



MINUTES OF MEETING 91 OF THE ADMINISTRATION & FINANCE COMMITTEE

Date: Wednesday 15th June 2011
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 1630hrs - 1755hrs

Present: Mr P Welsh (Chair)
Mr T Bateson
Mr J Boyle
Mr S Davies
Ms F Greeves

Together with: Ms R Baldwin (Personnel Manager)
Mr A Lloyd (Vice Principal Information Systems & Resources)
Mrs A Pickup (Director of Finance & Personnel)
Mrs JA Trainor (Assistant to the Clerk to the Corporation)
Dr J Burgess (Clerk to the Corporation)

20.2011 Welcome & apologies

The Chair extended a warm welcome to Rachel Baldwin, recently appointed Personnel Manager. There were apologies from Michael Kimber.

21.2011 Declaration of Interest

None were declared.

22.2011 Consideration of any items of urgent business

None.

23.2011 Minutes of the meeting on the 16th March 2011

(Paper A)

23.2011. D1 Resolved: that the Minutes be approved.

24.2011 Matters arising from the Minutes of the Meeting held on the 16th March 2011

6.2011 Overseas Student Fees

The Principal confirmed that fees for the International Baccalaureate course would be £5,000 per year in 2011 -12.

15. Updated Personnel Policies

It was confirmed that legal opinion had been sought on the revised policies.

25.2011 Confidential Minute of the meeting on the 16th March 2011

25.2011. D1 Resolved: that the Minutes be approved.

Action

26.2011 Management Accounts Period 10 ending 31st May 2011
(Paper B & C)

The Director of Finance was pleased to inform Governors that the current surplus for the year to date was £1,468k. Significant savings had been made mainly through careful management of the pay costs, an under-budget pay award of 0.75%, close monitoring of the Examination Fees and decreases in interest payable. Clarification was provided on the areas of increased expenditure. A new YPLA financial health methodology had been introduced and, for the moment, both old and new versions designated the College as "outstanding". Within the notes accompanying the Accounts, it was noted that the loans had been re-negotiated to secure the bridging facility and avoid a potential breach of the original bank covenants.

26.2011 D1 Resolved: that the Management Accounts Period 10 be received.

26.2011 D2 Resolved: that the Projected Cash Flow Statement as at 31st May 2011 be received.

27.2011 Proposed Budget 2011 - 2012
(Paper D)

An updated Budget summary for the next financial year was tabled indicating an operating surplus of £307k. A cost of living pay increase of 1% had been included, along with known cost increases in utilities and other non-pay areas. Support costs for student transportation were still under consideration. The projected budget for 2012 -13, assumes cuts of £600k, as the worst-case scenario, which leads to operational deficits in the next two subsequent years. However, it was anticipated that the reductions in income would not be so severe and also deficits would be offset by growth in student numbers.

In order to allow the Management team to refine and improve the budget forecast over the next few weeks, it was agreed to hold a short meeting of the Administration and Finance Committee at 1630hrs on Tuesday 5th July to agree the Budget and recommend this to the Corporation.

Director of
Finance
To action

Members
Please note

27.2011 D1 Resolved: that the draft Budget for 2011- 2012 be received

28.2011 Progress update on the property re-development strategy

The Vice-Principal reported that the College anticipated the Phase 3 building handover on Tuesday 23rd August 2011. An agreement had been reached with ISG, the current contractor, to construct Phase 4 within the £700k budgeted contribution from the College, supplemented by the YPLA grant of £709k and a £200k support from the Caterers, Taylor Shaw. It was planned to commence the Phase 4 on the 12th July 2011 with the demolition of the designated buildings including the Alt building.

29.2011 Property Re-development Strategy – Phase 3 Expenditure Report
 The Director of Finance explained the latest review of costs of Phase 3. The projected capital costs for the Phase 3 re-development, from the latest Davis Langdon Report, indicated a potential £63k under-spend prior to contract and college contingencies. A number of cost areas, including the asbestos removal costs and those relating to a temporary fire escape have yet to be resolved but have been ring-fenced and decoupled from the Phase 4 negotiations.

29.2011 D1 Resolved: that the Review of Costs of Phase 3 be received.

30.2011 Future Loan Strategy for the Property Re-Development
 As a result of funds being received in advance from the YPLA, along with the first tranche of Phase 4 funding and additional sums for maintenance, the College's current cash position is more positive than anticipated. However, an agreed loan of up to £2.5m will need to be accessed towards the end of the summer. Governors were informed that Lloyds TSB were able to offer alternative lending facilities to that offered by Blackpool Council through the Public Works Loan Board. The Bank had access to European Union funds and initial discussions had indicated a possible loan agreement based upon a 16-year term. Mr Boyle highlighted a number of benefits in using Lloyds TSB as the main lender and suggested that financial projections based upon current prevailing interest rates be prepared to compare and contrast the alternative funding avenues. This could be examined along with a Risk Assessment, including financial, political and reputational dimensions. The Chair expressed concern that any switch in the Loan Strategy might have potential serious implications for the Council. It was agreed to review these documents at the meeting on the 5th July 2011, and subsequently advise the Corporation accordingly

30.2011 D1 Resolved: that financial projections and risk assessments be prepared in respect of the alternative Loan Strategies for funding the property re-development.

30.2011 D2 Resolved: that the Administration and Finance Committee advise the Corporation on the 5th July 2011 on the Loan Strategy to fund the property re-development.

31.2011 Staffing Update – June 2011
(Paper H)
 The Principal highlighted a number of key points from the Report. There were continuing difficulties in recruiting the right level of talented and qualified staff in areas such as IT, Health & Social Care and Physics. Pay differentials between the school sector was a real challenge. In addition, based upon recent experience, the College was cautious of potential applicants who were considering long commutes from outside the locality.

Director of
Finance
To action

31.2011 D1 Resolved: that the **Staffing Update June 2011** be received.

32.2011 Updated Financial Regulations

(Papers I)

The Director of Finance explained that a full review and updating of Financial Regulations had been undertaken. The updated regulations encompass a number of good practice amendments, revisions due to changes in the names of regulatory bodies and the Bribery Act 2010, which comes into force on the 1st July 2011. This new anti-corruption legislation has severe penalties for any breaches, for example unlimited fines and / or a prison sentence up to ten years for offenders. Governors suggested that these latter changes be brought to the attention of the next Corporation meeting.

Clerk
To action

32.2011 D1 Resolved: that, the updated **Financial Regulations** be approved.

32.2011 D2 Resolved: that, the Bribery and Corrupt Practices Policy be recommended to the Corporation for endorsement.

33.2011 Health & Safety Report No 4

(Paper J)

The Vice-Principal Information Systems & Resources tabled the Report and reviewed a number of important matters within the Report. He acknowledged the increased expertise and professionalism of the Estates Team and cited the in-house training and procedures in respect of Legionella control and management.

33.2011 D1 Resolved: that the **Health & Safety Report No 4** be received.

34.2011 Estimation of Risk

The Chair succinctly summarised three key risks from the meeting: -

- Sustaining the balance between the College Finances and its Property Redevelopment ambitions
- Potential political and reputational risks in finalizing the borrowing strategy
- Non-adherence to the updated Financial Regulations.

35.2011 The next scheduled meetings are:

Tuesday 5th July 2011 – 1630hrs - Principal’s Office

Wednesday 28th September 2011 – 1645hrs Committee Room

Members
Please note

The Chair thanked members for their attendance, contributions and closed the meeting.

Signed: _____

Chair: _____

Date: _____