

# Chichester College

Minutes of the Meeting of the Finance & General Purposes Committee  
held on Wednesday, 6 July 2011

Present:

Mr John Goble (Chairman)  
Mr David Galloway (Vice-Chairman)  
Mr Alan Clark                      Mrs Shelagh Legrave  
David Hett                              Miss Frances Russell

In Attendance:

Mr Steve Coulthard, Director of Finance  
Mr Andy Green, Deputy Principal  
Mr Alastair McLean, Governor  
Mrs Julie Sleeman, Chief Operating Officer  
Ms Sarah Stannard, Vice Principal (Marketing & Business Development)  
Miss Catherine Vinall, Clerk to the Governing Body

## APOLOGIES FOR ABSENCE

93. Apologies for absence were received from David Hazelden and Roger Paterson.

## RETIREMENTS

94. John Goble said that although Roger Paterson had not been able to attend the meeting it was his last as a Governor. On behalf of the Finance and General Purposes Committee, John thanked Roger for his contribution as a Governor of the College.

## DECLARATION OF INTERESTS

95. The Chairman drew the attention of the Governors and those in attendance at the meeting to the requirement to declare any interests they might have in any of the items on the agenda, as detailed in the agenda sheet.

## MINUTES

96. The Minutes of the Meeting of the Committee held on Thursday, 24 March 2011 were taken as a correct record and signed by the Chairman.

## MATTERS ARISING

97. The Committee received and noted a schedule outlining action points from the Minutes of the previous meeting.

(Copy attached at APPENDIX 1 to the Minute Book copy)

### Minute 44: EU and International Fee Charges

98. It was agreed that an update on the review of new and existing agents be presented to the next meeting of the Committee.

### Minute 47: Ice Rink Plan

99. Sarah Stannard confirmed that it had been decided not to proceed with the ice rink plan this year, but further consideration would be given to installing an ice rink over the Christmas 2012 period.

### Minute 54: Strategic Options

100. Shelagh Legrave stated that the HE White Paper had been published. A pool of 20,000 HE places would be created for which colleges and universities could bid if their average fee was below £7500. It was likely that organisations would receive a seven per cent cut in student numbers to create the pool.
101. With regard to the Apprentice Training Agency, Sarah Stannard confirmed that the College had investigated a number of options and decided to work with the London Apprenticeship Company who would provide back-office functions. Sarah stated that the agency would be useful as an extra tool to provide apprentices to small businesses. The Centre of Excellence for Food and Drink at the Brinsbury campus had been launched at the end of June and the first networking event would take place on 12 July.

### Minute 57: Student Applications

102. Sarah Stannard reported that applications for 16 - 18 were up by seven per cent in comparison to the same point last year and 19+ were up by one per cent. Overall this was an increase of five per cent in comparison to the same point last year.

## Minute 64: Management Accounts - Data Processes

103. Julie Sleeman confirmed that an update would be given to the November meeting of the Committee.

### MANAGEMENT ACCOUNTS

104. The Committee received for consideration the management accounts for the period ended 31 May 2011.

(Copy attached at APPENDIX 2 to the Minute Book copy)

105. Presenting the accounts, Steve Coulthard stated that the income was 1.4 per cent higher than at the same period last year but behind the budget projection. Funding Council grants were 1.4 per cent higher than the previous year and above budget which was mainly due to ESF, Train to Gain and Apprenticeship funding. Steve stated that mainstream Brinsbury was below budget and the prior year, this was due to teaching costs and additional planned maintenance. Whilst International was showing a surplus it was down on budget but above the prior year. In response to a question from John Goble, Steve reported that he expected more International income to come in but did not expect the shortfall to be fully recovered. The Finance Team were investigating the variances and continued to work on International management information and financial reporting. ESF was showing a surplus against budget which was in part due to deferred income. Steve confirmed that the debt position was looking healthy and should be lower than the previous year.
106. Overall, the result was an operating surplus of £2,354,000 which was above budget and up on the prior year. In response to concerns from Governors regarding the mainstream Brinsbury budget, Steve reported that the operating position had been affected by maintenance expenditure which had not been budgeted for and the Farm in particular had been hit by inflationary costs. Steve stated that further work could be undertaken to look at Brinsbury allocations for the current year in comparison to the prior year to investigate the variance further and look at operating profits at Brinsbury. It was suggested that in future expenditure on building work should be illustrated separately and split between Brinsbury and Chichester. In response to a comment from John Goble regarding forecasting, Steve stated that next year systems would be put in place to re-forecast more regularly throughout the year. The Finance Team was restructuring and individual caseloads would be allocated to members who would meet with budget holders on a monthly basis. It was proposed to add a forecast column to income generating departments sheet to give a clearer picture of income forecasting in the Management Accounts. Overall the Committee were pleased with

the current position and thanked Steve and the Finance Team for their work. After further discussion it was

**Resolved to Recommend**

That the Management Accounts for the period ended 31 May 2011, as set out at APPENDIX 2, be adopted.

**FINANCIAL STRATEGY 2011 - 14**

107. The Committee received for consideration the Financial Strategy for 2011 - 14.

(Copy attached at APPENDIX 3 to the Minute Book copy)

108. Steve Coulthard stated that the strategy focussed on financial stability for the next three years and ensuring that the objectives in the Strategic Plan were sufficiently funded. Going forward the financial strategy was one of control in an effort to minimise the impact of the reductions in grant funding. It also focussed on efficiency, cost control and growth of other income through the College's commercial activity and the diversification of income to reduce reliance on FE mainstream income. Steve reported that the SFA financial health measurement would change in 2011 - 12 which would make the financial health assessment of outstanding more difficult to achieve. The focus of the assessment would switch to cash and solvency and whilst the College currently had cash reserves these would decrease as spending on capital projects impacted. In response to a question from John Goble, Shelagh stated that any change in the financial health assessment would not impact upon the College's aim to gain outstanding status from Ofsted. Steve confirmed that targets for the next three years had been updated, the key change being the target for the operating surplus for 2011 - 12 which was two per cent, as discussed previously by the Committee in May. After further discussion it was

**Resolved**

That the Financial Strategy 2011 - 14 as set out at APPENDIX 3, be adopted.

**THREE YEAR FINANCIAL FORECAST**

- a) Three Year Financial Forecast 2011 - 14
109. The Committee received for consideration the three year financial forecast for 2011 - 14, incorporating the operational budget for the year 2011 - 12. A revised table of capital expenditure showing the

forecast to the end of July 2011 and capital budget for 2011 - 12 was also circulated.

(Copies attached at APPENDICES 4 and 5 to the Minute Book copy)

110. Steve Coulthard stated that an outline forecast 2011 - 12 had been presented to the Committee in May where a reduction to the target for the operating surplus to two per cent had been discussed. This reflected the fact the College would be managing a reduction in both grant and contract funding together with rising costs. In response to a question from David Galloway, Steve stated that a surplus of two per cent had been budgeted to the end of 2014, the aim would be to return to a surplus of five per cent the following year. Julie Sleeman acknowledged that considerable capital expenditure had been included in the budget, in line with the capital strategy.
111. Julie Sleeman gave a presentation to the Committee on recent capital expenditure at the Brinsbury campus and maintenance work planned to take place over the summer period. Following a discussion on capital expenditure it was proposed that further work needed to take place to re-forecast expenditure over the next three years, to ensure the spend is phased in line with the cash generated from operating surpluses. Julie stated that while she hoped that a new Animal Care Centre at Brinsbury would be completed by the end of 2011 - 12 work needed to take place to ensure that capital plans were realistic and achievable. Julie stated that the new Buildings Project Manager would be reviewing the capital strategy and in particular the plans to re-locate facilities currently at Terminus Road at the Chichester campus.
112. Steve stated that budgeting for 2012/13 to 2013/14 was difficult and vulnerable to change, particularly due to the lagged funding system. A key strategy for the College was to plan additional delivery of student numbers to ensure an increase in funding in future years. After further discussion it was

**Resolved to Recommend**

- i) That the three year financial forecast and strategy for 2011 - 14, as set out in APPENDIX 4, be adopted; and
  - ii) That the forecast for 2011 - 12, as set out in the financial forecast, be adopted as the Corporations budget for the year.
- b) Pay Award
113. Julie Sleeman stated that negotiations between the AoC and Unions were ongoing. The Unions were requesting a rise of 3.5 per cent and the AoC had responded with the proposal of an increase for all staff

dependent upon their pay scale. Julie confirmed that the College had budgeted a pay award of 0.5 per cent and this had been supported by the Human Resources Committee. Julie reminded the Committee that the College pay scales were already above AoC recommendations for pay. After further discussion it was

**Resolved to Recommend**

That a consolidated pay award of 0.5 per cent be made to all staff on College contracts.

**COLLEGE SECTOR COMPARISON OF FINANCIAL RESULTS 2009 - 10**

114. The Committee received for information a report compiling college sector financial results for 2009 - 10.

(Copy attached at APPENDIX 6 to the Minute Book copy)

115. Steve Coulthard stated that the comparison with local colleges showed that the College had the highest turnover in the area, although all colleges with the exception of two, reported an improved position last year. Further comparisons showed the Colleges performance by turnover and operating surplus. With regard the analysis by operating surplus Steve reported that the College had dropped in the table due to the treatment of the FRS 17 adjustment in the College accounts. The Committee thanked Steve for his report and were pleased to note the College's excellent position both locally and nationally.

**SUB-CONTRACTING ARRANGMENTS**

116. The Committee received for consideration a report by the Chief Operating Officer on the College's sub-contracting arrangements.

(Copy attached at APPENDIX 7 to the Minute Book copy)

117. Julie Sleeman stated that the College sub-contracted with a small number of external organisations to deliver Learner Responsive and Employer Responsive provision. In order to meet the College's increased Employer Responsive allocation it was likely that sub-contracting activity would increase. As a result it was proposed that the Committee delegate authority to approve new sub-contracting arrangements up to the value of £500,000, subject to due diligence, to the Principal. After further discussion it was

Resolved

That authority to approve new sub-contracting arrangement up to the value of £500,000, subject to appropriate and adequate due diligence, be delegated to the Principal.

**CHILD CARE CHARGES**

118. The Committee received for consideration the proposed Child Care Charges for 2011- 12.

(Copy attached at APPENDIX 8 to the Minute Book copy)

119. Sarah Stannard stated that the revised charges had been presented to the Senior Management Team who had approved the increases. It was also proposed that authority to approve child care charges be delegated to the Principal. After a brief discussion it was

Resolved

- i) That the Child Care Charges for 2011 - 12, as set out in APPENDIX 8, be adopted, and;
- ii) That authority for the approval of Child Care charges be delegated to the Principal.

**BUSINESS PLANS 2011 - 12**

- a) **Anglia Examinations Syndicate Limited**

120. The Committee received for consideration the Anglia Examination Syndicate Business Plan for 2011 - 12.

(Copy attached at APPENDIX 9 to the Minute Book copy)

121. Sarah Stannard stated that the plan was presented for Governors to consider and approve expenses for foreign travel. Sarah reported that the plan was one of steady growth. For the first time the market in Holland had overtaken Cyprus and marketing was also underway in China. Governors commented that there was a definite feeling that there could be the opportunity for significant growth and queried whether opportunities were being considered. Sarah stated that one external investor had been discounted but other options were being investigated, a further report would be given at the next Committee meeting. After further discussion it was

**Resolved**

- i) That the Anglia Examinations Syndicate Limited Business Plan for 2011 - 12, as set out at APPENDIX 9, be adopted, and
- ii) That the future scope for expansion of Anglia Examinations Syndicate Limited be explored within the next year.

**b) International Business Plan**

122. The Committee received for consideration the International Business Plan for 2011 - 12.

(Copy attached at APPENDIX 10 to the Minute Book copy)

123. Sarah Stannard stated that the plan detailed an appropriate level of activity in relation to the income International planned to generate. It was likely that the next plan would separate the area of transnational work. In response to a question from David Galloway, Sarah confirmed that a succession plan was in place for the post of Director of International Operations and the Senior Management Team were clear that the post was a key position for the College. In view of the importance of International and Anglia to the achievement of the College operating surplus, it was proposed that a further report would be brought to the next meeting of the Committee to confirm succession plans and to preserve the surpluses. After further discussion it was

**Resolved**

That the International Business Plan for 2011 - 12, as set out at APPENDIX 10, be adopted.

**TRIBAL BENCHMARKING SURVEY**

124. The Committee received for information a report by Shelagh Legrave on the Tribal Benchmarking Survey.

(Copy attached at APPENDIX 11 to the Minute Book copy)

125. Shelagh stated that the report detailed the work taking place to address the findings of the Tribal Benchmarking exercise. Some of the negative variances identified, for example costs relating to the premises were due to the large College estate and Learner Services costs was linked to the College's investment in Student Tutors. Efficiencies were being looked both in curriculum and non-curriculum areas. Shelagh confirmed that the benchmarking contract had expired and would not be renewed in the coming year.

## CALENDAR OF MEETINGS 2012

126. It was:

### Resolved

That the following calendar of meetings for the Finance and General Purposes Committee for 2012 be adopted:

Wednesday, 14 March 2012, 4.00 pm

Wednesday, 4 July 2012, 4.00 pm

Wednesday, 29 November 2012, 4.00 pm

## DATE OF NEXT MEETING

127. It was noted that the next meeting of the Finance and General Purposes Committee would be held on Wednesday, 30 November 2011 at 4.00 pm in the Cathedral Room.

## ANY OTHER BUSINESS

### a) Public Sector Status

128. Shelagh Legrave reminded that Committee that in October 2010 the Office for National Statistics (ONS) announced that it was reclassifying colleges as central government entities for the purposes of the National Accounts. Previous to this decision, ONS had regarded colleges as being part of the private sector. Members of the 157 Group had expressed concerns about the possibility that college surpluses could be drawn in by the Treasury. After a brief discussion it was

### Resolved

That the Chairman of the Governing Body write to the Business Secretary on behalf of the Governing Body to express their concerns regarding the status of colleges and possible financial implications for the sector.

### b) GFE South

129. Shelagh Legrave stated that the College had joined a consortium of colleges in the South who were able to bid for large contracts. Shelagh confirmed that there were no liabilities for the College unless it entered any contracts.

CONFIDENTIAL ITEMS

130. It was:

Resolved:

That in view of the confidential nature of the business to be transacted, the Minutes for the remainder of the meeting be recorded on a confidential basis and remain so unless and until they become public in the ordinary course of the Corporation's business.