

## CITY OF WOLVERHAMPTON COLLEGE

### Minutes of the Meeting of the Estates & Finance Committee of the Board of Governors held on Monday 11 May 2009 at 5.00pm in the Conference Centre, Paget Road

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#### PRESENT

Mrs J Kitchen (Chair)      Mr I Millard  
Mr B Bird                      Mr WA Parker

Ms S Meddings (Clerk)

#### IN ATTENDANCE

Mr A Brodie  
Mr P Polowyj

#### **10/09 APPOINTMENT OF COMMITTEE CHAIR**

In noting the resignation of Cllr Cox, the Committee agreed that Mrs Jane Kitchen should chair the Committee meeting pending her formal appointment as Committee Chair by the Board of Governors on 18 May 2009.

#### **11/09 MINUTES OF THE PREVIOUS MEETING – 9 FEBRUARY 2009**

##### **Resolved:**

That the minutes of the previous meeting held on 9 February 2009 be approved as a correct record.

#### **12/09 2008/09 MONITORING REPORT**

The Committee received the monitoring report which provided an update of the financial position to February 2009, with an indication of the position for the full year against the revised target surplus of £800,000.

The following headline issues were noted:

As reported to the Board of Governors on 2 March 2009, a number of actions had been taken to secure the revised target surplus including:

- Increasing income by accessing more LSC income from converting 16-18 year old students to Programme Led Apprentices;
- Reducing spend by “top slicing” non pay budgets by 5% or 10% in areas where such in-year adjustments could be considered.

On the basis that those actions alone would not have secured the revised target surplus, it had been agreed that two further actions would be taken:

- To seek Voluntary severance applications from staff which would target salary savings of £440,000 in the remainder of the year; and
- To seek further Programme Led Apprentices to the value of £180,000 to add to the £500,000 of income already secured.

It was reported that the Voluntary Severance package had not resulted in the in year target savings that were sought. The savings would be £122,000 in 2008/09 which was £318,000 less than targeted.

In addition, after reviewing the potential cohort of students, the additional PLAs that were to generate an extra £180,000 of income would not be possible to secure at this stage of the year.

However, the combined shortfall of £498,000 on the targets outlined at the March Board meeting has been partially offset by benefits arising from the extension of contracts in the Regeneration and Learning Partnership areas and in securing contract adjustments in three areas. A more prudent outturn was estimated for apprentices due to the potential impact of income accruals from 2007/08. The effect of these estimated movements was positive within the year, with a marginal benefit of £130,000.

The Committee noted that the overall impact was that the likely surplus at this stage would be around £440,000, which was £360,000 less than the surplus requested by the Board of Governors. It was further noted that all efforts were being made to review options on whether it was possible to further reduce costs or to seek additional income.

The Committee further noted the College's cashflow position, where from April onwards the cash balances were estimated to increase significantly.

### **13/09 INCOME DIVERSIFICATION MONITORING REPORT 2008/09**

In receiving the report, the Committee focused on the summary of the contracts continuing from 2007/08 and the new contracts secured in 2008/09 together with contract values and progress to date:

Of particular note were 8 contracts secured in March 2009 to continue and/or commence in April 2009.

It was reported that, in respect of Train to Gain, a whole sector issue had emerged in that the LSC has reduced colleges' in year Train to Gain contracts as a result of national budgetary pressures. The College led Train to Gain consortium contract has been reduced by 30%. Activity over the remainder of the year would therefore need to be carefully managed to ensure that the College's consortium delivery remains within the new contract value. The College was currently assessing whether it would be possible to fund this activity through Adult Responsive funding.

In noting the report and in considering the summary of contracts, the Chair suggested that the Committee would find it helpful if the contract values could be shown as profiled across the whole contract period.

## **14/09 PROPERTY STRATEGY UPDATE**

The Committee received a progress report on the College's Property Strategy and noted the following:

The Wellington Road development was nearing conclusion with the Sports facility officially opened by the Minister for Sport on 23 April.

The Football Foundation did not consider the College's application on 1 April as expected. The College has been informed that the application has been deferred to the meeting on 24 June as a result of the Foundation having to take stock of its finances. Whilst the delay was frustrating, the College has been assured that this is one of the schemes that the Foundation wishes to support. In this context the College has requested the Foundation's approval to the tender being held prior the June meeting on a "without prejudice" basis. It is the intention to ensure that the new pitch is available for the beginning of September 2009.

The cost of the Wellington Road development, prior to any further investments that may arise from the Football Foundation application, was projected to be £14.4m which is £900,000 higher than the original budget of £13.5m. The overspend will be funded from College cash reserves.

In respect of the latest position nationally on the LSC "stocktake" on its capital program, it was reported that there was now greater clarity on the LSC's process for prioritising applications. However, only projects which could be "on site" within three months would be considered in the first round of applications. The College would not therefore be considered in this round. It was noted however that the College may have a case to request a quicker Application in Principle for iCentral. The LSC has employed consultants – Price Waterhouse Coopers and Lambert Smith Hampton to look at the details of each application. If the College did not challenge the process of prioritisation, it would be unlikely that an AiP would be considered until Spring 2010 with the Application in Detail in late Summer/early autumn.

It was reported that, given the uncertainties at the time on the timescales around the LSC "stocktake", a moratorium on iCentral work has been agreed with all parties concerned with effect from 27 March 2009. Only site surveys and the monthly fee for MACE will be committed as extra cost in the moratorium period, so that when the detailed outcome from the Foster review is confirmed in June/July the College can work with advisers to quickly progress the work to finalise the AiP. The costs in the moratorium period would result in £11,000 of payments to MACE and around £60,000 in site surveys taking the total costs to £197,000 against a joint budget (with the University) of £348,000.

## **15/09 FINANCIAL FORECAST 2009/10 ONWARDS**

The Committee received a report which

- Advised on the contract negotiations and indications for the budget for 2009/10; and

- Outlined the likely timescales for the drafting of the budget 2009/10 and forecast for 2009/10 onwards; and the preparation of the Application in Principle (AIP) for iCentral, which was subject to a LSC stocktake.

In respect of the allocations for 2009/10 the Committee considered a spreadsheet which summarised the indicative LSC contracts for 2009/10 compared to the 2008/09 contracts. It was reported that overall, the College has secured a positive outcome with an increase in cash (overall) of £2.57m or 8%.

It was noted however, that within the increased allocation for 2009/10 the Train to Gain consortia contract has been reduced (at this stage) by £716,000, which could be managed by the College reducing partner contracts or by reducing internal delivery. It was reported that the College would be challenging this allocation which, it was emphasised, was reflective of the budget pressures at the LSC where the Train to Gain budget has been depleted on a national basis.

Separate to the LSC negotiations, the contracts in both the Regeneration and Learning Partnership areas were in place for 2009/10 (onwards) and would be included in the draft budget setting for 2009/10. The College's HE portfolio was also looking positive with the College targeting 563 HE students (454 in 2008/09) in partnership with the University of Wolverhampton, of which a number are in new Foundation Degree courses.

In respect of the timescales for the drafting of the budget 2009/10 and financial forecast 2009/10 onwards, the Committee noted the following:

The intention remains to provide a first draft of the budget 2009/10 and financial forecast at the next Estates and Finance Committee meeting on 6 July prior to submission to the Board of Governors on 20 July 2009.

In the context of the Foster Review detailed work being undertaken by the LSC on capital project applications, it was reported that it seemed likely that the AiP for iCentral would not be drawn together until after the stocktake outcomes were known in July 2009.

It was therefore the intention to prepare a financial forecast for the July Board meeting which accounts for the contracts which are "firm" with the LSC to enable the Board to approve the budget for 2009/10 on a clear and transparent basis. To further submit to the July Board meeting a forecast "for information only" which provides for the implications of the iCentral development, working on the basis of receiving the required LSC support/AWM support and HEFCE support.

It was further reported, as a "note of caution" for the 2010/2011 financial year, that a letter was imminent re public spending efficiency.

## **16/09 ANNUAL REVIEW OF FINANCIAL REGULATIONS**

The Committee considered and endorsed proposed amendments to the College's Financial Regulations, in the context of the annual review. It was noted that the College's Internal Auditors, Bentley Jennison, had checked through the draft Regulations and their comments had been accounted for in the proposed amendments.

**Resolved:**

**That the Estates and Finance Committee endorses the proposed amendments to the College's Financial Regulations and recommends approval to the Board of Governors.**