



SOUTHGATE COLLEGE GOVERNING CORPORATION

Finance and Staffing Committee

Minutes of the meeting of 31 January 2008

Attendance

Members

| | |
|-----------------|-----------------|
| Ann Zinkin | Andrew Nicholas |
| Ron Lis | Paul Camp |
| Michael Blagden | |

In attendance

Shah Alam
Angélique Gainza
Maureen Medien
John Spindler

1. Minutes of the meeting of 13 December 2007

With the correction of a typographical error and confirmation that the Nursery budget deficit for the year to date was £5K rather than £16K above budget, the minutes were confirmed as true and accurate and were signed by the Chairman.

2. Matters arising

9.1 – College borrowing

Governor Ron Lis requested information on the liability for interest payments during the construction phase of the new development. John Spindler confirmed that LSC payments always lagged expenditure and the College would have to make arrangements with Lloyds TSB to fund this lag and to fund initial payments.

In identifying the likely College liability, John Spindler confirmed that the LSC would expect the College to contribute between 30% to 40% of their annual turnover which would include the funding of any existing loans (currently £600K).

By Ann Zinkin, that the Finance and Staffing Committee would wish to see regular cash flow reports throughout all phases of the rebuilding programme including the feasibility study and approval in detail phases.

9.3 – Financial Accounts 2006/07

The Principal confirmed that the Financial Accounts for 2006/07 had been duly approved and signed and submitted to the LSC.

3. Apologies for absence

Apologies were received from Paul Camp, Nigel Levey and Andrew Nicholas.

4. Declaration of Governor interest

No declarations were received.

5. Notification of any other urgent business

By the Principal, that he wished to report on current Human Resources issues.

6. Management accounts for the period ending 31 December 2007

Governors received the management accounts for the period ending 31 December 2007, and noted:

- For the period January to March 2008, profiled income from the LSC was at its lowest and the current cash figure of £1.9M would be significantly eroded by the end of March 2008.
- On the income side the high risk area was T2G with only £74K recorded against a target income of £500K.
- ESOL Transitional Funding and additional funding from 2006/07 was not yet fully released into the accounts.
- Non-pay costs were £29K over budget for the year to date.
- There was an operational deficit on the month and year to date of £147K and £98K respectively but a net surplus of £101K for the year to date.
- That back pay related to August to December 2007 was not included in the accounts.

Overall the financial position was satisfactory and was as least as good as the equivalent period in 2006/07.

7. Funding Methodology for 2008/09

Governors received from the Principal a report on the LSC's new Funding Methodology that will come into operation for funding the academic year 2008/09.

Governors noted, that:

Funding would be related to:

- SLNs, which would replace FTEs
- A national funding rate for each SLN

- A provider factor which would include:
 - programme weighting;
 - disadvantage uplift;
 - area cost factor;
 - a factor related to the programme mix of Southgate College;
 - a success factor related to the College's achievements.

All the above would be combined into a single provider factor which would modify the Standard Funding Rate.

The funding formula would therefore be:

Standard Learner Numbers x Provider Factor x Funding Rate to which is added formula based Additional Learning Support.

In addition to the funding generated by the new formula, the College would receive additional funding for ALS.

8. College plans for student numbers for 2008/09

Governors received a report from Angélique Gainza giving initial indications on the changes in learner numbers and curriculum provision for 2008/09.

The College would seek to negotiate with the LSC to deliver the following learner numbers:

| | P/t | F/t |
|-------|------------|-------------------------------|
| 16-18 | 275 | 1450 (1375) |
| 19+ | 2800 | 1300 (1200) (indicative only) |

Governor noted that:

- Planned changes in curriculum included:
 - new hair and beauty provision for 14-16 year olds on the main site and as an ESOL vocational option at Edmonton Green College Centre;
 - a National Diploma in Motor Sports (not yet validated);
 - a Foundation Degree in Creative Design;
 - a significantly increased range of ESOL/vocational provision;
 - a significantly increased Train to Gain programme which should compensate for the reduction in main-stream funding for adults.

9. College Feasibility Study

Governors received from John Spindler the regular update on the Feasibility Study, which it was intended to submit to the LSC by mid-February.

The report confirmed Option 3C as the preferred option which will replace all existing buildings, acquire and develop the Library Site and dispose of the majority of the Minchenden Site, retaining the Mews Building and rear car park for expansion. It will also include a College proposal to acquire additional sports facilities on the Old Ashmolian Site close to the College.

The report compared all options, with a base case of retaining the current site, by means of a Net Present Value calculation, where the high value (or least negative value) indicated the best financial benefit to the College.

Since preparing the report, the College had received additional advice from the LSC which would have the effect of worsening the base case, as students would be less likely to attend a college with poor accommodation and would increase the financial advantages of all other options, particularly Option 3C.

The report also compared options by Qualitative Assessment Criteria and again, Option 3C emerged as the best option, particularly in relation to the base case, but only marginally better than Options 3A and 3B.

Governors confirmed the recommendation of the report that Option 3C remained the preferred option. They did note however, that the LSC were changing the financial rates against which new buildings should be calculated and this might have the effect of significantly increasing the gross capital costs of all options above £75M-£76M.

10. College's use of preferred suppliers

Received from John Spindler, a report on the preferred suppliers currently used by the College and proposals as to when they should be reviewed.

By Ann Zinkin, that the College should consider a single provider for both Gas and Electricity.

By the Principal, that College mobile phones were currently on a separate contract which was reviewed annually.

Governors agreed the list of preferred suppliers with the exceptions of Gas and Electricity, where more information was required.

The current position is that the College has a five year fixed price contract for gas with Npower which expires in 2009, and a two year fixed price contract for electricity with Southern Electric which expires in 2009.

11.& 12 Interim funding performance and enrolment 2007/08

Governors received the January report on learner numbers and the generation of funding against targets and noted:

- The only serious concern was in full-time adult recruitment which is currently 105 below target. However, the College has contracted with Orion Pax for an additional 50 full-time students with a potential further 25 students if necessary.
- Part-time adult enrolment is also 874 below full year target but there are two recruitment periods yet to go and some full cost provision e.g. AAT is eligible for funding and can be transferred back into funding.

13. Any other urgent business

The Principal reported on two ongoing Employment Tribunal cases:

- Ex-staff member OO, who was dismissed from the College for incompetency under the terms of the Probation Procedure, is alleging that his dismissal was related to religious and racial discrimination. The religious element was heard at the Employment Tribunal on 20 December 2007 and was thrown out, with the warning that in the opinion of the Chairman, OO's case was very weak and there was a 'wall' of evidence against him. The Chairman also stated that if OO had carried out certain acts as alleged, his dismissal was inevitable and that he might well be liable for costs at any future hearing. Because of this statement, the Chairman of the Tribunal recused himself from taking part in the racial element of the case which is due to be heard on 25 February.
- In a second case, two ex-members of staff who were made redundant in 2007, allege that they were entitled to nine months redundancy notice rather than the four months paid, as when NATFHE/UCU negotiated the new contract with the College (which included the changed terms) it did not apply to them as they were not members of the union and had not personally signed a contract. The hearing of this case was set for sometime in July.

14. Date of future meeting

To note the dates of future meetings as 28 February, 8 May (changed from 24 April), 3 June (changed from 5 June) and 24 July 2008.