

FINANCE & GENERAL PURPOSES COMMITTEE**AGENDA NOTICE****Finance & General Purposes Committee Meeting****Date:** Thursday 16th March 2017

Time: 10.00am

Venue: Meeting Room, University Centre Farnborough**2.1 Opening of Meeting and Apologies for Absence****2.2 Declarations of Interest****Property Strategy Presentation
by Stuart Markham, Director of Fusion****2.3 Minutes of the last Finance & General Purposes Committee held 24th Nov 2016**
Chair of Finance & General Purposes Committee Appendix 2.3**2.4 Matters arising from the minutes****FINANCE****2.5 Monthly Management Accounts report**

Report by the Director of Finance

Appendix 2.5**2.6 Financial Health and Dashboard Information**

Report by the Director of Finance

Appendix 2.6**2.7 Financial Forecast for February 2017**

Report by the Director of Finance

Appendix 2.7**2.8 Monitoring of Financial Risks**

Report by the Director of Finance

Appendix 2.8**2.9 Budget 2017/18 assumptions**

Report by the Director of Finance

Appendix 2.9**2.10 a) Property Strategy**

Report by the Director of Finance

Appendix 2.10a**b) Property Strategy – Pre-phase Developments**

Report by the Director of Finance

Appendix 2.10b**2.11 a) Capital Expenditure Update – Minor Capital Projects 2016/17**

Report by the Director of Finance

Appendix 2.11a**b) Capital Bids – Minor Capital Projects 2017/18**

Report by the Director of Finance

Appendix 2.11b**2.12 Banking & Treasury Management Termly Report**

Report by the Director of Finance

Appendix 2.12**2.13 LGPS Pension Scheme Matters**

Report by the Director of Finance

Appendix 2.13**2.14 Market Related Pay update**

Report by the Director of Resources

Appendix 2.14**GENERAL PURPOSES****2.15 Termly Safeguarding Report**

Report by the Vice Principal Quality & HE

Appendix 2.15**2.16 Health & Safety Termly Report**

Report by the Director of Resources

Appendix 2.16**POLICIES**

2.17 Health & Safety Policy
Report by the Director of Resources

Appendix 2.17

2.18 Any Other Business

2.19 Date & Time of the next meeting
Tuesday 20th June 2017 at 10am

DISTRIBUTION LIST

Committee

Mr B Edwards – Chair
Mr A Cairns
Professor M Earwicker
Mr R Rendel
Professor J Yeomans
Ms V Barratt - Principal

In attendance

Mrs J Bratt –Director of Finance
Mr I Wolloff- Vice Principal
Mrs J Milburn - Vice Principal
Mrs L Miles – Director of Resources
Mrs C Gillam – Clerk to Corporation

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 16th March 2017

Present:

Mr B Edwards –Chair of Committee
Mr A Cairns
Mr R Rendel
Professor J Yeomans
Ms V Barrett - Principal

In Attendance:

Mrs J Bratt - Director of Finance
Mrs L Miles – Director of Resources
Mr I Wolloff – Vice Principal Quality & HE
Mr S Markham – Fusion Project Management Ltd (*left after the presentation*)
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 10.00am

2.1/16.17 Opening of Meeting and Apologies for Absence

Apologies were received and accepted from Professor Earwicker and the Vice Principal C&L.

2.2/16.17 Declarations of Interest

No declarations were noted in relation to the agenda items.

Presentation - Property Strategy

Mr Markham from Fusion Project Management gave a presentation on the College's new Property Strategy. The Strategy was designed to deliver the College's curriculum vision and strategic objectives and offer opportunities for future growth and development. Other considerations were that the College estate has significant long-term maintenance liabilities of £8m over the next 5 years and utilisation of teaching space across the main campuses was low. A variety of options had been modelled including heavy refurbishment and light refurbishment but the option which offered the College the quickest and most efficient outcomes was a combination option incorporating heavy and light refurbishment, new building and demolition/potential land disposal. The suggested work under this preferred option had been phased to enable flexibility and a number of stepping-off points. It would improve the percentage of category A buildings from 16 to 30%, was aligned to curriculum priorities and allowed for student growth over the next 5 years.

The Principal reminded the Committee that the Board had agreed to set aside £10m to invest in updating the site to create modern well-equipped campuses. By phasing different aspects of the preferred option the College could phase its own investment and also seek matched funding from external bodies such as the LEP and HEFCE. It was noted that the next round of LEP funding would become available at the earliest from September and the College would seek to make an application.

The following points were discussed:

- Need to maintain and build strategic presence in Aldershot – an HE cold spot
- Advantage of having plans 'ready to go' and cash funding in the bank
- Opportunities and challenges presented by a unique site in Farnborough

- Reduced disruption as space to decant and modular structure would make it relatively easy to isolate areas
- Importance of maximising flexibility to respond to changing curriculum/student numbers/matched funding availability.

The Committee noted that it had covered during the presentation and discussion the main points of item **2.10a) Property Strategy**.

Action: The Committee approved recommending to the Board:

- accepting the Property Strategy with the preferred phased combination option (Option 3)
- commissioning a 'master plan' to provide detail of the three phases of the Preferred Option
- proceeding initially with phases 1 and 2 of the Preferred Option noting that Board approval would be sought for each additional phase as and when required (and likely guided by potential grant availability).

It was agreed that a paper outlining "next steps" for implementing the Property Strategy would be brought to the Corporation Board in April.

Mr Markham left the meeting. The agenda item order was re-arranged as follows.

2.10b/16.17 Property Strategy pre-phase developments – summer 2017

The Director of Finance noted that the Property Strategy had identified the benefit of early refurbishment of existing accommodation to improve building condition and expand HE provision. The College had identified priority project work required in order to target progression into level 3 courses and above at the Aldershot campus and improve HE teaching, learning and student space at the Farnborough campus. Opportunities for grant funding were unlikely before September 2017 and thus the College had divided the schedule of projects into high and secondary priority with a recommendation for the Board to approve the College self-financing the high priority projects now to enable the works to be completed over the summer to improve the student experience as from September 2017. The high priority projects were:

- creation of new Plumbing level 3 testing bays at Aldershot
- creation of a 'UCF Study Zone' in the ground floor of the Westminster building with a classroom, seminar booths and study facilities – exclusively for HE students
- modifications to the UCF to create 2 HE classrooms and 1 seminar room.

The UCF and Westminster projects would enable almost all of the standard classroom based HE teaching to be conducted in these buildings and would create dedicated HE areas as requested by students. Governors noted that there was a balance to be struck between providing restricted areas for the exclusive use of HE students and mixing HE and FE students to encourage aspiration and progression. It was noted that the library and study spaces in the UCF would remain for now open access to all and an HE Academy would provide advice for students wishing to progress their studies.

Action: The Committee approved recommending to the Board approval of the high priority pre-phase developments totalling £0.6m. If grant funding should become available then approval would then be sought for the secondary priority projects.

2.3/16.17 Minutes of the meeting held 24th November 2016

The minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair.

2.4/16.17 Matters arising from the minutes

There were no matters arising.

2.5/16.17 Management Accounts for January 2017

The Director of Finance noted that at the halfway point in the financial year the College's budgeted surplus was £116k which was £20k in excess of budget which was extremely positive in a year with some strong financial pressures. The balance sheet remained exceedingly strong.

2.6/16.17 Financial Health & Dashboard Information

The Director of Finance presented the SFA's assessment of the College's financial health and a financial dashboard issued in November 2016. The College retained its 'outstanding' grade for financial health and performed well against sector targets or the performance of other colleges on the dashboard. A more recent dashboard had just been received from the SFA and this would be brought to the next Committee meeting but would not show any significant differences to this version.

2.7/16.17 Financial Forecast for February 2017

The forecast predicted a near break-even position for the year. A reduction in the profile of apprenticeship income towards the latter part of the year is responsible for the variance between surplus achieved January to date and that predicted for the full year. However, in spite of the predicted reduction in surplus the College's EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) remained positive and together with a strong balance sheet would ensure the retention of the College's outstanding financial health.

2.8/16.17 Monitoring of Financial Risks

The Director of Finance explained that the higher level risks from the College's risk register relating to finance had been brought to the Committee's attention following a recommendation from the College's internal auditors drawing upon best practice operating in the FE sector. The Committee would annually monitor the actions taken by the SMT to reduce the impact and probability of these key financial risks which would provide more informed assurance for Audit Committee in their monitoring of the full risk register and in turn increase the Board's assurance in the management of risk. Governors agreed that this was a useful addition to their responsibilities as a Committee and important that they monitor the highest risks in their area.

Governors recommended that the risk score for risk 8.1 'future financial viability' be reviewed by the SMT as it had the highest risk score. Whilst the Committee acknowledged that uncertainties about funding were part of the current educational landscape, the College's control of its finances was outstanding and it historically took a prudent and cautious approach to financial management which had resulted in its strong balance sheet and secure financial position. Whilst it was good to highly rate this risk to ensure its high visibility it might be wrong if it implied that this particular College was at greater risk than others in the sector. It was suggested that including 'significant' before 'reductions in funding' might help SMT when revisiting the probability score for this risk.

Governors enquired whether the appointment of an external company to conduct an IT review should have been reported to Audit Committee given the high risk associated with an IT infrastructure failure. It was confirmed that appropriate procedures had been followed and excellent references from six other colleges had been received prior to the company's appointment.

2.9/16.17 Budget 2017/18 Assumptions

The Director of Finance reminded the Committee that as part of the ABR process the College had submitted growth plans which had now been translated into goals as part of the new Transformation Strategy 2017-22. The budget 2017/18 would therefore be the springboard for putting those plans into action. The College could expect some growth but maintaining or reducing the cost base would continue to be challenging with LGPS pension cost increases, business rates revaluation and inflationary pressures. The College would aim to deliver a

surplus in the range £150k to £200k. The budget, based upon these assumptions, would be brought to the next meeting for consideration.

Action: The Committee approved the budget assumptions for 2017/18.

2.11a/16.17 Capital Expenditure update – Minor Capital Projects 2016/17

The Committee received the update. It was noted that two items of planned capital spend within Computing Services totalling £199k had been held back pending recommendation of an external IT consultant's review and report and the steelwork refurbishment of the mall had been postponed pending adoption of the new Property Strategy.

2.11b/16.17 Capital Bids – Minor Capital Projects 2017/18

The Director of Finance introduced the proposed programme for minor capital projects noting the total amount proposed of £614k exceeded the usual amount set aside but did include £303k for IT related projects. The Committee also recalled the IT under spend recorded in the previous item. It was noted that as a result of the IT review additional capital spend might be proposed at the next Committee meeting.

Action: Recommend approval of the Capital Bids 2017/18 to the Board.

2.12/16.17 Banking & Treasury Management Termly Report

The Committee received the termly report noting that although interest rates continue to be low the College was maximising its returns with long-term deposits.

2.13/16.17 LGPS Pension Scheme Matters

The Committee was advised that of significant increases to the LGPS employer contributions amounting to just under £250k over the next three years. The College had received advice from Eversheds on possible alternatives to the LGPS through the use of subsidiary companies but the College's position was to adopt and 'wait and see' approach for now given that this is a national issue and other colleges were exploring alternatives.

2.14/16.17 Market Related Pay

The Committee received an update from the Director of Resources on the implementation of market related pay which was introduced at the beginning of the academic year. A market supplement had been added to four vacancies in hard to recruit specialist areas which had resulted in three appointments. The use of a market supplement would continue to be carefully managed where appropriate.

The Director of Resources also briefed the Committee on new rules applying to off-payroll working in the public sector which would be introduced from 6th April 2017. She noted that the College historically had employed very few self-employed workers and for very limited periods of time. Currently only one Assessor was employed on a self-employed basis and that contract would conclude in July. Any such future employment of consultants or contractors after April would need to be considered in the light of the new rules and the Committee would receive a report in the autumn on any issues which had arisen in relation to implementing the new requirements.

2.15/16.17 Termly Safeguarding Report – March 2017

The Vice Principal QHE introduced the summary of safeguarding issues and noted that there was an incident regarding the College nursery which had been separately reported to the Audit Committee. Improvements had been made to the operation of safeguarding in the nursery and nursery safeguarding had been brought fully within the College's monitoring of safeguarding procedures. Although it was not yet public it could be reported that the previous

day the nursery had received an Ofsted inspection which would result in a grade of 'good' with Ofsted praising the impressive Nursery staff team.

It was noted that weekly safeguarding and Prevent triage meetings were being held to consider all students who were the subject of concerns and ensure the appropriate actions. There had been a significant increase in the number of student safeguarding matters during the reporting period but this appeared to be as a result of the enhanced focus and awareness on safeguarding throughout the College.

2.16/16.17 Health & Safety Termly Report

The Director of Resources noted that as with the above item the nursery had been incorporated into the College's monitoring procedures for health and safety and thus a report on nursery accidents was included within the report. The total number of accidents across the College had dropped again this year possibly due to increased safety audits and risk assessing equipment and tasks.

2.17/16.17 Health & Safety Policy

The Committee received the policy noting that along with minor amendments to update the policy it now included specific reference to the nursery.

Action: Recommend approval of the Health & Safety Policy to the Board.

2.18/16.17 Any Other Business

Noting under the item on the Property Strategy the creation of 'Innovation Zones', a Governor enquired as to the ownership of the intellectual property of any creations. It was reported that the College owned the intellectual property if the creation arose from a staff member as per the staff employment contract and College's Financial Regulations but that students owned their own intellectual property.

2.19/16.17 Date and time of next Finance & General Purposes Committee meeting

Tuesday 20th June 2017 at 10am.

The meeting closed at 12.40pm

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

Signed:

Dated:

Summary of action points

Item	Action	Responsibility
Property Strategy	Recommend to the Board: <ul style="list-style-type: none"> accepting the Property Strategy with the preferred phased combination option (Option 3) 	Board

	<ul style="list-style-type: none"> commissioning a 'master plan' to prepare detail of the three phases of the Preferred Option proceeding initially with phases 1 and 2 of Option 3 noting that Board approval would be sought for each additional phase as and when required (and likely guided by potential grant availability). 	
Property Strategy pre-phase developments	Recommend to the Board approval of the high priority pre-phase developments totalling £0.6m	Board
Monitoring of Financial Risks	Recommend SMT review risk rating for risk 8.1	SMT
Capital Bids – Minor Capital Projects 2017/18	Recommend to the Board approval of the 2017/18 Capital Bids	Board
Market Related Pay	SMT to bring a report to F&GP Committee in autumn 2017 on any issues arising from new off-payroll rules	SMT
Health & Safety Policy	Recommend approval of the updated Health & Safety Policy to the Board	Board