

STAFFORD COLLEGE CORPORATION

**MINUTES of  
RESOURCES COMMITTEE, 29 JUNE 2011**

Present: S Birkin (Chair), P Buttery, A P Davison, I Starkie, Mrs J K Tanner, S Willis

In attendance: J P Charleton (Clerk), Mrs H B Daniel, Ms A Piercy, C Riding, I Rigby

Apologies: G M Humby

Observer: G Taylor-Marshall, Cllr M Winnington

**PART I**

833.0 DECLARATION OF INTERESTS

The Chair reminded members of their duty to declare an interest, financial or otherwise, in any item on the Agenda. Mr G Humby declared that he was an employee of Sterling Power Limited.

834.0 MEETING HELD ON 23 MARCH 2011

(a) Part I Minutes

**It was RESOLVED:**

**that the minutes be confirmed as a true record and signed by the Chair.**

(b) Matters arising

There were no matters arising.

*P Buttery joined the meeting during discussion on the following item of business.*

835.0 DRAFT BUDGET

Mrs H Daniel, Finance Manager, and the Vice Principal (Resources) presented the initial draft Budget for 2011/12 which included an operating surplus of £153,000, in line with the expected figure in the June 2010 Financial Forecast. The Budget included the Capital Project costs and the impact on the cashflow, balance sheet and associated ratios.

The College had received an average reduction in funding allocations of 3% on 2010/11 funding levels across all Learner and Employer Responsive programmes. As part of the budget setting process a risk and sensitivity analysis had been conducted covering all the

main areas of risk showing the potential impact of alternative scenarios in terms of recruitment, budget cuts and cost increases.

Cash at the bank was forecast to reduce significantly during 2011/12 due to the Capital Project on the assumption that the majority of the loan will be drawn down by the end of July 2012. Sufficient cash reserves were budgeted to offset the risk of a breach of the loan covenants. In line with AoC pay guidance a staff pay award of 0.5% had been included in the budget, payable from 1 February 2012.

**It was RESOLVED that it be recommended to the Corporation that:**

- (a) the initial draft Budget for 2011/12, incorporating both an operating surplus of £153,000 and an Initial Capital Budget of £560,000 be approved;**
- (b) the College's Financial Health be self-assessed as 'Satisfactory' for 2011/12 under the Framework for Excellence scoring, based on the new SFA formula.**

#### 836.0 TEN-YEAR FINANCIAL FORECAST

The Vice Principal (Resources) provided details of the assumptions used in producing the College's Ten-Year Financial Forecast for the period 1 August 2011 to 31 July 2021 and the proposed outturn position in each year. The Ten-Year Forecast expresses in financial terms the costs of implementing the Plan including the Capital Project identifying the income and expenditure associated with projected levels of activity.

Financial planning assumptions used to prepare the forecast included projections for inflation, interest rates, funding body grants, fee income and pay/non-pay expenditure. While funding for adult learners was projected to fall by 4% per year up to 2012/13, the position beyond that year was uncertain due to the planned introduction of fee loans. No growth in student numbers had been built into the forecast due to demographic trends.

The Vice Principal (Resources) highlighted actions taken by College Management to mitigate the risk of breaching the bank loan covenants, which included close monitoring of financial forecasts and sensitivities and regular reporting to governors. Following changes to the SFA's formula for calculating financial health ratios, the College would be self-assessed as 'Satisfactory' for the initial period of the forecast but this rating would change to 'Good' from 2014 onwards.

**It was RESOLVED that it be recommended to the Corporation that:**

- (a) the Ten-Year Financial Forecast 2011-2021 be approved for submission to the appropriate funding bodies;**
- (b) the College's Financial Health be assessed as 'Satisfactory' across the initial period of the forecast under the Framework for Excellence scoring, based on the new SFA formula.**

#### 837.0 MANAGEMENT ACCOUNTS

The Vice Principal (Resources) presented the Management Accounts for May 2011 which confirmed a forecast operating position of £458,000, slightly ahead of the budget target surplus.

Current month variations to the forecast included savings made in fuel costs due to improved contract rates and an increased forecast for maintenance to reflect the costs of creating appropriate learning environments for Technology students at the Palmbourne site. Employer Responsive grant income was below forecast due to difficulties experienced by a partner whose sister company had gone into liquidation.

**It was RESOLVED:**

**that the Management Accounts for May 2011 be received.**

*Mrs H Daniel left the meeting at this point.*

838.0 ACCOMMODATION STRATEGY WORKING GROUP (ASWG)

The Clerk presented the updated Standing Orders of the ASWG which had been updated following a recommendation by the Internal Audit Service.

**It was RESOLVED:**

**that the updated Standing Orders of the ASWG be recommended to the Corporation for approval in July 2011.**

839.0 CAPITAL PROJECT

Mr C Riding, Director of Capital Development and MIS, reported on the latest developments with the Capital Project:

- Connell Bros Limited had completed the demolition to ground slab as contracted to programme and within budget and on schedule.
- The University of Leicester had been awarded the contract to undertake the required archaeological works as specified as a planning condition.
- Connell Bros Limited had been appointed to undertake the ground slab removal and excavation with a three-week contract extension to undertake the works.
- A final contract had been agreed with the preferred main contractor which was within budget and allowed for a contingency element.
- The preferred main contractor would be commencing preliminary work from 18 July with on-site set up from 1 August.

Members welcomed the report and congratulated Mr Riding, the Design Team and College Management on the progress made with the Capital Project.

**It was RESOLVED that:**

- (a) **the report be received;**
- (b) **the successful execution of the Demolition contract by Connell Bros Limited be noted.**

840.0 PART II ITEMS

Under Part II of the agenda members considered the following item of business:

- Part II Minutes of the meeting held on 23 March 2011
- Capital Project
- Staffing Issues

841.0 DATE AND TIME OF NEXT MEETING

Wednesday 23 November 2011 at 5.30 pm.