



# ***SOUTHGATE COLLEGE GOVERNING CORPORATION***

## **Finance and Staffing Committee**

### **Minutes of the meeting of 26 July 2007**

#### **Attendance**

##### Members

Mr R Lis                      Mr A Nicholas  
Mr N Levey                 Mr M Blagden  
Mr P Camp

##### In attendance

Mr S Alam  
Dr A Gainza  
Mr J Spindler  
Mr S Fuchs

#### **1. Minutes of the meeting of 28 June 2007**

The minutes were accepted as a true and accurate record of the meeting.

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

##### Item 7. Revised HR arrangements

Principal reported that both the HR Management posts had now been filled.

##### Item 8. Restructuring of the IT Team

Vice Principal John Spindler reported that the restructuring of the IT team was now complete. Only those Technicians who had performed well on the skills test had been retained.

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

There were no apologies for absence.

#### **4. Declaration of Governor Interest**

No declarations were received.

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

By the Principal – Pay Award 2007/08.

## **6. Management Accounts for the period ending 30 June 2007**

### **6.1 Southgate College Corporation**

Governors received the management accounts for the period ending 30 June 2007 and noted that the financial position continues to show significant improvements with an operating surplus for the third month in a row. Governors also noted:

- A net surplus of £108K and £235K respectively for the month and year to date against budgets of -£12K and £116K respectively.

#### Income

- For the month is £20K above budget but £104K below budget for the year to date. Both home tuition fees and overseas tuition fees are below budget but are showing significant improvements.

#### Pay costs

- Pay costs remain £52K below budget for both the month and £124K for the year to date.

#### Non-pay costs

- Below budget for both the month (£41K) and the year to date (£69K).

#### Key Ratios

- Cash days in hand and the general reserve have improved. However, July is a month where expenditure remains high and income from the LSC is at the lowest part of the income profile. The key ratios will therefore significantly worsen by the end of the financial year in July.

### **6.2 Nursery Accounts**

Governors received the Nursery accounts for the period ending 30 June 2007 and noted that the accounts continued to show a satisfactory position with a deficit of £2.6K against a budgeted deficit of £14.2K.

For the future, Governors determined that they only wish to see the Nursery accounts on a three month basis.

## **7. Budget 2007/08**

Governors received the proposed budget for 2007/08 and noted:

#### Expenditure

- Teaching pay costs included provision for salaries of 2.5% plus incremental drift.

- Established staffing funding was increased from £6.01M to £6.46M which included provision for pay increases and support for ESOL.
- Expenditure for part-time teaching contracts remains unchanged and include the savings associated with the recent redundancy programme.
- Overall teaching pay was increased by 4.4%.
- Train to Gain staff costs are increased from £5K to £250K.
- £100K has been provided to cover further redundancy costs and long term sickness.
- Overall pay costs have increased by 5.9% in 2006/07.

#### Non-Teaching Pay

- Overall non pay costs show a reduction of 7.9% however this is related to the end of the DDA programme in 2006/07 (£413K) and reduction in franchise provision (£80K). Without these two one-off items the non pay costs would be virtually unchanged.
- Other staff provision is increased from £1.5M to £1.65M and includes staffing costs associated with the Achievement Unit and the costs of increments.

Overall the proposed budget will produce an operating surplus of £190K and a net surplus of £560K. However, when exceptional funding items are taken out then the net surplus will only be £75K.

***Governors accepted the proposed budget and agreed to recommend it to the Governing Body.***

## **8. College's Financial Forecast 2007 – 2010**

Governors received the financial forecast for the years 2007-2010 and noted that on page 2 for 2006/07 all but two of the financial objectives had been achieved. The two not achieved being:

- cash days – target 12-50 days - achieved 4.22 days
- increase in non LSC income – target 10% - achieved 1%.

The financial objectives for 2007-2010 were set at:

- To set a budget with an operating surplus 2007/08 and 2008/09;
- To achieve an operating surplus in 2007/08;
- Continue to maintain a sound financial base (solvency and liquidity) by achieving the previously set financial objectives;
- Increase income from non LSC and HEFCE strands by a further 10% by 2008;
- Re-negotiate ALS funding for 2008/09 to, at least, £100K above 2007/08 allocation;
- Ensure that all funding returns and audit reports are unqualified;
- Continue to improve the internal financial reporting mechanisms for budget holders and Governors;
- Implement a computer based HR System;
- Complete the feasibility study relating to the College's Property Strategy;
- Develop and implement the College's Property Strategy;
- Reduce the proportion of franchising work and associated funding;

- Establish Southgate College as an exemplar for Young College (14-16) education opportunities;
- Consolidate the College Financial Health category assessment as Category B in 07/08 and return it to Category A by 2008/09.

Governors noted that the College had a 9 year record of hitting its funding targets in all years except 2003/04 where only 99% of the target was achieved.

The LSC methodology calculation and the College opinion of financial health category is shown below:

<b>Year</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Financial Health Category (LSC methodology)	C	C	A	A	A
Financial Health Category (College Opinion)	B	B	A	A	A

Both the funding record and the progress made on financial recovery will put the College in a sound position for obtaining funding support from the LSC for its property strategy.

Governors noted that two changes were required to the forecast and that in paragraph 1 and 2 the increase in non-LSC funding should be set at 10% and not 20%.

*With the above changes, Governors agreed to recommend the financial forecast to the Governing Body.*

#### **9. Proposed dates for Finance and Staffing Committee meeting for Academic Year 2007/08**

Governors received and noted the proposed dates for meeting of the Finance and Staffing Committee for the academic year 2007/08.

#### **10. Any other urgent business**

##### Pay Award 2007/8

Governors received a report from the Principal on national negotiations on the cost of living pay award for 2007/08. Governors noted:

- That no agreement had yet been made between the AoC and the recognised Unions.
- That the final offer from the AoC was
  - 2% from 1 August 2007 followed by
  - 1% from 1 February 2008 on all salaries and allowances.

The above offer equated to 2.5% over the whole year which was the sum included in the budget.

Governors noted that further negotiations are to take place which will result in a pay award that will be recommended to Colleges by the AoC. When this is recommended, Governors will determine the award they are going to make which would normally be backdated to 1 August 2007.

**11. Date of next meeting**

20 September 2007