

KING GEORGE V FURTHER EDUCATION CORPORATION

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

5.30pm Monday 27 January 2014

PRESENT Arlene Allan (Governor)
Chris Baker (Governor)
Elinor Dodd (Governor)
Paul Lacey (Governor)
Morag Matthews (Staff Governor)
John Rostron(Governor)
VipinTrivedi (Governor)
Adele Wills (Principal)
Will Melia (Finance Director) In attendance
Wendy Moorcroft (WM)(Clerk)

A Quorum being present Arlene Allan in the Chair opened the meeting at 5.30pm.

14/01 Apologies

None

14/02 Minutes of the Meeting of 2 December 2013

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

14/03 Matters Arising

13/35 Financial Report

Mr Melia reported that he had been in discussion with NatWest with regard to differing scenarios in respect of fixing all or part of the loan. Whilst fixing was more expensive, the rates quoted were still good and would give long term stability. He would prepare a report for the next meeting so that the Committee could make a recommendation to Full Board

**13/41 Financial Statements for the year ended 31 July 2013 and report of
Financial Statements Auditors**

The Going concern issue had been satisfied and the Accounts had been duly signed off.

There were no other matters arising from the minutes.

14/04 Financial Report

Will Melia, Assistant Principal, took Governors through the Period 3 Accounts for 2013/2014.

Looking at the key points within the report, Governors noted that the College was marginally above target in terms of the surplus forecast at Period 3. A surplus of £538k

was forecast for the year however which was £40k below target. This was primarily due to a combination of pay costs being £76k over budget and non pay cost £28k under 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 bid for additional funding elsewhere was being made to retain this post for future years. The reduction in non pay costs reflected the cost saving exercise of reducing a range of non pay budgets by 20%. This was partly offset however by the impact of accelerated depreciation in respect of the new Creative Arts block. There had been capital expenditure to date of £131k. Cash reserves were around £1.2m and forecast to remain around the same by the end of the year. Cash reserves were currently above target due to front loading of income from funding bodies. Cash flow for 2014/15 had not yet been modelled due to uncertainty with the phasing of the new build payments. Looking at the key performance indicators, 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 return to target by 2014/15. In terms of reviewing the targets for the year ahead, it was proposed that the Borrowing as a % of Income target be increased to 35% to reflect the anticipated approved borrowing. It was also proposed that the Pay as % of Income target be reduced to 68% in line with the sector benchmark. No changes were proposed to the other financial indicators.

The Committee agreed that the financial targets as presented be recommended to the Board for approval for 2013/14

Planning permission had been granted in respect of the Creative Arts building funded partly by BCIF 2013 monies. As reported to Governors on 20 January, a tender process for the building contract work had been undertaken and John Turners had been appointed. The bid was below the budget approved by Governors which would allow coverage of the Bank tender consultancy costs and increase the contingency if necessary. The next round of bids for BCIF 2014 monies was underway and the College would be submitting a bid for replacement /refurbishment of Fearn Building.

Governors noted the ongoing process of strategies to address the future anticipated funding shortfalls. The applications to date position was also noted.

The Committee accepted the Period 3 Accounts and Financial Report.

14/05 Health and Safety Minutes

Governors noted and accepted the Health and Safety minutes.

14/06 Any Other Business

It was agreed that the time of future meetings be moved to 6.00pm

There was no other business.

14/07 Date of Next Meeting

10 March 2014 at 6.00pm.

There being no other business the meeting closed at 6.00pm.

SIGNED BY THE CHAIR AS A TRUE AND ACCURATE RECORD

..... **DATE**