

SOUTH CHESHIRE COLLEGE

**MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE
CONFERENCE CENTRE, ROOM 1 ON THURSDAY 19 OCTOBER 2006 AT 6.45 PM**

Present:

V Harris (Chair)
D J Collins (Principal and Chief Executive)
K Lea
M Simon
D Felton (from the point shown)

In Attendance:

S Cowell (Deputy Principal)
G Bebbington (Director of Finance and Administration)
K Gee (Director of Marketing and Operations)
J Dowell (Deputy Director of Finance and Administration) (from the point shown)
E Davies-Jones (Clerk to the Corporation)

The Clerk advised that the meeting was quorate.
Chair welcomed Liz Hall as a member of the Finance Committee.

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52/06 APOLOGIES FOR ABSENCE

There were no apologies for absence.

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53/06 DECLARATIONS OF INTEREST

At this point in the meeting the Chair asked the members attending this meeting to declare any personal or prejudicial interests and the nature of that interest, in any item of business on the agenda and, if necessary, to leave the meeting prior to discussion of that item. No declarations of interest were made.

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54/06 APPROVAL OF MINUTES OF THE LAST MEETING AND MATTERS ARISING

The minutes of the meeting held on 29 June 2006 were considered and ***IT WAS RESOLVED that the minutes be approved as a true and accurate record and signed by the Chair.***

Matters arising:

Minute No: F 39/06. The report on the College Restaurant is due to be presented to the committee at its next meeting on 23rd November 2006.

There were no other matters arising from the minutes of the last meeting which were not dealt with as part of the agenda items for this meeting.

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55/06 ENROLMENT UPDATES

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55/01/06 Student Numbers Out-turn for 2005/6

The Deputy Principal presented a report showing the enrolment figures against target. He went on to advise –

- that LSC full-time 16-19 numbers show a continued rise in 2005/6 with more than seventy 16-19 year olds(2,295 over the target of 2,225)and a growth of 138 on 2004/5;
- the number of part-time 16-19 numbers was slightly below target which was understandable given the growth in full time numbers and the focus on apprenticeships;
- the college has to date achieved 100% of the overall Learning and Skills Council funding and fte number targets for 2005/6
- during 2005/06 the fte HE numbers was targeted to expand from 218 to 240, excluding the Certificate in Education/PGCE which operates as a collaborative partnership with Manchester Metropolitan University;
- the Cert Ed/PGCE over target numbers were allowed to be included in the overall Cheshire HE consortium numbers for the year 2005/06;

The Deputy Principal went on to inform members that :

- the college's leadership of the Royal Air Force Programme ended on 31st January 2006 successfully completing delivery of two contracts over an 18 month period with funding income of £274,715;
- 2005/6 was the second year of a four year work based learning contract with Total People Ltd, primarily focused towards small and medium sized enterprises in construction and engineering with a total contract value to the college of £336,000;
- other significant employer/training provider contracts were successfully delivered as part of the college programme.

IT WAS RESOLVED –

- ***to receive the report and note performance to date, including the employer/training provider contracts for 2005/6;***

The Deputy Director of Finance and Administration joined the meeting at this point.

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55/02/06 Student Enrolments – v - Targets 2006/07

The Deputy Principal presented the paper providing members with details of the Learning and Skills Council Targets for 2006/07 informing members that :

- the sustained growth in 16-19 numbers has continued and the college is currently 46 above target;
- the full time 19+ students have increased by 41 over the 2005/06 figure;
- although actual numbers of part time 16-19 year olds is below target the corresponding fte is current above target;
- the part time 19+ provision has been subject to the funding cuts imposed by the Learning and Skills Council and college numbers are significantly down on 2005/06 however despite this the college is projected to achieve in full the fte

target for part-time adults with a major area of growth being the ESOL provision for migrant workers and their families;

- the college is currently projected to achieve 100% of the LSC fte and funding targets with the actual fte to date 99% of target;
- the college is likely to be below target for HEFCE work due to the 'new' national HE fees policy reducing numbers throughout the Consortium.

D Felton joined the meeting at this point.

The Deputy Principal went on to inform members of the details of other major contracts operating during 2006/07 which the college has with employers and training providers as detailed in the paper circulated to members in advance of the meeting.

IT WAS RESOLVED to note the progress in achieving 2006/07 contracted student number targets and to receive regular updates on the progress of student numbers at future meetings.

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56/06 FINANCIAL STATEMENTS 2005/06 to 31 JULY 2006

The Director of Finance presented the financial statements to 31 July 2006 which showed –

- closing bank balance £2,506,000 (original forecast £2,368,000);
- overall positive cash flow variance of £138,000
 - increase in receipts of £23,000
 - decrease in payments of £263,000
 - decrease in LSC/HEFC receipts of (£148,000)
- surplus of income against expenditure of £573,000 against an original target of £650,000 with reasons for the reduction of surplus being detailed in the paper which had been sent to members;
- current ratio of 1.93:1;
- closing bank balance as at July 2007 is forecast to be £2,094,000 reflecting a cash out flow of approximately £412,000

IT WAS RESOLVED to receive the financial statements to 31 July 2006 and to note that the detailed financial reports concerning South Cheshire Enterprises Limited would not be included in future reports provided to this committee for the period from 1st October 2006 onwards although this committee will receive consolidated financial reports. Detailed financial reports concerning South Cheshire Enterprises Limited will in future be a matter for the Board of Directors of South Cheshire Enterprises Limited and for the Corporation in its capacity as shareholder of South Cheshire Enterprises Limited.

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57/06 SOUTH CHESHIRE ENTERPRISES LTD – STRUCTURE

The Deputy Principal provided members with details of the structure of the company which would deliver the company's enterprise activities in 2006/07 advising that the structure came into place on 1st October 2006.

IT WAS RESOLVED to note the structure of South Cheshire Enterprises Ltd in 2006/07.

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59/06 CAPITAL REPLACEMENT ANNUAL REPORT 2005/06

The Director of Finance presented a report containing a statement of capital expenditure incurred in 2005/6 against the amounts budgeted at the start of the year. He informed members that capital equipment expenditure ear-marked projects scheduled for 2005-06, as approved by the Corporation at its meeting on 21 July 2005 included a contribution to Middlewich High School accommodation refurbishments to improve Community Learning and Franchise links (£50,000) Theatre Refurbishment (£56,000) and £317,000 for DDA Phase two works. He advised members that the Theatre refurbishment had been achieved under budget.

IT WAS RESOLVED to receive the report and note the satisfactory performance relative to the original budget proposals.

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59/06 BAD AND DOUBTFUL DEBTS

The Director of Finance presented a report on bad debts and the reserve for doubtful debts, in accordance with the financial regulations. There were no bad debts written off in 2005/6. Provision for doubtful debts is £6,401.35 being 5 per cent of total debts as at 31 July 2006 less payments made since then and inter-company balances.

IT WAS RESOLVED to receive the report.

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60/06 ENERGY REVIEW AND ANNUAL REPORT 2005/6

The Director of Marketing and Operations, presented the annual report for 2005/6 on energy management, including consumption and tariff data and procurement arrangements. She informed members that the services of Cheshire County Council Procurement Unit are engaged to undertake market testing for the supply of energy and the OJEU Official Journal of the European Union notice is published under open procedures.

Members noted the rise in prices and the concern about future requirements and increased costs leading to the three year contract entered into in April 2005 following the advice of the Procurement Unit at Cheshire County Council. The Director of Marketing and Operations confirmed to members that no changes to the energy policy which had been adopted by the Corporation in 1998 and modified in 2000 was proposed.

IT WAS RESOLVED –

- ***to receive the report ;***
- ***to recommend the continuation of the Energy Policy as modified in 2000, a copy of which is appended to these minutes, be approved by the Corporation without further amendment.***

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61/06 BUILDING PROJECTS UPDATE

The Director of Marketing and Operations presented the paper providing

members with a summary of the expenditure on DDA/SENDA accessibility improvements to the campus site and the minor building works commissioned and completed to date in 2006.

IT WAS RESOLVED to receive the report.

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62/06 CAMPUS DEVELOPMENT UPDATE

The Principal informed members that following the appointment of key personnel, including the Architects (Jefferson Sheard) and Project Manager (Turner and Townsend) a visit has taken place to the planning department and the outline discussed with Alan Millington, the Council's Planning Officer. Some minor amendments have been proposed which will be incorporated at the next stage of the process.

A meeting of Head teachers is due to take place on Monday October 16th to brief them on the scheme to date and a consultation event with the local community is planned for November 8th at 7.00.p.m.

IT WAS RESOLVED to receive the report.

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63/06 RISK MANAGEMENT 2006/7

Members considered the risk register for 2006/7 which had been approved by the Corporation at its meeting on 20 July 2006, noting the amendments updated to correspond with the Strategic Plan approved by the Corporation at its meeting on 20 July 2006. Members considered the current position in respect of the chief risks.

IT WAS RESOLVED to receive the register.

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64/06 COMMITTEE ANNUAL REPORT 2005/6

The Clerk presented the Committee's initial draft of the annual report for 2005/65 (with the final draft to be presented to the November committee meeting), which summarised –

- the Committee's meetings during the year;
- members' attendance;
- the Committee's coverage of its terms of reference;
- ratio analyses (to be included in the final draft, subject to audit, in respect of 2005/5);
- Corporation members' assessment of the Board's performance of its duties in 2005/6 in the general areas in which the Committee advises;
- the extent of compliance with performance indicators set for the Committee by the Corporation

IT WAS RESOLVED to receive and approve the report as an initial draft with the final draft to be considered at the next meeting of the Committee.

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65/06 FEEDBACK REPORT

The Chair of the Committee informed members that he had attended a workshop/seminar organised by the Association of Colleges on 25 September 2006 Pensions In Colleges – Where next? - AoC – 23 September 2006

He went on to inform members that the reason for attending this seminar was the anticipation, as the title suggests, that it might provide an insight into the issues surrounding the viability of pension schemes over the coming years.

In the event, 2 hours (including 30 minutes' question time) was devoted to issues relating to FSR17 deficits. i.e. a current issue rather than 'where next'. Furthermore, the session delivered by Michael Hulme-Vickerstaff of First Actuarial plc, related only to the LGPS rather than also covering the TPS and was really aimed at finance experts in colleges.

Apparently, one twelfth of the total labour force in the UK is in the LGPS, even though members are in the minority in colleges.

Much more relevant and interesting for VH, was the broad perspective session delivered by Brian Town of The Department of Communities and Local Government, in which he explored possible changes to pension arrangements that will be necessary to reflect increased life expectancy and consequent changes in lifestyle. Fortunately, although this session was only billed for half an hour, it actually lasted almost a full hour.

The nature of the challenge is best illustrated by the fact that the average period of pension in payment since 1974 has increased by 31% for men and 18% for women!

IT WAS RESOLVED to receive the feedback report.

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66/06 DATE OF MEETINGS:

Thursday 23 November 2006 at 6.00 pm
Thursday 15 March 2007 at 6.00 pm
Thursday 10 May 2007 at 6.00 pm
Thursday 28 June 2007 at 6.00pm

There being no further business, the meeting concluded at 7.35 pm.

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(Chair)

Production: 23 October 2006
Chair's Approval: 24 October 2006
Committee's Approval: 23 November 2006
Reported to the Corporation: 30 November 2006

Appendix to Minute No: 60/06 : Energy Policy Review

There have been no changes to this policy which was adopted in 1998 and modified in 2000

ENERGY POLICY (review date : October 2006)

Mission Statement

The College endeavours to bring substantial benefits to the community by offering opportunities for training to employees of local businesses as well as providing Further and Higher Education facilities.

The College is committed to protecting the environment and supporting methods and standards outlined in environmental legislation.

The College sets out to achieve continuous improvement within the context of the changing nature of College provision and its environment.

South Cheshire College seeks to satisfy the educational demands of South Cheshire and tries to build the principles of sustainability into its plans and activities. The College intends to work alongside the local community and business partners to ensure the successful application of these principles.

Management responsibility structure

Energy usage and purchasing is the responsibility of the Director of Marketing and Operations, subject to compliance with the Financial Regulations.

Committee structure

The policy and its implementation will be subject to annual review and monitoring on behalf of the Corporation by the Finance Committee, as part of its terms of reference to monitor arrangements for securing value for money. A report will be presented to the Strategic Management Team prior to presentation to a meeting of the Finance Committee to be held in October or November of each year.

Budget allocation

The operational services budget contains a major contract section dealing with contract values in excess of £10,000. The estimated contract values associated with energy purchase are based upon historical data for both consumption and price.

Annual market testing through consultancy arrangements will be carried out prior to preparation of the annual estimates of income and expenditure to provide actual costs by which to inform the agreed budget level for the year concerned. Past performance indicates consistent reliability of the projections of consumption figures, although projections will always be subject to consumption changes arising from matters such as adverse weather conditions.

The Financial Regulations contain the following authorisations in respect, inter alia, of gas, electricity, oil and water purchase:

Up to £30,000	Director of Marketing and Operations
Up to £60,000	Director of Marketing and Operations and Director of Finance
Up to £150,000	Director of Marketing and Operations and Principal or nominated deputy and Director of Finance
Over £150,000	Finance Committee

Investment appraisal arrangements

The basis for investment appraisal will be the data on tariff and consumption for previous years which is held by the Operational Services and Finance directorates. The installation of the Building Energy Management System (BEMS) will enhance this data and provide significant improvements in the control of the energy consumed. It should be noted that this type of investment appraisal produces other significant benefits, such as temperature control, time control and zoning capability, previously not available.

Performance monitoring criteria

The following criteria will apply to all energy sources and will be monitored annually:

- comparison of tariff a change over a three-year period
- comparison of consumption change over at three-year period
- profile of College activity
- legislation changes which require College action

The introduction of BEMS will provide the basis for accurate and continuous monitoring of the College heating system. Other energy systems will be monitored via the billing information.

Energy-efficient design and space planning

Future modifications to existing buildings will incorporate proven methods for the improvement of energy usage within the working environment. Examples of this are:

- sealed glazing units
- improved heating control
- suspended ceilings
- energy-efficient lighting systems
- reduction in size of individual working environments.