

CORPORATION OF KIDDERMINSTER COLLEGE

Minutes of the Finance & Personnel Committee held on Wednesday 23rd November 2011 at 17.30 hours

FP 814 Present Adrian Davis, Chair
Lucy Bennett
David Cory
Andy Dobson
Sandra Hickman
Karen Stevens

FP 815 Quorum 3

FP 816 In Attendance Derek Harrison, Director of Resources
Angharad Hale, Clerk to the Corporation
Judith Simpkins, Senior Finance Officer

FP 817 Apologies None

FP 818 Declaration of Members' Conflict of Interests

David Cory made the same declaration as at previous meetings regarding his son-in-law being an employee of ISG Regions.

FP 819 Minutes of Meeting Held on 19th October 2011

The minutes of the meeting held on 19th October 2011, having been circulated, were agreed and signed by the Chair.

FP 820 Matters Arising

i) Recruitment of Permanent HR Manager

Following discussions at the previous meeting, it was reported that current arrangements are working well. The planned reduction in hours for the self employed consultant, from 5 to 4 working days, will not commence until the end of November 2011, therefore the review of arrangements is not scheduled to take place until 6 months from that date.

It was agreed to revisit this agenda item in the summer term.

ii) Catering Service

It was noted that Mitie have been asked to produce plans regarding how they are going to address the increased deficit. Due to the recent Ofsted inspection, the Director of Resources has not yet had a chance to meet with Mitie management in order to follow this up. It was confirmed that 31st July 2013 was the end date of the current contract and there are no break clauses.

It was agreed to carry this item forward to the next meeting.

iii) Bursary Fund

It was noted that this matter would be discussed under item FP 827.

iv) Capital Grant Programme

It was noted that further to discussions at the last meeting, the intention had been to table detailed proposals for expenditure of up to £500K (including the £100K SFA grant). Discussions have taken place with architects and designers, however, due to the Ofsted inspection it had not been possible to move this forward as far as had been hoped.

It was agreed that detailed proposals would be brought to the January meeting.

FP 821 Draft Financial Statements 2010-11

Details having been circulated, it was confirmed that a full presentation would be made at the December Corporation meeting and that the current Corporation Chair needs to sign the Accounts.

An extract from the recent finance inspection report was tabled summarising an analysis of the College's Financial Performance 2008/09 – 2010/11. It was noted that income for 2010/11 was the highest ever generated by the College.

In response to governor's queries, it was confirmed that the pay expenditure figure for 2010/11 included restructuring costs.

A discussion took place regarding whether the current ratio of 3.59 is appropriate going forward. Similarly, the current cash days in hand may be too high and the topic was raised as to whether the College should invest further in the facilities. It was noted that the College is in a healthy financial position and that this presents the opportunity to make choices.

Governors agreed that a discussion regarding the College's capacity to invest should take place under Any Other Business and that the target solvency ratios would be reviewed.

In response to governors' queries it was confirmed that the College was always seeking to maximise funding and to reduce reliance on recurrent funding streams. It was suggested that this should be included as a Key Performance indicator or that information should be presented to governors in order for them to monitor progress.

Governors felt it would be useful to see benchmarking data regarding the ratio of teaching to non teaching staff within the college compared to colleges of a similar size.

FP 822 Management Accounts 2011-12

Periods 1 & 2 to 2nd October 2011 & Period 3 to 30th October 2011

Details having been circulated for Periods 1 & 2, it was agreed to focus on the accounts for Period 3 to 30th October which was tabled.

In response to governor queries, it was noted that the following staff vacancies are still on-going; Equality Manager and HR Manager (current

appointment not permanent). The Learner Data Service Manager will start in December 2011.

The solvency ratios were :-

	<u>Target</u>	<u>Actual</u>
Current Ratio	1-1.5:1	4.02 :1
Cash Days in Hand	15 days	180 days

FP 823 Financial Re-forecast 2011-12

Details having been circulated, the following was noted. The College budgeted for a surplus of £414K (surplus of £268K including FRS17). The latest income and expenditure projections to 31st July 2012 indicate a surplus of £297K (surplus of £202K including FRS17) and the table below summarises the anticipated position.

£000s	BUDGET	NOV 11 REFORECAST
INCOME	8,913	9,032
EXPENDITURE	8,645	8,830
SURPLUS/(DEFICIT) Including FRS 17	268	202
FRS17 ADJUSTMENT	146	95
SURPLUS/(DEFICIT) Excluding FRS 17	414	297

KPIs remain positive as shown in the table below.

Key Indicators	Approved Target	Anticipated Performance
(adjusted) Operating Position	Surplus	Surplus
Cashflow from Operations	Inflow	Inflow
Current Ratio	1.0-1.5:1	3.4:1
Cash Days in Hand	15 days +	127 days
Borrowing to Income	<40%	17%
Borrowing to Reserves/Debt	<30%	19%
Pay to Income	<68%	62%

It was noted that any costs associated with the building project above the figure of £1.122million are not included in the reforecast.

It was reported that the Audit Committee will consider the funding audit carried out by KPMG on behalf of the SFA which has identified a potential funding claw back issue. A meeting has been arranged with the SFA to discuss the potential claw back. It was confirmed that the worst case scenario would be a funding claw back figure of £110K, which should be included in last year's accounts.

It was noted that Baker Tilly will require a statement from the SFA regarding the above figure before signing off the accounts. It was confirmed that 15th December is the final cut off date for the accounts to be signed off.

A discussion took place regarding the level of pay costs as % of income, which remains at 62% following the organisational review.

Governors felt that it would be helpful to see benchmarking data from colleges of a similar size in order to ascertain that this was a good ratio.

It was noted that the marketing plan should take in to account all planned expenditure. The breakdown of planned expenditure has not historically included £9K to cover the costs of the summer marketing campaign.

Governors requested to view the College's Marketing Plan at a future meeting.

FP 824 Pay Award 2011-12

It was agreed that the committee would recommend a 1% pay award for all staff, backdated to 1st August 2011 to the Corporation, as set out in the Re-forecast.

FP 825 SFA Assessment of the College's Financial Health

Details having been circulated, it was noted that the SFA have confirmed the College's self assessment of the College's Financial Health as 'outstanding' for 2010/11 and 2011/12.

FP 826 Building Project Update

An update report from Jones Lang LaSalle (JLL) was tabled. It was noted that a Certificate of Practical Completion had been issued to ISG on 9th November 2011. However, there is a disagreement over the agreed extension of time on the contract. JLL are planning to issue a Certificate of Non-Completion, which would allow them to claim compensation on behalf of the College of £3K for every week or part of a week that the project overran the agreed extension.

The main issue of concern related to the fact that ISG are claiming a final account figure for construction costs excluding VAT of £936K. JLL are disputing this figure. The significant difference in costs relate primarily to differing views on the extension of time.

It was confirmed that if the final account figure is above £829K it would be outside of the budgeted figure in the Financial Re-forecast and could have an impact on levels of cash and depreciation charges.

Governors noted that they had not received feedback from JLL on the talks that were due to take place with ISG at a more senior level.

It was agreed that greater pressure should continue to be exerted on JLL to secure a figure closer to £800K and if necessary, discussions should take place with a more senior Director of the company.

FP 827 Discretionary LSF Annual Report 2010-11

Details having been circulated, it was noted that the College is looking at ways to encourage learners to come forward as funds are unable to be distributed unless they are requested. Different strategies have been tried and it was suggested that the College could explore the possibility of meal vouchers that could be used in the Mitie catering outlets.

It was agreed that the Committee should continue to receive reports on this topic.

FP 828 Renewal of Banking Facilities 2011-12

A verbal report was given outlining the fact that the current facility with Lloyds Bank expires on 30th November 2011.

The committee approved the renewal of the current facility, proposed by K Stevens and seconded by D Cory.

FP 829 Any Other Business

Governors noted that there is an imbalance on the agenda in terms of HR items and a request was made for a definitive HR section on the agenda. It was noted that this has always been the intention and work is underway to secure the right HR software in order for meaningful data to be presented.

It was agreed that an interim HR report would be presented at the next meeting.

At 7.40pm K Stevens left the meeting

As agreed under item FP 821, a discussion took place regarding the College's healthy financial position and its capacity to invest.

FP 830 Date of Next Meeting

Thursday 26th January 2012 at 5.30pm.

The meeting closed at 20.00 hours

Chair _____ Date _____