



SOUTHGATE COLLEGE GOVERNING CORPORATION

Finance & Staffing Committee

Minutes of the meeting of 25th February 2010 held at Southgate College, commencing at 5.00 p.m.

Attendance

Members

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

In attendance

Lizzie Jones (Head of Service Transformation)
Richard Teare (Interim Director of Finance)
David Chaplin (Chaplin Frobisher Welling, Clerks to the Corporation)

1. Minutes of the meeting of 28th January 2010

Received: minutes of the meeting of the Committee held on 28th January 2010

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

2. Matters arising

2.1 (Para 6 “One-off costs”). Lizzie Jones gave an estimate of £212k for the overall redundancy settlements – some agreements had yet to be concluded. She hoped to provide a final report for the next meeting.

2.2 (Para 6 “Assets Plan”). David Byrne reported that this would be completed by the beginning of the next Academic Year.

2.3 (Para 7 “BDU presentation”). This was reserved to the Part 2 agenda

2.4 (Para 11 “Industrial action”). David Byrne reported that the Union was not proposing industrial action, but had requested that the Governors gave careful consideration to any further proposals for redundancies. Members commented that given the projected further reductions in funding it was difficult to see how the savings could be achieved through natural wastage or re-deployment although exploring these avenues remained the policy.

3. Apologies for absence

Apologies were received from Paul Camp and Nigel Levey

4. Declaration of Governor interest

There were no interests notified.

5. Notification of any other urgent business

None

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

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

These were in the previously agreed format, but with an additional column to provide a comparison with the previous year.

Overall, the year to date deficit was £340k; (Budget £360k, 2009 £284k).

The Balance sheet remained strong (assets of £13.644m, including cash of £1.30m (Jan 2009 £1.02m). 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 required to be made.

Performance indicators (year to date) were within LSC norms except for Pay costs as a % of income, which was high because staffing cuts had lagged behind reduced income:

	As at 31.01.2010	As at 31.01.2010	LSC norm
Cash days in hand:	25.8	20.5	5<>30
Current Ratio:	0.9	0.9	0<>2.5
General reserve as % of			
turn-over	7.3	11.2	5<>10
Pay costs as % of income	72.5		65<>72

Richard Teare alerted Members to a potential claw back of £175k by LSC in respect of monies overpaid in respect of adult provision.

Taken with income shortfall this was likely to reduce the year-end out-turn surplus to £207k (budget £497k).

The Nursery Accounts showed that a loss had been incurred in four of the six months to date (cumulative -£10.9k), but the budgeted break-even out-turn was still thought achievable

7. LSC Funding Allocations for year ended 31st July 2011

Received: a report from the Principal of funding allocations from LSC for 2010/11, and proposals from the Management Team to address the consequent income reduction of 12.5%

David Byrne reported that the allocations notified by the LSC represented a reduction of 12.5% from the 2009/10 allocation:

	2010/11	2009/10	reduction
!6-18 Learner responsive	£6.304m	£7.200m	£0.896m
19 + Learner responsive	£4.815m	£5.350m	£0.535m
Employer Responsive (max)	£0.900m	£1.180m	<u>£0.280m</u>
			£1.711m

The College response to these allocations had been:

i) to initiate discussion with the LSC and the Local Authority, but all budgets were under pressure and it was most unlikely that significant additional funding would be obtained

ii) to carefully examine the current curriculum to identify those areas that must be maintained to match funding agency priorities and align with the strategic vision of greater specialisation and quality

iii) to work with neighbouring Colleges to ensure that in all curriculum areas there is a through route for all learners from foundation level to at least level 3

Budget cuts of the magnitude of 12.5 % could only be achieved by reducing the largest cost element, staff costs.

Proposals to be made to the Governing Body were outlined, together with a draft timetable commencing with preliminary discussion with the trade unions commencing 1st March.

The Committee agreed to recommend to the Governing body that the proposals and draft time-table be accepted, and that the Management Team be authorised to pursue whatever strategy was necessary to respond to the reduced funding.

9. Tuition fee Policy 2010/11

Received: proposals from the Principal on tuition fees for 2010/11

David Byrne reminded Members that the LSC strategy to increase the assumed level of tuition fee contribution gave a 50% contribution target for 2010/11, equivalent to a fee of between £1300 and £1500 on most full-time courses. The College was concerned that these higher fees would impact on demand, although there were a number of statutory or discretionary concessions and support funds. In addition the College offered payment by credit cards, and where the fee was above £500 for payment by instalments. The internal auditors had suggested that this latter policy was not good practice, but his discussion with other Principals had confirmed that the practice was widespread, and the Clerk confirmed this.

Members endorsed the Concession proposals and the continuance of accepting payments by instalments.

Members endorsed the detailed fee proposals:

- **the registration fee for 16-18 full-time students be £25 (unchanged from current year)**
- **the tuition fee for home 19+ students be increased to 50% of National Base Rate (NBR)**
- **the tuition fee for non-exempt overseas students be increased to £5,300 (Full time) or £10 per hour (part time)**
- **exam fees should be adjusted to match any fee increases charged by the awarding body**
- **full-cost programmes continue to be priced individually, to include a contribution to fixed costs**

10 Additional financial support for capital costs

Received: a letter from the LSC dated 8th February 2010 offering additional financial support towards the sunk costs of the aborted building programme

Members welcomed the additional support of £75k.

11. Enrolment 2009/10

Received: statistics of Learner Enrolment as at 1st February 2010

David Byrne confirmed that the College was on course to meet the 16-18 Learner number target of 1720 (current number 1634), but a positive response to the new start programmes of the spring and summer terms would be required if the Adult learner-responsive number target of 2,800 was to be met (current number 2110).

12. Motor Vehicle Accommodation in Enfield

David Byrne reported that Heads of Terms had not yet been received; but he was confident that this would have been achieved by the time of the next meeting.

13 Date and time of next meeting

The date of the next meeting of the Finance & Staffing Committee was confirmed as Thursday April 29th 2010 at 5.00 p.m.

The meeting ended at 6.00 p.m and was followed by a Part 2 agenda meeting.