



SOUTHGATE COLLEGE GOVERNING CORPORATION

Finance and Staffing Committee

Minutes of the meeting of 12th February 2009

Attendance

Members

Ann Zinkin (Chairman)
David Byrne (Principal)
Paul Camp
Nigel Levey (from 5.15)

In attendance

Shah Alam	Director of Finance
Angélique Gainza	Vice Principal Curriculum
Lizzie Garn	Head of Service Transformation
David Chaplin)	Chaplin Frobisher Welling, Clerks to the Corporation
Ana Lewis)	

1. Minutes of the meeting of 23rd October 2008

Received: minutes of the meeting held on 23rd October 2008

The minutes were confirmed as true and accurate record and were signed by the Chairman.

2. Matters arising

It was noted that the meetings provisionally scheduled for 11th December 2008 and 29th January had not been required to be held, but management accounts had been circulated and building developments reported to the Accommodation Strategy sub-group.

3. Apologies for absence

Apologies were received from Ron Lis and Andrew Nicholas

4. Declaration of Governor interest

No declarations had been notified.

5. Notification of any other urgent business

There was no other business notified.

6. Management accounts for the period ending 31st December 2008

Received: the management accounts for the period ending 31st December 2008, including the balance sheet at that date and cash flow forecast to November 2009

The Committee reviewed the accounts and noted:

- Overall financial performance. The operating deficit for the year to date was £189K worse than budget, chiefly due to slower than profiled payments.
- Income for the month was £103K (1.3%) below budget with LEA contracts- i.e. Young College - (-33K), Work based learning (-22K) and LSC main allocation (-48K) all worse than budget.
- Pay costs were £45K higher (0.8%) than budget.
- Non-pay costs were £41K (1.6%) above target due to IT, Administration, planned maintenance and ICT departments advancing spending plans.

All performance indicators – year-to-date- compared well with LSC recommended range (shown in brackets)

Cash days in hand	34.4	(5- 30)
Current ratio	1.2	(0 – 2.5)
Pay Costs as % of turnover	72.7	(65 – 72)
General reserve as % of t'over	12.6	(5-10)

The Director of Finance agreed with the Chairman that these were disappointing figures.

Members were particularly concerned that once again the budget profile was apparently so far from reality, as this rendered interim accounts less meaningful.

Members reviewed in detail three issues – overall pay expenditure, Nursery deficit and IT Department overspend.

It was accepted that the very high level of pay expenditure in the last month had been due to exceptional factors, and the year to date ratio of pay spend to income at 72.7 was inflated by the reduced income, but the original all year budget ratio of .69 (i.e. 69%) was above best levels in the FE sector.

The Chairman again voiced her concern at the size of the deficit on operation of the Nursery. It was no longer more or less compulsory for FE Colleges to provide child care facilities, and there seemed little evidence that the College facility was significantly providing for children of learners or staff, or learner child care placements. There were at least two independent providers close to the College

The Director of Finance pointed out that the original budget had set an all year deficit.

The Principal agreed to conduct a review of usage and alternative facilities for the next meeting of the Committee

The Director of Finance reported that investigation of overspend in the IT department had revealed a severe weakness in budgetary and procurement processes and controls. Whilst investigation was on-going, the College was undertaking a thorough re-organisation of the department with the advice of an outside consultancy. A thorough budget review would be required throughout the College to find ways to off-set the IT overspend, thought to be in the region of £60K.

7. Enrolment 2008/09

Received: Cumulative Learner responsive enrolment numbers as at 5th February 2009

The Principal regretted having to report that the learner responsive enrolment statistics previously presented to the Committee had been significantly overstated.

Employer responsive reporting had been more reliable and he would include the updated figures in the minutes.

The correct figures were now:

Learner responsive:

16-18 funded	1585	vs all year target of	1720
Adult funded	2338		3150
16-18 apprenticeships	5		22 (2 per month)

Employer responsive

19+ apprenticeships	2		20
Train to Gain) 600		968 {all-year recruitment;
FE workplace NVQs)		884 {on profile

Angélique Gainza reported on the work being undertaken to mount additional courses to make good the deficiency in learner responsive programmes. The shortfall, if not repaired, equated to a failure to earn funding of some £750K, and although no clawback was expected in the current year, it would inevitably lead to reduction of funding in future years.

The Chairman reported that the Chairman of the Board and herself had heard in detail of these plans; she felt that the Committee, whilst keeping the situation under close review, could have confidence in the new management to turn the situation round.

8. LSC provisional funding allocation

Received: LSC Funding allocation 2009/10: provisional funding statement

It was noted that the provisional 16-18 funding allocation for 2009/10 at £5.884M was £1.3M less than the current year. (19+ allocation would not be known until May) The principal reason given by the local LSC was that they had doubts about the robustness of the College's learner enrolment forecasts and noted possible failure to attain the current year target.

The Principal and Vice-Principal had had extensive discussions with officials of the local LSC and felt they would have their support in protecting Southgate funding level in the next year. However, judgements would be made in a regional, rather than North London context, and the College was in effect competing for funds with 40 other London Colleges.

Paul Camp echoed the Chairman's confidence in the new management's determination to obtain the best results for Southgate College, but hoped that consideration was being given to how the College could adjust to a savage cut in funding, and the Principal assured him that planning for a worst-case scenario was in hand.

9. Update on Building Developments

9.1 Project update meetings

Received: Notes of Design Group meetings held on 16th and 27th January 2009

The Principal pointed out that although it was a very positive achievement for the Outline Planning application to have been submitted to the local authority on 23rd January (a meeting with planning officers to learn of their likely recommendation is expected to take place at the beginning of March) the uncertainty about funding was of greater impact.

9.2 LSC “Moratorium” on FE College Building Programme

Received: Letter from LSC dated 16th January 2009; excerpts from Hansard dated 3rd February; LSC press release dated 11th February 2009

The LSC had over-committed itself in relation to the capital programme, and its ultimate paymasters (Department for Industry, Universities and Skills – “DIUS”) had now called a Moratorium on consideration of all projects that had not received application in detail and had effectively started building, whilst Sir Andrew Foster reviewed the whole programme.

This immediately impacted on those 60 or so projects that had already received approval for their Application in Principle (AiP), and were incurring massive fees in completing the Application in Detail (AiD), but had equally serious implications for those colleges such as Southgate that were not yet in the pipeline, both in respect of current expenditure on design fees and uncertainty about future availability of funding.

The College had entertained the Secretary of State for DIUS earlier in the day, and had rehearsed to him the particular considerations promoting Southgate’s case – contribution to area revitalisation, interconnection with other public sector projects (Southgate Public library) high sustainability rating because of excellent transport links, very poor quality of existing College buildings – and this had been well received, but the Secretary of State could give no guarantees.

Of immediate concern was the financial impact. The College had already spent £300-400K on fees etc for the feasibility study and outline design for planning, and although a claim had been made for the £250K (half of the total spend agreed by the LSC as an appropriate spend on the feasibility study and progression to AiP) there was at worst the possibility that this grant would not be forthcoming, at best the probability that it would be phased or otherwise delayed.

The College was urgently reviewing all options, and would be bringing proposals to the Committee that might well involve ceasing work on the project.

Members expressed their surprise that the LSC funding had not been guaranteed, as this was an important consideration after being asked by the LSC to be more radical in the College’s original aspirations and in agreeing to go ahead with the scheme to AiP stage.

Nigel Levey asked if immediate action was being taken where possible to reduce the haemorrhage of cash on design fees, and was assured that where possible work was being suspended – for example in respect of IT and some Mechanical & Electrical (M&E) work.

10. Other urgent business

There was no other business

11. Date and time of future meetings

Thursday 2nd April 2009. (Replacing the meeting scheduled for 30th April) 17.00 hrs
Thursday 21st May 2009 17.00 hrs

