

Brooke House Sixth Form College

Minutes of a meeting of the **F&GP Committee** held at the Hilton Hotel, Islington on 29 January 2010 at 1000 hrs.

Present	Richard Garrick	Sid Hughes (Chair)	Ken Warman (Principal)
In Attendance	Taiwo Adeshina (Finance Director)	Ralph Devereux (Clerk)	

20/09 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES

No notice had been received of any member becoming ineligible to hold office and the meeting was quorate.

21/09 MINUTES OF THE LAST MEETINGS

- a. re 14/09. Financial Report. The statement that“Individual budgets were increased on the advice of the Director of Finance or at the request of the budget holder”.....was clarified; individual budget lines remained as set throughout the year unless a formal rebasing and approval had been undertaken, although for management purposes likely expenditure levels against those budgets were calculated. Accordingly, the sentence was amended to:

“The issue of budgetary control was again discussed at length and it was explained that overspends against individual budgets were noted by Director of Finance to estimate the likely year end position; reassurance was sought that rigorous examination was given to all such situations and were noted and agreed by senior management.”

This was a critical area for control of the current deficit budget and it was decided to commission the internal auditors to substitute, as a matter of urgency, a review of the complete budgetary process and systems for some less important elements in this year’s Audit Plan.

- b. The minutes were then confirmed and signed.

An internal audit review of budgetary systems and controls would be initiated.

22/09 MATTERS ARISING FROM THE MINUTES (AND REQUESTS FOR URGENT BUSINESS)

- a. re 13/09b. Healthcare. Estimates of varying levels of cover for private healthcare for SPH were circulated and considered. It was agreed that the central issue was that of sickness absence rather than prevention; accordingly, premiums for insuring against the cost of temporary replacement of key members of staff would be obtained.
- b. re 13/09d. Learning Trust. The meeting had now been held and it had been confirmed that the 16-18 contract for 2010/11 would be for 1208 students at the current funding levels.
- c. It was agreed to consider a tax issue as urgent business.

14/09 FINANCIAL REPORT

- a. The most recent set of accounts (December 2009) were considered and discussed. A monthly deficit of -£87k against a budgeted deficit of -£51k (variance £36k) and year to date figures of -£498 v budgeted -£313 had contributed to the year-end forecast position of -£1.04m against budget of -£483. This worsening position was caused by the failure of the LSC to meet assurances of funding for students recruited above contract; considerable expensive resources for the 208 unfunded students (15% of total roll) had been established and these had been provided in the expectation of full funding of £1.04m, whilst it now appeared that the actual figure, still unannounced could be as little as £50k. Exceptional items such as the WYG settlement of £805k and VAT windfall of £200k would in all probability ease the deficit and it was agreed that the situation could be managed and contained. The budget for the current financial year had been robustly scrutinised and realistically, it was accepted that where possible savings would be made though the inevitable shortfall was to be expected. After an assurance that the figures represented

the worst position, it was agreed that continuance of the robust control of expenditure was the only course of action. Assurance from the internal auditor on the strength of those controls had already been agreed at 21/09a. The nub of the issue was the longer term viability which was agreed as sound and this would be considered further at 15/09.

- b. Revised Budget. The need to examine ruthlessly each line in the current budget had been stressed since the LSC failure to meet its commitment to fund the over recruitment had become apparent. In terms of income, eventually the c£805k from the WYG case and the £200k VAT payment should boost the income and largely negate the deficit. The need for continuance of the search for savings was underlined and it was agreed that some areas in particular could see reduced costs:

- (i) The large increase in applications had been achieved and early signs were hopeful that it would continue and even become self sustaining without the need for a major summer recruitment drive, accordingly marketing may change thrust and profile, possibly at less cost;

- (ii) examination fees may also prove to be less expensive than the prudent provision;

and

- (iii) although it was early in the contract, the catering operation appeared to be considerably more efficient than formerly and consequent savings may result.

The need for continuing, robust budgetary control was reiterated and the revised budget was recommended to the Corporation for approval.

- a. **The Information was received and noted.**
- b. **The revised budget was recommended to the Corporation.**

15/09 3 YEAR RECOVERY PLAN – UPDATE

- a. A serious amount of time and effort had been expended on the production of this final draft of the 3-year financial recovery plan; the main influencing factor was the failure of the LSC to meet an assured commitment to fund over recruitment. An up-to-date and realistic table of LSC funding for the current year had recently been considered in committee and the unfunded 200+ students had been well discussed; also the figure for adult learners would not vary and the financial forecasts for subsequent years could not assume a growth in income as result of any increase in numbers of students 19+. Since the level of the additional funding could not be quantified despite pressure on the LSC, an analysis for lower than full payment had been included.
- b. It was agreed that the key to the coming years was the income allocation from commissioning through the Learning Trust and the recovery plan was predicated on this. Two of the 4 LSC members present at the 15 January meeting would shortly be transferring to the Trust and would provide an element of continuity. At that meeting the issue of whether or not the AFS could be signed as confirming that the college was a going concern was discussed and the LSC had expressed the view that there was no good reason why a positive view on this issue should not be taken. The college was highly thought of in the community, and by the Learning Trust, who had confirmed a 16-18 contract for 1208 students funded at £7.5m; 19+ figures would be available the following week. On that basis the recovery plan demonstrated financial viability with a surplus of c £153k and c£211k for 2010/11 and 2011/12 respectively. The budgets behind these numbers however did not include sufficient reinvestment funding and it would be vital to maintain focus throughout the life of the plan to reallocate spare funding accordingly; the plan would therefore be considered as a living document subject to continuous amendment. The plan was agreed as comprehensive and sound, the sensitivity analysis was welcomed and would inform revision of the plan as the numbers firmed up; contingency plans to implement measures if student numbers reduced would be determined. Risk 5 in the RM table (p15) would be widened and reworded to reflect a possible change of government and already determined MOG changes.
- c. The cash flow for the lifetime of the plan was then considered in detail as the most significant element of viability. The current detail provided greater confidence for the

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financial future over the lifetime of the plan. Whilst the former figures had been influential in the reluctance to sign off the AFS by showing less robust performance, the now reworked and more accurately aligned forecast, gave confidence that the plan could be practically achieved and, accordingly the AFS could now be confidently signed off. The forecast showed a maximum requirement of c£334k to be serviced by an overdraft and it was felt that with careful cash management even this could be avoided. The 3 year financial recovery plan was recommended to the Corporation.

The information was received and the plan recommended to the Corporation.

16/09 DRAFT AFS 2008/09

The Corporation had delegated responsibility to the Committee for signing off the AFS, however they had not yet been signed and, based on the discussion at 15/09c, and in the spirit of compliance it was agreed that the AFS would be recommended to the Corporation at the meeting to be held the following day.

The AFS was recommended to the Corporation for signature.

17/09 REPROGRAPHICS CONTRACT

It was planned to upgrade the reprographics suite at a cost of 20k per year (£5k per quarter). The improvements, which would provide greater flexibility, VFM and improved efficiency, were approved.

The new reprographics arrangements were approved.

18/09 PAY AWARD

The NJC had now reached agreement for a general pay increase for all staff of 1.5% from 1 September 2009 rising to 2.3% from 1 April (Annual 1.84%) also the support staff standards payment of £320. The payments had been provided for in the budget and would total for the current year c£74k (c£104k full year) for the pay rise and c£15k for the standards payment; after discussion it was agreed to recommend implementation in full.

The agreed pay rises were recommended to the Corporation.

19/09 BANKING ISSUES

The agreed change of bank to Barclays had prompted a review of card arrangements. Currently, charge cards were held by the Principal and the Vice-Principal (with a total monthly spending level of £1000); Barclays could only offer credit cards and it was agreed to change accordingly. It was also suggested that a transferable card for use by staff on duty with college trips for use in emergencies may be a prudent provision and it was agreed to research the issue and to advise the next meeting of security controls for all cards.

The change to credit cards was agreed.

20/09 URGENT BUSINESS - EXTERNAL AUDIT TAX ADVICE

It was agreed to contact the External Audit Tax Partner over an issue of accommodation for staff.

20/09 DATE OF NEXT MEETING

The next meeting would be held at 1200 on 11 March 2010.