



# **SOUTHGATE COLLEGE GOVERNING CORPORATION**

## **Finance and Staffing Committee**

### **Minutes of the meeting of 12 May 2009**

#### **Attendance**

##### Members

Ann Zinkin (Chairman)  
David Byrne (Principal)  
Paul Camp  
Nigel Levey (until item 8)  
Ron Lis  
Andrew Nicholas

##### In attendance

Angélique Gainza (Vice Principal Curriculum)  
Richard Teare (Interim Director of Finance)  
Lizzie Jones (Head of Service Transformation)  
Sheila Dawson (Observer)  
David Chaplin {Chaplin Frobisher Welling, Clerks to the Corporation)

#### **1. Minutes of the meeting of 2<sup>nd</sup> April 2009**

*Received: minutes of the meeting held on 2<sup>nd</sup> April 2009*

The minutes were confirmed as true and accurate record and signed by the Chairman. The Chairman asked if in future, all papers on the same agenda could be numbered sequentially.

#### **2. Matters arising**

##### 2.1 Appointment of Senior Finance Officer (para 6)

The Chairman welcomed Richard Teare, recently appointed to be the interim Director of Finance, to his first meeting.

2.2 Update on HR organisation (para 8) – see item 10 below

2.3 Update on funding 2009/10 (para 9) – see item 7 below

2.4 Update on Nursery (para 10) – see item 11 below

## 2.5 Proposed merger of Enfield College with North East London College (para 12)

David Byrne reported that DIUS had now forwarded a recommendation that the merger proceed to the Secretary of State.

The proposed name for the merged College was the College of Haringey, Enfield and North East London.

It was agreed that the offer of collaborative help to the merged college might present opportunities beneficial to both colleges and to the educational provision in the two boroughs of Haringey and Enfield.

### **3. Apologies for absence**

All members were present. Sheila Dawson, recently appointed as an external member of the Audit Committee was welcomed to the meeting which was part of her induction training.

### **4. Declaration of Governor interest**

No declarations had been notified.

### **5. Notification of any other urgent business**

There had been no other business notified.

### **6. Management accounts for the period ending 31<sup>st</sup> March 2009**

*Received: the management accounts for the period ending 31<sup>st</sup> March 2009, including the balance sheet at that date and cash flow forecast to February 2010.*

The Committee reviewed the accounts and noted:

- Overall financial performance. The operating deficit for the year to date was £888K (February - £1128K), chiefly due to slower than profiled payments, but also below budgeted income in respect of non-LSC income streams.
- Income for the year to date was £152K (1%) below budget, (c.£900 below the March 2008 figure) with LEA contracts (i.e. Young College), Work Based Learning and LSC main allocation all worse than budget.
- Pay costs were £81K higher (1.0%) than budget.
- Non-pay costs were £23K (0.6%) above target due to IT and ICT departments earlier overspends.

The figures were better than previously reported, and indicated that the forecast unwinding of timing differences was beginning; substantial invoices were being raised in respect of Young College and T2G, and the LSC payments schedule was returning to normal now their new Financial Year was commencing.

Key performance indicators – year-to-date- were now outside the LSC recommended range (shown in brackets) except in respect of general reserve. The drop in cash was worrying to some members, but David Byrne explained that cash income would soon catch up with the accelerated rate of sales invoicing, and that the Bank had conformed that the bank facility was a committed facility not subject to withdrawal without notice.

Cash days in hand	2.2	(5- 30)	
Current ratio	0.4	(0 – 2.5)	
Pay Costs as % of turnover	75.1	(65 – 72)	
General reserve as % of t'over	11.5		(5-10)

Extreme economy was being exercised, with every staff vacancy being frozen except in cases of urgent need, and many part-time contracts being ended at Easter.

However, in view of the need for the existing buildings having to be retained into the foreseeable future, there had been unbudgeted maintenance expenditure, and substantial spend would require to be accommodated in the 2009/10 budget.

The accounts of all budget holders were subject to scrutiny by the Principal. Angèlique Gainza requested that this account information also be made available to Division heads

It was noted that the Nursery accounts were now better than budget.

The Principal promised the Committee that the future format of management accounts would be simplified and made more meaningful. He would welcome suggestions from members.

## 7. **LSC Revenue allocation 2009/10**

*Received: letters from LSC London Region dated 31<sup>st</sup> March, 7<sup>th</sup> April, (2 letters) 2009 and from LSC Coventry 28<sup>th</sup> April 2009*

The Principal explained the various elements of the “final” allocation – which was in fact still subject to some change, probably the offer of small pots of money for particular projects, along the lines of the “Standards Fund” of some years ago.

The current total allocation for 2009/10 was £14,830,817, a reduction of £748,357 (4.8%) from 2008/09.

A cut of this magnitude could not be accommodated by scrimping and saving. Major restructuring was required, with a budget target of in excess of £1M below 2008/09 being set, in order to retain flexibility for future growth and greater responsiveness to new opportunities.

Members endorsed the Chairman’s call for this situation being seen as an opportunity, making it work for the College by dumping what we are not good at or where excessive competition precluded the achievement of viable learner numbers.

Members asked that the Principal’s re-structuring proposals be substantiated by statistics of what the College did best (both in terms of income and success), and what it did most profitably.

There was general support for the Principal’s determination to sharpen up the Business Response team, and to look for collaboration with private and public sector providers in bidding for project funds

The Committee noted that even a general pay award of 0% increase would still increase the salary bill because of incremental drift. Members noted that all the evidence was that a substantial minority of Southgate teachers were of very high quality; in difficult circumstances it was essential still to retain and reward these.

Sheila Dawson reminded members of the problems caused by inadequacies in budget preparation in the past – the biggest risk facing the College was to adopt a budget which contained unfounded or unverified cost estimates or income forecasts.

*Nigel Levey left the meeting*

## 8. **Update on Capital Funding**

*Received: a letter from LSC Coventry dated 24<sup>th</sup> April 2009.*

David Byrne reported that there had been no further news on possible re-imburement of “lost” capital project expenditure.

In respect of the Southgate project, the planning officers were still worrying about problems of access; it was agreed that there was no urgency.

Political contacts and pressure for Southgate to receive some priority in the building programme was continuing; David Willetts was visiting the College on 9<sup>th</sup> July.

**9. Update on “achievement of funding” performance as at 29<sup>th</sup> April 2009**

*Received: ILR printout of learner responsive funding achievement.*

David Byrne was pleased to confirm that the College was now back on track to achieve the funding target in respect of Learner –responsive programmes.

	<b>Achieved to date</b>	<b>Target</b>
<b>16-18</b>	<b>1748</b>	<b>1720</b>
<b>Adult</b>	<b>2792</b>	<b>3150</b>

Performance (and quality of data) was still not as good in respect of employer-responsive programmes, although there had been a big improvement in T2G since January. Although there was a substantial increase in the next year’s T2G budget, some of this would have to be used to provide for current students continuing into 2009/10. (784 ER Roll-Overs including Level 2, Level 3 and Skills for Life learners) Angèlique Gainza also had some concerns about T2G success rates which impacted on funding.

**10. Update on Review of HR department structure**

*Received: report from Head of Service Transformation, including the information supplied to HR staff at the end of the consultation period.*

Lizzie Jones up-dated the Committee with the outcome of the consultation. A set of final proposals had been issued on 1<sup>st</sup> May 2009, and the various processes of application for posts in the new structure and interviews would begin on 16<sup>th</sup> May. One post had been identified as subject to assimilation (direct transfer).

Given the current freeze on vacancies the opportunities for re-deployment were likely to be limited and there would probably be redundancies. Staff had enquired about enhancements to statutory redundancy pay.

**The Committee resolved that no enhancement should be offered.**

**11. Update on Nursery review**

*Received: report from the Head of Service Transformation, with options for the College’s*

*future Child Care policy.*

The Committee had noted the comments of Staff and Student Governors that there was a need to ensure that adequate child-care provision was available, either in-house or with outside providers. Enfield Council had statutory responsibility for ensuring adequate provision of child-care facilities in the Borough, and would be affected by the closure of the College Nursery. Lizzie Jones's report provided the further detailed financial information on the various options.

Its conclusion was that the College Nursery Financial Performance was better than previously reported, and an increase in charges should in fact enable it to operate profitably – provided there was not a wholesale exodus when the increased charges were introduced.

The Principal confirmed that there was no alternative use for the building without substantial re-modelling expenditure.

<b>Fees: (Weekly)</b>	<b>Current</b>	<b>Proposed</b>	<b>% increase</b>
Under two years old:			
Community	£206	£268	30%
Lecturers	£194	£252	30%
Students	£185	£213	15%
Over two years old:			
Community	£201	£261	30%
Lecturers	£173	£225	30%
Students	£165	£190	15%

**It was resolved that all clients be informed of the new rates which would be introduced on 1<sup>st</sup> July 2009; if there were significant withdrawals threatening the viability of the Nursery it would be closed.**

**12. Link House Lease renewal**

This had been put on hold.

**13. Date and time of future meetings**

The date of the next meeting was confirmed as Thursday 25<sup>th</sup> June 2009, but the start time was brought forward to 1600hrs to ensure there was sufficient time to give detailed consideration to the budget.

**The meeting finished at 6.45 p.m.**