

KING GEORGE V FURTHER EDUCATION CORPORATION

**MINUTES OF THE MEETING OF THE GOVERNORS
FINANCE & GENERAL PURPOSES COMMITTEE**

5.30pm Monday 12 May 2014

PRESENT

Chris Baker (Governor)
Elinor Dodd (Governor)
Morag Matthews (Staff Governor)
John Rostron (Governor)
Vip Trivedi (Governor) from 6.10pm
Adele Wills (Principal)
Ian Swift (Deputy Principal) In Attendance
Will Melia (Assistant Principal) In Attendance
Wendy Moorcroft (WM) (Clerk)

A Quorum being present Chris Baker in the Chair opened the meeting at 5.35pm.

14/15 Apologies

Arlene Allen (Governor)
Paul Lacey (Governor)

14/16 Minutes of the Meeting of 10 March 2014

The minutes were accepted as a true and accurate record and signed by the Chairman.

14/17 Matters Arising

14/12 Loan Finance – Interest Rate Options

Nat West had been asked to prepare the loan agreement on the basis agreed at the last meeting. A change in valuer and solicitors on behalf of the bank had delayed the process. It was also likely that the additional building proposals arising from the recent further BCIF funding could delay matters further as planning permission was awaited and this was a condition of the loan. In tem of cash flow however this was unlikely to cause any immediate problems as the College expected to receive £0.5m from BCIF next month. The loan facility would not be required until September.

There were no other matters arising from the minutes.

14/18 Financial Report including cash Flow and Capital Monitoring

Will Melia, Assistant Principal, presented the Financial Report for period 8 to the Committee. Governors noted that the surplus to date was £381k which was £4k below target. The anticipated surplus for the year however was £497k which was around £81k worse than target. There was little change to report from period 6 with most variances reported at the last meeting , pay costs being £67k over budget and non pay costs £22k over budget. The

additional pay costs reflected the higher than anticipated cost of new teaching staff, additional technicians and the cost of the PE technician funded partly through the Kenyon trust. A contingency of £19k was also included within the budget. Non pay costs reflected the cost saving exercise of reducing a range of non pay budgets by 20% but this was offset by the impact of accelerated depreciation in respect of the new Creative Arts block. Income was largely in line with budget. Capital expenditure to period 6 was £232k but this would rise significantly now that work on the Creative Arts block was underway. Cash reserves were around £1.2m and forecast to fall to around £1m by the end of the year. Initial projections for 20/14/15 indicated these would fall to just below £1m, again as the capital project costs impacted.

Looking at the key financial indicators it was noted that in terms of benchmarking surplus levels, the sector benchmark had fallen from around 3.5% to 1.84% reflecting the difficulties facing colleges. As reported at the last meeting Governors noted that the 'current' ratio was below target due to redundancy payments and inflated accruals relating to BCIF income received not yet spent. The ratio was anticipated to improve by the year end and towards 2014/15. Cash flow projections for 2014/15 reflected the recent support staff voluntary redundancy exercise and the final funding allocation. It should be noted however that any future potential voluntary redundancy exercise would impact further on cash and this would need to be monitored closely.

The full £1.5m bid to BCIF had been successful and would enable the College to enlarge the Creative Arts Block and demolish Fearn removing the need for rectification of water ingress damage costs of £250k.

The final funding allocation for 2014/15 had now been received and Governors noted that this was £1.5m lower than the previous year. Further savings going into 2015/16 would be required. Staff had been briefed and had put forward a number of suggestions. The Principal would be bringing proposal to the next Full Board meeting on 19 May. Number projections for next year were around 900.

14/19 Any Other Business

There was no other business.

14/20 Date of Next Meeting

23 June at 6.00pm.

There being no other business the meeting closed at 6.25pm.

SIGNED BY THE CHAIR AS A TRUE AND ACCURATE RECORD

..... DATE