

Minutes of Norton Radstock Management Accounts review Group meeting held on Monday 20 July 2009 at 9.30am

Present: Mr J. Wilkinson (Chair) JW
Mrs S Arayan (Principal) SA
Mr K. Willcox KW

In Attendance: Ms J Barber (Finance Director) JB
Mr J. Holland (Clerk) JH

1 Apologies for absence

Apologies had been received from Peter Hodgson who is usually in attendance

2. Minutes of meeting held on 8 July 2009 for approval

The meeting unanimously agreed to approve the minutes

3. Matters arising

The meeting noted the matters arising sheet.

The Financial Forecast spreadsheet assumed that the Capital Projects costs not funded would be written off in 2008/2009. JB confirmed that this would be checked with the Financial Statement Auditors at the time of the audit. Action **JB MA709 (2)1**

College Management to explore the possibility of recovering these costs from the LSC Action **SA/JB MA709(2)2**

A meeting to be arranged between JW and Peter Skinner and Andy Willcox to further discuss the new performance indicators. Action **JH MA709(2) 3**

4. Approve forwarding of the 3 year Financial Forecast 2009/2012 to the Corporation

JB explained there had been some concern in the sector about signing the statement in note 11 in that the non availability of capital support had changed the College's ability to meet its Strategic Plan.

The meeting agreed the Financial Forecast should be signed by the Principal but noting that an alternative Accommodation Strategy still had to be formulated by the College subsequent to capital support now not being available.

The meeting noted that the AOC is lobbying support for Colleges with poor building infrastructure.

The meeting went through the key tables within the forecast.

On the Income and Expenditure Account the meeting agreed that an extra £100K should be included for property maintenance in both 2010/2011 and 2011/2012, to reflect the alternative accommodation strategy which should be available within this timescale.

It was agreed that at the Governing Body meeting JW would set the scene on funding that from August 2010 funding would become more problematic with a possible change of Government. At present the funding included in the forecast reflects current LSC assumptions up to 2012.

Due to funding uncertainties Governors at the Strategic Planning Day indicated they would be comfortable with a contingency of £200K a year. This is achieved in 2010 with a surplus of £156K and an allowance for a 2% pay award but not in subsequent years when the £100K is included in both 2011 and 2012 for additional property maintenance.

The meeting noted that a capital spend of £200K had been allowed for in 2010 and £100K in 2011 and 2012 not allowing for any spend on a revised Accommodation Strategy.

The meeting **noted** the cash position on the balance sheet table over the three years

JB referred the meeting to page 20 of the papers which showed the College had a net cash outflow of £253K for the year 2008/2009. This was due to two main reasons:

1. The receipt of some of the LSC income this year is now profiled a month in arrears which increased our year end debtors figure
2. The £200K creditor for Franchising at the end of 2007/2008 which is not repeated at the end of this Financial Year.

JB agreed to discuss this issue with the LSC PFA Audit Team, Financial Statements Auditors and check on the Finance Directors network for any sector advice.

Action **JB MA709(2)4**

JW asked if AOC South West could be made aware of the issue.

Action **SA MA709(2)5**

The meeting **noted** the ratio analysis table.

The meeting **noted** the Financial Health Grades for 2008/2009 as good and outstanding for the three years 2009 to 2012 although the last two years would probably change with the inclusion of the extra £100K in each year for property maintenance.

The meeting agreed which schedules to forward to Governors and with the changes detailed above **to approve** forwarding the Financial Forecast to the Corporation

5. Further discussion on minimising the possibility of breaking the Colleges Bank Loan Covenants

This had already been discussed earlier in the meeting.

6. Any other business

With regard to the initial Capital Tranche for 2009/2010 it was agreed to recommend an initial tranche of £100K.

There being no further business the meeting closed at 10.50am