

## CITY OF WOLVERHAMPTON COLLEGE

### Minutes of the Meeting of the Estates & Finance Committee of the Board of Governors held on Monday 6 July 2009 at 5.00pm in the Conference Centre, Paget Road

---

#### PRESENT

Mr WA Parker (Chair)      Mr I Millard  
Mr B Bird

Ms S Meddings (Clerk)

#### IN ATTENDANCE

Mr A Brodie  
Mr B Dhir  
Ms E Payne  
Mr P Polowyj

In the absence of the Chair, Mrs J Kitchen, it was agreed that Mr WA Parker would chair the meeting.

#### APOLOGIES FOR ABSENCE

Apologies for absence were received from Mrs J Kitchen and Mr J Crockett.

#### **17/09 MINUTES OF THE PREVIOUS MEETING – 11 MAY 2009**

##### Resolved:

That the minutes of the previous meeting held on 11 May 2009 be approved as a correct record.

#### **18/09 2008/09 MONITORING REPORT**

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

The following overview of the in year position was noted:

At the Board of Governors meeting on 15 December 2008, the Board requested that the College should seek to return a surplus of £800,000 in 2008/09, which was £480,000 higher than the original planned surplus of £321,000. This was to provide comfort in case of any potential downturn or underperformance in contract delivery in year.

It was reported that the College continues to work on the basis that a surplus of around £440,000 would be returned for the year.

It was further reported that additional income of around £70K to £80K, not reported in the monitoring report, from new projects such as V Talent was anticipated and that a bid for funds to cover additional work undertaken by

Senior Staff on the Academies project had been submitted to the DCSF.

In respect of cash flow it was reported that the position has improved but the ongoing capital costs for outstanding payments on the Wellington Road development would mean that regular contact with Barclays Bank would be required in the next forthcoming quarter.

In receiving the monitoring report, the Committee agreed that if the College could achieve a surplus of £440,000 for 2008/09 this would be a great improvement on the previous year and would set the standard for future years. The Chair congratulated the Vice Principal Finance on a good report, progress and outcome.

#### **19/09 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 updated contract values and progress to date:

The Committee further noted a number of recent and future opportunities including:

LSC/ESF co-financed opportunity "Using the Inspiration 2102" which will involve leading a West Midlands-wide consortium of delivery partners in the development of coaching and volunteering skills and the promotion of healthy lifestyles. This will be mainly targeted at unemployed people.

A further new project involves the hosting of a Social Inclusion Co-ordinator on behalf of Wolverhampton Guns and Gangs Group which involves the postholder co-ordinating activity across a number of agencies to address guns, gangs and knife crime issues in Wolverhampton.

#### **20/09 PARTNERSHIP PROVISION 2008/09**

In receiving the monitoring report on the College's Partnership Provision the Committee noted that overall provision was on track to achieve the 2008/09 targets under the Adult Learner Responsive funding stream.

In respect of Train to Gain activity, it was reported that at 19 June the total income earned was £444,147 or 87.6% of the projected full year income. The Committee noted that the funding cap on Train to Gain across the sector imposed by the LSC from April 2009 had clearly impacted on the College as a whole, including partnership delivery on Train to Gain.

#### **21/09 PROPERTY STRATEGY UPDATE**

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

##### Wellington Road development

The main contractor expected to vacate the site by the end of the first week in July. The only remaining items would be the final snagging items and the provision of lamp heads for the columns in the permanent car park area.

The Football Foundation application has been deferred once more to August 2009 leaving the all weather pitch and changing room extension/alterations

the only substantial items to be completed in the development of the campus. It was reported that the Football Foundation contacted the College on 10 June requesting a commitment from the College to bear a higher percentage of the development costs, i.e. 50% of the revised costs. This has put into doubt the affordability of the all weather pitch.

With regard to the cost of the Wellington Road development, the latest outturn indicates that the final cost will be £14.4m excluding the College's contribution to the all weather pitch and changing rooms against an original budget of £13.5m. The increase was due mainly to the negotiations on the contractor's Loss and Expense claim. Negotiations on the extent of the overspend were continuing.

### LSC Stocktake and implications for i-Central and Paget Road

In respect of the latest position nationally on the LSC "stocktake" on its capital programme, a "LSC News Update" was distributed to Committee members which reported that a shortlist of 13 further education building projects have been approved to go forward from 180 projects submitted. The 13 shortlisted colleges would have to trim costs and look for other funding sources. The colleges which were not shortlisted would not be considered until the next spending review in 2011/2012.

In terms of abortive expenditure for projects not selected to proceed, it was reported that LSC was considering a number of options to mitigate the impact of potential aborted costs on the financial health of colleges. It was confirmed that the College had potential abortive costs of approximately £90,000 (i.e. £177,000 jointly incurred with the University).

The Committee further noted that in the long term, there would be increasing cost associated with maintaining the ageing Paget Road Campus.

## **22/09 DRAFT BUDGET 2009/10 – FORECASTS 2010/11 AND 2011/12**

The Committee received a report which provided a first draft of the budget 2009/10 and the forecasts for 2010/11 and 2011/12 and which summarised the assumptions (including risk assumptions) that underpin the figures.

It was reported that the draft budget and financial forecasts had been developed within the following context:

- The request by the Board of Governors that in setting the budget for 2009/10 onwards, the college should work towards an operating position which provides for a surplus of around 2% of turnover.
- The college had anticipated being in a position to consider submitting an Application in Principle for the continuing aspirations regarding the capital developments at i-Central and Paget Road. As reported to Committee under the agenda item on the College's Property Strategy, this was not likely at this point, given the capital programme difficulties at the LSC. No assumptions were therefore made in the forecast for i-Central or Paget Road.
- The environment in which the college operates was subject to further change, with the discontinuation of the LSC and the likelihood that fragmented and specific funding sources would continue in future years.

These changes would be reflected in an updated risk management framework.

In receiving the detail of the draft budget the Committee noted the following headline issues from the Executive Summary:

- The College has received notification from the LSC on the contracts for 2009/10, which support 85% of the income for the year. Notifications have been received late in the planning cycle, but they do give some assurance about year 1 of the 3 year forecast.
- Years 2 and 3 of the forecast were subject to uncertainty – all indications were that public sector spending would be very tight. The forecast therefore assumes no growth in student numbers in Years 2 and 3. Efficiency gains were implied in year 3.
- As well as including the income estimates in 2009/10, the college has flexed the workforce numbers to reflect the income position. As reported at the Board meeting on 18 May, the overall funding from the LSC was reasonably positive, in relative terms to allocations across the sector. The draft forecast reflects this general position, as well as a detailed range of contracts which support the college objectives on Regeneration and Learning Partnership initiatives.

**Resolved:**

- i) That the Estates and Finance Committee endorses the draft budget for 2009/10 and recommends approval by the Board of Governors at the Board meeting on 20 July 2009.**
- ii) That the Estates and Finance Committee notes the financial forecasts for 2010/11 and 2011/12.**

**23/09 RISK MANAGEMENT FRAMEWORK**

The Committee noted a report outlining the proposals for updating the existing Risk Framework during the 2009/10 academic year which included the production of a new risk register.

The Committee further noted the existing controls that the College has in place which give assurance on managing risk.

**24/09 ANALYSIS OF DEBTORS**

The Committee received an update on the level of debtors on the balance sheet as at May 2009.

A summary of the ledger by category of debt at mid May was considered. It was reported that the total balance of amounts due was £921,551.

The College continues to pursue a number of aged debts. The cumulative value of debts to 2006/07 as at May 2009 was £113,434, a reduction of £130,082 from the figure reported in February 2009 of £243, 516.