

CORPORATION OF KIDDERMINSTER COLLEGE

Minutes of the Finance & Personnel Committee held on Thursday 10th March 2011 at 17.30 hours

FP 758 Present David Cory, Chair
Mick Cooper
Adrian Davis
Andy Dobson

FP 759 Quorum 3

FP 760 In Attendance Derek Harrison, Director of Resources
Angharad Hale, Clerk to the Corporation
Andy Higgs, King Sturge
Judith Simpkins, Senior Finance Officer

FP 761 Apologies Jonathan Grice
Karen Stevens

FP 762 Declaration of Members' Conflict of Interests

None declared.

FP 763 Minutes of Meeting Held on 27th January 2011

The minutes of the meeting held on 27th January 2011, having been circulated, were agreed and signed by the Chair.

FP 764 Matters Arising

i) Recruitment of HR Manager

It was confirmed that interviews are taking place on 22nd March and will include a full day of activities. 3 candidates had been shortlisted from 11 applicants. 1 candidate was currently unemployed and the others are on a 3 month notice period.

ii) Catering Service

Following concerns regarding the potential increase in the trading subsidy, it was reported that the trading accounts for January are more in line with budget.

The catering manager is still on long term sick leave and it was noted that the 3 month period for full sick pay is reaching the end and will be transferring to half pay for 3 months. The temporary manager had made a positive impact whilst in post but had now been replaced. The Estates Manager is continuing to monitor the situation. Although an increase in the trading subsidy has been provided for in the budget, it was felt this would be the worst case position.

FP 765 Management Accounts 2010/11

i) Period 6 to 30th January 2011

Details having been circulated, it was noted that the cashflow now includes the building project & Lennartz early VAT repayment. No queries were raised.

The solvency ratios were :-

	<u>Target</u>	<u>Actual</u>
Current Ratio	1-1.5:1	4.18 :1
Cash Days in Hand	15 days	133 days

FP 766 Financial Reforecast 2010-11

Details having been circulated the following was noted. The College budgeted for a surplus of £241K (£52K including FRS17). The latest income and expenditure projections to 31st July 2011 indicate a surplus of £335K (£189K including FRS17) and the table below summarises the anticipated position.

It is anticipated that the building project will now be completed by 5th September 2011. There will be no costs in the income and expenditure account this year. We have assumed that the Lennartz VAT advance is repaid to HM Revenue and Customs in this financial year.

£000s	BUDGET	NOV 10 REFORECAST	MARCH 11 REFORECAST
INCOME	9,828	9,830	9,976
EXPENDITURE	9,776	9,693	9,787
SURPLUS/(DEFICIT) Including FRS 17	52	137	189
FRS17 ADJUSTMENT	189	146	146
SURPLUS/(DEFICIT) Excluding FRS 17	241	283	335

It was noted that £251K (5% of the YPLA funding allocation) was withheld from the budget and has not yet been released. The College remained hopeful that there would not be an in-year clawback. If the £251K is released to the budget it will directly benefit the bottom line.

Adrian Davies proposed acceptance of the Financial Reforecast, seconded by Mick Cooper.

FP 767 SFA Requirement to submit a mid-financial year update for 2010-11 and 2011-12

Details having been circulated, it was noted that key changes relate to reduced pay costs resulting from the organisational review and costs associated with the building project next year.

The self assessed financial health grade has been amended to good, (computerised assessment 'outstanding') as previously discussed by the Corporation and endorsed by SFA.

The committee approved the update.

FP 768 Staff Redundancies 2010 – To note

It was noted that following the closure of the Art & Design courses previously reported to governors, 2 staff would be made redundant.

FP 769 Building Project Update

Andy Higgs from King Sturge was in attendance and tabled an update report.

It was noted that District Council planning consent had been granted and King Sturge have written to the local authority to confirm discharge of all conditions.

A discussion took place regarding the SFA grant condition to spend £225K by the end of March 2011. It was noted that the current sum of £226,196 due to be invoiced by 31st March was close to the target figure. Reassurances were given by King Sturge that there would be no issue in certifying the full expenditure by 31st March 2011.

Following the committee's agreement to appoint ISG Regions at the construction figure of £747K, the contract sum has been finally agreed at £736,155 which has further improved the position. The figure of £20K has been moved across to the construction budget, leaving £30K in the contingency budget.

It was confirmed that the photovoltaics has not been included within the project, saving £25K and helping to ensure the construction figure remained within budget.

The construction period has been reduced to 25 weeks and completion of the acceleration works to ensure the programme remains on target has now been identified as the main risk to the project.

An issue had arisen regarding contract signatures which could potentially delay commencement on site. A discussion took place regarding resolution of this issue which related to the contract going back through ISG Regions' board process to get a completion date of 5th September 2011 (currently 8th September). Pending resolution of this issue, King Sturge were still confident that work will be completed by 5th September 2011.

Following previous queries, it was confirmed that advice had been taken and it is not cost effective to take out latent defects insurance on projects under £2 million. Therefore, following investigation this insurance has not been taken out.

Regular meetings will continue to take place between the contractor and the college to ensure that suitable action is taken to mitigate all risks.

FP 770 Revised Redundancy & Redeployment Policy

Details having been circulated it was noted that a key change to the policy is that the college will now comply with statutory financial limits rather than offer payments linked to salary. There is still provision for the college to offer an enhanced redundancy payment at its discretion.

A query was raised as to how the changes will be communicated to staff. It was confirmed that a copy had been sent to the UCU and Unison regional offices for consideration.

D Cory proposed acceptance of the revised policy, seconded by A Davis.

FP 771 Any Other Business

The Principal reported that a letter has been received from the SFA making available a further capital grant of £47K. The grant has similar conditions to the renewal grant of £225K and includes the need to match fund at a ratio of 2 to 1. As the college is already match funding the renewal grant at a ratio that exceeds 2 to 1, the possibilities of using this further grant in connection with the building project are being explored.

Thanks were recorded to Mick Cooper for his involvement and contribution to the committee as this would be his final meeting.

FP 772 Date of Next Meeting

Thursday 19th May 2011 at 17.30pm.

The meeting closed at 19.45 hours

Chair _____ Date _____