

STRATFORD-UPON-AVON COLLEGE CORPORATION

MINUTES OF FINANCE COMMITTEE TUESDAY 12 JULY 2011

Present :	Alan Richardson	Chair of Committee
	Mike Atkins	Governor
	Tony Jefferson	Governor
	Martin Penny	Principal
In attendance :	David Jackson	Clerk to the Corporation
	Norman MacDonald	Vice Principal – Finance

1. **APOLOGIES**

No apologies had been received.

2. **DECLARATION OF INTEREST**

Members were invited to declare any interest in business to be discussed at the meeting, following which it was reported that Alan Richardson was Chair of Governors at Coventry University.

3. **MINUTES OF THE LAST COMMITTEE MEETING**

It was resolved **THAT:**

The minutes of the Finance Committee meeting held on 23 March 2011 be regarded as correct and signed by the Committee Chair.

4. **MATTERS ARISING**

4.1 **Item 6 Draft Budget 2011/12**

A paper had been circulated on the College's intentions in relation to the future HND provision. The Committee then went on to receive a progress report on discussions with the Stratford District Council on the Tourist Information Centre. The College had served formal notice that it would pull out of the Tourist Information Centre if it remained in its current location. The Principal assured the Committee that to date the project had broken even and was likely to remain so until July 2012. He indicated his disappointment that progress with the District Council was slow, but the College would not agree to anything that was not fully funded.

It was resolved **THAT:**

The Committee support the Principal's stance with the District Council and very much hope that the matter can be resolved to the satisfaction of all in the near future.

5. **MANAGEMENT ACCOUNTS 2010/11**

The Management Accounts as at the end of May 2011 were introduced by the Vice Principal Finance who considered that a surplus of around £150,000 would seem likely by year-end. He reported that the budget Adult Learner Responsiveness was now becoming close to target and went on to discuss with the Committee the other risks identified in producing a surplus by year-end. The Committee then went on to consider the bad debt position and were assured the bad debt provision was unlikely to be exceeded. He reported that whilst some bad debts do go to the debt collection company the success rates were not good. The Committee went on to explore the operating practices and recognised the difficulties of the position the College found itself in. The Committee then went on to discuss the temporary leasing of the Inland Revenue site until the end of the 2012/13 academic year.

It was resolved **THAT:**

The Management Accounts for the period 1 August 2010 – 31 May 2011 be recommended to the Corporation for approval.

6. **BUDGET FOR 2011/12, INCLUDING CAPITAL PLAN**

The Principal introduced the College Budget for 2011/12 indicating that planning had started early particularly in view of the under-recruitment in 2010/11 and

the likely funding as advised by the funding bodies. He reported that applications were up 4% on this time last year and that the College was doing all in its power to ensure that the applications are now converted into enrolments by offering taster sessions and keeping in contact with applicants etc. Although 2011/12 would be a difficult year, which was appreciated by the staff and unions, the aim was nevertheless to produce a surplus by year end. To assist in that it was understood that the College would be aiming to over-recruit full time students in 2011/12 and recruit in-house apprentices in Hospitality & Catering. The College have been approached by a number of independent training providers with a view to the College taking over their contracts for which £800k of income has been budgeted. All adult budgets have action plans against them and the Committee considered in particular challenges associated with the information contained in the table on income in paragraph 2.2 of the report. The Committee then went on to discuss those aspects of the budget around international provision and forthcoming changes in relation to the French students. The Committee also explored the markets such as India and Africa and the difficulties associated with doing business in these areas, including implications for the College in relation to the Bribery Act and the various checks and balances in place to ensure that the College did not fall foul of the legislation. They stressed the need to ensure that staff at all levels of the College understand the need to comply both in spirit and letter of the law. The major issue around international students was around residential accommodation and a brief summary was given on discussions currently taking place with providers.

The budgets around HE provision were also explored together with possibilities for 2013 including Studio Schools.

Shared services were also discussed and the Committee learnt that the opportunities for saving in this area were not great as evidenced by a recent project the College had been involved in with other local Colleges where Stratford was judged to be lean and the opportunities for saving not great. The Principal then went on to inform the Committee of discussions that had been taking place with the Local Authority and Schools with a view to establishing a Pupil Referral Unit (PRU) on the site. He assured the Committee that the Executive Team had given consideration to issues around reputation and image and considered that nevertheless this presented a real opportunity for the College.

Finally, the Committee discussed its loan position and the potential need to renegotiate some of the loans shortly when they come up for review. The view of the Committee was that interest rates were unlikely to rise significantly in the near future but recognised that the College was not in control of its own destiny as there was likely to be a squeeze on real income in the coming years.

The debate ended on a brief discussion on the College's Estates Strategy which was now starting to emerge in draft form and would be discussed with the Accommodation Working Group in the near future.

It was resolved **THAT:**

- (a) The College Budget for 2011/12 be recommended to the Corporation for approval.
- (b) The Three Year Financial Forecast be discussed at the next meeting of the Committee on 21 July.
- (c) All staff be briefed on the Bribery Act and the need to be vigilant and act in both the spirit and letter of the law.

7. PROJECTS PROGRESS REPORT

Consideration was given to the Projects Progress Report as presented to the Committee. A number of points of detail were explored, following which,

It was resolved **THAT:**

The Committee were pleased to note that in these difficult times the College continues to seek new opportunities and noted the reduction in the reliance on Funding Body works.

8. SFA LETTER

The Committee reviewed the letter from the Skills Funding Agency on the 2009/10 Financial Statements, following which,

It was resolved **THAT:**

The Committee note the conclusion drawn by the Skills Funding Agency that the financial assessment is graded as satisfactory.

9. CONSTRUCTION ACADEMY – Progress Report and Cost Summary

The Committee received a progress report on the Construction Academy which was now being built on the College site and

It was resolved **THAT:**

The Corporation be advised to formally approve the Contract with Tomlinson for the erection of the Construction Academy in the sum of £682,000.

10. FINANCIAL REGULATIONS REVIEW

The Committee worked through the proposed revisions to the Financial Regulations which, in the main, reflected changes in working practices and nomenclature. After careful consideration,

It was resolved **THAT:**

The Committee approve the revised Financial Regulations as presented and welcomed the references to the Bribery Act which they considered to be proportionate to the likely risks.

11. REVIEW WORK AND EFFECTIVENESS OF THE COMMITTEE

Considering their effectiveness, the Committee felt that they had been an effective team with a good record of attendance over the year. They were very much aware of the financial environment the College was operating in and had challenged the College Executive on a number of issues during the course of the year and requested additional papers on matters such as SEGTA and HE provision. They commented that when they asked questions of the College Management it was pleasing to note that answers to questions were given with confidence and there was an open and robust debate on matters.

It was resolved **THAT:**

As evidenced above, the Committee considered that they had been effective in their operations during the course of the year and assessed themselves as a Grade 1 (under the Ofsted guidance).

12. ANY OTHER BUSINESS

The Chair reported on discussions that he had held with Warwickshire College and City College Coventry but had declined the opportunity to join in their Federation/Merger discussion as no compelling reason had been given for why they are looking to work together or why the College should join either in terms of academic success or financial considerations.

It was resolved **THAT:**

The Committee very much support the decision of the Chair.

11. DATE OF NEXT MEETING

It was resolved **THAT:**

The Finance Committee meet again on

- **Thursday 21 July 2011 at 12:15pm (if required)**
- **Wednesday 30 November 2011 at 08:30am**