

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 20th June 2019

Time: 9.00am

Venue: Principal's Office

Please note this meeting follows Remuneration Committee

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

3.1 Opening of Meeting and Apologies for Absence

3.2 Declarations of Interest

3.2 Property Strategy discussion (see paper 3.9 Capital Projects)

(Property Redevelopment Advisory Committee members leave)

3.3 Minutes of the last Finance & General Purposes Committee 21st March 2019

Part 1 Appendix 3.3a

Part 2a Confidential to all Appendix 3.3b

Part 2b Confidential – External Governors & SMT only Appendix 3.3c

3.4 Matters arising from the minutes

Chair of Finance & General Purposes Committee Appendix 3.4

FINANCE

3.5 Monthly Management Accounts

Report by the Director of Finance & Resources Appendix 3.5

3.6 Financial Forecast for May 2019

Report by Director of Finance & Resources Appendix 3.6

3.7 Monitoring of Financial Risks

Report by the Director of Finance & Resources Appendix 3.7

3.8 Budget 2019/2020 & Forecast 2020/2021

Report by the Director of Finance & Resources Appendix 3.8

3.9 Capital Projects (considered under 3.2)

Report by Director of Finance & Resources Appendix 3.9

3.10 HE Student Recruitment Strategy (joint paper to C&S)

Report by the Principal Appendix 3.10

3.11 Banking & Treasury Management Termly Report

Report by Director of Finance & Resources Appendix 3.11

3.12 Bad Debtor

Report by Director of Finance & Resources Appendix 3.12

GENERAL PURPOSES

3.13 Technology Integration Group Plan Update

Report by the Computer Services Manager Appendix 3.13

3.14 Health & Safety Termly Report

Report by the Director of Finance & Resources Appendix 3.14

POLICIES

3.15 Annual Fees Policy

Report by the Director of Finance & Resources

Appendix 3.15

3.16 Any Other Business

3.17 Date & Time of the next meeting

tbc

DISTRIBUTION LIST

F&GP Committee

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

Property Committee

(item 3.2 only)
Mrs G Christie
Mr J Francis
Ms J Houzer
Ms W Megeney

In attendance

Financial Consultant/Director of F & R
Mrs C Gillam – Clerk to Corporation
(For item 3.13 only) – Mr B Travers

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 20th June 2019

Present:

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

In Attendance:

Mrs G Christie – Chair of Property Redevelopment Advisory Committee (until end of item 3.9)
Ms W Megeney - Property Redevelopment Advisory Committee (until end of item 3.9)
Mr R Pearman - Fusion Project Management Ltd (for item 3.9 only)
Mr B Travers – Computer Services Manager (for item 3.13 only)
Mr J Grindell – Financial Consultant
Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 9.11am

3.1/18.19 Opening of Meeting and Apologies for Absence

Apologies were received from Mr Hunt. Mr Edwards welcomed two members of the Property Redevelopment Advisory Committee and noted that Mr Pearman from Fusion would be joining the meeting later for the Property Strategy discussion item.

3.2/18.19 Declarations of Interest

Mr Grindell as a Director of Fusion Project Management declared an interest in agenda item 3.9.

3.3/18.19 Minutes of the meeting held 22nd November 2018

The Part 1 and confidential Part 2 Section A and Part 2 Section B minutes of the last meeting were accepted as true and accurate records and were signed by the Chair, subject to the correction of a typo on page 3 of the Part 1 minutes.

3.4/18.19 Matters arising from the minutes

The Committee recorded that all actions were either complete or were scheduled for completion in the autumn.

3.5/18.19 Monthly Management Accounts

Mr Grindell introduced the May accounts. The year to date surplus was £161k higher than budget largely due to additional income from FE and HE fees, 14-16 fees (where income had doubled) and High Needs Element 3 funding. These had partially offset some adverse variances for apprenticeship income and the Adult Education Budget. Salary costs for the year to date were higher than budgeted due to additional teaching posts.

Turning to capital expenditure Mr Grindell advised the Committee that the College had spent £2.5m against an approved budgeted spend of £4m. The underspend was due to some of the Emerging Technology Centre works now being scheduled for after the financial year end.

Despite the capital spend the College's cash at hand and at bank was £15.9m and underlying cash flow generation was strong. The budgeted surplus for the year was £388k and the May forecast was to achieve a surplus of £390k.

Governors praised the accuracy of the forecasting and commended the KPIs particularly the improved staff pay costs ratio which had reduced from 67% in 2017/18 to 65% this year, and the College's liquidity.

3.6/18.19 Financial Forecast for May 2019

Mr Grindell noted that much of the updated financial forecast had been discussed under the previous item. Apprenticeship targets were challenging as were those for full cost fees. However, as noted above, the overall forecast surplus was very much in line with the budget.

Mr Pearman joined the meeting. The agenda item order was re-arranged as follows.

3.9/18.19 Capital Projects

This item was a confidential minute.

Action: Property Committee Chair to recommend to the Board approval of a budget of £1m for the initial phase of the Aerospace project with works to commence over summer 2019.

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

3.7/18.19 Monitoring of Financial Risks

Mr Grindell introduced the risk register containing the highest rated financial risks and an update on the mitigating actions to control those risks. He informed Governors that it had been agreed at Audit Committee to review the format of the risk register in the autumn to give it a greater strategic than operational focus, and to bring an executive summary of the register to the July Board. The Principal suggested that risk should be a focus for the Board's strategy day in September. Mr Grindell reminded Governors that Audit Committee's role was to review the risk management process. Under the College's Risk Management Policy the Board had also delegated to C&S and F&GP Committees responsibility for monitoring the highest rated curriculum and financial risks respectively. This system had worked well. Audit Committee and the Board would also look at broader strategic risks and leave the operational detail to SMT to manage. The Principal suggested that it might be helpful to annually have a detailed look at one area of risk by having one department present its risk register to Audit Committee so that Audit Committee could be assured that the risk management system was working.

Action: Clerk to schedule an annual department risk register presentation to Audit Committee.

3.8/18.19 Budget 2019/20 & Forecast 2020/21

Mr Grindell introduced the draft budget noting that the Transformation Strategy provided its overall context. In line with the Strategy the College had increased its income by 8% to £16.8m in 2018/19. However, achieving continued growth would become more of a challenge. The draft budget for 2019/20 set a target for total income of £17.7m which represented a growth of 5.3% on the current year forecast. Key areas of growth were the core income lines of 16-18 funding, levy funded apprenticeships, full cost income, HE and advanced learner loans. Mr Grindell reminded Governors that FCoT had exceeded its advanced learner loans facility this year and requested an increased facility and it was anticipated that that growth would continue. HE numbers had grown and the College would work to manage HE retention in year. Counselling courses would move from grant funded to a fully costed model next year and thus full cost income was targeted to increase. Regarding expenditure the salaries budget was higher than budgeted this year but the pay cost to income percentage was budgeted at 63.7% which represented a significant improvement on the 2018/19 forecast of 65.1%. The increase in TPS employer contributions would be neutralised by the additional grant funding that the

Government had confirmed for the 2019/20 year. £150k had been included as contingency within the salaries budget. The College would continue to use technology to enhance efficiencies and reduce costs. The resulting budgeted operating surplus for 2019/20 was £346k (compared to £388k in 2018/19) but it was noted that depreciation costs would increase due to the College's increased capital expenditure. Underlying cash generation was however strong at c£1.8m and was higher than that envisaged in the Transformation Strategy.

The Committee discussed the largest risks to achieving this budget and noted the importance of keeping a close eye on the targets for apprenticeship, full cost and HE growth and 16-18 enrolments. In addition to the £150k staff pay contingency an additional £150k contingency was also included in the budget. This total contingency of £300k was the same size as the contingency for this year which was felt to be an appropriate sum. Governors asked for detail as to how budget assumptions were tested. Mr Grindell explained that budget setting was a bottom up process. Together with the Principal he met with every budget holder to discuss budget requests. The College used a curriculum planning tool called Forecast which supported the detail of budget planning. Governors also enquired what the College's capacity for growth was. Mr Grindell replied that the College's space was under utilised. A rule of thumb was £1m turnover for every 1,000 square meters of space. The College has 26,000 square meters of space!

The College was required to submit to the ESFA a financial plan through to 2021. Mr Grindell explained that the 2020/21 forecast followed the key Transformation Strategy growth targets and the College was expected to benefit from the demographic upturn in 16-18 numbers. The College would also look to maintain efficiency savings.

Governors congratulated Mr Grindell on an excellent budget and recommended the approval of the budget proposals and Financial Plan.

Action: Committee Chair to recommend to the Board approval of the budget proposals and Financial Plan.

3.10/18.19 HE Recruitment Strategy

The Principal introduced the paper which had been requested by F&GP and which also had been shared with Curriculum & Standards Committee. It set out to forensically understand the College's HE position. It was interesting to note that all the College's 2 year HE programmes were growing and not just the fast track degrees and that three year programme numbers were good. The College had a good track record of meeting demand for non-prescribed HE but over-reliance on approximately five programmes had been identified as a risk so curriculum managers and SMT had been asked to identify a wider and more robust offer. The College would work to raise awareness of top up degrees particularly for HNC/HND students who could achieve a degree for £18k which was much less than they would pay for a traditional three year degree. The Chair of Corporation informed the Committee that the College had held constructive discussions with the University of Surrey regarding the College's Access to Health learners and potential progression to Surrey's nursing degree programmes. A similar link already existed with the University of Reading. Nursing was an area with huge demand and it would be constructive for the College to build relationships with local NHS trusts.

Governors noted that the College was £2m shy of its income ambition for HE as set out in the Transformation Strategy. However, its target for prescribed programme student numbers in 2018/19 was 450 and the actual number was 401 enrolments so the College was only 49 short.

The Committee thanked the Principal for the detailed strategy report.

3.11/18.19 Banking & Treasury Management Termly Report

The Committee noted that there were no significant updates to the report and received it for information.

3.12/18.19 Bad Debtor Report

The Committee received details of an additional bad debtor in addition to the one contained in the paper circulated. Whilst they approved the combined write off of £14,000 bad debts this was subject to Mr Grindell confirming when Student B withdrew from their course as if it was before the census date then the £8,000 sum might not be due.

Action: Mr Grindell to check the withdrawal date of Student B before confirming the write off of the bad debts totalling £14,000.

Mr Travers joined the meeting.

3.13/18.19 Technology Integration Group Plan Update

Mr Travers gave a presentation demonstrating the new Integrated Scheme of Work which he had developed in-house. The Scheme would reduce the administrative burden of lesson planning on teachers. The Scheme ran via an excel spreadsheet which allowed teachers to automatically populate and tweak their lesson plans on a week by week basis. The system had just been rolled out and feedback was very positive. The Education & Training Foundation had seen the system and were very impressed and potentially interested in exploring its application for T Levels. Governors praised the scheme and enquired if it could be developed to pull out certain strands such as being able to print out a year's worth of coverage of equality & diversity or British values, which could then be used as a tool within the College for sharing best practice. The Principal agreed that that was a good idea for Mr Travers to explore.

Governors praised the range of work which the Technology Integration Group covered and asked how new IT project ideas were generated. Mr Travers replied that it was a combination of suggestions from staff, the Principal and the IT team. The Principal added that she looked to address College front line needs through technological means where possible and she was fortunate to have Mr Travers as a consultant from Modulo2 who had the IT skills to enable this. Every department has its own 5 year IT plan and staff praised the responsiveness of the IT team. Governors questioned Mr Travers regarding the security of laptops and he noted that staff laptops have tracking software installed and could be remotely wiped. Student laptops were linked to the student's library account and were automatically wiped every night.

The Committee thanked Mr Travers for the work he and his team had achieved in the College's digital transformation.

Mr Travers left the meeting.

3.14/18.19 Health & Safety Termly Report

The Committee received termly report. The Principal announced that the low perimeter wall facing the AAA building would be demolished and seating areas provided in the grounds of the AAA building to help address the problem of students congregating by the crossing area. Governors raised the issue of students crossing the road between the AAA building and the UCF on Sycamore Road often wearing headphones or looking at mobile phones and the safety implications of this. The Health & Safety Officer would be invited to the Board's strategy meeting in September to give a health & safety update to Governors.

3.15/18.19 Annual Fees Policy

Mr Grindell explained that minor changes had been made to the policy to reflect changes to funding rules and revised internal processes. The policy was approved subject to a requested revision to the wording regarding non-levy employers' contribution in section 4.6.

Action: Committee Chair to recommend approval of the amended Annual Fees Policy to the Corporation Board.

3.16/18.19 Any Other Business

No items were raised.

3.17/18.19 Date and time of next Finance & General Purposes Committee meeting

To be confirmed at the July Corporation Board.

The meeting closed at 11.44am

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

Signed:

Dated:

Summary of action points

Item	Action
3.9 Capital Projects	Property Committee Chair to recommend to the Board approval of a budget of £1m for the initial phase of the Aerospace project with works to commence over summer 2019.
3.7 Monitoring of Financial Risks	Clerk to schedule an annual department risk register presentation to Audit Committee.
3.8 Budget 2019/20 & Forecast 2020/21	Committee Chair to recommend to the Board approval of the budget proposals and Financial Plan.
3.12 Bad Debtor Report	Mr Grindell to check the withdrawal date of Student B before confirming the write off of the bad debts totalling £14,000.
3.15 Annual Fees Policy	Committee Chair to recommend approval of the amended Annual Fees Policy to the Corporation Board.