



## MINUTES OF MEETING OF THE ADMINISTRATION & FINANCE COMMITTEE

**Date:** Wednesday 23<sup>rd</sup> November 2011  
**Venue:** The Blackpool Sixth Form College  
**Room:** Committee Room  
**Time:** 1645hrs - 1745hrs

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

**Together with:** 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)

		Action
61.2011	<b>Apologies</b> Mrs C Bellamy and Mr G Canning	
62.2011	<b>Declaration of Interest</b> Mr Boyle drew attention to his role as Chair of the Collegiate Trust Board and Ms Greeves noted her role as Chair of Governors at Collegiate High School.	
63.2011	<b>Consideration of any items of urgent business</b> None.	
64.2011	<b>Minutes of the meeting on the 28<sup>th</sup> September 2011</b> <i>(Paper A)</i> <b>64.2011. D1 Resolved:</b> that the Minutes be approved.	
65.2011	<b>Matters arising from the Minutes of the Meeting held on the 28<sup>th</sup> September 2011 not covered elsewhere</b> All matters had been actioned.	
66.2011	<b>Update on the Bank Loan for the Property Strategy</b> <i>(Papers B &amp; C)</i> Mr Boyle introduced this item and invited Governors to assess the proposal from the cash flow perspective and noted that at the time of the negotiation with the Bank he did not have the benefit of information from the 2010 / 11 Annual Accounts. The terms of borrowing, particularly the variable rate of interest was very attractive. The current borrowing requirement to cover Phase 3 and 3a is £1.5m.	

Looking forward, the prospect of future additional borrowing for capital projects, potential capital grants or securing access to other sources of funds for capital projects was highly unlikely. Therefore, the Senior Management Team had proposed that a further £300k should be identified for a range of small-scale capital projects, for example related to the refurbishment of the Sports Hall & Fitness Centre.

An additional £500k of borrowing could be secured, afforded and subsequently held on deposit for future use to support capital projects. The present proposal was for a loan of £2.3m. It was confirmed that the £500k could be repaid at any time without penalties.

The Principal stated that the current student recruitment profile indicated that curriculum changes would be needed to address the under-recruitment of males with necessary capital commitment to sports facilities, workshops and laboratories.

The Chair expressed concern about the £500k reserve, specifically the Bank's view and the possible criteria and controls appertaining to its subsequent use. Assurances were provided that the Bank was content as the funds were dedicated for capital projects. It was proposed that the £500k be ring-fenced in a separate bank deposit and highlighted as such in the accounts. The routine management accounts would identify this deposit and any expenditure or potential commitment from this deposit would be authorised only by the Administration and Finance Committee.

Governors scrutinised the proposed draft resolution (*Paper C*) to secure the Bank Loan and agreed to recommend it to the Corporation later that evening.

**66.2011 D1 Resolved: that, the Bank Loan resolution in respect of a sum up to £2.3m be approved and recommended to the Extraordinary Meeting of the Corporation.**

**66.2011 D2 Resolved: that, £500k of the above Bank Loan be ring-fenced and held separately on deposit for a minimum of one year and only be accessed by the specific approval of the Administration and Finance Committee of the Corporation.**

**67.2011 Report and Financial Statements for the year ending 31<sup>st</sup> July 2011**

*(Paper D)*

The Director of Finance apologised that the reconciliation from the Management Accounts reviewed at the last meeting to the present position had been prepared but not circulated. This would be forwarded to members. She also alerted Governors to a couple of minor corrections that had been identified at the Audit Committee earlier in the week.

Director of  
Finance  
*To action*

A very strong operating surplus of £1,726k had been achieved, with an overall surplus of £1,393k. Full explanations were provided relating to the savings secured on the staffing budget and the process of the accelerated depreciation charge in respect of the demolition of part of the Ribble Building.

**67.2011 D1 Resolved: that, subject to the minor amendments identified, the Annual Report and Financial Statement for the year ending 31<sup>st</sup> July 2011 be approved and recommended to the next meeting of the Corporation.**

**68.2011 Management Report on the Audit of the Financial Statement for the year ending 31<sup>st</sup> July 2011**

*(Paper E)*

The Director of Finance provided Governors with a comprehensive review and explanation of the key features of the Management Report provided by Mazars the new Financial Auditors. She was pleased to report no matters of significant weakness were identified during the audit. In addition, in respect of the Regularity Audit, there were no issues to report. She carefully explained the three recommendations made by the Auditors and the strategies being put into place to address these.

**68.2011 D1 Resolved: the Management Report on the Audit of Financial Statements for the year ending 31<sup>st</sup> July 2011 be received & recommended to the Corporation in December 2011.**

**69.2011 Management Accounts for the period ending 31<sup>st</sup> October 2011**

*(Paper F)*

The Director of Finance was pleased to report that the management accounts until 31<sup>st</sup> October 2011 were showing a surplus of £382k. Staff costs were under-budget due to no pay & PSP awards and the exceptional income was related to undistributed bursary funds. The Chair questioned the suppressed staffing costs currently being enjoyed and was assured that close monitoring of this key expenditure area remained in place despite the comfort of the current situation. In a review of non-pay expenditure variances, computer costs, in part relating to the Phase 3 development, were explored.

The very positive current cash position and the projected cash balance forecasts until October 2012 were scrutinised.

**69.2011 D1 Resolved: that the Financial Report for the period ending 31<sup>st</sup> October 2011 be received.**

**69.2011 D2 Resolved: that the Projected Cash Balances for the year ending 31<sup>st</sup> October 2012 be received.**

**70.2011 Property Re-development Strategy – Progress Report Phase 3 and 3a**

The Vice Principal reported that ISG were very sluggish in tackling the 150 pages of building snags that had been identified in respect to Phase 3. This was in sharp contrast to the approach adopted by the previous main contractor who had appointed a dedicated Project Manager to execute the work. Letters had been sent to try to accelerate the process.

Currently, the Phase 3a project was 12 days behind schedule due to unforeseen problems regarding a power cable and exceptionally high winds. At the moment, there were no issues to report and little noise disruption.

**71.2011 Property Re-development Strategy – Phase3 and 3a Expenditure Report**

*(Paper G)*

The Director of Finance provided a summary Review of Costs of Phase 3 and 3a. The projected capital costs for the re-development from the Davis Langdon October Report indicates that a number of costs have increased and there is on-going debate between the ISG about several disputed matters. Overall, the forecast shows an under-spend of £24k excluding the contract contingency.

**71.2011 D1 Resolved: that the Review of Costs of Phase 3 (November 2011) be received.**

**72.2011 Room Utilisation Report**

*(Paper H)*

The Vice-Principal reported that the overall room utilisation for 2011 remained unchanged from the previous year at 44.9%, which was slightly above the sector norm of 44%. The complex calculation methodology was illuminated with a year by year comparison utilising a “heat map”, which illustrated the utilisation for every room over each hour of the day over a sample week. The report concluded that the new building was being used very efficiently and provided good value for money from the property re-development investment.

**72.2011 D1 Resolved: that the Room Utilisation Report be received.**

**73.2011 Health & Safety Report No 2 2011**

*(Paper I)*

The Vice-Principal highlighted a number of points and actions within the Report. Governors who participated in an unplanned evacuation questioned and were re-assured about the operation of “personal evacuation plans” held by some students. Overall, the College remains a safe and healthy environment in which to learn and work.

**73.2011 D1 Resolved:** that the **Health & Safety Report No 2 2011** be received.

**74.2011 Estimation of Risk**  
No new areas of risk were identified.

**75.2011 The next scheduled meeting is Wednesday 14<sup>th</sup> March 2012**

Members  
*Please note*

The Chair thanked members for their attendance, contributions and requested that staff and students leave the meeting prior to discussion of Confidential items.

**Signed:** \_\_\_\_\_

**Chair:** \_\_\_\_\_

**Date:** \_\_\_\_\_