

## **Lewisham College**

### **Finance and Estates Committee**

**23 June 2009**

#### **Agenda**

- 1. Apologies**
- 2. Declarations of interest**  
Members of the Finance and Estates Committee and members of staff with significant financial responsibility are invited to declare the nature and extent of their financial or other interest in any business to be discussed at this meeting.
- 3a. Unconfirmed minutes of the meeting held on 5 May 2009**  
Minutes attached
- 3b. Unconfirmed minutes of the Special meeting held on 20 May 2009**  
Minutes attached
- 4. Matters arising**
- 5. \*Areas of Stewardship**  
Report attached  
FOR INFORMATION
- 6. Principal's update**  
Oral update  
FOR INFORMATION
- 7. Current year funding and performance update**  
Report attached  
FOR INFORMATION
- 8. Projects report**  
Report attached  
FOR INFORMATION
- 9. Management accounts**  
Report attached  
FOR INFORMATION
- 10. Balance sheet forecast**  
Report attached  
FOR INFORMATION
- 11. Budget proposals 2009/10**  
Report attached  
FOR INFORMATION

- 12. Deptford Redevelopment update**  
Oral update  
FOR INFORMATION
- 13. Finance and Estates committee annual review**  
Report attached  
FOR INFORMATION
- 14. Bank signatories**  
Report attached  
FOR DECISION
- 15. Future agenda Items**
- 16. Any other business**
- 17. Date of next meeting**  
6 October 2009 at 5.30pm  
Audit/Finance Joint meeting 16 November 2009 at 5pm

## Lewisham College

### Minutes of the Finance and Estates Committee meeting held on 23 June 2009 at 5.30pm

#### Present:

John Curry	Chair
Douglas Hands	Chair of Governors
Dame Ruth Silver	Principal

#### Managers:

Carole Davidson	Interim Director of Finance
Stephen Lawes	Executive Director of Finance and Corporate Services
Nick Linford	Director of Planning and Performance
Tim Potter	Deputy Principal and Executive Director Student Success
Andrew Slade	Director of Adult Curriculum

#### Also in attendance:

Frances Sweeney	Clerk to the Governors
Beatrice Pelling	Governance Secretary

#### 1. Apologies for absence

Apologies for absence was received from John Sunderland, Lyn Gadd, Mark Cook and Simone Davies

#### 2. Declarations of Interest

None

#### 3a. Minutes of a meeting of the Finance and Estates Committee held on 5 May 2009

Item 6: A correction on Pg 3, Lewisham Council have committed to providing 100 apprenticeship places not 180, as minuted.

Item 9.3 LSC income is down by £600,000

The Minutes of the meeting were **CORRECTED** and **SIGNED**

#### 3b. Minutes of a special meeting of the Finance and Estates Committee held on 20 May 2009

The Minutes of the meeting were **AGREED** and **SIGNED**

#### 4. Matters Arising

It was reported that an assignee has taken over the lease of suite 345 in the O2

#### 5. Areas of Stewardship

The report was **NOTED**

## 6. Principal's Update

The Principal provided an **ORAL** report on the following:

### STUDENTS

- Posyganza Award - Posyganza took part in the Young Enterprise Regional Finals 21 May '09 at Clifford Chance in Canary Wharf and won the award for Best Presentation
- World Skills – 'The Centre Piece' the Music Department's National Diploma 2nd year student band - took part in the final of the Worldskills UK Popular Music competition on 20 May '09
- "Fifteen" Apprentice, Tedros Hagos, won Apprentice of the Year at the 2009 Skills For London Awards
- London Education Partnership Awards – The college won the prize for "Success at 17: achieving successful outcomes and progression from Level 2 to Level 3 presented 9 June '09 at The Painted Hall, Royal Naval College, Greenwich
- Dance and drama performances have been very successful, "England people very nice" was a very thought provoking play exploring racism.
- Eileen Cooper RA the visiting artist invited the art students to the Royal Academy exhibition, which she has part curated.
- The visiting artist next year will be an ex-student who is a Manga artist.

### STAFF

- College Receptionist - Lydia Norbal from the security staff has been appointed as the College Receptionist

### SITES

- The Safer Neighbourhoods Team - visited the College to discuss with students topics such as: personal safety, stop and search, domestic violence, spent criminal convictions, drugs and the law, offensive weapons and perceived harassment.
- Buildings project update is on the agenda. The Principal attended the opening of the new 6<sup>th</sup> form college at Lambeth College.

### SYSTEMS

- Student Virtual Learning Environment "e-me" was launched on 22 May '09. Over 100 delegates attended.

### STRATEGY

- Lord Baker visited the college
- Peter Mosley Visit – re: Academies
- DBIS - DIUS merged into DBERR,
  - Lord Mandelson Secretary of State,
  - Pat McFadden Minister for Business, Innovation and Skills
  - Kevin Brennan MP Minister for Further Education, Skills,

## Apprenticeships and Consumer Affairs.

- Contract with The O2 - ended on 15 May 09, over £15,000 contributed to student hardship, 95 employers engaged, 231 members of staff have used the facility.
- Chinese Trade Union visit - 3 delegates from the Chinese trade unions (170 million members) visited the Canary Wharf Learning Centre on 19 June '09.
- Will Paxton visited the college to discuss helping people into self employment
- Douglas Hands MBE – Birthday honours congratulations to our Chair

### 7. Current year funding and performance update

A report was **RECEIVED** from the Director of Planning and Performance, updating the Committee on current and forecast income streams.

A Lewisham College Income Trends report was **TABLED**, which plotted income streams from 2005/6 to 2009/10

The following points were raised in **DISCUSSION**

1. 16-18 sees a reduction in 2009/10 due to underperformance in the last two years, against stretching targets.
2. Adult funding is a low priority for government, the College has over achieved until last year. There is a drop in the proportion of college income on adults from 45% in 2005/6 to 31% forecast for 2009/10.
3. There is a potential risk of adult learners funding claw back, as learners who were fully funded are now co-funded.
4. Additional Learning Support consistently overachieves, and the LSC are maintaining the funding for next year.
5. Apprenticeships are forecast to reach their target
6. Train to Gain: the College has been allocated the requested 11% increase for next year. Other colleges have struggled with this provision; our target for this year is challenging but achievable.
7. It is important that the College diversifies its income streams and European social fund projects are being explored.
8. The forecast is for fees to be further below budget, as a consequence of withdrawals.
9. Funding for 2009/10 has held up well, and new work has been won to balance the reductions in other areas.

The Committee **NOTED** the report, and the fact that considerable progress had been made on diversifying income streams.

## 8. Projects report

A report was **RECEIVED** from the Director of Planning and Performance, updating the Committee on the project budgets.

The following points were raised in **DISCUSSION**

1. A longstanding exchange project with students in Berlin was very successful, a similar exchange with Hospitality students in Turkey is planned.
2. A partnership with Croydon College is being developed to assist those at risk of, or recently made redundant.
3. The LSC has awarded the College a grant to work with those unemployed for more than 6 months. This funding is not available to private providers, progression into further training will earn additional payments. Train to Gain has been very good for building links with employers.
4. A work focussed ESOL pilot has been commissioned from the LSC.
5. The project manager scouts for new tendering opportunities, there are a number of grant web sites, including European projects. The curriculum leaders co-write the bids with the project manager.
6. Lewisham Borough has awarded the College a grant of £250,000 to develop diplomas.
7. The value of these projects to the College is important, and the work contributes to curriculum development.
8. A number of projects are coming to a close; therefore it is important to keep scouting for new ones, to maintain the income stream.

The Committee **NOTED** the report

## 9. Management accounts

A report was **RECEIVED** from the Executive Director of Finance and Corporate Services, presenting the accounts for nine months to 30 April 2009. A summary report was **TABLED** presenting the Income and Expenditure account for ten months to 31 May 2009, prior to finalisation of these management accounts.

The following points were raised in **DISCUSSION**

1. The reasons for the income reduction were discussed, which included fee income, and a reduction in gas and electrical full cost courses.
2. Costs that were higher than previously forecast included marketing, the succeed campaign, and schools had been authorised to spend up to their budget.
3. The website development is recorded as capital as it will be an asset that will last three years.
4. The forecast financial constraints for next year will make recovery from an overdraft end of year position more challenging.
5. Recognising that these are very recent figures that have not been fully examined, it was requested that the forecast changes be further examined

and explained.

The Committee expressed considerable concern at the sudden deterioration of nearly £1million in the full year forecast compared to previous forecasts. The Executive Director of Finance and Corporate Services said he would investigate how this had occurred. The Chairman also commented that the forecast deterioration in the full year financial forecast would impact on 2009/10 budget. It was **AGREED** that a full report be submitted to the Governing Body meeting on 8 July 2009.

#### 10. Balance sheet forecast

A report was **RECEIVED** from the Executive Director of Finance and Corporate Services, presenting the balance sheet forecast, revised to reflect the write off of the Deptford Redevelopment costs. A revised balance sheet forecast July 2009, and the Budget to for 31 July 2010 was **TABLED**

The following points were raised in **DISCUSSION**

1. The Stockholm Road lease, must be provided for as an onerous lease.
2. The accounting treatment of the depreciation of the Deptford site is being discussed with auditors.
3. The consultants costs do not have value unless there is an asset under construction. It is therefore essential and prudent to write them off.
4. The treatment of the Greenwich Inn cost (of £1.019m) will be agreed with auditors following a valuation of the entire Deptford site.

The Committee **NOTED** the report and requested the following: a summary report for the new Principal, a letter for David Hughes regarding the LSC role, and the priority be given to rebuilding a positive cash position.

#### 11. Budget proposals 2009/10

A report was **RECEIVED** from the Interim Director of Finance, presenting the budget proposals for 2009/10. A summary report identifying the key features was **TABLED**

The following points were raised in **DISCUSSION**

1. Income and staffing establishment remain similar to current year.
2. The non pay budget is reduced by 8%.
3. The net surplus budgeted for 2009/10 of £246,000 is small. This presents a problem given our minimal reserves and weakened cash position following current year write offs.
4. Further cost reductions will be considered. It was agreed that a further review of the 2009/10 budget will take place in October. In the interim, the Executive Director Finance and Corporate Services will produce a contingency plan identifying further cost savings which can be implemented quickly if required.

On this basis the Committee **RECOMMENDED** the draft budget to the Governing Body for approval

**12. Deptford Redevelopment update**

This item had been dealt with in the previous reports

**13. Finance and Estates Committee annual review**

A report was **RECEIVED** from the Clerk reviewing the Finance and Estates Committee

The following points were raised in **DISCUSSION**

1. It was agreed that the quoracy statement should be altered to require a minimum of two governors present.
2. The Finance Term of Reference “recommending of the fees policy” would be removed as this is a Governing Body role
3. Finance: Term 1 to read “financial affairs”, Term 2 to read “the annual budgets on income and expenditure approval”
4. The first two terms of the Estates terms of reference would be combined, and the Property Steering group would no longer be required, removing term 3
5. It was agreed that Cash borrowing would be added as a new risk allocated to the Finance and Estates Committee
6. The core business plan was agreed with the removal of the Property Steering Group reports.
7. The Chair commented that, in due course, it would be desirable to add another Governor to the Committee, preferably with some finance experience. This would assist both quoracy and longer term succession planning.

The committee **AGREED** the recommendations in the report

**14. Bank signatories**

A report was **RECEIVED** from the Executive Director of Finance and Corporate Services, recommending changes to the bank signatories, arising from the change in Principal. It was **RESOLVED** that the bank mandates be amended in accordance with the reported recommendations.

**15. Future agenda items**

Budget review at October meeting.

**16. Any other business**

1. It was agreed that the Property Steering Group would be discontinued.
2. The Chair thanked the Principal and Nick Linford for their contributions to the Committee, as this was their last meeting.

**17. Date of next meeting**

6 October 2009 at 5.30pm

Audit/Finance Joint meeting 16 November 2009 at 5pm