



SOUTHGATE COLLEGE GOVERNING CORPORATION

Finance & Staffing Committee

Minutes of the meeting of 17th June 2010

held in the Committee room of Southgate House, commencing at 5.00 p.m.

Attendance

Members

Ron Lis (Chairman)
David Byrne (Principal)
Andrew Nicholas
David Williamson
Ann Zinkin

In attendance

Kevin Moir (KME Consultancy, for item (9))
David Chaplin (Chaplin Frobisher Welling, Clerks to the Corporation)

1. Minutes of the meeting of 27th May 2010

Received: minutes of the Part 2 meeting of the Committee held on 29th April 2010

The minutes were confirmed as true and accurate record and signed by the Chairman. It was agreed that these part 2 minutes were no longer confidential and could be released for publication on the College web-site.

Received: minutes of the meeting held on 27th May 2010

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

2. Matters arising

There were no matters arising.

3. Apologies for absence

All members were present. Richard Teare was recuperating from an operation on his back

4. Declaration of Governor interest

There were no interests notified.

5. Notification of any other urgent business

None notified.

6. Management accounts for the period ending 31st May 2010

Received: the management accounts for the period ending 31st May 2010, including the balance sheet at that date and cash flow forecast to July 2010

Overall, the year to date surplus was £22k; (budget £246k). Income was marginally below budget, due to shortfall in LBE contracts and Job Centre Plus. Expenditure was also below budget, with over- budget teaching costs being off-set by savings in support staff costs. Pay costs had reduced to 70.2 % of income. The year-end out-turn operating surplus was predicted at £27k (budget £344k).

The Balance sheet remained strong (assets of £13.105m. (May 2009 £14.378m) including cash of £1.991m. The cash position would remain positive until the year end. It would be unrealistic to produce further projections in the light of major funding and expenditure cuts required to be made.

Performance indicators were within LSC norms including Pay costs as a % of income, which had reduced to 70.2 %.

The Nursery Accounts had showed a profit for a second month, and the year to date loss was reduced £3.9k and the budgeted break-even out-turn was still thought achievable.

7. Update on 2010/11 budget preparations

Received: draft budget with comments dated 14th June 2010

The draft budget was currently predicated on income of £16.4m (2009/10 £18.2m), and expenditure of £16.3m (2009/10 £18.5m), of which pay costs were £11.2m (2009/10 £12.9m), 68.3% of income.

Members expressed satisfaction at the way the College was responding to the reduction in funding by substantially reducing expenditure, particularly pay costs.

8. Capital Expenditure 2010/2011

Received: a report from the Head of Service Transformation of requests for capital expenditure for 2010/11

In accordance with normal procedure department heads had been asked to submit requests for capital expenditure, and a list of these requests, totalling £180k was included in the report. Although the draft budget included provision for £220k of capital expenditure (excluding the Automotive Academy), there was ongoing commitments for computers etc. It would be necessary for the Leadership Team to examine carefully the individual requests against the priorities of the Development plan.

The Committee endorsed this approach

9. **Automotive Paint Academy (“APA”)**

Received: a report from KME Consultancy on prospective APA Business Strategy and Financial Plan

The Committee considered this very detailed report which set out:

- The mission of the APA to be the Automotive Academy of Choice for London and the Home Counties, delivering life-long learning to the automotive industry’s work force.
- The objective of the College to create a commercial environment that allowed flexibility and autonomy in meeting the industry’s training requirements.
- Investment options, from zero to £2.4m (first year).
- Projected curriculum offer (in Paint Technology, Electrical and Mechanical servicing, Cosmetic repair) and course take up.

Andrew Nicholas praised the report which was comprehensive, and which clearly set out the opportunities and risks.

Kevin Moir suggested that the two key questions were:

- Could the College afford it?
- Does the Board and the College stand four-square behind it?

Ann Zinkin said that this was an important element in the College’s strategy to “be the best”; however it was a substantial investment and she felt it was important for members of the Governing body to visit first hand the Du Pont facility at Stevenage, and if North Hertfordshire College was willing, to visit their Vocational Centre nearby to see how an industrial unit could be successfully transformed into a training facility.

The Committee agreed:

- **That option 2 was the preferred option**
- **That full costings for that option be developed**
- **That negotiations with the SFA in respect of approvals be continued**
- **That banks be asked to tender for capital funding provision**
- **That negotiations for the leasing of an industrial unit (subject to SFA approval and change of use being granted) be continued to draft contract stage**
- **That detailed plans be prepared, and application for change of use prepared**

10. **To receive an update on College Restructuring**

Received: a report from Lizzie Jones, Head of Service Transformation on progress to date

Lizzie Jones had reported on progress in identifying pay cost reductions short of compulsory redundancy. These included natural wastage (6.5 FTE), voluntary redundancy (14.5 FTE) and reduction of Agency usage (9.25 FTE), a total of 30.25FTE, leaving only a reduction of 8.62 FTE posts to be achieved by compulsory redundancy.

The Committee congratulated Lizzie Jones on this achievement

11. Enrolment 2009/10

Received: statistics of learner enrolment as at 8th June 2010

David Byrne confirmed that the College was on course to meet the 16-18 learner number target of 1720, and that the adult learner-responsive number target of 2,800 would also be met.

There might be some shortfall in Employer-responsive provision, but generally the College was on course.

12. Update on Government proposals

Received: a letter from Michael Gove, Secretary of State for Education; a report of a speech given by John Hayes, the Minister of State for Further Education, Skills and Lifelong Learning, (BIS.)

The Committee noted the two communications: more would become clear after the budget.

13. Part 2 agenda

It was agreed that these items should be referred to the Part 2 Corporation meeting to be held later that evening.

14. Date and time of next meeting

The date of the next meeting of the Finance & Staffing Committee was changed to Thursday July 15th 2010 at 5.00 p.m., subject to availability of Financial Forecasts.

Ron Lis gave his apologies for that meeting and Ann Zinkin agreed to chair it.

The meeting ended at 6.15 p.m.