

Minutes of Norton Radstock College Management Accounts Review Group Meeting held on Monday 12 July 2010

Present:	Mr J Wilkinson (Chair)	JW
	Mrs S Arayan (Principal)	SA
	Mr K Willcox	KW
In Attendance:	Ms J Barber (Finance Director)	JB
	Mr P Hodgson (Corporate Director)	PH
	Mrs L Maychin (Minutes)	LM

1. Apologies for absence

Apologies had been received from Mr John Holland.

2. Minutes of meeting held on 17 May 2010 for approval

The meeting unanimously agreed to approve the Minutes.

3. Matters arising

- Connectivity to remote sites had been improved but little feedback had been received from students due to the impending end of term and exam period.
- SA was still negotiating with City of Bath College over the outstanding invoice for £30k although the amount may be reduced.

4. Management Accounts for May 2010 for information

JB stated that as mentioned at the previous meeting there is likely to be a shortfall of £122k in Adult Learner Responsive funding. This was reflected in the forecast but had not affected the cashflow as yet.

PH stated that he had confirmed with the SFA today that there would be a clawback of £122k.

JB pointed out a further reduction in our Employer Responsive funding of £34,576 which she had updated in the forecast, and advised on the continuing adverse variance on School Links.

Upon query it was confirmed to JW that the Grant and Project income was mostly the responsibility of PH.

JB pointed out that the adverse variance on project income/costs will change to a positive one when the Euro account is taken into account. PH added that we had received another small payment and he expected two more before the end of the month.

JB stated that she had updated the forecast to include the favourable variances.

A discussion followed regarding the delays to the adult part time curriculum as a result of the slowness in setting up the QCF. PH and SA updated the meeting on the latest position ascertained from their meeting with the SFA that morning.

JB stated that although we are now forecasting a deficit for 2009/2010, the College continues in a solvent position and the College's financial health for the current year is still assessed as 'good'. JW stated that the point should be made when presenting the papers to Governors, that we are looking to avoid a deficit by the year end.

5. **Approve forwarding of budget for 2010/2011 to the Governing Body**

JB stated that an updated version may need to be presented in the Autumn term due to the delays on the adult curriculum on QCF which will result in changes being made over the summer.

JB stated that overall position regarding SFA/YPLA funding was more favourable than expected and colleges will have a single line budget for Adult Learner Responsive, Train to Gain and Apprenticeships for those over 19.

JB explained how funds for Train to Gain will be included in the allocation but with the assumption that money would be shifted to Apprenticeships. She also stated that any underachievement against total allocation will be repayable to the SFA in November 2011.

JB stated that the full allocation had not been included in the budget due to the uncertainty around QCF and the fact that funding can be cut with three months notice. This was set out in the table in paragraph 2.3.

JB went through the major changes within the 2010/2011 budget. JW noted the reduction in School Links monies and SA explained that this was due to the introduction of Diplomas and Academies. She was hopeful of a return to previous levels. JW queried the possibility of further prison contracts but SA stated that she thought not as a different approach was now being adopted.

JB went through the Non Pay and Pay Expenditure tables. JW asked that full year effect increase on staff costs be made clearer and stated that we should afford as much as we could for a pay award.

JB stated that the balance sheet currently included £100,000 of capital expenditure and asked for approval to release to £50,000 to spend over the summer. This was agreed by the meeting.

JB stated that there was no contingency within the budget at present but there was £197,952 of funding that had not yet been recognised. JW congratulated JB on the budget and stated that he thought it would be useful to have a line showing total expenditure.

KW asked if there would be enough money for the works to the Northside building. PH stated that this would be discussed at an Accommodation meeting he was planning to hold before the Governing Meeting on 20 July but added that there would not be sufficient funding to demolish and rebuild.

The meeting unanimously agreed to approve the 2010/2011 Budget.

JB went through the Financial Forecast for 2010/2013 pointing out the break even position and the fact that the College's financial health remains as 'good' for the next three years.

The meeting unanimously agreed to approve the 2010/2013 Financial Forecast.

7. **Approve change to Bank Covenant**

JB explained the proposed change and went through the revised method of calculation. She stated that the bank manager would visit the College the following morning to provide the revised wording. Subject to this, the meeting unanimously agreed to approve the change.

7. **Any other business**

PH explained the implications of the Capital Bid submission to the Skills Funding Agency by 23 July and stated the intention to have an Accommodation Meeting at 5.30pm on Tuesday 20 July so that approval could be given by Governors at their meeting at 6.30pm. He stated the intention to organise a bridging loan for the refurbishment of the Northside building. JB stated that this was the main reason for the meeting with the bank manager.

Meeting closed at 3.55pm.