

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Tuesday 20th June 2017

Time: 10.00am

Venue: Westminster Conference Suite

Please note this meeting precedes Remuneration Committee

- 3.1 Opening of Meeting and Apologies for Absence**
- 3.2 Declarations of Interest**
- 3.3 Minutes of the last Finance & General Purposes Committee held 16th March 2017**
Chair of Finance & General Purposes Committee Appendix 3.3
- 3.4 Matters arising from the minutes**
- 3.5 Election of Deputy Committee Chair**
Chair of Finance & General Purposes Committee Appendix 3.5
- FINANCE**
- 3.6 Monthly Management Accounts report**
Report by the Director of Finance Appendix 3.6
- 3.7 a) May 2017 Forecast**
Report by Director of Finance Appendix 3.7a
- b) Budget 2017/18 & Forecast 18/19**
Report by Director of Finance Appendix 3.7b
- c) Transformation Strategy – financial forecast to 2022**
Report by Director of Finance Appendix 3.7c
- 3.8 Annual Fees Policy**
Report by the Director of Finance Appendix 3.8
- 3.9 TPS and LGPS Pension Scheme Update**
Report by the Director of Finance Appendix 3.9
- 3.10 Banking Matters**
- a) Banking & Treasury Management Termly Report**
Report by the Director of Finance Appendix 3.10a
- b) Barclays “Ring –fencing” – change of sort codes**
Report by the Director of Finance Appendix 3.10b
- c) Barclays Contingency payment system**
Report by the Director of Finance Appendix 3.10c
- 3.11 VAT Matters**
Report by the Director of Finance Appendix 3.11
- 3.12 Capital Projects 2017/18**
- a) Digital Transformation – Capital Investment**
Report by the Vice Principal Quality & HE Appendix 3.12a
- b) Summer Projects 2017 update**
Report by the Director of Finance Appendix 3.12b
- GENERAL PURPOSES**
- 3.13 Health & Safety Termly Report**
Report by the Vice Principal Quality & HE Appendix 3.13

3.14 Any Other Business

3.15 Date & Time of the next meeting

Thursday 23rd November 2017 at 10am – *to be confirmed at July Corporation Board*

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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 C Gillam – Clerk to Corporation

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Tuesday 20th June 2017

Present:

Professor J Yeomans – Acting Chair of Committee
Professor M Earwicker
Mr R Rendel
Ms V Barrett - Principal

In Attendance:

Mrs J Bratt - Director of Finance
Mrs J Milburn - Vice Principal Curriculum & Learners
Mr I Wolloff – Vice Principal Quality & HE
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 10.04am

3.1/16.17 Opening of Meeting and Apologies for Absence

Apologies were received and accepted from Mr Edwards and Mr Cairns. Professor Yeomans agreed to act as Chair for the meeting.

3.2/16.17 Declarations of Interest

No declarations were noted in relation to the agenda items.

3.3/16.17 Minutes of the meeting held 16th March 2017

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

3.4/16.17 Matters arising from the minutes

There were no matters arising.

3.5/16.17 Election of Deputy Committee Chair

Professor Yeomans was appointed as Deputy Committee Chair.

The agenda item order was re-arranged as follows.

3.8/16.17 Annual Fees Policy

Action: The Committee agreed to recommend to the Board the Annual Fees Policy for 2017/18.

3.9/16.17 TPS and LGPS Pension Schemes update

The Director of Finance used a presentation from the AoC Assistant Chief Executive to summarise the current situation with regards to both types of pension, which was noted by the Committee. It was observed that with a payroll of just over £10m FCoT made payments to the TPS and LGPS pension schemes totalling £1.4m last year. As explained in the AoC presentation there appeared to be limited alternatives to the current situation due to the risk of exit fees which could crystallise future liabilities. Pension scheme liabilities are rising but it would require changes to the law and the political will to do this for matters to change in a substantial way. With strong reserves FCoT is classed as a lower risk college – some colleges have been asked to give pension schemes security over their assets.

3.10a/16.17 Banking & Treasury Management Termly Report

The Committee noted that the College continued to receive the best interest possible on its cash reserves.

3.10b/16.17 Barclays 'ring-fencing' – change of sort codes

Due to the regulator's requirement for banks to ring fence their banking operations the College had been informed by Barclays that it would be subject to a sort code change across its accounts. The Committee were made aware of the implications and risks of this change and the steps taken to mitigate.

3.10c/16.17 Barclays contingency payment system

The Committee noted that Barclays had recently released a contingency payment system to be used in the event of an emergency problem at either Barclays or the College. The College will bring a paper to a future Committee proposing the authorisations to be used in a contingency payment system. This will then be included as part of the College's own Business Continuity Plan which will also be brought to a future Committee.

3.11/16.17 VAT matters

The Director of Finance reported that due to the recent ruling regarding VAT exempt supplies at Brockenhurst College the College might benefit from a VAT refund of £24,800.

3.12b/16.17 Capital Projects – Summer projects update

The Director of Finance updated the Committee on progress with the £600k of summer projects identified as pre-phase Property Strategy works. At the Aldershot campus it had been identified that only the ground floor adaptations were required for courses starting September 2017 so the mezzanine floor extension was now scheduled for summer 2018 when it was hoped other external funds could be sought in support of the work. At the Farnborough campus the construction work on the Westminster building was being tendered together with the UCF construction works in order to reduce mobilisation and supervision costs. If costs proved favourable then it might be possible within the original budget to extend the works in the Westminster building to the first floor too and not just the ground floor as originally anticipated.

3.13/16.17 Health & Safety Termly Report

The Vice Principal Q&HE drew attention to the work the College was doing in recruiting additional first aiders and conducting Health & Safety Audits across departments. The Committee noted that there had been a small increase in year to date accidents and one reportable accident (RIDDOR).

Action: The Committee requested that a report on near misses be brought to the next meeting as part of the Health & Safety Report.

3.14/16.17 Any Other Business

The Chair of Corporation reported that he had met the previous day with the Chair of Guildford College Group. He had been informed that GCG no longer wished to pursue a merger with FCoT but would instead be pursuing a merger with another outstanding college. This enabled FCoT to focus on its stand alone position.

3.6/16.17 Management Accounts for May 2017

The Director of Finance explained that the College's budgeted surplus for the 2016/17 year was £116k but a small deficit position was now predicted. This was due to declining income in the last quarter of the year with apprenticeship income in particular decreasing monthly. This was largely the result of the introduction of the new apprenticeship levy in May 2017 which would be discussed under the next item.

3.7a/16.17 May 2017 Forecast

The Director of Finance reported that the forecast still carried uncertainties predominantly around final apprenticeship income. However, despite the predicted reduction in surplus 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.

The introduction of the apprenticeship levy for large employers had led to reluctance on the part of employers to commit to payments or new apprenticeships. It had recently been reported in FE Week that latest government figures for apprenticeship vacancies showed a fall in vacancies and employers posting them, for the month of May compared to May the previous year. The College was attempting to offset the decline in income by closely controlling expenditure although it was noted that due to some interim senior posts and vacancies covered by agency staff salary costs were forecast to be above budget. An overall deficit of £45k was forecast although it was stressed that apprenticeship uncertainties made this difficult to predict and this was anticipated to be the worst case scenario.

3.7b/16.17 Budget 2017/18 & Forecast 2018/19

The Committee discussed the draft budget summary for 2017/18 noting that the College had taken a new approach this year with a greater involvement from College managers. Budget income figures were therefore supported by detailed curriculum and income plans from Heads of Faculties and Departments. It was hoped that this bottom up budgeting would give a greater sense of ownership for the staff in the College responsible for growth.

The draft budget set a total income of £15.6m representing a growth of 1% compared to the 2016/17 budget but 3% compared to the 2016/17 forecast. Income for 16-18, adult funding and non-levy apprenticeship funding was known. The funding which was within the College's ability to control for 2017/18 was apprenticeships for levy paying employers, 14-16 learners and higher needs learners and HE. The largest risks to the budget would be in not achieving targets in these areas and the Committee noted the actions being taken to reduce these risks. The Committee discussed the HE targets and steps taken to improve systems to monitor applications, acceptances and conversion rates. Similar work was also being undertaken for FE applications. The Principal praised the work of both Vice Principals in this regard. The Committee welcomed the analysis of the risks to the budget (sensitivities) and noted that even if certain income targets were not met by 5% or staff costs increased by 1% the College would still retain its outstanding financial health.

The Principal explained that the draft budget would be presented to staff at the July staff development day so that all staff understood the College's position and were engaged with the growth agenda and Transformation Strategy. The Vice Principal Curriculum & Learners explained that Programme Managers now better understood the financial implications of their curriculum decisions and that in September she would assess course viability once final numbers were known.

In looking ahead to the forecast for 2018/19 and the 3 year financial plan to be sent to the SFA targets for growth was forecast to continue year on year. Even after investment in the Property Strategy cash reserves of £14-15m should be retained.

Action: The Committee agreed to recommend to Corporation Board approval of the budget for 2017/2018 and to recommend approval of the 2017-19 Financial Plan.

3.7c/16.17 Transformation Strategy – Financial Forecast to 2022

The Director of Finance introduced an internal document showing the five year income and expenditure projections that support the Transformation Strategy. The College is aiming for

an income growth to £18m by 2022 but a stretch target of £20m. The projections are based on growth plans for each income stream.

The Committee discussed the significant projected increase in 14-16 learners and the possible make-up of the College's HE students. The Committee noted that upskilling NHS employees such as the level below Registered Nurse could be a potential growth area and that a strategy around health and social care skills needs might be beneficial.

3.12a/16.17 Digital Transformation – Capital Investment

The Vice Principal Q&HE outlined several key areas which had been identified for investment following a review of the College's IT infrastructure by an external company Modulo 2. These investments would support the College's Transformation Strategy and growth targets. Key areas were investment in independent online learning for all students, online attendance for online and HE courses, and upgrading servers and digital storage. The total cost of the recommended works was £504k but £176k had already been committed by the Board this year for server replacement. So £327k was now sought.

Action: The Committee agreed to recommend to Corporation Board approval of £327,331 for capital investment in digital infrastructure.

3.14/16.17 Any Other Business

In a final item of business the Committee noted that it was the last meeting for the Director of Finance and thanked her for her work for the Committee and wished her the best for the future.

3.15/16.17 Date and time of next Finance & General Purposes Committee meeting

Thursday 23rd November 2017 at 10am – to be confirmed.

The meeting closed at 12.05pm

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

Signed:

Dated:

Summary of action points

Item	Action	Responsibility
Annual Fees Policy 2017/18	Recommend to the Board the Annual Fees Policy for 2017/18.	Chair of F&GP
Barclays contingency payment system	Paper on authorisations to be used in a contingency payment system to come to F&GP	Director of Finance
Barclays contingency payment system	Business Continuity Plan to come to F&GP	SMT
Health & Safety Termly Report	Include report on near misses in next H&S Report to Committee	Vice Principal Q&HE
Budget 2017/18 & Forecast 2018/19	Recommend to the Board approval of the budget for 2017/18 and approval of the 2017-19 Financial Plan	Chair F&GP

Digital Transformation – Capital Investment	Recommend to the Board approval of £327,331 for capital investment in digital infrastructure	Chair F&GP
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