



MINUTES OF MEETING 85 OF THE ADMINISTRATION & FINANCE COMMITTEE

Date: Wednesday 25th November 2009
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 1630hrs - 1850hrs

Present: Mr P Welsh (Chair)
 Mr T Bateson
 Mr J Boyle
 Ms F Greeves
 Mr C Hodson
 Mrs S Walsh MBE

Together with: Mr S Davies (Parent Governor designate - *Observer*)
 Mr A Lloyd (Vice Principal)
 Mrs A Pickup (Director of Finance)
 Mrs JA Trainor (Assistant to the Clerk to the Corporation)
 Dr J Burgess (Clerk to the Corporation)

		Action
42.2009	<p>Preliminaries The Chair welcomed members to the Committee. There were no apologies.</p>	
43.2009	<p>Declaration of Interest None were declared.</p>	
44.2009	<p>Consideration of any items of urgent business None.</p>	
45.2009	<p>Minutes of the meeting on the 7th October 2009 <i>(Paper A)</i> 45.2009. D1 Resolved: that the Minutes be approved.</p>	
46.2009	<p>Matters arising from the Minutes of the Meeting held on the 7th October 2009 <i>24.2009 Issues from the PFM Audit 2009 – assessment of the in house MIS</i> A review to assess the vulnerability and effectiveness of the in-house MIS against branded systems had been delayed due to illness, but would be followed through. <i>37.2009 Re-instatement of the zigzag lines</i> This had been completed. <i>37.2009 Recording of instances of verbal abuse</i> This was still under consideration. <i>37.2009 Risk assessments following a change of work place</i> The Vice Principal reported that the College was actively considering a voluntary self-assessment tool to be used by staff. <i>39.2009 Adjustment to the proposed Committee Performance Indicators for 2009 - 2010</i> This had been completed.</p>	<p>Vice Principal To action</p> <p>Vice Principal To consider</p> <p>Vice Principal To action</p>

<p>47.2009</p>	<p>Annual Report and Financial Statements for the year ending 31st July 2009 <i>(Paper B1)</i> The Director of Finance clarified that the net surplus for the year, after adjustments, was £107k. She explained the reconciliation statement, which traced the changes from the draft end of year management accounts considered by the Committee in October, to the published final accounts. The main adjustments being the revised depreciation charge, the FRS17 entries and the write-offs of developmental costs re Phases 3 & 4. She noted that the word “funded” in page 2 should be deleted.</p> <p>Turning to the Balance Sheet, the Director of Finance, drew attention to the increase in tangible assets financed through the deferred capital grants. The high creditor figure includes the revolving credit facility, which ends in August 2010. Members wondered about the timing of the loan agreement and potential impact on the financial health scores. The Director of Finance to explore what might be done to address this.</p> <p>Governors were pleased with the very comprehensive and clear statement of the College’s position that had now been audited by the external auditor. Mr Boyle expressed concern about the College retaining its exempt charity status after re-designation and requested urgent clarification.</p> <p>47.2009 D1 Resolved: that the Annual Report and Financial Statements for the year ending 31st July 2009 be approved.</p>	<p>Action</p> <p>Director of Finance To action</p> <p>Director of Finance To action</p>
<p>48.2009</p>	<p>Management Report for year ending 31st July 2009 issued by Tenon. <i>(Paper B2)</i> The Director of Finance provided Governors with a comprehensive review and explanation of the Management Report, and was pleased to report no matters of weakness were identified during the audit. In addition, in respect of the Regularity Audit, Tenon’s anticipate issuing an unqualified regularity opinion, with no significant issues to report.</p> <p>In addition, she clarified the three adjustments made by Tenon and the wording used in the Report.</p> <p>48.2009 D1 Resolved: the Management Report on the Audit of Financial Statements for the year ending 31st July 2009 be received.</p>	
<p>49.2009</p>	<p>Management Report Annexes for the year ending 31st July 2009. <i>(PaperB3)</i></p>	

Whilst appreciating that the Annexes displayed management information, against national averages, the Committee were concerned about the lack of commentary. The issue of the high dependency on LSC income was discussed and explained, in part, by the College's lack of catering income and HEFCE funding. It was agreed that this was not a risk area, as both Tenon and the Corporation are comfortable with the position.

The progressive decline over recent years in the total staff costs as a % of total income was a very positive indicator and in line with the College's strategic aim. The very low current ratio reflected the revolving credit facility in place at the present time.

49.2009 D1 Resolved: that, the Management Report Annexes for the year ending 31st July 2009 be received.

50.2009 Financial Report, cash flow and capital project outturn to 31st October 2009.

(Paper C1, C2 & C3)

The Finance Director introduced the management accounts for the first quarter of the financial year that currently show a surplus of £397k, prior to the implementation of the pay awards and cost of living rises. Explanations were provided in respect of utility costs and Governors were assured that the College's marketing strategy had not been curtailed.

Governors were interested in the projected cash flows for the next twelve months. The Director of Finance provided detailed explanations about why the College's cash position was better than predicted and explained the probable process in August 2010 when the agreed loan becomes available to replace the revolving credit facility.

The Committee reviewed the updated written report on the Project Outturn Statement as at 31st October 2009. This analysis of the overall costs associated with Phases 1 and 2 currently indicates an under-spend of approximately £273k. The College's Senior Management Team are actively reviewing this situation.

50.2009 D1 Resolved: that the Management Accounts for the quarter ending 31st October 2009, Cash Flow projections and Project Outturn Report as at 31st October 2009 be received.

51.2009 Health and Safety Report

(Paper E)

The Vice Principal introduced the second of the new style of Health and Safety Report. There were no major incidents or issues to report. Governors reviewed the initiatives and activities which had been progressed over the last 2 months and were pleased with the developments reported.

51.2009 D1 Resolved: that the Health and Safety September – October 2009 Report be received.

52.2009 National Challenge Trust

(Paper F)

The Principal introduced the National Challenge as a key strand in the Government's School Improvement Strategy designed to transform schools, raise results in English and Maths and tackle under-achievement by young people. An interim target is for every secondary school to achieve a minimum of 30% of its pupils achieving five good GCSEs including English and Maths by 2011. Within Blackpool, two Schools had been identified as under-performing, and it was proposed to re-designate Collegiate High School as a National Challenge Trust, with Blackpool Sixth Form College as the lead partner to support the High School in its transformation. An interim Head Teacher has recently been appointed to drive forward the improvement strategy. The College would be providing support, guidance and consultancy to the new management team, replicating the turnaround that had occurred at the Sixth Form. Significant budgets, up to £700k over two years, could be available for the project.

Governors reflected upon the opportunity and confirmed their commitment to driving forward the educational improvement strategy for the whole area and to raise aspirations of all young people. They recognised the synergy within the proposal and particularly the emergence of a large federated campus. There was discussion of the potential risks, both in reputation and through management's distraction from the main task at hand at the Sixth Form.

Mr Boyle and the Principal considered the initiative offered considerable benefits for the College and a number of its staff. They pointed out that the project had strict time-scales, and still required Government approval. The support of the Committee was required today in order to ensure the process could start to address issues and set in train changes for the 2010 – 2011 academic year.

52.2009 D1 Resolved: that the National Challenge Trust Statement of Intent for Collegiate High School be approved.

53.2009 Environmental Sustainability Policy

(Paper G)

The Vice-Principal introduced the policy as a very challenging and aspirational commitment, which was closely tied to a number of related local and regional strategic initiatives. The ten areas within the Policy had clearly stated objectives, but, as yet, no implementation strategy. Governors were impressed with the scope of the ambitions, the commitment of the management and the educational dimension under-pinning the Policy.

53.2009 D1 Resolved: that the Environmental Sustainability Policy be approved

54.2009 Room Utilization Report

(Paper H)

As an information item, the Vice Principal explained the basis of the computations to derive a weekly room occupancy report for each classroom, studio and laboratory. Overall, only a few rooms were below the minimum threshold, the situation was good, although there were areas for improvement.

54.2009 D1 Resolved: that the Room Utilization Report be received.

55.2009 Re-tendering process for the contract for Catering Services

The Vice Principal tabled papers regarding the conclusion of the five-year catering contract with Mellors Catering in July 2010. A three month notice period of termination was specified in the contract. The College faced three options:

- 1) Continue with the existing contract, albeit with amendments
- 2) Tender for a new contract under OJEU requirements
- 3) Terminate the existing contract and move to an in-house provision.

Governors studied the projected timescales for each option, noted the key priorities for the new services and the financial opportunities presented by the change.

55.2009 D1 Resolved: that management proceed with the tender and at the same time evaluate the feasibility of taking the provision in-house. SMT to carefully consider the implications of management overload in the case of in-house provision, the implications of property changes which might require an extension of the contract and the direct and indirect costs of the tendering process.

Director of
Finance &
Vice
Principal
To action

56.2009 Estimation of Risk

The Chair observed that the National Challenge Trust and to a lesser degree the issue about the charitable status of the newly designated sixth form colleges were worthy of note.

Mr J Corry from the Accommodation Working Party joined the meeting for the final item.

57.2009 Accommodation update

The Vice Principal provided an informative presentation outlining the possible next stages for the completion of the property re-development based upon perhaps three small projects. He felt that there was a need to redefine and progress the property strategy to secure the planning permission and complete the front elevation of the buildings. Working informally with the architect, using standard construction sqm costings, but assisted by an informed awareness of the original Phase 3 and 4 tenders, he recommended a first stage project, with four options ranging from £7.3m to a net of £3.79.

In a parallel development, the Director of Finance had undertaken a 10 year affordability analysis based upon forecasted surpluses which indicated up to £258k being available for loan repayments. Three illustrative borrowing scenarios were presented ranging from 10 years to 60 years, with varying interest rates resulting in borrowing opportunities from £3.3m to £5.38m. Local authorities had indicated a willingness to provide loans. Whilst the LSC had relaxed the rules on borrowing limits, their permission would be necessary.

Governors were encouraged by the twin approaches and the innovate ideas adopted by the management team. They supported the further development and refinement of proposals around option 1, with the necessary professional support, and encouraged Mr Boyle and the Director of Finance to continue their dialogue with funding organizations. It was hoped that a further update could be provided at the forthcoming meeting of the Corporation.

**Director of
Finance &
Vice
Principal**
To action

58.2009 Date of next scheduled meeting is Wednesday 3rd March 2010 at 1630hrs.

Members
Please note

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

Signed: _____

Chair: _____

Date: _____