

**MINUTES of the MEETING of the FINANCE AND POLICY COMMITTEE
held at Bicton College on Monday 26 November 2007**

PRESENT: Mr C Harvey - Chairman
Mr J A T Lee - Chairman of Governors
Dr F Harper
Mrs A Liverton
Mrs J Yung
Mr P Sadler - Principal

IN ATTENDANCE: Mr I Carlson - Director of Finance and Planning
Mrs R Penny - Head of Human Resources
Mr S Spiller - Director of Enterprise (Item 7)
Miss J Townsend - Acting Director of Students and Learning
Mr G R Copper - Clerk to the Board of Governors

APOLOGIES: None

RECOMMENDATIONS

- Approved the write off of trade debts of £10,249.29 and student debts of £31,438.98.
- Recommended approval of the financial statements and report for 2007-7 by the Board.

1. MINUTES

1.1 The Minutes of the meeting held on 8 October 2007 were amended in respect of Minute 2.4 and signed by the Chairman.

1.2 Matters Arising

There were no matters arising from the Minutes.

2. ENROLMENTS REPORT

2.1 Received the enrolments report. The Director of Finance and Planning stated that the risks for the current year were in Higher Education student numbers and work based learning. The University of Plymouth (UoP) had made a late cut of £76k in funding which reduced funding below the 80% level in the budget.

Although student numbers were below target they were 15 ahead of the UoP target and an additional intake of CertEd students was anticipated. The Acting Director of Students and Learning was now in discussion with the UoP over funding and it was hoped that the cut in funding would be compensated for by funding for over delivery. The original budget numbers for work based learning were considered to be over optimistic and the budgeted income had now been reduced by £80k.

- 2.2 The Principal reported on the UoP partner colleges Principals meeting which had found the funding arrangements by the UoP to be cloudy and unsatisfactory. One Devon college had withdrawn from the partnership and was now receiving direct HEFCE funding. Their income had increased by 40% as a result, this compared with the stated UoP top slice of 20%. Attempts were being made to identify the elements of funding not being passed on to partner colleges. Although partner college arrangements had worked well in the past the management situation at the UoP was currently uncertain and other options would be considered.
- 2.3 The forecast LSC funded enrolments position at year end was examined. It was explained that the funding per FTE was a College figure and that student numbers and volume of funding were the critical elements. The Principal explained the situation with full time sandwich course students who became over 19 during the course and therefore subject to a reduction of funding. It was also reported that adult funding was at risk and would not be included in future core funding. Noted the issue with additional learner support funding (ALS) where the College had provided support costing £338k but funding was limited for historical reasons to £187k.
- 2.4 The initial data for 2007/8 was examined. The budget for 2007/8 was for LSC funding at a similar level to the 2006/7 actual position. It was expected that 105% of funding would be achieved but no additional payment for over achievement was expected.

3. FINANCIAL REPORT

- 3.1 The Director of Finance and Planning presented the management accounts for the period ending 30 September 2007. It was difficult to be clear about the financial position due to the income and expenditure profiles, with significant income due at the end the financial year. The forecast LSC financial health category was B. The cash flow position was uncertain and was a high risk, particularly during December and January. Saplings and the Plant Centre were performing poorly.
- 3.2 The sensitivity analysis was examined and it was reported that the budget had been thoroughly reviewed and was now realistic but challenging. Budget holders were now confident about their income and previously omitted costs were now included. There was a possibility to increase income from student accommodation and milk sales but commercial income was a key risk. Contracts needed to be made more robust with cancellation clauses. Due to the cash flow position it may be necessary to discuss further borrowing with the bank to fund

capital expenditure and not use funds in the current account. Leasing would also be considered. The LSC had requested an updated forecast for the current year. The Principal noted the hard work by the Finance Director who would now be able to take responsibility for the financial arrangements of the College.

- 3.3** Governors enquired about procurement and were advised that a member of staff was working on procurement and some savings were resulting. It was suggested that actual expenditure against the planned profile be plotted and provided as a graph.
- 3.4** The Principal commented that two years previously the College had received no adjustment for inflation in the LSC funding allocation and this had amounted to a cut of £400k. The Chairman added that as there had been no Finance Director for most of the year, control had been weak and should be much better in the current year.
- 3.5** Received a proposal to write off trade debts of £10,249.29 and student debts totalling £31,438.98. Provision for the debts had been made in the 2006-7 accounts. The write off of debts was approved.
- 3.6** It was reported that the position with Saplings nursery had been discussed by the SMT and there had been some market research of service and prices and the situation was considered to be just recoverable. The Chairman noted that Saplings was full but losing £60k a year with no rent costs being charged when commercial nurseries were operating at a profit. Staff discounts were costing £35k per year and expensive agency staff were being employed. If the nursery was deemed to have a long term future lower cost permanent staff could be employed. The nursery also complied rigidly with staff/child ratios. Governors requested full details of costs and options for discussion at the next meeting but wished to receive the information before Christmas.

4. FINANCIAL STATEMENTS

- 4.1** The financial statements and report for the period 1 August 2006 to 31 July 2007 were received. These had previously been presented to the Audit committee and some minor corrections to the text made. The unfunded costs of additional learner support were noted. The document was examined in detail and some amendments were requested. The outturn of a £196k deficit was very disappointing but it was recognised that it could have been worse and some accounting errors which had been corrected had reduced the deficit. The key reasons for the disappointing performance were attributed to the commercial income shortfall and high costs of temporary cover for senior management vacancies. Subject to the minor amendments requested, the financial statements and report were recommended to the Board for approval.

5. HUMAN RESOURCES REPORT

- 5.1** Received the HR report. It was noted that this concentrated on work streams but

contained no data. The Principal confirmed that data had been requested. The Vice Chairman was concerned that the job evaluation exercise which had cost £60k had so far produced no evident results. The Principal said this was progressing but some issues may exist with the data. Governors made it clear that consultants should not be employed to finish the task and the matter was to be brought back to the Board meeting on 12 December. The Principal referred to the Institute for Learning standards and teachers qualifications which had come out of the Leitch review.

6.1 ENTERPRISE REPORT

The Director of Enterprise presented the report and explained the priorities and growth areas. The risks to the enterprise business plan were the time taken to make the investments required for delivery, limited accommodation and residential space for adult groups. It was noted that some inadequacies in Bicton House, notably toilets had now been addressed, and catering had been improved. The Principal stated that he was keen to expand the business that the college had the resources to deliver to generate income before moving to new areas. Governors enquired about the provision of a separate web site for the Rural Academy and were advised that this was being progressed.

6.2

The Vice Chairman reported that the Education and Standards Committee had received details of the planned full cost courses and were particularly interested in the Rural Academy. The College should be selective on which business to pursue according to the ability and facilities to deliver. Noted that the AMTRA and pest control courses continued to run very successfully. Governor contacts should be used and the relationship with BOAT also used to generate contacts. It was noted that Jenny Bashford was assisting with CPD. It was confirmed that the College was looking at the environmental building area for business opportunities.

7.

7.1 PROPERTY STRATEGY

The Principal reported that he had received conflicting views regarding the strategy. Governors had indicated that they wished to develop the current site, while the LSC had indicated that the College should consider a new site near Honiton. To progress the strategy it was considered necessary to discuss the development options for the current site with East Devon District Council (EDDC) and English Heritage. Discussions had taken place with the developers of the new town site near at Cranbrook. Another option was emerging following the merger proposals between East Devon and North Devon Colleges. No contact had been received regarding the Rolle College site. A meeting with EDDC and English Heritage was being arranged as the next step.

8.

8.1 DATE OF NEXT MEETING

Monday 11 February 2008 at 10.00 am

Signed _____
Chairman

Date _____

ACTION ITEMS			
Minute	Action	By	When
3.6	Requested full details of costs and options for Saplings nursery for discussion at the next meeting but wished to receive the information before Christmas.	Director of Finance and Planning	20.12.07
5.1	Requested the matter of job evaluation be considered further at the Board meeting on 12 December	Principal	12.12.07

