

## FINANCE & GENERAL PURPOSES COMMITTEE

### AGENDA NOTICE

#### **Finance & General Purposes Committee Meeting**

**Date:** Tuesday 19<sup>th</sup> June 2018

**Time:** 10.00am

**Venue:** Principal's Office

*Please note this meeting precedes Remuneration Committee*

- 3.1 Opening of Meeting and Apologies for Absence**
- 3.2 Declarations of Interest**  
*Action: Declare any interests*
- 3.3 Minutes of the last Finance & General Purposes Committee held 13<sup>th</sup> March 2018**  
Chair of Finance & General Purposes Committee Appendix 3.3  
*Action: Review and approve*
- 3.4 Matters arising from the minutes**  
Chair of Finance & General Purposes Committee Appendix 3.4  
*Action: Note progress on actions*
- FINANCE**
- 3.5 Monthly Management Accounts report**  
Report by the Director of Finance & Resources Appendix 3.5  
*Action: Receive for information*
- 3.6 Financial Forecast for May 2018**  
Report by Director of Finance & Resources Appendix 3.6  
*Action: Receive for information*
- 3.7 Financial Health and Dashboard Information**  
Report by Director of Finance & Resources Appendix 3.7  
*Action: Receive for information*
- 3.8 Budget 2018/2019 & Forecast 2019/2020**  
Report by the Director of Finance & Resources Appendix 3.8  
*Action: Consider recommendation to the Board*
- 3.9 HE Funding & Student Numbers**  
Report by the Director of Finance & Resources Appendix 3.9  
*Action: Receive for information*
- 3.10 Banking & Treasury Management Termly Report**  
Report by the Director of Finance & Resources Appendix 3.10  
*Action: Receive for information*
- 3.11 Capital Projects**
- a) Summary of Capital Projects 2018/19**  
Report by the Director of Finance & Resources Appendix 3.11a  
*Action: Receive for information*
- b) Power Cable Re-routing costs**  
Report by the Director of Finance & Resources Appendix 3.11b  
*Action: Receive for information*
- c) Property Redevelopment Advisory Committee minutes**  
Report by the Principal Appendix 3.11c  
*Action: Receive for information*
- 3.12 Confidential item**  
Report by the Director of Finance & Resources Appendix 3.12  
*Action: For discussion & decision*

## GENERAL PURPOSES

- 3.13 Health & Safety Termly Report**  
Report by the Director of Finance & Resources Appendix 3.13  
*Action: Receive for information*
- 3.14 Technology Integration Group – 5 Year IT Plan**  
Report by the Principal Appendix 3.14  
*Action: Receive for information*
- 3.15 Health & Wellbeing Board minutes**  
Report by the Principal Appendix 3.15  
*Action: Receive for information*

## POLICIES

- 3.16 Treasury Management Policy**  
Report by the Director of Finance & Resources Appendix 3.16  
*Action: Review and make a recommendation to the Board*
- 3.17 Annual Fees Policy**  
Report by the Director of Finance & Resources Appendix 3.17  
*Action: Review and make a recommendation to the Board*
- 3.18 Any Other Business**
- 3.19 Date & Time of the next meeting**  
*To be confirmed at July Corporation Board*

## DISTRIBUTION LIST

Committee  
Mr B Edwards – Chair  
Professor M Earwicker  
Mr H Malins  
Mr R Rendel  
Professor J Yeomans  
Ms V Barratt - Principal

In attendance  
Mr J Grindell – Financial Consultant  
Mrs C Gillam – Clerk to Corporation

## Farnborough College of Technology

### Finance & General Purposes Committee Minutes of meeting held on Tuesday 19<sup>th</sup> June 2018

#### Present:

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

#### In Attendance:

Mr J Grindell – Financial Consultant  
Mr S Markham - Fusion Project Management Ltd (until end of item 3.11a)  
Mr R Pearman - Fusion Project Management Ltd (until end of item 3.11a)  
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

*The meeting opened at 10.03am*

#### **3.1/17.18 Opening of Meeting and Apologies for Absence**

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Apologies were received and accepted from Mr Malins. Mr Grindell, Mr Markham and Mr Pearson were welcomed to the meeting. The Committee sent its best wishes to Mr Sethi, Director of Finance & Resources, who was absent through illness.

#### **3.2/17.18 Declarations of Interest**

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Mr Grindell as a Director of Fusion Project Management declared an interest in agenda item 3.11a.

*The order of the agenda items was rearranged as follows.*

#### **3.11a/17.18 Summary of Capital Projects 2018/19**

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The Principal explained that the College was continuing to limit capital expenditure projects to sustainable projects that would feed into the systematic improvement of the College's estates over the next 5-10 years. As a result Appendix A set out the detail of £700k of bids under the two headings of IT and other capital bids.

*The next section was recorded as a confidential minute.*

#### **Action:**

- Recommend to July 2018 Board approval of £700k department bids and £1.75m to redevelop block E (FE Student Services) and block M (Careers College).
- Bring forward the Board Strategy & Training Day to late September 2018 for Board to consider £1.75m to improve building fabric and redevelop block J (Drone Academy/Simulation Zone).

*Mr Markham and Mr Pearson left the meeting.*

#### **3.3/17.18 Minutes of the meeting held 13<sup>th</sup> March 2018**

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The Part 1 and confidential Part 2 minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair.

### **3.4/17.18 Matters arising from the minutes**

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The Committee noted progress on the matters arising but queried the clarity of the last sentence of advice from Mazars regarding the revaluation reserve. Mr Grindell agreed to raise the matter with the External Auditors.

**Action:** Mr Grindell to discuss with Mazars the advice regarding the revaluation reserve.

### **3.5/17.18 Management Accounts for May 2018**

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Mr Grindell introduced the May Accounts noting that the surplus for year to date was higher than budgeted. There were some shortfalls in income for apprentice funding, adult learner funding and HE fees but these were offset by salary costs savings. The Committee praised the College's control of its finances but cautioned that salary costs savings should not always be made in the same areas otherwise there might be a danger that staff could be overloaded. The College's KPIs were extremely positive for example 370 cash days in hand compared to a sector average of 67.

### **3.6/17.18 Financial Forecast for May 2018**

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The forecast showed a favourable surplus of £206k against a budget of £153k. The Principal reported that substantial work had taken place to optimise the delivery of the Adult Education Budget (AEB). This had previously been reported to Governors as a potential risk of income shortfall but with new starts and achievements added in the second half of the year the College was confident not only that the budget allocation would be achieved but had submitted a growth request of £56k to the ESFA. This was crucial as from next year AEB funding would be devolved and in effect this year's budget allocation would be frozen. Regarding apprentices the College believed it could deliver the budget for non-levy and exceed the budget for levy income.

### **3.7/17.18 Financial Health & Dashboard Information**

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The dashboard had been produced by the ESFA to give Governors a high level overview of the College's financial performance. It confirmed the grade of 'outstanding' financial health for 2016/17 with an underlying financial health grade of 'outstanding' based on results for past and current years. In analysing the dashboard Governors noted that FCoT compared favourably in all financial areas except staff costs where the College was placed in the upper quartile. This however was due to many colleges subcontracting services which raised issues of comparability which the Committee had discussed in previous years.

*The order of the agenda items was rearranged as follows.*

### **3.10/17.18 Banking & Treasury Management Termly Report**

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Mr Grindell noted that with £11m on deposit the College earned £6.4k a month in interest. He advised that if the Committee, when reviewing the Treasury Management Policy later in the meeting, wished to consider increasing the holdings in one financial institution it might be prudent to set guidance regarding a suitable institution's credit ratings.

### **3.11b/17.18 Power cable rerouting costs**

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The Committee queried the proposed £300k spend to reroute the power cable around the UCF building. The Principal agreed that in recent days including discussion at Audit Committee it had been suggested that a more cost efficient means of managing the risk presented by the power cable location was to purchase a generator as a contingency. The paper was thus withdrawn.

### **3.11c/17.18 Property Redevelopment Advisory Committee minutes**

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The Committee received the draft minutes for information.

### **3.8/17.18 Budget 2018/19 & Forecast 2019/20**

The budget 2018/19 showed an increase in income of 7.5% compared to the 2017/18 forecast. The proposed £16.7m income compared closely with a projection of £16.6m in the Transformation Strategy financial forecast. The Principal explained that the initial draft budget had included a slightly higher increase in income but having thoroughly tested each area in terms of realistic delivery this was a budget she felt confident to recommend. Some of the income growth came from expansion of existing areas such as High Needs Funding and capacity building for work placements. The budget for levy income was set at £950k compared to an outturn of £350k for 2017/18 but following a slow start across the sector FCoT had substantially built up its levy delivery in year. The levy budget for 2018/19 reflected the full year funding effect of the initial year 1 cohort being fully funded for the following year, contracted starts for 2018/19 and identified pipeline activity. This would be an important area to monitor as it represented half of the growth of the overall budget.

The Committee praised the setting of realistic and achievable income targets but discussed whether the College should be bolder and set higher targets. Thus for the levy FCoT was in a unique and well placed position to grow even beyond the £950k target. After an interesting discussion it was agreed that the College was right to set a realistic and achievable budget which may, as tended to be the case, result in a positive variance. This was felt to be good for staff morale and a way to safeguard the quality of provision by not growing too fast without appropriate resourcing. The Principal reminded Governors that the approved budget would be sent to the ESFA in the format of a Financial Plan but that internally stretch targets would sit alongside budget targets.

Mr Grindell discussed the salary costs included in the budget which included a 2% salary increase and increase in the employer LGPS pension contribution rate. The 2018/19 budget represented a significant efficiency gain when compare to 2017/18 with the staff costs ratio falling to 64.7% from 67.1%. This was due to additional income streams to support existing resource, staff vacancies not being replaced and an enhanced focus on curriculum resource planning. The Principal reassured Governors that the College would maintain a close focus on the appropriate level of resources to support the growth strategy, and that staff utilisation across College had historically been below sector averages.

**Action:** The Committee agreed to recommend to Corporation Board approval of the budget for 2018/2019 and to recommend approval of the 2018-20 Financial Plan.

### **3.9/17.18 HE Student Funding and Numbers**

The Principal reminded the Committee that it had requested further detail on HE student numbers and funding and in response this paper had been presented to both F&GP and C&S Committees. HE student numbers had grown but income had not grown accordingly. It was a complex area but part of the reason lay in the shift from 3 year to 2 year fast track degree courses. Having discussed this paper C&S Committee had recommended that the College decide what a sustainable number of HE students was and then work to maintain and nurture that number. It was not possible to compete with the traditional University market but FCoT could find its niche in a locally based, increasingly 2 year fast track market. The Committee agreed that it would be helpful to better understand the demographics of FCoT's current HE student body so that the College could focus on high quality provision matched to the demands of the local area. Fast track degrees were popular not only for career progression but also as a fast track to a Masters programme and Masters were another growing market for particular types of students. The Principal agreed to bring another HE paper to both F&GP and C&S Committees in November to address the optimum HE size for FCoT and the current makeup of the student body.

**Action:** HE paper to November F&GP and C&S Committees to include the optimum HE size for FCoT and the current makeup of the student body.

### **3.12/17.18**

*This item was recorded as a confidential minute.*

### **3.13/17.18 Health & Safety Termly Report**

The Committee praised the quality of this report and noted there were fewer accidents and no matters of concern. It was suggested that ways to share best practice between Faculties be investigated such as swapping staff on H& S visits.

Governors questioned how a fire alarm evacuation would operate with members of the public present in the restaurant and salon and the Principal reported that such an evacuation had taken place already this year after a smoke alarm was set off and proceeded without issue. Finally Governors suggested that the Principal raise with the Local Authority the matter of road signage for the crossing to the AAA building on Sycamore Road. Cars tended to speed round the corner without being aware that students would be crossing.

**Action:** Principal to discuss road signage with Local Authority.

### **3.14/17.18 Technology Integration Group – 5 Year IT Infrastructure Plan**

One of the goals of the Transformation Strategy was to better integrate the use of technology. The paper updated the Committee on the work to date and plans going forward. The works planned for 2018/19 were included in the budget. The technology tracker was a helpful summary of current and future works and the Committee noted that the appointment of Mr Travers, a consultant from Modulo 2, as Computer Services Manager was working well.

### **3.15/17.18 Health and Wellbeing Board**

The Principal explained that her aim was to make the workplace more flexible and less stressed. Not everything was possible but the Health and Wellbeing Board gave staff an opportunity to hold the College to account and raise ideas such as mindfulness sessions for staff or early morning gym access. The Governors applauded the initiative and the staff engagement but suggested rather than leaving the Principal to 'fix' everything staff members should be encouraged to suggest solutions to the problems raised.

### **3.16/17.18 Treasury Management Policy**

At the previous F&GP Committee meeting it had been suggested that both the maximum amount to be held in any one institution and the maximum single deposit be increased. Mr Grindell had suggested earlier in the meeting looking closely at the credit rating for institutions and the Committee agreed that the credit rating should be appropriate for the size of investment. After discussion it was agreed that the maximum cap on investment in any one institution should be £5m.

**Action:** The Committee recommended approval of the amended Treasury Management Policy to the Corporation Board.

### **3.17/17.18 Annual Fees Policy**

Mr Grindell drew attention to the one change in the document to the previous year which was the introduction in 3.2 of subsidies for those on low incomes.

**Action:** The Committee recommended approval of the Annual Fees Policy to the Corporation Board.

### **3.18/17.18 Any Other Business**

The Committee thanked Mr Grindell for his comprehensive presentation of the papers.

### **3.19/17.18 Date and time of next Finance & General Purposes Committee meeting**

Thursday 22<sup>nd</sup> November 2018 at 8am – to be confirmed at the July 2018 Corporation Board.

*The meeting closed at 12.25pm*

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

Signed: .....

Dated: .....

**Summary of action points**

<b>Item</b>	<b>Action</b>	<b>Responsibility</b>
Summary of Capital Projects 2018/19	<ul style="list-style-type: none"> <li>• Recommend approval of £700k department bids and £1.75m to redevelop blocks E and M to July Corporation Board</li> <li>• Schedule consideration of £1.75m to redevelop block J and improve building fabric for September 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Chair of F&amp;GP</li> <li>• Clerk</li> </ul>
Matters arising	Discuss advice regarding revaluation reserve	Financial Consultant/Director of Finance & Resources
Budget 2018/19 & Forecast 2019/20	Recommend approval of budget for 2018/19 and 2018-20 Financial Plan	Chair of F&GP
HE Student Funding and Numbers	HE paper to November F&GP and C&S Committees to include the optimum HE size for FCoT and the current makeup of the student body.	Principal
Health & Safety Termly Report	Discuss road signage with local authority	Principal
Treasury Management Policy	Recommend approval to the Board	Chair of F&GP
Annual Fees Policy	Recommend approval to the Board	Chair of F&GP