

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

<p>Finance & General Purposes Committee Meeting Date: Thursday 10th March 2016 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 26th Nov 2015**
 Chair of F&GP Committee Appendix 2.3
- 2.4 Matters arising from the minutes**

FINANCE

- 10.05 **2.5 Monthly Management Accounts report {circulated under separate cover}**
 Report by Director of Finance
- 10.10 **2.6 Financial Health and Dashboard Information**
 Report by Deputy Principal Appendix 2.6
- 10.30 **2.7 Financial Forecast for February 2016**
 Report by Director of Finance Appendix 2.7
- 10.40 **2.8 Business Sustainability** Appendix 2.8
- a) Cash Reserves**
 Report by Director of Finance Appendix 2.8a
- b) Preparations for business opportunities**
 Report by Director of Finance Appendix 2.8b
- 10.55 **2.9 a) Capital Expenditure Update – Minor Capital Projects 2015/16**
 Report by Director of Finance Appendix 2.9a
- b) Capital Bids – Minor Capital Projects 2016/17**
 Report by Director of Finance Appendix 2.9b
- 11.05 **2.10 UCF Furniture Tenders**
 Report by Director of Building Projects Appendix 2.10
- 11.15 **2.11 LGPS Pension Scheme Changes**
 Report by Director of Finance Appendix 2.11
- 11.30 **2.12 Banking & Treasury Management Termly Report**
 Report by Director of Finance Appendix 2.12
- 11.35 **2.13 Annual Fees Policy 2016/17**
 Report by Director of Finance Appendix 2.13

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- 11.40 **2.14 Capital Strategy**
Report by Director of Building Projects Appendix 2.14
- 2.15 Regulatory Matter**
Report by Deputy Principal Appendix 2.15
- 2.16 Health & Safety Termly Report**
Report by Deputy Principal Appendix 2.16
- 2.17 Termly Safeguarding Report**
Report by Deputy Principal Appendix 2.17
- 2.18 Any Other Business**
- 2.19 Date & Time of the next meeting**
Thursday 23rd June 2016 at 10am

Distribution List

Mr B Edwards – Chair
Mr A Cairns
Professor M Earwicker
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 10th March 2016

Present:

Mr B Edwards –Chair of Committee
Mr A Cairns
Mr R Rendel
Mrs C Slaymaker - Principal

In Attendance:

Mrs J Bratt - Director of Finance *not for items 2.1, 2.2, 2.3, 2.4, 2.13 and 2.15*
Mrs L Miles – Director of Resources
Mrs H Ramsdale – Vice Principal Curriculum & Learners
Mrs M Shepherd – Director of Building Projects *not for items 2.1, 2.2, 2.3, 2.4, 2.13 and 2.15*
Mr I Wolloff – Deputy Principal
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 10.02am

Agenda Item	Minute	Action
2.1/15.16	Opening of Meeting and Apologies for Absence Apologies were received and accepted from Mr Palfreyman and Professor Earwicker.	
2.2/15.16	Declarations of Interest No declarations were noted in relation to the agenda items.	
2.3/15.16	Minutes of the meeting held 26th November 2015 The minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair.	
2.4/15.16	Matters arising from the minutes Item 1.8 – It was noted that Audit Committee had received and discussed a paper on audit assurance. The Committee was satisfied having received assurances from the Internal Auditors that their auditing approach focused upon key operational risks identified across the college sector as well as items taken from the FCoT's own risk assessments. Item 1.18 – The College had received initial Area Review documentation and the type of information requested was largely as expected – financial forecasts, success rates, student numbers and use of estates. It was noted that it was important to carefully check any data received as part of the Review as Colleges in earlier waves had reported finding errors in their data.	

It was agreed that agenda items would be taken in the following order.

2.13/15.16 Annual Fees Policy

The Committee noted the grid showing the variety of funding scenarios for different categories of 19+ FE students. Some qualifications for 19-23 year olds were now subject to loan funding.

The Committee enquired whether the increase in HE tuition fees had had an impact upon student numbers. As applications were at a similar level to previous years this did not appear to be a factor. Conversion rates had been disappointing as students, even those who had chosen FCoT as their first choice, had received very low offers from other institutions.

The Committee approved the Fees Policy 2016/17.

2.15/15.16 Regulatory Matter

This item was recorded as a confidential minute.
Mrs Bratt and Mrs Shepherd joined the meeting.

2.5/15.16 Monthly Management Accounts Report

The Director of Finance noted that the January report was halfway through the financial year and that the year to date showed a positive variance on the surplus line. This had mainly been achieved by savings on salary costs against budget.

The Committee were pleased to observe the healthy interest being received on cash reserves which indicated that the College's Treasury Management Policy was working well.

The Committee accepted the report on the January 2016 monthly management accounts.

2.6/15.16 Financial Health and Dashboard Information

The SFA had issued its assessment of the College's financial health based upon the 2014/15 accounts and budgets for 2015/16 and 2016/17. Their conclusion was that the College has outstanding financial health with an outstanding underlying financial health grade.

The dashboard benchmarked the College against the sector as a whole. The least favourable indicator for the College was that of staff costs as a percentage of income but the College was relatively unusual in the sector in that it employs all its staff and does not subcontract cleaning, refectory or maintenance services.

The Committee accepted the financial health and dashboard information.

2.7/15.16 Financial Forecast for February 2017

The Director of Finance presented the forecast explaining that the salary cost savings noted under item 2.5 had been crystallised in year. The forecast surplus was £518k compared to a budgeted surplus of £81k. Realising savings in year would help with preparations for funding reductions next year.

The Committee discussed how the staff savings had been achieved: staff who have left have not been replaced and the College has utilised its flexible base of hourly paid staff. As HE numbers have shrunk it was also timely to recalculate the average caseload hours which should result in further cost savings.

The Committee accepted the Financial Forecast for February 2016.

2.8/15.16 Business Sustainability

The Principal observed that business sustainability was an underlying issue in the previous three agenda items and the focus for the forthcoming F&GP Away Day. As funding decreases the College must consider the challenges and opportunities it faces. The Director of Finance had set this in context by adding an indicative budget line to the February forecast table. This illustrated the significant decline in EFA income which was the lagged funding effect of recruiting fewer 16-18 students this year. It also illustrated the impact of forthcoming National Insurance changes (the end of contracting out for pension schemes) and LGPS increases. The challenge for the College was to weather those expenditure pressures and reduced income until income could grow again. There were possible income opportunities but also income pressures, and potential cost savings but also cost pressures. Consideration of these would be the focus of the Away Day and once priorities were identified they would be built into the strategic plan.

The Committee agreed to schedule a discussion of the issues raised in the paper at the forthcoming Away Day.

2.8a/15.16 Business Sustainability – Cash Reserves

At the November 2015 meeting the Committee had agreed to revisit the issue of appropriate cash reserves. When the matter was last debated in 2010 the recommendation was for a reserve of £5.5 million. Taking a risk cautious approach if the College wanted to cover all outgoings for 6 months then a sum of £7 million would be necessary. However, in these volatile times a working cash reserve of £10 million might be more appropriate. By July 2016 it was expected that the cash balance following the UCF build would be £13 million so funds were available for investment.

The Committee received the report.

2.8b/15.16 Business Sustainability – Preparations for business opportunities

The Director of Finance explained that to date the College had not engaged in subcontracting but it had been approached by two companies with regards to exploring a partnership arrangement. The College wanted to commence setting up subcontracting policies and procedures in readiness for these or other subcontracting opportunities. As well as potential financial benefit there was also merit in learning how private training providers'

business models operated.

The Committee agreed that the College should prepare as necessary in order to explore subcontracting opportunities. Once opportunities arose F&GP Committee would consider the approval of the first five subcontracts to closely monitor the process. Thereafter it might be useful to agree a size of contract over which the Committee would approve subcontracts.

Action: The Committee approved the development of a Supply Chain Fees and Charges Policy, to come before the June F&GP Committee and the July Corporation Board. **SMT**

2.9a/15.16 Capital Expenditure Update – Minor Capital Projects 2015/16

The Committee recorded that most projects were either complete or well underway. Planning for the new college website is well underway with full implementation expected in the autumn 2016.

The Committee received the update.

2.9b/15.16 Capital Bids – Minor Capital Projects 2016/17

The proposed programme for 2016/17 was higher than in previous years but included £551k of IT related projects including replacements of hardware and upgrading software. It also included £329k of rolling Estates projects identified in a 2012 mechanical and electrical equipment survey. It was felt prudent to put the Estates in good order now so that, if required, savings on ongoing maintenance costs could be made in future in a difficult financial year.

Action: Recommend approval of the Capital Bids 2016/17 to the Board. **Board**

2.14/15.16 Capital Strategy

The Director of Building Projects explained that capital plans had to be considered within the overall context of business sustainability. The last Property Strategy prepared by Fusion included a pick and mix list of future projects beyond the UCF building. But there were other major building infrastructure projects such as a boiler replacement programme or non-building projects e.g. IT infrastructure which were not part of the Property Strategy. It was therefore more appropriate to consider a Capital Strategy which encompassed all major projects from the Property Strategy and infrastructure projects.

Action: Recommend that the College develops and adopts a Major Capital Strategy and carries out a Feasibility Study. **SMT**

2.10/15.16 UCF Furniture Tenders

The Director of Building Projects explained that the tenders had been evaluated by the College appointed QS for the UCF building project. Whilst his evaluation was conducted on a financial basis he recommended that the quality of the products should also be

considered. Therefore his recommendations were made on an either/or basis so that if the quality of the product of the lower tender was inadequate then the alternative supplier could be appointed.

Action: Recommend that the College appoint the supplier in each category with the lowest tender bid subject to confirming the quality of the products. **College**

2.11/15.16 LGPS Pension Scheme Changes

The Director of Finance explained that the next round of consultation was due to be issued in the autumn and a triennial valuation of the fund was expected in the summer. Hampshire Pension Fund administer the LGPS so the College will be bound by their decision, but it seemed prudent, after the valuation was received in the summer, to appoint an actuary to advise the College on its response to the next consultation round. The Director of Finance agreed to start the tender process for actuarial services.

2.12/15.16 Banking & Treasury Management Termly Report

The Committee received the report, noting that £10k per month was earned on the College's deposits.

2.16/15.16 Health & Safety Termly Report

The Committee received the report noting that management of health and safety was working well.

2.17/15.16 Termly Safeguarding Report

The Deputy Principal advised the Committee that the College was continuing to work on the Prevent duty. The College had also reviewed safeguarding arrangements in relation to adult students which had resulted in the implementation of additional safeguards. The Committee received the report.

2.18/15.16 Any Other Business

None.

2.19/15.16 Date and time of next Finance & General Purposes Committee meeting

Thursday 23rd June 2016 at 10am.

The meeting closed at 12.42pm

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

Signed:

Dated: