



FINANCE & GENERAL PURPOSES COMMITTEE

Meeting held on Wednesday, 11th February 2015 at 5.00pm
in the College Board Room

MINUTES

- Present:** David Buckle, *Chair*
Marie Gilluley, *Principal*
Andrew Roberts
Peter Syddall
- In attendance:** Mark Burgoyne, Vice Principal, Curriculum
Carl Hosker, Director of Estates
Tracy Kitchingman, Executive Director, Finance
Peter Ryan, Clerk to the Corporation

The meeting was quorate throughout.

01/15 **Declarations of Interest**

There were no declarations of interests.

02/15 **Apologies for Absence**

Apologies for absence were received from Gwen Crawford.

03/15 **Minutes of the Meeting of 26th November 2014**

The minutes of the meeting held on 26th November 2014, were agreed for the Chair to sign as a true and accurate record.

04/15 **Matters Arising**

The Clerk introduced the written Matters Arising report and confirmed that all matters arising had been addressed or were covered on the agenda.

It was RESOLVED that the contents of the report should be noted.

05/15 **Horwich Lease**

The Executive Director, Finance introduced the report and confirmed that, as previously reported the College had been working with a property advisor to negotiate a mutually beneficial termination of the Horwich Lease. Following agreement with the Vice Chair of the Corporation, a final position had been reached. This represented an improvement on the initial offer, but with a slight revision to the payment profile and had been agreed and completed by both parties. The College Solicitors, acting in conjunction with the College

Management Team, had drafted the settlement terms in respect of the Horwich Campus into a Deed of Surrender. The Principal and Vice Chair of the Corporation had signed and sealed this Deed on 21st January 2015.

In response to a question, the Principal confirmed that the engagement of a property advisor had represented value for money and an outcome that could not had been achieved without such advice.

It was RESOLVED that:

- a) the contents of the report be noted;**
- b) the Vice Chair's action taken with regard to accepting the initial offer be noted; and**
- c) a recommendation be made to the Corporation that the Vice Chair's action taken in respect of applying the College Seal and therefore agreeing the final settlement terms be ratified.**

06/15

Results of LEO 1 for the First Quarter

The Executive Director, Finance introduced the outcome of the first quarterly review to October 2014, Latest Estimated Outturn 1 (LEO1), based upon the management accounts to the end of October 2014. The report included summary schedules showing for each budget holder, the 2014/15 budget, LEO1 and a table of individual variances between the Budget and LEO1.

Members discussed the following significant issues that would affect the financial performance of the College in the current and subsequent financial years:

- Early surrender of the Horwich Lease;
- Significant reduction in the level of sub contracted delivery of Work Based Learning (WBL);
- Over achievement of 2013/14, 16-18 WBL; and
- Over achievement of the 2013/14 Adult Skills Budget.

Members agreed that discussions should continue with the Bank in order to secure flexibility in the loan covenants. Members considered that any move to secure the loan by applying an interest in the College Campus should be linked to a reduction in the interest rate. It was noted that some Colleges were discussing loan options with their Local Authority.

It was confirmed that further meetings with the Bank would be held and that a representative from the Bank had offered to attend a meeting of the Finance and General Purposes Committee. Members agreed that this should be scheduled at the appropriate time.

It was RESOLVED that:

- a) the contents of the report be noted; and**
- b) a representative from the Bank be invited to attend a future meeting of the Committee.**

Financial Monitoring 2014/15**a) Summary of Accounts to December 2014**

The Executive Director, Finance introduced the report on the summary of accounts to December 2014.

It was noted that the headline performance was as follows:

- **Income** above by £25k, mainly due to all income lines being slightly above or in line with the budget;
- **Payroll expenditure** below by £3k;
- **Non-pay expenditure** below budget by £37k, which was mainly due to a combination of both positive and negative variances across a range of expenditure headings; and
- **Operating surplus** of £1,607k, compared to a LEO1 revised budget of £1,542k, with a positive variance of £65k.

Attention was also drawn to the following performance indicators:

- **Learner numbers** FE learner number were at 97% of target and 19+ were at 70%, expressed in terms of the overall value of the Adult Skills Budget;
- **Total FTE staffing of 413**, 20 less than the budgeted average figure for the year;
- **Cash-in-hand of £2,815k**, giving 38 days in hand;
- **Debtor days of 118 days**, 109 more than the forecast of 9;
- **Creditor days at 29 days**, 19 less than the forecast of 48; and
- **Current ratio of 1.99:1**, affected by the cash balance and the use of the accruals (straight 12ths) for SFA and EFA income, rather than the cash basis.

b) Cash Flow Position

The Executive Director, Finance introduced the report on the cash flow position, as at 31st December 2014.

Members reviewed the key changes in the cash flow forecast at LEO1 compared to the original derived from the financial plan in June 2014, as follows:

- The timing of both receipts and payments, estimated in the original cash flow in June 2014, had been significantly revisited following the confirmation of the 2013/14 year end position;
- Both debtor and creditor year end balances at July 2014 out turned less favourably than forecast;
- Due to the delayed completion of the STEM centre some capital payments, originally forecast in 2013/14, had moved into the current year;
- The LEO included the unwinding of the Horwich Onerous Lease position, and whilst this had a positive impact on the forecast surplus, the cash settlement in 2014/15 was higher than the annual costs anticipated in year;
- The College had significantly reduced the expected income from the Skills Funding Agency (SFA) to reflect the withdrawal from sub-contracted Work Based Learning provision. Confirmation of how the SFA intended to reflect this had not yet been agreed; and
- The impact of the current financial position on the bank covenants for this and next year had been highlighted with Barclays.

It was RESOLVED that the content of the reports should be noted.

08/15

Bolton STEM Centre Update

The Director of Estates introduced the update report and confirmed the following key actions:

- Turner and Townsend were in the process of preparing and agreeing the final account for the project with the Contractor;
- Turner and Townsend had requested additional fees as the project had over ran by 4 months;
- The Contractor had made an additional works claim at the end of the project and contractually had until 31st January 2015, to substantiate their costs; and
- The College was required, as part of the Enhanced Renewal Grant (ERG) funding, to submit a final statement of funds position. Due to the on-going negotiations in relation to the final account, a draft statement had been sent to the Skills Funding Agency to meet the 31st October 2014 deadline. It had been agreed that the final statement would be sent once the account had been finalised. This was expected to be by the end of February 2015.

Members asked if any of the potential additional costs had been included within the budget and cash flow forecast. It was confirmed that any additional costs had not yet been taken into account and would have to be covered by in-year capital funding.

It was RESOLVED that the contents of the report should be noted.

09/15

Joint Ventures Update 2014/15 - Watertrain (Confidential Item)

This item is confidential under the terms of the Freedom of Information Act since it refers to commercially sensitive information.

The Principal introduced the report and confirmed that, as had been previously reported, a settlement payment had been reached. In addition, an offer in respect of court costs had been made.

It was RESOLVED that the contents of the report should be noted.

10/15

Enrolment and Funding Data for 2014/15

The Vice Principal, Curriculum, introduced the report, which provided an update on learner numbers and funding performance for the Academic Year 2014/15, for the following major funding streams:

- 16-18 Learners;
- Adult Classroom Learners;
- Apprenticeships;
- Higher Education;
- Community Learning; and
- 24+Loans

It was confirmed that most income streams were on target to be achieved. The key emphasis, as outline within section 3.2 of the report, was to continue to realign the curriculum to apprenticeship delivery and new funding streams.

It was RESOLVED that the contents of the report should be noted.

11/15

Franchise Update 2014/15 (Confidential Item)

This item is confidential under the terms of the Freedom of Information Act since it refers to commercially sensitive information.

The Vice Principal, Curriculum introduced the report and confirmed that at the Corporation meeting held on 8th December 2014, the decision to terminate all but 2 sub-contracts by 12th December 2014, had been supported and agreed.

The report highlighted performance in terms of funding and learner numbers for both 2013/14 and 2014/15.

It was RESOLVED that the contents of the reports should be noted.

12/15

Birtenshaw Project

The Executive Director, Finance introduced the report and confirmed that the College had engaged in a LSIS project in 2012, to encourage FE colleges to extend their provision to include High Cost Learners in partnership with local specialist schools. In 2013, the funding for High Cost Additional Learner Support (HCALS) transferred from the Education Funding Agency (EFA) to individual Local Authorities.

The College raised its concerns for these learners with Bolton Council. Birtenshaw School, a private specialist education facility, was identified by the council as an ideal facility for this provision. The intention being that they would, supported by the Council and EFA, take over this provision with a direct contract. In the interim, the College would continue to provide some delivery under a sub-contracting arrangement, but would also act as an agent to draw the HCALS funds from the Council to pass to Birtenshaw School, who would use their staff and facilities to provide the high level of support needed.

It was considered that, in order to ensure transparency and appropriate monitoring, a single contract should exist for this cohort of learners which established the framework, funding guideline requirements and payment schedule for both the delivery and support.

Financial Regulations required that any contract in excess of £100k should be approved by Finance & General Purposes Committee. Whilst this was not a contract to deliver in excess of that value, the passing on of the High Cost Additional Learner Support element from the Local Authority to the school, did in fact represent payments to the school to the value of £135k in 2014/15. Accordingly, it was deemed appropriate to advise the Committee of this unique arrangement, and seek approval to include all elements in a single contract with a value of £135k.

In future details of this partnership arrangement would be included in the External Bids and Funding report to each Committee meeting.

In order to reinforce transparency, Members asked that the EFA and Local Authority be kept informed of the progress and operation of the contract.

It was RESOLVED that:

- a) the contents of the report be noted;**
- b) the issue of a single contract be agreed; and**
- c) future update reports to the Committee should be included within the External Bids and Funding report.**

13/15

External Funding Bids and Projects 2014/15

The Vice Principal, Curriculum introduced the report which provided an update on externally funded projects approved and running during 2014/15. It was noted that there were no new bids in excess of £100k and that progress on the Birtenshaw Project would be included in future reports.

It was RESOLVED that the contents of the report should be noted.

14/15

Any Other Business

There were no items of any other business.

15/15

Dates of Future Meetings

Wednesday, 6th May 2015 at 5.00 pm

Wednesday, 24th June 2015 at 5.00 pm

The meeting closed at 6.25pm.

As approved by the members for the Chairperson to sign as a true and correct record.

Chairperson

Date: