

CORPORATE GOVERNING BODY OF GODALMING COLLEGE

Minutes of a meeting of the Finance and Estates Committee of Godalming College held at the College on Monday 13th June 2011 at 6.30pm

Present: Brenda Jenner (Chair)
David Adelman (Principal)
Hugh Pile
Sharon Ward

In Attendance: Martin McCarthy (Director of Services)
Stella Halloran (Clerk to the Corporation)

ACTION

1. Apologies for absence

Apologies were received from Michael Laver; these were accepted. The new student governor, David Roberts did not arrive.

2. Declaration of Interests

No member had any interests to declare on items on the agenda.

3. Minutes of the meetings

The minutes of the meetings held on 28th February 2011, 7th March 2011, and 3rd May 2011 were approved and signed.

4. Matters arising from the minutes

- *Aerial*
Martin McCarthy reported that O2 had asked for a meeting to discuss the possibility of an alternative aerial being sited on the roof of the College. Any changes to the Terms and Conditions of such a change would be brought to this committee.
- *Catering and Cleaning Contracts*
The catering contract with Aramark had been extended for a further 2 years; the decision to do so had been based on their improved performance and their agreement to invest £25,000 to improve facilities.

The Cleaning contract would also be extended for one year for a stand-still sum (no inflationary increase); the company had not yet been informed of this decision.
- *Meeting with YPLA*
This had taken place, although the College was not in a position to answer their questions concerning further building. The YPLA's express permission would be required in order that any new building was undertaken.

5. Accounts to 31st May 2011

David Adelman drew the attention of the governors to the following:

- Thanks to Gary Fenn for producing the accounts in Shaneel's absence.

- Income was ahead of budget.
- Salaries would result in a favourable outcome – reduced expenditure of £33,000 in part due to the pay increase being settled at 0.75 of 1% rather than that allowed for in the budget.
- There was a £40,000 saving anticipated on equipment
- Administration being over budget was due to photocopying and an increased subscription due to S7.
- A £52,000 underspend was anticipated on Estates, largely due to savings on energy.
- General education was on budget.

It was noted that the cash budget had improved by £138,775 over that originally planned and that the profit / loss deficit was not as large as that planned. The key ratios were all good and the financial health of the College was rated 'Good'.

Governors were content with this and accepted the report.

6. Efficiency Plan Review

Governors had received a paper outlining the result to date of the efficiency savings plan.

David Adelman reported that by the end of the plan, next year, savings would have exceeded those planned – remembering that this plan was instituted prior to the funding cuts announcement.

The result was that the College was now in a good position to deal with the funding cuts being imposed over the next four years.

Governors congratulated David Adelman and SMT for achieving the savings and were grateful that it enabled the College to go into the next four years with confidence.

It was agreed that the paper be circulated to all Corporation members with the agenda for the next Corporation meeting.

7. Four Year Financial Strategy

The strategy was basically the same as that discussed at the meeting on January 24th 2011 and would provide the necessary £1 million saving over the next four years.

The spreadsheet indicated that, on the basis of the assumptions made, by 2014/15 the College would have a cash deficit, but that, assuming the cuts cease after 2014/15 it would be OK.

The Principal explained that the plan would alter year on year as it was possible that students numbers would change, 14 – 16 income would cease and no planned maintenance funding would be received – but these were the most pessimistic scenarios.

Governors asked how confident the Principal was that increased numbers would be funded – to which he replied that there was no absolute guarantee. There was a concern about the College's ability to achieve the growth in numbers that it was hoping for as there would be greater competition for numbers amongst

local Sixth Form and FE Colleges and increases in travel cost might deter some people. The College was considering developing transport links with areas currently not well served.

The Principal was requested to add a line to the spreadsheet showing the number of students upon which the funding was based.

Governors were concerned about motivating and maintaining staff with the prospect of a 0% pay rise. The Principal explained that there was a consideration being given for a one-off 'bonus' or 'honorarium' or 'emolument' for all staff. It would have to be understood by staff that, if this happened, it would not be automatic for each of the four years of the funding cuts and that a bonus in year one might be all that could be offered. The amount of the bonus would be left to SMT to agree in the light of the financial situation at the time of the decision.

This was discussed by the committee and ***it was agreed to recommend to the Corporation that in principle, some form of bonus could be given next year depending on the financial situation at the time.***

8. Draft Budget 2011-12

This was discussed and it was noted that the budget generated a surplus of £384,000 for next year. This would give a margin to cope with the future years of the funding cuts.

It was considered to be a strong budget and assumed a growth in student numbers for the year from 1701 to 1736.

Governors questioned:

- The photocopier budget reduction – Martin McCarthy was confident that with the renegotiated lease for copiers and printers, this could be achieved.
- Exams budget – why £20,000 less? At the time of writing the budget it looked as if the funding methodology would change and there would be less need for additional exams; however, this may change and the £20,000 may be required, in which case it could be drawn from the surplus.
- Equipment – was enough being invested in it? The Principal explained that the College was still spending more than other colleges on equipment. The provision of computing equipment was changing, but there was a very good network provision.

The Committee recommended the proposed budget for 2011-12 to the Corporation for approval.

9. Course Fees

Martin McCarthy explained that fees applied to a very small number of students – approximately 3 per year.

The Committee recommended the increase in fees to the Corporation for approval.

10. Policies – Financial Regulations and Procedures

Martin McCarthy outlined the key changes:

- The level of orders requiring counter-signature by the Principal be £5,000 rather than £2,000. These would already have been signed by two

- people.
- The College credit card to be used in a controlled way, but for more activities.
- The introduction of 'Wisepay' – an on-line payment system.
- An update to the EU thresholds.
- The Chair of the Corporation to sign off the Principal's expenses – this had been a recommendation by audit.

The committee requested that the protocol for signing orders be clarified in order that it was explicit that the second signature was at DOF / Assistant Principal level.

With this amendment the Financial regulations and Procedures were recommended to the Corporation for approval.

11. College Development Plan 2010/2011 - February update

All the financial issues in the update to the Development Plan had been discussed elsewhere on the agenda.

It was suggested that under 38, the Financial Health should be documented as 'Good'.

It was also suggested that more should be made of the improvements to energy consumption where this could be quantified.

The sections of the Development Plan pertinent to the Finance and Estates committee were recommended to the Corporation.

12. Risk Register

Governors should be aware that the likelihood of industrial action by teaching staff over pension changes was high, but that the impact on the College would not be a problem.

Otherwise the risks were as outlined.

13. Estates

Additional Capital Funding

Marin McCarthy explained that it was a requirement of the YPLA that the Corporation, through the Finance and Estates Committee, were the overseers of the way the £148,000 additional capital funding granted to the College was used. Accordingly a paper detailing this was circulated to the committee.

The plan allowed for the intention to make changes to the LRC, converting the top floor into a silent zone; to improve the quality of the canteen and to increase the students' social space and facilities.

In order to achieve all this some funding from the College's planned maintenance budget would have to be added to that granted by the YPLA.

Governors agreed the plan.

The rest of this item was taken as confidential.

14. Dates of meetings for 2011-12:

These were agreed as:

Monday 21st November at 6.30pm

Monday 5th March 2012 at 6.30pm

Monday 18th June 2012 at 6.30pm

The meeting closed at 8.10pm

Signed:

Date: