

Colchester Institute Corporation

*Minutes of a Meeting of the Finance and General Purposes Committee
held on 8 November 2011
at the Sheepen Road Campus*

Present

Graham Randall, in the Chair

Danny Clough

Trish Alford

Tony Fisher

In Attendance

Sharon Gravener Scrutton Bland, Financial Statements Auditor (item 2 only)

Gary Horne Director of Finance and Operations

Hazel Paton Clerk to the Governors

Tim O'Connor Scrutton Bland, Financial Statements Auditor (item 2 only)

Apologies for absence were received from David Gronland and David Priest

Sharon Gravener and Tim O'Connor were welcomed to the meeting. It was noted that this would be the seventh year that Sharon Gravener has acted as Lead Partner for the audit of the accounts. In line with the Audit Code of Practice, which requires the Lead Partner to rotate every seven years, Tim O'Connor will take over as the Lead Partner next year. Mr O'Connor has provided the second partner review for the last two years.

1. Declaration of any conflicts of interest regarding any items on the agenda

None

2. Report and Financial Statements 31 July 2011

CIC/FGP/11/6/1a, and CIC/FGP/11/6/1b, Report and Financial Statements 31 July 2011 was received and presented by the Financial Statements Auditor.

The Committee considered the Consolidated Income and Expenditure Account. The Financial Statement's Auditor reminded members that the figures for the year ended 31 July 2010 only reflect the income and expenditure of Braintree College for the seven months from 1 January 2010. She outlined the income and expenditure for Braintree College for the five months ending 31 December 2009 and what the variances would have been had the accounts for 2010 included a full year's activity for Braintree College.

It was noted that staff costs as a percentage of total income has risen to 65.1%.. It was reported that staff costs had reached nearly 90% of income at the former Braintree College and that action was taken following the merger to bring down staff costs. Restructuring undertaken during the course of 2010-11 and 2011-12 will reduce the percentage nearer to pre-merger levels. The average staff costs percentage in the sector range from 63% to 65%.

The two items on the Statement of Total Recognised Gains and Losses were noted. A previous impairment provision for A Block has been reversed now that the building is being refurbished as an HE Centre. The other item, which is outside the College's control, relates to the pension scheme deficit.

The Balance Sheet was considered. Members noted a large movement in cash at bank compared to the previous year, due to bank loan repayments, and money being placed on a fixed term bank deposit. The College is recording net current liabilities of £1m compared to

net current assets of £212k last year. The Financial Statement's Auditor reported that they had analysed this and concluded that this was not a cause for concern at the current level and is to be expected until the bank loan is repaid.

Long term creditors has reduced by £2m. Members were advised that long term creditors includes VAT repayments under the Lennartz scheme, and that the sum to be repaid is dependent on two variables; the prevailing VAT rate at the date of repayment, and the percentage of business use to non business use. It was recommended that this is reassessed annually to see if any adjustments are required.

Members discussed the presentation of the accounts and agreed to include an additional disclosure box on the Income and Expenditure account showing the surplus for the year excluding FRS17 adjustments.

CIC/FGP/11/6/2, Letter of Representation and schedule of unadjusted errors, was received, considered and accepted.

Subject to the changes agreed above it was AGREED to recommend the accounts to the Board.

The Committee thanked Sharon Gravener for her contribution during her seven years as Lead Partner. Sharon Gravener and Tim O'Connor left the meeting.

3. Minutes of the Meeting 13 September 2011

The Minutes of the meeting held on 13 September 2011 (CIC/FGP/11/6/3) were received and confirmed. The Chairman signed the minute book.

4. Action Sheet and Matters Arising

None, other than on the agenda.

5. Chairman's Action since last Meeting

It was reported that the Chairman approved (13.10.11) the appointment of Cadman Construction Limited to undertake the refurbishment work within A block. Cadman's tender represented a £40k saving versus budget. This was endorsed by the Committee.

It was reported that construction work on A Block was due to start the following week with a scheduled completion of May 2012.

6. Financial Monitoring - September 2011 Management Report

CIC/FGP/11/6/4, September 2011 Management Report, was received and considered. It was noted that the forecast operating surplus as at 31 July 2012 has been deteriorated by £7k due to the cancellation of an invoice incorrectly issued during July 2011 valued £50,000, and the release of £43k income received in advance and deposited within the balance sheet many years ago. Exceptional income included anticipated income from the sale of nursery premises in Braintree, which will not take place now that a new tenant has been found, and this line has been reduced accordingly, however this will not impact the operating surplus.

The Principal reported that recruitment was good and he was reasonably confident that the College would achieve its income lines.

It was reported that the College has been successful (subject to formal contract), through the BCT, with a bid focused on adult NEET (not in employment, education or training) in apprenticeships and should receive additional funding of £875k over the next two years.

7. **Property**

7.1. **Gainsford Avenue**

The Director of Finance and Operations reminded the Committee that following presentations from interested parties in April it was agreed to proceed with Bloor Homes. Progress has been slow and the College's solicitors are becoming frustrated with the lack of feedback from the solicitors representing Bloor Homes. It was AGREED to set a deadline of the end of 2011 for Bloor Homes to sign the option agreement and make the associated payment.

7.2. **Braintree Nursery**

The lease has now been agreed and is due to be exchanged on 11th November. The agreement is for a fifteen year lease, with break clauses every five years.

7.3. **Land Sale Bocking**

It was reported that Braintree District Council was set to grant planning permission on 22 November and the sale is expected to go through by the end of this year. This has been included in the forecasts under exceptional income.

8. **Sub-Contracting Activities**

CIC/FGP/11/6/5, report on sub-contracting activity, was received and considered. The Director of Finance and Operations updated members on proposals for 2011-12:

- It was hoped that the sub-contract agreement with The Mayflower Partnership would be in place by the end of this week.
- The Director of Quality and Curriculum Planning is working to secure an agreement with The Princes Trust.
- M.E.A.T. (Meat East Anglian Trades Ipswich Limited) has been invited to join the BTC Consortium. A response is expected this week.

It was reported that enrolments across the Consortium are on track at period two. Sanctions are being introduced for partners who do not perform necessitating additional work on the part of the College. The risks associated with the consortium were noted.

9. **Request for Additional Credit Card**

CIC/FGP/11/6/6, request for additional credit card, was received. The Director of Finance and Operations outlined the background to the request, which is to assist operations at Braintree Campus, and the procedures that would be put in place for controlling its use. Draft amendments to FRAP were considered. The Committee APPROVED the request for an additional credit card and AGREED the changes to FRAP.

10. **Date of Next Meeting**

Tuesday, 31 January 2012 at 4.30 pm.

11. **Any Other Urgent Business**

None