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**Minutes
Finance and Premises Committee Meeting
No 24 - 16 November 2009**

THE SIXTH FORM COLLEGE

THE SIXTH FORM COLLEGE - COLCHESTER

Minutes of the Finance & Premises Committee Meeting No 24 held on Monday 16th November 2009

Chair	Graeme Clissold
Present	Andrew Claiborne, Mary Frank, Syd Kent, Ian MacNaughton, John Owens and John Stenhouse
In Attendance	Andy Beatty, Gerry Callen, Frances Grew, Frankie Murphy, Ian Thompson, Allan Tucker and David Watts (part only)
Clerk	Celia Douglas

Agenda Item

24.1 **Apologies for Absence**

Noted Apologies were received from Moira Collett and Susan Edwards 059/09

24.2 **Minutes of Meeting No 23 held on Monday 22nd June 2009**

Approved The minutes were agreed and signed as a correct record. 060/09

24.3 **Matters arising**

Noted There were no matters arising. 061/09

24.4 **Amended Terms of Reference**

Noted A query was raised regarding the way in which additional meetings may be called and whether this should be changed to 'the Chair or X% members of the Committee in consultation with the Clerk may call a meeting. It was agreed that this should be considered further and be the subject of a discussion at a full Governing Body Meeting and should probably apply to all Committee meetings.

Action: Clerk

Approved **The amended Terms of Reference were approved** 063/09

24.5 **Update on Property Strategy**

Noted The Senior Manager for Accommodation and Resources (DW) presented the paper previously circulated and apologised to Governors for not including an update on the Summer works programme. However, it was noted that this matter was partly covered at the Governing Body meeting in September. He indicated that an update would be circulated to the Committee by e-mail via the Clerk.

Action: DW/Clerk

Noted DW advised that he is currently working with a number of professionals and contractors to enable a conditions survey to be carried out which would inform a revised College 10 year PMP plan covering the repair and maintenance of the campus and potential expenditure. Due to forthcoming funding constraints and budget frameworks this would result in predominantly 'non-visible' maintenance e.g. drains, structures etc. It was anticipated that further information would hopefully be available by Christmas and a written report by Easter. During this process, consideration will be given to sustainability issues including the monitoring of energy consumption and any measures that are manageable and meaningful without incurring additional expenditure. A significant amount of work was already being done by the Sustainability Co-ordinator, Keith Ellis, along with the College Student Environmental Group. The College has signed up to the 10/10 initiative and the Sustainability Co-ordinator helped to organise the recent Colchester Eco Schools Summit held in October. Last year a number of students

also planted trees at the new Community Stadium and this year on 24th and 25th November a number of students will be planting trees in Friday Woods. DW advised that he and KE would be presenting a report to the Audit Committee at their summer meeting on the baseline data from the conditions survey and the proposals resulting from this.

24.6 Health & Safety Report

Noted	The Health & Safety Manager (FM) advised that each summer she reviewed the Health & Safety Policy. No changes were required to the Policy but minor changes were needed to the appendix. The Chair of the Governing Body was asked to approve these changes and sign the document, to which he agreed.	066/09
Noted	A new revised First Aid Rota (a 3 level system) had been put in place since the 1 st October and is working well. First Aiders would receive 3 hours training per year from the Health & Safety Manager who has been trained to carry this out through the HSE Accreditation Scheme. The new system means that if the first line First Aider is occupied, the second line First Aider will be called, followed by the Health & Safety Manager as third line if necessary. In addition to this the College also has a daily nurse.	067/09

24.7 Financial Statements for the year to 31st July 2009

Noted	The Finance Manager (AT) advised that pages 1 - 8 of the Financial Reports circulated contained details of the Operating and Finance Review and pages 9 – 12 Statement of Corporate Governance and Internal Control. Both are in the format which has been laid down by the LSC accounts handbook guidance and Accounting Practice for Charities.	068/09
Noted	Pg 17 Consolidated Income and Expenditure account shows an increase in the top line income of just over 9% resulting from the full funding of all students and a gain in income from catering, trips and visit. Expenditure is £16.186M compared to £15.013M in 2007/08 resulting from an increase in staffing costs by 7% and other increased costs of 9%. The Operating Deficit has decreased from £238K in 2007/08 to £115K in 2008/09. However, as previously explained to the Committee, there is a Net Impairment Charge of £226K. This relates to the LSC Accounts Guidance handbook for 2008-09 which recommends that any capital project costs in respect of projects now on hold, which have previously been capitalised as assets in the course of construction on the balance sheet, should now be written off to the income and expenditure account. The amounts paid over the past 3 years were £327K less £101K received from the LSC. The final deficit for 2008/09 is therefore £341K.	069/09
Noted	Pg 34 shows the cash position of the College – starting with an Operating Deficit of £341K. The main non-cash item is a Depreciation/Impairment charge of £1.3M, plus other non-cash adjustments, giving generated net cash of £1.1M from Operating Activities.	070/09
Noted	Pg 20 top-line shows £1.1M and how this has been used: £119k interest on mortgage, £730K on capital expenditure, £92K repayment on the mortgage resulting in a net increase in cash balances of £243K.	071/09
Noted	Pg 19 Balance Sheet as at 31 July 2009 – shows that tangible assets are down marginally to £15.9M due to depreciation charges. Cash at Bank is £1.4M, which is £240K higher than the previous year. Total reserves are £8M.	072/09
Noted	There have been no significant movements and the College has retained its LSC Financial Health status of 'Good' – second category out of 4, which is the top level possible in the context of the College having a 'mortgage' to finance the mid-site building project. The accounts have been audited line by line and will be presented at the Audit Committee meeting on 23 rd November	073/09
Noted	The Principal commented that this was a sound set of accounts post a major capital project. He congratulated the Finance Manager and indeed all staff who manage budgets, and also thanked Governors for their contribution. The Chair of the Committee reiterated this.	074/09
Approved	The accounts were accordingly recommended for adoption by the Governing Body. Proposed by Syd Kent and seconded by John Stenhouse.	075/09

24.8	Reconciliation of Financial Statements to Management Accounts and Three Year Forecast	
Noted	This document is an executive summary of the movement of figures. In the Forecast Outturn for 2008/09 year at the time of the three year Forecast in July through to the actual results per the Audited accounts. The opening position was a Operating Deficit of £185K, which includes a Net Impairment Charge of £226K in respect of property strategy costs. The net Deficit per Financial Accounts is £341K which includes a FRS17 adjustment for 2008-09 related to LGPS of £95K as advised by the Actuaries.	076/09
24.9	<u>Fuel Channel Limited – Accounts to 31st July 2009</u>	
Noted	There had been an operating profit of just under £9K in 2008/09 in the College trading subsidiary and any taxable profits will be paid by covenant to the College as a gift donation the following year. Cash at the Bank £38K,	077/09
Noted	It was noted that an error appeared on the balance sheet in relation to Director names, which should have displayed Graeme Clissold rather than Syd Kent.	078/09
Approved	The financial accounts for Fuel Channel Limited for the year to 31st July 2009 were approved by the Directors of the Company prior to this meeting.	079/09
24.10	<u>Cost Centre Review for October 2009</u>	
Noted	- The financial report for October relates only to the first three months of the College's financial year. The annual income shows an increase of £300k due to the income from an additional 65 students.	080/09
Noted	- At this stage there are only small variances. The Insurance Premium has been paid and there is a saving of £10K. Depreciation is slightly higher with an increase of £10k and Teaching and Admin staff costs are slightly higher due to maternity costs and overtime. We will not have a clear picture on the Forecast Outturn until the halfway point in the year.	081/09
21.11	<u>Any Other Business</u>	
Noted	a) The Committee was asked by the Finance Manager to consider whether: - the full Governing Body needs to receive a full set of accounts every month and - if this information should be précised A discussion took place and a suggestion made that this information could be placed on the Governors Section of Sharepoint, the College Intranet - although it was recognised that this area needed to be brought up to date, and all Governors would need to be trained and willing to use this facility - which they have not been historically. The issue of confidentiality and risk was also raised. It was therefore agreed that this matter should be considered further at the next Audit Committee meeting scheduled for 23 rd November. Action: Chair of Audit Committee The Principal reported that:	082/09
Noted	b) <i>ECC Colchester Transport Subsidised Trial</i> . An outcome of the Colchester Secondary Schools reorganisation proposals by Essex County Council, is the possibility of a young persons bus transport subsidy in Colchester. ECC are now going to 'trial' this initiative in Colchester for 6 months from April 2010. If it is considered to be successful, this may be 'rolled-out' across Essex. Currently students from Suffolk benefit from very generous help from Suffolk CC for post 16 education and an Explore card benefit for using public transport.	083/09
Noted	c) <i>Funding for 2010-11</i> is expected to be very tough in the public sector. The general feeling is that University Sector settlements will be less or may stay the same in money terms but with targets for more students to be educated and the latest information is that general FE Sector will have an 'efficiency gain' of 6% applied. Within that context the 'Skills for Life' initiative has virtually ceased and the 'Train to Gain Programme' will be dismantled and re-assembled with new training arrangements put in place. Schools will probably have protected levels of	084/09

Core Recurrent Funding Budgets but are likely to lose a lot of 'initiatives' money. They may find similar budget sums to last year but will have to fund the 3rd year teacher pay award deal @ 2.3%. Sixth Form Colleges are similarly likely to be at a standstill level of money budget allocation and again, if the Government 'honour' the school teachers pay award year 3 figure, which will impact upon the SFCF pay negotiations, as SFCs are likely to have an 'efficiency gain' of approx. 2%. We are well placed to manage the difficulties that lie ahead but we will nonetheless have to apply 'efficiency gains'.

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| Noted | <i>d) Government 'Framework' for 2011/12 onwards.</i> Draft paperwork for this has just been received and there are very few changes in the draft from the post 'Machinery of Government' changes. The Principal will talk to Governors about this at a later stage when there is greater clarity - possibly the Governors Training Evening in February. | 085/09 |
| Noted | <i>e) Cenbase Governor Training 25th June Confirmed.</i> Training to focus on 'Limiting Grades for Inspection' (Equality and Diversity and Every Child Matters) and also Finance/'Efficiency Gains' handling the declining resources situation. The training will take place in the afternoon at the Robinson College in Cambridge. 5/6 Governors from each College are invited to attend in addition to Principals and Clerks. | 086/09 |
| Noted | <i>f) John Stenhouse.</i> The Chair of the Committee, Graeme Clissold, advised that John would come to the end of his term of office as a Parent Governor in December. Graeme thanked John for taking on the role of Vice-Chair of the Committee for the last 12 months and wished him well for the future. | 087/09 |
| Noted | <i>g) New Committee Vice-Chair.</i> It was noted that a new Committee Vice-Chair would need to be appointed at the next meeting and Committee members were asked to give this matter their consideration. | 088/09 |

21.12 **Dates of remaining meetings for 2009/2010**

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| Noted | The Chairman of the Committee made a request for the meeting currently scheduled for Thursday 22 nd April 2010 to be changed to the beginning of the following week (Date to be confirmed).
- Tuesday 29 th June 2010
Action: Clerk | 089/09 |
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Chair