

STRATFORD-UPON-AVON COLLEGE CORPORATION

MINUTES OF FINANCE COMMITTEE THURSDAY 29 OCTOBER 2009

Present :	John Latham	Chair of meeting
	Mike Atkins	Governor
	Tony Jefferson	Governor
	Martin Penny	Principal
In attendance :	David Jackson	Clerk to the Corporation
	Norman MacDonald	Vice Principal – Finance
	Kay Taylor	Vice Principal – Corporate & International Business Development

1. WELCOME / APOLOGIES

Members were welcomed to the first meeting of the newly formed Finance Committee.

Apologies had been received from Alan Richardson and, in his absence,

It was resolved **THAT:**

- a) Alan Richardson be appointed Chair of the Finance Committee;
- b) John Latham would take the Chair for this meeting in the absence of Alan Richardson.

2. DECLARATION OF INTEREST

Members were invited to declare any interest in business to be discussed at the meeting, following which John Latham reported that he was Pro Vice-Chancellor of Coventry University.

3. MINUTES OF THE LAST FINANCE & GENERAL PURPOSES COMMITTEE MEETING

It was resolved **THAT:**

The minutes of the last Finance and General Purposes Committee meeting held on 24 July 2009 be regarded as correct and signed by the Committee Chair.

4. MATTERS ARISING

There were no matters arising that were not dealt with elsewhere on the agenda as substantive items.

Attention was drawn to a worsening climate for public expenditure since the last meeting.

5. TERMS OF REFERENCE

The Committee reviewed the Finance Committee Terms of Reference which had been discussed at the Corporation meeting on 24 September 2009, following which,

It was resolved **THAT:**

The Committee reviewed and agreed its Terms of Reference.

6. MANAGEMENT ACCOUNTS 2008/09

The Vice Principal – Finance presented the Management Accounts for 2008/09, commenting that Auditors' clearance was still awaited but no problems were anticipated.

The biggest risk related to Adult Learner responsiveness for which there was £103,000 in the accounts for clawback and it was thought that this may rise to £106,000.

Overall, the effect of minor changes was a small increase in the operating deficit to £495,000. The Vice Principal – Finance confirmed that as much had gone into last year as was possible and allowable, leaving a clean slate for 2009/10.

Following further discussion,

It was resolved **THAT:**

The Management Accounts for 2008/09 be recommended to the Corporation.

7. COLLEGE BUDGET 2009/10

The Vice Principal – Finance introduced to the Committee the College Budget for 2009/10 which was then closely examined on a line-by-line basis by the Committee.

The Committee discussed potential risks associated with the budget and action being taken to mitigate as far as possible those risks.

The Committee reviewed the cash flow position noting that, on current projection, the College would go into deficit in March 2010 for a short period.

The Principal indicated that discussions had been held with the LSC to talk about re-profiling the payments. In the light of that discussion, there would be no formal request made to re-profile.

The LSC had indicated that, on the basis of the budget and the discussions, they would grade the College as 'satisfactory' for financial performance.

The Committee noted the big injection of cash in April 2010 and asked if this was safe.

The Committee then discussed the impact on the College of the monies expended on the now aborted capital programme.

The Principal informed the meeting that Lloyds TSB plc had indicated that they would be willing to support a larger overdraft without it affecting our current loans and they had also indicated that a further loan may be possible in the right circumstances.

The Committee commented that the projected surplus was still too small for comfort, given the College's performance over the last two years, and that there was little chance of the College escaping cuts in public expenditure.

The Committee discussed the preparation of contingency plans in the event that further cuts in the budget would be necessary. The College needed to protect its reserves and build up surplus.

The Committee noted that there was modest provision in the budget for a salary increase and discussed payment and timing of any award.

The Committee explored where other savings could be made, including the need for modest investment to generate additional income.

Discussion then centred around the financial position of our neighbouring colleges and the desirability of moving to shared services.

The Committee returned to the question of generating further savings and the possibility of additional income generation and reminded the Management Team that the College could not have a third year of deficit, which the Principal recognised was not an option. He indicated to the Committee that this was the best guestimate at the present time but would be looking to put in place contingency plans for any reduction in income in subsequent financial years.

It was resolved **THAT:**

The revised College Budget for 2009/10 be recommended to the Corporation.

8. IDENTIFICATION OF REPORTS TO FUTURE MEETINGS

It was resolved **THAT:**

The effect of public expenditure reductions be kept under review by the Finance Committee.

9. ANY OTHER BUSINESS

There was no other business.

10. DATE OF NEXT MEETING

It was resolved **THAT:**

The Finance Committee meet again on **Friday 27 November 2009 at 8.30am.**