

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 22nd November 2018

Time: 8.00am

Venue: Principal's Office

Please note this meeting precedes Remuneration Committee

The first part of the meeting will be a joint session with the Property Redevelopment Advisory Committee to discuss Property Strategy matters.

1.0 Opening of Meeting and Apologies for Absence

1.1 Declarations of Interest

Action: Declare any interests

1.2 Property Strategy discussion (see paper 1.12 Capital Projects)

(Property Redevelopment Advisory Committee members leave)

1.3 Minutes of the last Finance & General Purposes Committee held 19th June 2018

Part 1 Appendix 1.3a

Part 2 A - Confidential to all Appendix 1.3b

Part 2 B – Confidential Principal & External Governors only Appendix 1.3c

Action: Review and approve

1.4 Matters arising from the minutes

Chair of F&GP Committee Appendix 1.4

Action: Note progress on actions

1.5 Review Committee Terms of Reference and Committee Effectiveness

Chair of Finance & General Purposes Committee/Clerk Appendix 1.5

Action: Review and approve Terms of Reference, briefly discuss effectiveness of Committee

FINANCE

1.6 Monthly Management Accounts Report

Report by the Director of Finance & Resources Appendix 1.6

Action: Receive for information

1.7 Financial Forecast for November 2018

Report by Director of Finance & Resources Appendix 1.7

Action: Receive for information

1.8 Farnborough College of Technology Financial Statements for year ended 31st July 2018

Report by the Director of Finance & Resources Appendix 1.8

Action: Consider recommendation to the Board

1.9 Student Recruitment Numbers 2018/19

Report by the Principal Appendix 1.9

Action: Receive for information

1.10 Pay Award 2018/19

Report by the Principal Appendix 1.10

Action: Consider recommendation to the Board

- 1.11 ESFA Financial Benchmarking Report**
 Report by the Director of Finance & Resources Appendix 1.11
 Action: Receive for information
- 1.12 Capital Expenditure Update - Capital Projects 2018/19**
 Report by Director of Finance & Resources Appendix 1.12
 Action: Decision
- 1.13 Banking & Treasury Management Termly Report**
 Report by Director of Finance & Resources Appendix 1.13
 Action: Receive for information
- 1.14 Bad Debtors Report**
 Report by Director of Finance & Resources Appendix 1.14
 Action: Consider for approval

GENERAL PURPOSES

- 1.15 Technology Integration Group notes**
 Report by the Principal Appendix 1.15
 Action: Receive for information
- 1.16 Annual Health & Safety Report 2017/18**
 Report by the Director of Finance & Resources Appendix 1.16
 Action: Receive for information
- 1.17 Health & Wellbeing Board minutes**
 Report by the Principal Appendix 1.17
 Action: Receive for information

POLICIES

- 1.18 Supply Chain Fees Policy 2018/19**
 Report by Director of Finance & Resources Appendix 1.18
 Action: Review and make a recommendation to the Board

CONFIDENTIAL ITEM

- 1.19 Confidential Item (restricted to External Governors)**
 Verbal Report by External Consultant
- 1.20 Any Other Business**
- 1.21 Date & Time of the next meeting**
 Thursday 21st March 2019 at 8am

DISTRIBUTION LIST

<u>F&GP Committee</u>	<u>Property Committee</u>	<u>In attendance</u>
Mr B Edwards – Chair	(item 1.2 only)	Financial Consultant/Director of F & R
Professor M Earwicker	Mrs G Christie	Mrs C Gillam – Clerk to Corporation
Mr H Malins	Mr J Francis	Mr S Markham- Fusion PM
Mr R Rendel	Mr D Hewitt	(item 1.2 only)
Professor J Yeomans	Ms J Houzer	Ms K Morris – External Consultant
Ms V Barratt - Principal	Ms W Megeney	(item 1.19 only)

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 22nd November 2018

Present:

Mr B Edwards – Chair of Committee
Professor M Earwicker
Mr R Rendel
Mr H Malins
Professor J Yeomans (from mid item 1.5)
Ms V Barrett – Principal (from mid item 1.2)

In Attendance:

Mrs G Christie – Chair of Property Redevelopment Advisory Committee (until end of item 1.2)
Ms W Megeney - Property Redevelopment Advisory Committee (until end of item 1.2)
Mr J Grindell – Financial Consultant
Mr S Markham - Fusion Project Management Ltd (until end of item 1.2)
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 8.07am

1.0/18.19 Opening of Meeting and Apologies for Absence

Mr Edwards welcomed members of the Property Redevelopment Advisory Committee and Mr Markham from Fusion who were joining the meeting for the Property Strategy discussion item. The Chair noted that the Principal and Professor Yeomans would be joining the meeting later.

1.1/18.19 Declarations of Interest

Mr Grindell as a Director of Fusion Project Management declared an interest in agenda item 1.2.

1.2/18.19 Property Strategy Discussion

1.12/18.19 Capital Projects

These items were taken together and recorded as a confidential minute.

Action:

- Clerk to email tender report to F&GP Committee for approval.
- Clerk to circulate site plan and visuals from Mr Markham to F&GP and Property Redevelopment Advisory Committee members.
- Clerk to schedule monthly meetings of the Property Redevelopment Advisory in 2019.

Mr Markham, Mrs Christie and Ms Megeney left the meeting.

1.3 a and b/18.19 Minutes of the meeting held 19th June 2018

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

1.3 c/18.19 Minutes of the meeting held 19th June 2018

The confidential restricted circulation Part 2 Section B minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair. The remainder of the item was recorded as a confidential minute.

1.4/18.19 Matters arising from the minutes

The Committee discussed progress on the matters arising.

1.5/18.19 Review Terms of Reference and Committee Effectiveness

The Committee reviewed its Terms of Reference and considered the Committee's effectiveness. The Committee agreed that its Terms of Reference should include under the General Purposes section an item to cover information governance and an item to state a requirement to review the Terms of Reference annually.

Professor Yeomans joined the meeting.

The Committee checked its compliance with the amended Terms of Reference and agreed that with the introduction of the new insolvency regime it would be helpful if the Clerk could draft a statement of the measures taken by the Committee to ensure its oversight of the College's finances i.e. reviewing the monthly accounts, recommending a surplus budget, monitoring the highest rated financial risks on the risk register. The Committee agreed that henceforth it would review the highest rated financial risks termly rather than annually. To ensure compliance with term 2bii the Committee also requested a report from the Principal on current and projected staffing needs.

Action:

- Committee Chair to recommend ToR amendments to the Board.
- Clerk to schedule monitoring of financial risks as a standing item.
- Principal to bring a staffing paper to next Committee meeting.

1.6/18.19 Monthly Management Accounts Report

Mr Grindell introduced the October Accounts noting that it was very early in the financial year. However, for the year to date the surplus was £199k higher than budget and income figures were positive. 16-18 funding was lagged and therefore fixed for the year, HE recruitment was strong and above budget and full cost/employer cost fees were ahead of budget. Whilst there were adverse variances for adult education and apprenticeships these were expected to reverse over the financial year. Recruitment for adult learners would continue throughout the year and apprenticeships were up on last year and would be closely monitored to meet budget growth targets. Salary costs year to date were under budget but this was not expected to continue as a trend as this was largely attributed to the timing of vacancies being filled and additional student numbers required additional resource. The Governors queried the headcount for support staff being 5.9 FTE under budget but were advised that recruitment of specialist staff for MIS had been required and would be in post soon.

The Committee noted the positive table of KPIs and discussed the College's cash balance of £13.1m. On one hand having such a large financial buffer gave the College security and independence but interest on cash reserves was not high and Governors debated whether some of the money should be invested in projects to improve the sustainability of the College and its attractiveness to students. The Principal noted that with investment in the Property Strategy the cash balance had fallen from £13m last year to £11m this year and there was a balance to be struck between investing in learners and managing risk. The Committee agreed that this was a debate that was useful to revisit and requested a paper at the next meeting setting out the strategic reasons for the cash balance buffer and raising for discussion how large that buffer should be.

Action: Principal to bring a Cash Balance Strategy paper to the next Committee meeting.

1.7/18.19 Financial Forecast for November 2018

The forecast showed a favourable surplus of £397k against a budget of £388k with projected increases to both income and expenditure lines. Mr Grindell cautioned that it was early in the year with areas of uncertainty and thus the contingency was increased from £300k in the budget to £350k to manage those risks in year. Governors observed that if the contingency was not required then the forecast surplus would exceed £700k and if this were to be achieved

it would give the College another opportunity to reinvest in its estate and staffing. The Principal agreed but noted that unlike schools FE colleges have to finance their own pay rises and pension increases. She also stated that the AoC had recommended that colleges aim to generate a surplus of 3% of their income, so for FCoT this would be £500k.

1.8/18.19 FCoT Financial Statements for year ended 31st July 2018

Mr Grindell advised the Committee that Audit Committee had reviewed the audit completion report and the sections covering the governance framework. One adjustment had been made to the accounts following discussion with Mazars which was the reversal of an accrual of £100k ESFA clawback provision. Mazars anticipated issuing an unqualified opinion without modification. The financial statements followed the standard format with one new addition which was a new requirement to publish information on facility time arrangements for trade union officials at the College. Turning to the income and expenditure statement Mr Grindell noted that in a challenging year for the FE sector the College was pleased to report an increase in comprehensive income of £0.5m on last year's income figure to just over £1m in 2018. The operating surplus of £352k before defined benefit pension costs was very positive. The Committee noted that defined benefit obligations as recorded in the balance sheet had fallen compared to last year and noted the detail of the actuarial valuations contained in the notes to the accounts. The Committee was content to recommend the financial statements to the Board for approval.

Action: Committee Chair to recommend approval of the financial statements to the Board.

1.09/18.19 Student Recruitment Numbers 2018/19

The Principal informed the Committee that overall enrolments for 2018/19 were forecast to be in line with the budget target. There was an increase in 16-18 students and HE enrolments were very positive and above target. Although apprenticeship headcount was down enrolments would continue throughout the year and income was forecast to meet the budgeted figure. The Principal noted that it would be helpful in the future to include income as well as headcount in the table on page 4.

The agenda item order was re-arranged as follows.

1.11/18.19 ESFA Financial Benchmarking Report

Mr Grindell introduced the financial dashboard from the ESFA which contained key financial performance indicators and compared the College's performance to the sector. In 2017/18 less than 20% of colleges assessed themselves as outstanding and FCoT was one of these. The College's cash reserves were very strong and placed the College's current ratio significantly above national averages. The College's ability to generate cash as measured through the performance ratio was likewise very strong at 10% compared to a sector median of 4%. FCoT's staff costs ratio had improved from previous years and now fell below the sector median even though the benchmark was distorted by many colleges contracting out some of their support services. The Governors were pleased to receive such positive benchmarking data.

1.13/18.19 Banking & Treasury Management Termly Report

The Committee noted that an increase in interest rates meant that it was likely the College would exceed its budgeted interest income for the year despite the planned capital investment in the estate. With two of the deposit accounts maturing in November 2018 these investments would be placed with the same institutions but in accounts with a higher rate of interest. The Committee briefly discussed whether it was worth locking away deposits for a longer period for a better return but upon reflection agreed that with rates likely to continue to move upwards there would be no significant gain.

1.14/18.19 Bad Debtors Report

The Committee approved the write off of the bad debts totalling £4,376, noting that there was bad debt provision of £30k in the budget.

1.15/18.19 Technology Integration Group Notes

The Principal explained that the TIG monitored the greater integration of technology in the College. FCoT would be trialling in IDXtra's Event Marker which was an electronic register system enabling students to electronically register on the door as they enter a classroom which then populates an electronic register thus removing the requirement for teachers to mark registers. A central system for electronically recording late entry would also operate. Another technological system to assist teachers was to develop integrated schemes of work which would auto-populate lesson plans. Good progress was being made with the online campus and with cashless online payments for students. Alternatives to the College's current MIS system might need to be considered as the existing system was disappointing in its functionality.

1.16/18.19 Annual Health & Safety Report

The Committee received the annual report noting that the College has a good health and safety framework in place and that the increase in near misses was a positive sign as it showed good reporting and greater awareness amongst staff. Governors asked if the College used In Case of Emergency (ICE) cards and the Principal replied that the lanyards identified staff and students and that the College nurse was aware of those students with medical conditions. Governors enquired whether staff and students knew what to do in the event of a lockdown situation and the Principal advised them that the College has a lockdown policy and this was currently being revised to incorporate a revision to the fire alarm system to sound a warning and PC notification. The Principal was investigating the cost of moving the entry control systems on the College entrances to the perimeter of the site which would enable a lock down of the outer perimeter, as well as generally improve site security. It was agreed that it would be helpful to invite the College's Health and Safety Officer to a future Board meeting to give a health & safety update and to take Governors' questions.

Action: Clerk to schedule a Board Health and Safety update.

1.17/18.19 Health and Wellbeing Board

The Committee received the minutes of the last meeting and praised the engagement with the issues being raised by staff such as reclaiming lunch breaks and a digital Sabbath. Governors asked if there was a tension between increased IT automation, as discussed under the previous TIG item, and maintaining an appropriate work/life balance. The Principal replied that IT could be used in innovative ways such as holding email traffic over a weekend and thus could facilitate staff wellbeing. The Principal informed Governors that an event to share the mall anti slip flooring samples with staff over a free cup of coffee had proved extremely successful with staff enjoying the opportunity to have face to face time with colleagues and the College would look at holding other such events. Governors noted that staff had requested through the Health and Wellbeing Board that details of team bonus awards not be shared as this had not proved popular.

1.18/18.19 Supply Chain Fees Policy 2018/19

Mr Grindell informed the Committee that there were no substantive changes to the previous policy and that the College currently has no sub-contracting provision. However, the policy would enable the College to move quickly if a sub-contracting opportunity arose.

Action: Committee Chair to recommend approval of the Supply Chain Fees Policy 2018/19 to Corporation Board.

1.10/18.19 Pay Award 2018/19

This item was recorded as a confidential minute.

Action: Committee Chair to recommend for approval to the Board the following:

- 2% consolidated award
- 1% non-consolidated award
- A further 0.5% exceptional bonus for all eligible staff.

1.19/18.19 Confidential Item

This item was recorded as a confidential minute.

Action: Clerk to schedule an annual curriculum changes paper for Curriculum & Standards Committee.

1.20/18.19 Any Other Business

No items were raised.

1.21/18.19 Date and time of next Finance & General Purposes Committee meeting

Thursday 21st March 2019 at 8am.

The meeting closed at 11.34am

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

Signed:

Dated:

Summary of action points

Item	Action
1.12 Capital Projects	<ul style="list-style-type: none"> • Clerk to email tender report to F&GP Committee for approval. • Clerk to circulate site plan and visuals from Mr Markham to F&GP and Property Redevelopment Advisory Committee members. • Clerk to schedule monthly meetings of the Property Redevelopment Advisory in 2019.
1.5 ToR	<ul style="list-style-type: none"> • Committee Chair to recommend ToR amendments to the Board. • Clerk to schedule monitoring of financial risks as a standing item. • Principal to bring a staffing paper to next Committee meeting.
1.6 Monthly Management Accounts Report	Principal to bring a Cash Balance Strategy paper to the next Committee meeting.
1.8 Financial Statements	Committee Chair to recommend approval of the financial statements to the Board.
1.16 Annual Health & Safety Report	Clerk to schedule a Board Health and Safety update.
1.18 Supply Chain Fees Policy 2018/19	Committee Chair to recommend approval of the Supply Chain Fees Policy 2018/19 to Corporation Board.
1.10 Pay Award	Committee Chair to recommend for approval to the Board the following: <ul style="list-style-type: none"> • 2% consolidated award • 1% non-consolidated award • A further 0.5% exceptional bonus for all eligible staff.

1.19 Confidential item	Clerk to schedule an annual curriculum changes paper for Curriculum & Standards Committee.
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