

Minutes of the meeting of the Finance and Employment Committee held at 6.00pm on Wednesday 10th March 2010 at the Abingdon campus.

Present: David Doughty (Chair)
Sylvia Doyle
Bruce Hunt
Teresa Kelly

In attendance: Di Batchelor
Miranda Coles
Jonathan Russell
David Bramble (Clerk)

ACTION

1.. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Mike Gaston and Kevin Cull.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF LAST MEETING

The minutes of the meeting held on 26th November 2009 were approved.

4. MATTERS ARISING

None.

5. HUMAN RESOURCES DATA – AUTUMN TERM 2009

Di Batchelor presented HR data for Autumn Term 2009 which was noted.

6. PROGRESS TOWARDS REACHING TARGETS FOR LSC FUNDING

Miranda Coles presented the report. All LSC targets for 16-18 responsive had been exceeded. The gain in Adult Responsive funding compared to the same time last year was explained by increases to full-time 19+ learners, increased distance learning and increased franchise numbers. Priority adult learning provision was below target and there was a high probability that there would be an end of year shortfall. Miranda explained that the Standard Learner Number (SLN) was based on a 450 hour standard course. Bruce Hunt noted that 16-18 responsive figures showed £380k income generation above allocation and asked what the benefit to the College was. Teresa Kelly explained that in the past growth had been recognised by increased funding in future years and she hoped this would continue. The increase to ALS funding was due to the McIntyre contract. Employer Responsive showed a significant shortfall in 19-24 Apprenticeships but Train to Gain was closing towards the target.

Funding Allocations 2010/11

From 1 April 2010 LSC would be replaced by two separate funding bodies:

- The Young People's Learning Agency (YPLA) which formed part of a wider 16-19 system with local authorities. It was a non-departmental public body with a non-executive Board, sponsored by DCSF.
- The Skills Funding Agency which would work alongside Regional Development Agencies (RDAs). It was an agency of the Department for Business, Innovation and Skills and would be responsible for allocation of funds to all post 19 educational institutions and employers apart from universities.

An increase of 6% in Learner Numbers and 5% in Learner Funding 16-18 had been allocated for next year. In addition, YPLA had allocated an extra 73 for Foundation Learning and the LA had supported a bid for an additional 43 learners.

SFA had set out baseline allocations with a directive to reinforce national priorities. Allocations appear to have been driven by formula based on delivery in 2008/09 against priorities set for 2010/11. The maximum cut of 25% had been imposed on 19+ Standard Learner Numbers and Funding, an overall cut of 2% on Apprenticeships and a reduction of 21% for Train to Gain (T2G).

The decision to fund only courses leading to recognised qualifications identified in the government priority areas would adversely affect some of the College's provision e.g. Women's Institute.

David Doughty commented that although 16-18 Apprenticeships remained a growth area for the College, reduction in 19-24 and 25+ Apprenticeships and T2G made the search for other sources of funding more important.

Sylvia Doyle asked when the first payments by the new funding agencies were due ? Teresa Kelly advised that a receipt from LA was due on 1 April and she was confident it would be paid on time. Significant changes were not expected until next year.

The progress report on reaching LSC funding targets was noted. The Committee asked that pence were not shown in any of the data presented.

**Mike
Gaston**

7. MANAGEMENT ACCOUNTS TO 31ST JANUARY 2010

Jon Russell presented the management accounts for the six months to 31st January 2010. The Income & Expenditure account showed a surplus before pension and asset adjustments of £690k compared to a budgeted amount of £874k. The Framework for Excellence financial health grade had risen to 'Good'.

7.1 Income

Total income was £234k less than the budget figure. This was explained by:

- a shortfall of £36 in Other LSC income which related largely to projects where income was released dependent on expenditure incurred.
- HE contracts £114k below budget. This shortfall was under investigation
- UK FE Contracts was £46k under budget. The increased A level offer in Witney schools had resulted in more students staying at school.

7.2 Expenditure

There were overspends in Teaching Departments and Teaching Support Costs but overall non pay expenditure of £3,297k was £116k below budget. The increased spend on hourly-paid lecturers for distance learning and work based assessors for T2G had resulted in teaching costs exceeding budget by £66k.

7.3 Cash

Balance Sheet showed a cash balance of £933k. The cash flow forecast included the intended purchase of temporary accommodation, the acquisition of land and demolition costs at Witney. This expenditure would be required irrespective of the approval of a revised building project.

It was intended to purchase the temporary accommodation shortly using the cash balance pending the drawdown of the loan from Barclays.

The management accounts to 31 January 2010 were noted.

8. REVISED BUDGET 2009 – 10

Miranda Coles presented a revised budget for 2009-10. The original budget had forecast a surplus of £491k prior to FRS 17 adjustments but this had been adjusted to £365k in the draft revised budget.

A schedule showing the variance from the original budget for each of the income and expenditure lines was discussed in detail. Significant variances were:

Income

- Latest LSC funding agreement showed following changes:16-18 plus £50k: WBL 19+ plus £82k: Other LSC income minus £249k reflecting different treatment of special project income and removal of deferred capital grant of Social Enterprise Project
- HE contracts minus £112k – learner numbers increased from last year but insufficient to reach enrolment target
- Advanced Business Solutions – minus £110k – self-financing course fee numbers were increasing but would not reach levels required to reach original budget

Non pay costs

- Teaching Department cost saving of £29k
- Teaching Support and Project costs increase of £228k. Included costs of autism and hearing support contracts and incorporated estimate for forthcoming projects. There was a corresponding release of revenue under LSC Other Income.

- Reductions had been made in following areas: HR saving of £48k: Staff Development saving of £15k: Marketing saving of £10k: Estates saving of £50k.
- Depreciation had increased by £221k. Budget had been prepared before confirmation of correct accounting treatment for Witney. Depreciation charge on temporary accommodation was now included.
- Redevelopment of Witney campus cost saving £379k. Rental costs of temporary accommodation no longer applied..
- Contingency reduction of £100k.

Pay costs

- Teaching Departments Hourly Paid tutor markers and assessors increase of £246k. Staffing costs for distance learning and train to gain had exceeded budget, partly because costs of some 2008-09 provision were carried forward to 2009-10 and the difficulty in forecasting the number of enrolments needed to achieve the 2008 – 09 ALR target.
- Admin, Central Services & Estates saving of £180k. The budget line included the impact of job evaluation process.

After a number of question had been answered, the Committee agreed to recommend acceptance of the revised budget 2009 – 10 to the Corporation Board.

9. BUDGET 2010 – 11 INITIAL OVERVIEW

Teresa Kelly reported that SMT had examined three different scenarios in considering the framework for next year's budget. SMT had expressed a preference for one particular option and the principles and outline figures were explained to the Committee.

The Committee endorsed the views of SMT and it was agreed that the principles and framework for next year's budget should be presented to the Corporation Board at their meeting on 25th March.

**Teresa
Kelly**

10. FINANCIAL HEALTH

Teresa Kelly drew attention to the LSC's letter dated 26th February, copies of which had been circulated. It was noted that LSC had concluded that the appropriate assessment grade for the College for 2008 – 09 was 'Good'. This grade accorded with the College's self-assessment grade.

11. ANY OTHER BUSINESS

There was none.

The meeting ended at 7.40pm

Next meeting: Thursday 24th June 2010, 6.00pm, Abingdon campus.