2009 for approval,** before it was submitted to the LSC, in compliance with the Council's requirements.

28/09 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

The Committee received and considered the draft Report and Financial Statements for the year ended 31 July 2009, which were contained within appendix A.

The Director of Finance and Estates spoke on the document, drawing Members' attention to its most significant features. He believed that, overall, the College had enjoyed a very successful year. The financial position had continued to improve, in line with the strategy approved by the Corporation and an operating surplus of £214,000 had been reported at the year end. A new provision had been made in the balance sheet to allow for 50% of any anticipated claim from the main contractor in relation to the Learning Zone project. The College intended to rebut any such claim vigorously. The provision, therefore, reflected a sensible, prudent approach which had been made possible by the College's strong financial performance, rather than any admission of liability.

Members noted the significant impact of the growth in the College's HE provision during the year. Funding from this area now represented almost 10% of the College's total income. The Director of Finance and Estates advised more funding restraints were expected with regard to this provision in the future. The Principal reported that the College was not charging any 'top-up' fees at the moment but the matter was currently being discussed by the

Cheshire HE Consortium. In any event, there would be a long lead-time before any change in policy could be introduced since an access agreement would have to be approved by the regulator if top-up fees were to be charged. In conclusion, Members welcomed the growth in the College's HE provision, recognising that it formed an important strand in achieving the strategic objectives approved by the Corporation.

The Director of Finance and Estates reported that he had re-examined the matter of staff costs which had been discussed at the last Committee meeting. The sector average figure quoted on that occasion of 64% had, in fact, been misleading since, in terms of total income, account had been taken of the release of deferred capital grants. When the College's position was restated on the same basis, its staff costs were, in fact, 2% below the sector average.

The Director of Finance and Estates reported that he had attended a meeting at the Allied Irish Bank to review the long term loan facility which had previously been agreed. He had concluded that it would not be in the College's best interests, at the current time, to invoke the breakage clause and reduce the College's liquidity levels. £1m of surplus liquidity had, in fact, been invested for 12 months at an advantageous rate of 3%. The security of that investment with the Allied Irish Bank was, in fact, underwritten by the Irish government.

Discussion ensued concerning FRS17 and the provisions made in relation to the Local Government Pension Scheme. It was acknowledged that although this matter was kept under review, it was largely outside the College's control. The Director of Finance and Estates advised that he would be attending a conference on the subject later in the week.

Finally, Members noted that the outcome of the LSC funding audit which had taken place during the previous week was expected to be very positive. The College's external auditors would need to see the final opinion resulting from the audit before the Accounts were signed, but no significant problems were anticipated.

In conclusion, Members recommended the documents contained within appendix A to the Corporation meeting of 15 December 2009, for approval.

29/09 COLLEGE ACCOUNTS FOR THE PERIOD ENDED 31 OCTOBER 2009

The Committee received and reviewed the accounts for the above period, which were contained within appendix D.

Members noted that the surplus to 31 October 2009 was £52k, which exceeded the budgeted figure by £46k. They considered the factors which had led to this positive impact on the College's finances for the first quarter of the year. The Director of Finance and Estates advised that the College was performing well and the positive variance was expected to continue and result in an improved out-turn at the year end. However, a successful result would naturally depend on the College achieving all of its funding targets and managing / controlling any related delivery costs.

In conclusion, the Committee commended the accounts contained

within appendix D to the Corporation meeting of 15 December 2009, for the information of all Members of the governing body.

30/09 FINANCIAL REGULATIONS

Members received and considered the proposed updated Financial Regulations, which were contained within appendix G.

The Director of Finance and Estates spoke on the proposed amendments, which had been discussed with the Financial Controller and reviewed by the Senior Management Team. He advised that it was intended to revisit the regulations on an annual basis, to comply with best practice. Members noted that amendments were also being proposed to the Policy and Procedures for the Prevention of Fraud and Corruption, which were attached to the Financial Regulations.

In conclusion, Members recommended the proposed amendments to the Corporation meeting of 15 December 2009, for approval, subject to the following amendments being made:

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- i on page 40, the first sentence under 'Register of Interests' should read 'A register of Corporation Members', senior managers' and specified College managers' interests is maintained by the Clerk to the Corporation'.
- ii on page three of the Policy and Procedures for the Prevention of Fraud and Corruption 2.5 should read 'maintain a Register of Interests for Members of the Corporation, the College Senior Management team and specified members of the College Management team'.

31/09 PYE TAIT FEASIBILITY STUDY (ECAT DEVELOPMENT)

Members received and considered a written report from the Director of Finance and Estates, which was contained within appendix H.

The Director of Finance and Estates advised that Pye Tait had been invited to undertake a preliminary feasibility study with regard to ECAT Part 147 operation and development. This report, which had been presented in May 2009, had considered the opportunities abroad for Part 147 training. Discussion ensued concerning the report's conclusions. Whilst recognising that the global market could present some lucrative opportunities, Members were mindful of the risks involved. They noted that Pye Tait had estimated that it was likely that the College would need to invest between £100k and £150k to establish a presence in any new overseas market. The Director of Finance and Estates advised that a more comprehensive feasibility study from Pye Tait had now been commissioned by the Senior Management Team so that a full business case could be developed. It was intended to present this to the Committee and, ultimately, to the Corporation. It had been agreed that Pye Tait should report on their findings by February 2010. **It was, therefore, resolved that** the Director of Finance and Estates should present a further progress report on this subject to the next meeting of the Committee in the spring term.

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32/09 ANNUAL REPORT OF THE FINANCE AND ESTATES COMMITTEE TO

THE CORPORATION

Members considered the Annual Report which they wished to make to the Corporation. The draft format was contained within appendix I. It was noted that, throughout the previous twelve months, the work of the Committee had been completely compliant with its terms of reference. All financial objectives agreed for that period had been achieved. The Clerk reported that attendance levels had been outstanding. One hundred percent attendance had, in fact, been recorded throughout the year.

In conclusion, Members approved the report as proposed and formally recommended it to the Corporation meeting of 15 December 2009.

33/09 DATE OF NEXT MEETING

This would be held on Wednesday 3 March 2010 at 9.30 am.

Pamela J Connell
Clerk to the Corporation
1 December 2009

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