

**Minutes of the Estates and Finance Committee meeting held on Monday 28 June 2010  
at 5:45pm in Conference Room 1, the Astral Centre**

**Members Present:**

Ken Applegate : Corporation Member  
 Kevin Howes : Corporation Member  
 David Matthews : Corporation Member  
 Richard Perkins : Chair/Corporation Member

**In Attendance:**

Teresa Miller : Acting Principal  
 Julie Roper : Head of Finance  
 Charles Reynolds : Clerk to the Corporation

The Chair welcomed all present to the meeting.

**Apologies for absence:**

Apologies for absence had been received from Bob Mee, Gwen Parsons and Alastair King. Marc Wild who should have been in attendance to present agenda item 10, Health and Safety Policy, had also sent apologies.

<b>Agenda Item</b>	<b>Notes</b>	<b>Action</b>
<b>1.</b>	<b>Disclosures of Interest</b>  There were no disclosures of interest relevant to the agenda items.	
<b>2.</b>	<b>Minutes of the previous meeting</b>  The minutes of the Estates and Finance meeting held on 10 May 2010 were agreed to be a correct record and signed by the Chair subject to the following amendment.  Page 3 and heading for agenda item 5. To read "March 2010" and not "November 2009"	
<b>3.</b>	<b>Matters arising from the minutes and not agenda items</b>	
<b>3.1)</b>	<b>FE Financial Statements Benchmarking (previous agenda item 6)</b> With reference to the Local Government Pension Scheme for Suffolk Teresa Miller advised that the proposed budget for 2010/11 had included a 2½% increase. In response to a question on the shortfall in the fund Teresa Miller confirmed this addition did not address the issue. Julie Roper advised that a meeting to review the scheme was scheduled to be held on 5 July. To this end members requested a specific agenda item to discuss the LGP at the next scheduled meeting.	<b>TM/JR/ Clerk</b>
<b>3.2)</b>	<b>Any Other Business (previous agenda item 10.1)</b>  <b>Sixth Form College</b> The Chair requested that a report be provided to the next Corporation meeting to be held on 12 July 2010 to confirm/ensure that the matter of the Agreement to Lease had been dealt with correctly.	<b>Clerk</b>

<p><b>4.</b></p>	<p><b>Correspondence.</b></p> <p>There were no items of correspondence relevant to the committee.</p>	
<p><b>5.</b></p>	<p><b>Management Accounts to the end of May 2010</b></p> <p>Presented by Julie Roper. Members were taken through the detail of both the executive summary, which identified the key variances and provided explanations for them, and the Management Accounts.</p> <p>With reference to Income and Expenditure the key variances on the income side were tuition fees and charges (£380,000) and Higher Education contracts which were £51,000 over budget. As far as expenditure was concerned the two key variances, Staffing and Non Pay were both positive (£436,000 and £526,000 respectively).</p> <p>Members discussed the action that was being taken especially on the negative tuition fees and charges, most of which was attributable to Maritime provision.</p> <p>It was also acknowledged by Teresa Miller that there had not been issues in receiving funding from the local authority following the demise of the Learning and Skills Council. The Skills Funding Agency had been much more demanding in terms of almost weekly requests for information. This she believed was the result of the SFA trying to get a firm understanding of a national picture on funding</p> <p>In summary and before going through the detail of the accounts members were advised by Julie Roper that the outturn prediction was a surplus in the order of £116,000 (minimum £100,000 maximum £150,000).</p> <p>At this point members were taken through the detailed Management Accounts. With reference to the cashflow it was confirmed by Teresa Miller that the capital expenditure re the LRC and Refectory had been included but not the income. Members discussed the various income streams either already agreed or potentially available. A discussion took place on the possibility of bidding for additional capital funding from the enhanced renewal grant from the Skills Funding Agency. Members agreed that the College was able to bid for £600,000. This would be matched with £900,000 due from University Campus Suffolk and the remainder from College reserves. There would need to be a commitment to spend by March 2011 which was not seen as an issue.</p> <p>Members also reviewed the Debtors Report, Capital Expenditure and KPIs which were very good.</p> <p>Having reviewed the Management Accounts Julie Roper was thanked for her report which was received.</p>	
<p><b>6.</b></p>	<p><b>Revenue and Capital Operational Budgets for 2010/11</b></p> <p>In setting the scene for this item Julie Roper, who again presented, advised that it had been hoped to provide a Three Year Financial Forecast having received briefing information from ACER following the recent emergency budget. This had not been forthcoming but delays</p>	<p><b>TM/Clerk</b></p>

	<p>caused in waiting for guidance had meant it was not possible to do the necessary work. This forecast would be taken to Corporation for 12 July 2010.</p> <p>With reference to the budgets for 2010/11 Julie Roper detailed the methodology used in their preparation. Key income and expenditure streams were identified with appropriate background information to aid understanding provided. There was discussion on why some Colleges in the region appeared to be having greater financial difficulties and it was recognised that Lowestoft College was in a better position than many locally. It was clear however that there were a number of funding streams which were likely to be affected by changes in government policy and it was agreed it would be helpful to have a more detailed discussion on these at a future meeting.</p> <p>Turning to the analysis of costs members were advised that the budgets had built-in assumption of cutting staffing costs by 3.5%. This would require greater efficiency in the use of teaching time and a corresponding reduction in the use of casual staff. On this point and for clarification David Matthews asked whether salary increments were paid automatically. Responding Teresa Miller acknowledged that they were. The impact of this therefore was to make the efficiency savings greater than 3.5%. The sector benchmark identified as “good” for staff salaries was 65% of income and that had to be the target for the College.</p> <p>Having reviewed the situation on pay costs a similar analysis was provided for non pay costs where it was recognised the College had a history of very effective control.</p> <p>In summary and taking into account the proposed income and expenditure profiles the projected surplus for the year was anticipated to be £81,000. This was seen as both realistic and achievable. It was however recognised that the Comprehensive Spending Review due in the Autumn could impact on the projections greatly.</p> <p>Details were provided on the Capital Budget and in response to a question from Ken Applegate as to whether there were any concerns re delivery, as appeared to be the case elsewhere, Teresa Miller observed that she did not see this as an issue. Details were provided however on those areas of capital expenditure that were planned.</p> <p>Having reviewed the meeting paper in detail David Matthews believed there should be some reference to the risks associated with the Comprehensive Spending Review included: it was also noted as important that Committee had only been able to review the one-year Operational and Capital Budgets and not the Three –Year Financial Forecast.</p> <p><b>To this end it was proposed by David Matthews and seconded by Kevin Howes that the Committee recommend the Revenue and Capital Budgets for 2010/11 to Corporation for approval.</b></p> <p><b>Members voted unanimously in favour.</b></p>	<p>TM/Clerk</p>
--	---	-----------------

<p>7.</p>	<p><b>Strategic Monitoring Report</b></p> <p>Teresa Miller provided a detailed update on progress to date in delivering those Key Performance Targets that were to be monitored by the Committee. Referring members to the meeting paper and accompanying appendices progress in delivering KPT2 (LSC/UCS Funded Provision), KPT6 (Capital Plan) was outlined. Members were also advised of any specific issues of either concern or note relevant to each KPT and were the subject of detailed discussion and questioning. The report was received with thanks.</p>	
<p>8.</p>	<p><b>Financial Regulations Review</b></p> <p>Again presented by Teresa Miller who used the executive summary at the front of the meeting paper to clarify with members the key changes in the document of which there were two. The first change was to realign the regulations to take account of changes and upgrades to the finance system. These allowed for electronic authorisation and submission of orders to suppliers. The second change was to realign payments re BACS and direct debits. Each change was referenced to the regulations. It was confirmed there were no proposed changes to the College and Company Contract Procurement and Management Policy.</p> <p>Responding to the presentation members discussed the matter of improving control on the payment of fees to the College prior to enrolment. With specific reference to section 4.9 (Tuition Fees) members requested that the regulations be tightened and the suggested changes emailed to them prior to the Corporation Meeting.</p> <p><b>Subject to this amendment being acceptable it was proposed by Ken Applegate and seconded by David Matthews that the Financial Regulations be recommended to Corporation for approval.</b></p> <p><b>Members voted unanimously in favour.</b></p>	<p>TM/JR/ Clerk</p>
<p>9.</p>	<p><b>Insurance Tender 2010 to 2013</b></p> <p>Teresa Miller advised members that it was expected that the provision of an Insurance Service to the College was normally the subject of a tendering exercise every three years. This exercise could be managed by the College. However it had been decided to use a specialist firm (Tenet Services) to handle the tendering process. It was confirmed that the OJEU route had been followed.</p> <p>The outcome of the exercise was set out clearly in the meeting paper and members were taken through the detail by Teresa Miller. The recommendations for change were explained.</p> <p>Members discussed the proposals thoroughly. It was confirmed that there would be minimal disruption or additional workload resulting from any change of provider. Kevin Howes expressed a level of concern about not showing loyalty to the existing insurer who had served the College well. He sought confirmation that the submissions made by the two primary candidates under consideration were like for like.</p>	

	<p>Teresa Miller confirmed that whilst not exactly the same the proposals were significantly alike.</p> <p><b>It was therefore proposed by Ken Applegate and seconded by David Matthews that Corporation be recommended to appoint Marsh as its Insurance Provider.</b></p> <p><b>Members voted unanimously.</b></p>	
<b>10.</b>	<p><b>Health and Safety Policy</b></p> <p>In the absence of the Health and Safety Manager it was agreed to defer this item until the next meeting.</p> <p>Members did however provide a list of questions to be clarified at the next meeting together with textual corrections and requested the Clerk liaise with the Health and Safety Manger to pass these on for implementation and response.</p>	<b>Clerk</b>
<b>11.</b>	<p><b>Estates Update (Exception Report Only)</b></p> <p>Members agreed this item had been covered earlier in the meeting and specifically with regard to agenda item 7.</p>	
<b>12.</b>	<p><b>Review of Committee Effectiveness</b></p> <p>This item was led by the Clerk who advised that it was part of the Corporation Self Assessment process that each Committee review its performance over the last 12 months. It was also to see if any improvements could be recommended for implementation.</p> <p>The documentation contained within the meeting paper was explained to members by the Clerk. It was agreed that the Clerk would complete Appendix B in draft, based on members' responses from the review. Once completed this draft would be circulated to members for approval correction prior to submission to Corporation.</p> <ol style="list-style-type: none"> <li>1) Terms of Reference – it was agreed that the Head of Finance and the Head of Estates should be added to the list of those in attendance.</li> <li>2) Were Terms of Reference met – In general yes. With reference to proceedings and point 3 the requirements to involve the Chair re agenda planning had not been followed and should be.</li> <li>3) Annual Cycle of Business – this was not reviewed in the absence of information. Which would be re-circulated.</li> <li>4) Frequency of meetings- there were no issues.</li> <li>5) Committee Membership – Members were satisfied that the appropriate skills were represented in membership. No change.</li> </ol>	

	<p>6) Reporting to Corporation – it was suggested that a cover sheet should be provided to clearly set out the key issues covered at each meeting. Members also be encouraged to follow up issues from minutes via email.</p> <p>7) Chairing and Clerking – members were satisfied – no changes.</p> <p>8) Meeting Paperwork, Timeliness and Coverage – errors on minutes were highlighted. The need to keep tightly to the agenda was identified. Papers to be sent out electronically. The last point would need some form of cost benefit analysis.</p> <p>9) Micros vs Macros – Members felt they were receiving the correct balance.</p> <p>On a more general point there was the discussion on renaming co-opted members as Assistant Governors and having a standing invitation to them to attend Corporation meetings as observers.</p>	
<p><b>13.</b></p> <p><b>13.1)</b></p>	<p><b>Any other Business</b></p> <p><b>Shared Services with Lowestoft Sixth Form College</b></p> <p>Teresa Miller advised that the College was currently working on the provision of joint services and, whilst there was still discussion to be had, papers would be produced for consideration by members. Joint Service Provision included Financial Services.</p>	
<p><b>14.</b></p>	<p><b>Date and Time of Next Meeting</b></p> <p>The next Estates and Finance meeting will take place on Monday 4 October 2010 at 5.30 pm. The venue will be Conference Room 1, in the Astral Centre.</p>	