

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

<p>Finance & General Purposes Committee Meeting Date: Thursday 12th March 2015 Time: 10.00am Venue: Principal's Office, Farnborough College of Technology</p>

- 10.00 **2.1 Opening of Meeting and Apologies for Absence**
- 2.2 Declarations of Interest**
- 2.3 Minutes of the last Finance & General Purposes Committee held 27th Nov 2014**
Part 1 minutes Appendix 2.3a
Confidential part 2 minutes Appendix 2.3b
- 2.4 Matters arising from the minutes**
- 10.05 **2.5 Review Finance & General Purposes Committee Terms of Reference**
Chair of Finance & General Purposes Committee/Clerk Appendix 2.5

FINANCE

- 10.10 **2.6 Monthly Management Accounts report {circulated under separate cover}**
Report by Director of Finance
- 10.20 **2.7 Financial Forecast for February 2015**
Report by Director of Finance Appendix 2.7
- 10.30 **2.8 Learner Numbers update 2014/15**
Report by Deputy Principal Appendix 2.8
- 10.40 **2.9 Annual Fees Policy 2015/16**
Report by Vice Principal Curriculum & Learners Appendix 2.9
- 10.50 **2.10 a) Capital Bids 2014/15 update**
Report by Director of Finance Appendix 2.10a
- b) Capital Bids 2015/16**
Report by Director of Finance Appendix 2.10b
- 11.00 **2.11 Implications of FRS102**
Report by Director of Finance Appendix 2.11
- 11.10 **2.12 Banking & Treasury Management Termly Report**
Report by Director of Finance Appendix 2.12

PROPERTY/RESOURCES

- 11.20 **2.13 University Centre Farnborough (UCF)**
Report by Director of Building Projects Appendix 2.13
- 11.50 **2.14 Health & Safety Termly Report**
Report by Deputy Principal Appendix 2.14
- 11.55 **2.15 Termly Safeguarding Report**
Report by Deputy Principal Appendix 2.15

12.00 **2.16 Standing Orders and Instrument of Government Revision**
Report by Clerk Appendix 2.16

2.17 Any Other Business

2.18 Date & Time of the next meeting
Thursday 25th June 2015 at 10am

Distribution List

Mr A Lloyd – Chair
Mr A Cairns
Professor M Earwicker
Mr B Edwards
Mr J Palfreyman
Mr R Rendel
Mrs C Slaymaker – Principal

Mrs J Bratt - Director of Finance
Mrs L Miles – Director of Resources
Mrs H Ramsdale – Vice Principal Curriculum & Learners
Mrs M Shepherd –Director of Building Projects
Mr I Wolloff – Deputy Principal
Mrs C Gillam – Clerk to Corporation

(Indicative timings for agenda items have been given in italics)

Farnborough College of Technology

Finance & General Purposes Committee
Minutes of meeting held on Thursday 12th March 2015

Present:

Mr A Lloyd - Chair of Committee
Mr A Cairns
Professor M Earwicker
Mr B Edwards
Mr J Palfreyman
Mr R Rendel

In Attendance:

Mrs J Bratt - Director of Finance
Mrs M Shepherd – Director of Building Projects
Mrs L Miles – Director of Resources
Mr I Wolloff – Deputy Principal
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 9.58am

Agenda Item	Minute	Action
2.1/14.15	Opening of Meeting and Apologies for Absence Apologies were received and accepted from the Principal.	
2.2/14.15	Declarations of Interest Mr Lloyd declared a potential interest in item 2.13 regarding planning permission for the UCF building.	
2.3/14.15	Minutes of the meeting held 27th November 2014 The minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair.	
2.4/14.15	Matters arising from the minutes <i>Item 1.6</i> The action point for the SMT to reflect upon the different accountancy methods and report back to the Committee was carried forward to the next meeting.	SMT
2.5/14.15	Review Finance & General Purposes Committee Terms of Reference The Committee received the revised Terms of Reference with the existing terms divided under the headings Finance and General Purposes. Two new items concerning health and safety and safeguarding were proposed and the wording of the item on the general purpose remit of the Committee was revised. The Committee agreed the proposed changes and made a minor amendment to the wording of 2aiii. Action: Recommend ToR amendments to the Board.	Board

2.6/14.15 Monthly Management Accounts report

The Director of Finance announced that the College had received an additional £124k from the SFA for over delivering on last year's allocations. This was in addition to £62k prior year funding received in December and thus the College had received £187k unbudgeted but earned income. Fees income was below budget for the year to date due to a shortfall in HE and full cost fees but was partially offset with savings made on staffing costs. Some FTE posts had been reduced but there were also some vacancies including two Heads of School.

The Committee accepted the report on the January 2015 monthly management accounts.

2.7/14.15 Financial Forecast for February 2015

The Director of Finance noted that the overall position was consistent with the previous November forecast i.e. shortfalls in income would be offset by savings in costs to achieve a balanced operating budget. In addition an amount of SFA income has been received in respect of over delivery last year, and the 196k surplus forecast would be further boosted by the inclusion of the £645k surplus on disposal of the Windmill Road. However, fee income projections have decreased as the result of full cost professional courses not recruiting well in January, and interview and recruitment costs were forecast to be over budget due to difficulties in recruiting to some key posts.

The Committee noted that these were positive figures in a sector facing serious difficulties. The AoC was reporting 50 colleges in a serious financial situation. The recently announced cut in the adult skills budget for next year would have a significant impact and the General Election could bring further policy changes which may impact the College such as a cap on tuition fees. The Committee agreed that it would be useful for the Corporation to understand what the College was doing well in these challenging times but also what the risks were if income continued to fall.

The Committee accepted the Financial Forecast for February 2015.

2.8/14.15 Learner Numbers Update 2014/15

The Deputy Principal announced that overall enrolments for 2014/15 were forecast to be below the budget target.

Enrolments for 16-18 were above the allocation but lagged funding and adjustments to funding meant that no additional income was forecast for 2014/15 although it should improve the allocation in 2015/16. Governors noted that college funding per student is significantly less than school funding per student.

Adult enrolments were down in number but with a greater FTE and thus earnings from those students were forecast to exceed the SFA allocation. The College would move to full cost charging for some courses next year as a way to cover the reduction in adult funding. Apprenticeships were growing steadily but would be

lower than the SFA allocation as this kept rising. It was noted that it was hard to recruit staff in some areas of apprenticeship demand such as engineering. HE enrolment was in line with the HEFCE allocation though below the target for fee income.

The Committee received the Learner Numbers update.

2.9/14.15 Annual Fees Policy 2015/16

The Vice-Principal noted that there were no significant changes to the fees guidance. For FE the policy was to stretch fees where the market would support this and for HE the Corporation had previously agreed the increase in tuition fees.

The Committee approved the Fees Policy 2015/16.

2.10/14.15 Capital Bids 2014/15 update

- a) The Director of Finance informed the Committee that one project had been postponed pending a review of accommodation use once the UCF was occupied. All other projects were completed or planned to be completed by the end of July 2015.

The Committee received the termly update on capital expenditure.

2.10/14.15 Capital Bids 2015/16

- b) The Committee noted that significant spend was included in the bids for a new website and roof refurbishment. It was noted that once bids were approved work would be undertaken to seek the best value means of delivering e.g. with the website this may be through buying in services rather than purchasing a package. The Committee agreed the Capital Bid programme.

Action: Recommend approval of the Capital Bids 2015/16 to the **Board** Board.

2.11/14.15 Implications of FRS102

The Director of Finance informed the Committee that adopting FRS102 would change the appearance of the College's financial statements. For the transition year 2014/15 it would be necessary to restate the balance sheet in order to show comparative figures for 2015/16 in the new format.

Adoption of FRS102 was mandatory but within the new financial standard there were certain options for the Committee and Corporation to consider. The Committee were asked to reconsider a previous recommendation by the Committee to elect to discontinue the present accounting policy on the revaluation of fixed assets upon conversion to FRS102 in 2015/16. The Committee agreed to endorse their previous recommendation to the Board. The other option was regarding the capitalisation of capital grants. The Director of Finance noted that most colleges were opting to continue to account for government capital grants under the accrual model and thus release the grant over the life of the project rather than take all the income at once. The Committee agreed that it would recommend to the Board that the

accrual model be retained.

Board

Action: Recommend to the Board that the College:

- Continues to account for government capital grants under the accrual model
- Elects to discontinue the present accounting policy on the revaluation of fixed assets upon conversion to FRS102

2.12/14.15 Banking and Treasury Management Termly Report

The Committee received the report and were pleased to see that all agreed accounts had now been opened. However the HSBC accounts were not being used at present as their interest rates were low. As advised at the last meeting Standard & Poor's had reviewed and reduced their credit ratings but the College was still investing in approved financial institutions which met the requirements of the Treasury Management Policy.

The Committee noted that interest was shown as other income in the management accounts and suggested that this be amended in future to be shown as interest. The Committee also enquired whether the College's charitable status could make a difference to receiving gross interest instead of net. The Director of Finance agreed to look at these issues.

**Director
of
Finance**

2.13/14.15 University Centre Farnborough (UCF)

The Director of Building Projects announced that planning permission had been granted by Rushmoor Borough Council. There were some conditions to the permission, the most notable being that the existing library should not be converted to teaching space. This was presumably to allay any residential concerns regarding an increase in student numbers, despite the fact that student numbers are declining, and would require the SMT to think carefully about the future use of the space.

While awaiting the planning decision the contractors had been going through a tendering process with sub-contractors. These tenders were carried out on an open book basis. The timescales for the whole project were exceedingly tight and here the timescale had slipped a little so that Mace was unable to present the final contract value to F&GP Committee. However, they would be ready to do so by the date of Corporation Board in April. The Director of Building Projects therefore proposed that F&GP Committee give permission for the Mace contract proposal to go straight to the Board. The Committee noted that a £6.54m budget was allocated to design and construction cost, and that there was reasonable confidence in some additional funding for the project from the Enterprise M3 LEP. Once the final cost was known the Director of Building Projects would email Committee members to apprise them of the key points so that they were briefed before the Board meeting. If the final contract value from Mace was significantly higher than budgeted, and if the Committee saw fit, the Committee could call a special short notice out of hours meeting prior to the Board to explore options and value

engineering.

The Committee agreed to recommend to the Board that authority be delegated to the Chair of Corporation to apply the College seal to any UCF building documentation requiring the use of the seal and for his action to be subsequently reported at the Corporation Board.

Action:

- The Committee agreed to an email briefing from the Director of Building Projects regarding the final contract value for the Mace contract proposal prior to the proposal going before the Board and, if necessary, the calling of a special F&GP Committee **Board**
- The Committee agreed to recommend to the Board that authority be delegated to the Chair of Corporation to apply the College seal to any UCF building documentation

2.14/14.15 Health & Safety Termly Report

The Committee received the report noting that the work arising from the Health & Safety Executive inspection was completed.

2.15/14.15 Termly Safeguarding Report

The Deputy Principal drew attention to the delivery of safeguarding training across the College, new declaration requirements for nursery staff and the work being done to respond to the Government's PREVENT strategy. It was suggested that it may be useful for Governors to have a briefing on the PREVENT work at a future point. Hampshire police were monitoring social media across the area and the College would be attending a county-wide conference in April organised by Hampshire police on useful strategies to contribute to the PREVENT agenda.

The Committee received the report.

2.16/14.15 Standing Orders and Instrument of Government Revision

The Clerk drew attention to changes to the Standing Orders which were necessary to update the document. The Committee gave feedback on some further amendments which would be incorporated before the Board meeting. The Committee agreed to the proposed amendment to the Instrument of Government to expand the definition of a meeting.

Action: To recommend to the Board amendments to the Standing Orders and Instrument of Government. **Board**

2.17/14.15 Any Other Business

In response to a question on the College's compliance with the 2010 Equality Act it was reported that the College's Single Equality Scheme (SES), targets and progress towards targets were all published on the website.

The Committee thanked the Senior Management Team for an excellent set of clear meeting papers.

**2.18/14.15 Date and time of next Finance & General Purposes
Committee meeting**
Thursday 25th June at 10am.

The meeting closed at 12.05pm

Minutes agreed as being a true and accurate record by the Chair.

Signed:

Dated: