

**Minutes of the meeting held at 4.00pm on 25 September 2013**

**Present:** R Millea  
R Carter  
A Gordon-Stables  
A Maltpress  
S Clarke  
S Gerber  
N Savvas

**In Attendance:** D J Howells, Deputy Principal  
M Wagner, Vice Principal Business and Community  
P Ewan, Head of Finance  
J Bridges, Clerk to the Corporation

There were no conflicts of interest to declare in relation to the items of this agenda.

**1 Election of Chairman and Vice Chairman**

R Millea was nominated as Chairman of the Committee for 2013/14. The nomination was proposed by R Carter and was seconded by A Gordon-Stables.

Members agreed that all Committees should be given the opportunity to appoint a Vice Chairman from their membership. S Clarke was nominated as Vice Chairman of the Committee for 2013/14. Proposed by R Carter and seconded by A Gordon-Stables.

**2 Apologies for absence**

Apologies for absence were received from D Wildridge.

**3 Committee Terms of Reference**

As discussed and agreed under item 1 above, the terms of reference will be amended to include a clause for the appointment of a Vice Chairman to the Committee.

**4 Minutes**

**i. Accommodation Strategy Committee meeting held on 9 July 2013**

The minutes of the meeting held on 9 July 2013 were confirmed as a correct record.

**ii. Finance Committee meeting held on 10 July 2013**

The minutes of the meeting held on 10 July 2013 were confirmed as a correct record.

**5 Matters Arising**

**i. Accommodation Strategy Committee meeting held on 9 July 2013**

**4iii Suffolk House Boilers**

Salix has confirmed that no grant funding is available for a scheme to replace the boilers in Suffolk House at this time. The Deputy Principal has a meeting with the Borough soon to discuss the proposed District Heating Scheme.

**4iii Milburn Centre**

The noise levels of the extraction units in the carpentry workshop have been reduced during times of teaching. Timetables of teaching in this area have been adjusted to resolve the issue.

**Action**

JBridges

## **5 Committee Merger Proposal**

The terms of reference and membership of the new Finance and Property Committee were agreed by the Corporation at the 18 July 2013 meeting.

### **ii. Finance Committee meeting held on 10 July 2013**

#### **4 Anglian Lane**

The Deputy Principal has passed on the thanks of the Committee to S Jones, former Head of Finance and Estates, for all of his efforts prior to leaving the College to conclude the surrender of the lease of Unit B satisfactorily.

#### **5 Finance Report**

An update on sub-contracted delivery is referred to under item 8 of this meeting.

The 'Project income and costs' category will not be subsumed into line 1.08 of the accounts and will be maintained.

F A Valiant & Sons has been appointed to undertake the remedial works to the Barrack Wall. The £84K plus VAT cost will be written off in the 2012/13 accounts against the £140K provision rather than capital. A specialist consultant has been contracted to provide the College with an opinion concerning the stability of the wall. The remaining provision of £39K will be carried forward against future works in respect of the Wall.

#### **6 College Budget 2013/14 and Financial Plan**

A 'progress against the adult skills budget' report has been added as a standard agenda item to each meeting.

The contingency line has been removed. A £150K unspecified cost has been provided for in staff costs.

The amendments to the College Budget and Financial Plan were made and approved by the Corporation at the 18 July 2013 meeting.

## **7 Committee Merger Proposal**

The terms of reference and membership of the new Finance and Property Committee were agreed by the Corporation at the 18 July 2013 meeting.

## **6 Property Update**

### ***The Gateway***

The total cost of the build slightly exceeded the contracted price due to the additional work undertaken to resurface the whole car park at a cost of £50K.

*Confidential item under paragraph 18(2) of the Instrument and Articles of Government*

### ***Suffolk House Refurbishment Phase 3***

The internal redecoration and upgrade of mechanical and electrical services to the third floor of Suffolk House has been undertaken by SEH French. The works were completed two weeks ahead of schedule and came in under budget. The refurbishment work is 75% part funded by UCS and will be categorised in the accounts as freehold improvements.

### ***Gibraltar House***

The redecoration, re-carpeting and minor refurbishment work has also been undertaken by SEH French and was also completed two weeks early and under

budget. This work will be treated in the accounts as freehold improvements as opposed to capital repairs.

***Mechatronics Reorganisation***

The interior working area of the Mechatronics centre has been reorganised which necessitated the relocation of a significant amount of electrical and data services and is believed to now meet the needs of students in the coming year. This area in particular would benefit significantly from an investment in a future engineering facility.

***Minden House Garden Room***

This project completed in June 2013 and is in use. Refurbishment of the garden area has been undertaken during the summer by the Estates Team.

***Leonardo House and Australia House***

Redecoration of the walls and woodwork in Leonardo House has been completed over the summer. This is the first project since its construction some five years ago. Australia House will be redecorated and re-carpeted during the October half term.

***The Milburn Centre***

The vacant area adjacent to Painting and Decorating is being utilised for maintenance operations and multi-skills courses. In addition, the Plastering course that started in 2012 has been successful and construction of a number of additional plastering bays have been erected by staff and students over the summer.

It was noted that the Preventative Maintenance Plan budget for the year 2013/14 is £180K. The PMP will be presented to the Committee for consideration and discussion. The Deputy Principal also agreed to present a capital expenditure plan for 2014/15 once the fundamental strategy regarding accommodation and other capital expenditure is agreed by the Corporation at the 18 October 2013 meeting.

DJHowells

**7 Property Strategy**

The paper presented informed governors regarding current thoughts on development of a new engineering facility. It explored three options; to buy additional space, lease additional space or build a smaller scale facility at the Milburn Centre site. Two possibilities for acquiring a new site have been identified. The Deputy Principal is to meet with the SFA in the next couple of weeks to determine whether the College is able to retain the £3m College Capital Investment Fund (CCIF) awarded to the College in July 2013.

DJHowells

Members considered the reputational risk and external perception of not proceeding with the £9m engineering building on the Risbygate site and as a consequence potentially surrendering the £3m capital grant awarded but agreed that other options available to the College to continue to plan and develop an engineering facility should be explored. Members agreed that leased property options should not be considered.

It was recognised that the new senior management team wished to retain investment flexibility to embrace not only improved engineering facilities but to enable other curriculum development opportunities to be pursued.

The Committee will put forward to the Corporation at the October meeting a

RMillea

proposal not to construct an engineering facility for the cost of £9m. The opportunities will be explored in greater detail at the Corporation meeting and the 'benefit for students' will be the primary focus of the strategy.

**8 Finance Report – September 2013**

The income and expenditure account shows a deficit for the year to 31 July 2013 of £417,776 on operations. Further specific provisions for potential liabilities relating to last year will be made and in addition, there will be a significant prior year adjustment. Overall, the College will be publishing a surplus of around £493K in the audited accounts subject to some further adjustments since the paper was presented. The major reasons for the deficit are failure to deliver the full Skills Funding Agency (SFA) contract for the year and, in addition, fee income is less than budgeted. The salaries budget is overspent in respect of student support staffing and payments to sub-contractors for delivery of SFA funded qualifications. Members agreed to carry forward a provision for repairs to the barrack wall in the accounts (see matters arising point above) and asked the Deputy Principal to obtain estimates for the cost of the work in this respect. The £60K costs for development of the engineering building project will not necessarily be written off and will be carried forward as work in progress and will remain so until the situation is clarified.

DJHowells

***Budget 2013/14***

The area of most concern regarding income is the College's ability to deliver the SFA allocation and the uptake of adult loans. The SFA allocation has been cut by 15% from 2012/13 to 2013/14 and the challenge in the year will be to reduce the amount sub-contracted in order to achieve the targeted income and increase delivery of internal provision (which is more profitable). This line will be closely monitored and provision for non-achievement of the budget will be considered in future management accounts this year if trends are not positive. It was noted that the Adult loan allocation for 2013/14 has been fully utilised and a further allocation has been requested.

Staff Support Costs (line 1.11) show an unanticipated overspend in 2012/13 relating to the need to support students to achieve. How the College provides support in 2013/14 is being looked at carefully to ensure that this is given in the most cost effective and appropriate way. The staffing budget for the year has therefore been reduced in the expectation that this can be controlled and achieved.

Members asked that the HR department keeps the finance department and the Committee informed of the numbers of staff enquiring or suggesting that they may opt out of the pension auto-enrolment scheme that takes effect from 1 October 2013. An assumption of a 60% take-up has been provided for and will impact the budget if that is exceeded. The Committee noted that this was a real risk given the experience of other organisations.

DJHowells

A Maltpress left the meeting at 6.10pm.

**9 Progress against Adult Skills Budget Report**

The table used to monitor starts and in learning numbers can be completed once the first learning visit has taken place after which funding can be claimed. Members asked that the table also includes a column to show comparable numbers of the previous year.

MWagner

**10 Funding and Enrolment Report**

The Education Funding Agency (EFA) funded target is 2444 students. Currently the College has recruited 2689. The ILR will be run in October and the level of income earned from the number of students recruited reported to the Committee at the meeting to be held on 23 October 2013.

**11 Treasury Management Report**

The total interest earned in the year is a reduction from the previous year due to the reduction in surplus balances in 2012/13 available to put on deposit.

Covenants are monitored and reported to the Finance and Property Committee as part of the periodic Treasury Management Reports. They are also subject to monthly assessment as part of the management accounts process and if covenants are at risk of being breached this will be brought to the attention of the Committee. At the time of reporting all covenants are currently compliant. In order to assist future decision making it was recognised that some covenants will need to be projected forward using assumptions from future years projected accounts.

**12 Timetable for the completion of the Annual Accounts, External and Regularity Audit**

Members noted the outline timetable for the completion of the annual accounts, external and regularity audits.

**13 Feedback from the SFA on the submission of the Financial Forecast**

No feedback has been received from the SFA on the submission of the financial forecast at this time.

**14 Any other business**

As an unrelated item to the meeting R Millea announced that he is considering standing for nomination and election as a member of the AoC Governors' Council. Members confirmed their support.

**Date of next meeting:**

Wednesday 23 October 2013 at 4.00pm. Room TG1.16.

The meeting closed at 6.20pm