

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 19th March 2020

Time: 8.00am

Venue: Principal's Office

2.1 Opening of Meeting and Apologies for Absence

2.2 Declarations of Interest

2.3 Minutes of the last F&GP Committee held 28th November 2019

Part 1

Appendix 2.3a

Part 2A - Confidential to all

Appendix 2.3b

2.4 Matters arising from the minutes

Chair of F&GP Committee

Appendix 2.4

FINANCE

2.5 Capital Projects Update

Verbal report by the Principal

2.6 Integrated Financial Model for Colleges

Report by the Consultant Director of Finance

Appendix 2.6

2.7 Monthly Management Accounts Report

Report by the Consultant Director of Finance

Appendix 2.7

2.8 Financial Forecast for February 2020

Report by the Consultant Director of Finance

Appendix 2.8

2.9 Monitoring of Financial Risks

Report by the Consultant Director of Finance

Appendix 2.9

2.10 Budget 2020/2021 Assumptions

Report by the Principal

Appendix 2.10

2.11 Banking & Treasury Management Termly Report

Report by the Consultant Director of Finance

Appendix 2.11

GENERAL PURPOSES

2.12 Update on hourly pay holiday pay compliance

Verbal Report by the Consultant Director of Finance

2.13 Technology Integration Group notes

Report by the Principal

Appendix 2.13

2.14 Health & Safety Termly Report

Report by the Consultant Director of Finance

Appendix 2.14

2.15 Health & Wellbeing Board minutes

Report by the Principal

Appendix 2.15

POLICIES

2.16 Health & Safety Policy

Report by the Principal

Appendix 2.16

Staff Governor to leave the meeting

CONFIDENTIAL ITEMS

2.17 Pensions

Verbal report by the Consultant Director of Finance

2.18 Confidential Matters of Report by the Principal (restricted to External Governors, Consultant Director of Finance & the Principal)

Verbal Report by the Principal

2.19 Minutes of the last F&GP Committee meeting held 26th November 2019 (continued)

Part 2B - Confidential to External Governors, Principal & Consultant Director of Finance
Appendix 2.19

2.20 Any Other Business

2.21 Date & Time of the next meeting

Thursday 18th June 2020 at 9am

DISTRIBUTION LIST

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

In attendance
Mr J Grindell - Consultant Director of Finance
Mrs C Gillam – Clerk to Corporation

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 19th March 2020

Present:

Professor M Earwicker (via video conference)
Mr H Malins (via video conference)
Mr R Rendel (via speakerphone)
Professor J Yeomans – Chair (via video conference)
Ms V Barrett – Principal

In Attendance:

Mr P Ashley – Head of Finance (until the end of item 2.16)
Mrs G Christie (from mid item 2.5)
Mr J Grindell – Consultant Director of Finance (via video conference)
Ms C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 8.05am

2.1/19.20 Opening of Meeting and Apologies for Absence

Apologies were received and accepted from Mr Edwards and Mr Hunt. Professor Yeomans agreed to chair the meeting.

2.2/19.20 Declarations of Interest

Mr Grindell declared his standing interest as a Director of Fusion Project Management.

2.3/19.20 Minutes of the meeting held 28th November 2019

The Part 1 and Part 2A minutes of the last meeting were accepted as true and accurate records and would be signed by the Chair, scanned in and sent through to the Clerk.

2.4/19.20 Matters arising from the minutes

The Committee noted that the one outstanding item was for Mr Grindell to check the accuracy of the cash at hand figures in the November monthly accounts. Mr Grindell explained that these were accurate, but confusion had arisen from the two types of accounting used – period based and annualised figures. There would be distortions because of the uneven profile of income throughout the year. For consistency annualised reporting would be used in the future. The Principal updated the Committee that the College had declined the offer from the Wesleyan Church to discuss pensions and retirement planning with staff.

2.5/19.20 Capital Projects Update

The Principal advised the Committee that the design for the new ARIC building was being finalised and should be ready to come to the Board in April. The planning application would be made this month. There were some delays to the T Level building work owing to issues with the original contractor.

Mrs Christie joined the meeting.

The Principal explained that the appointment of the contractor which had been approved by the Committee via email earlier in the month had run into issues with the company trying to renegotiate an extra £150k above the original tender. This was unacceptable. The results of the tender would be revisited, confirmation of reliable pricing obtained from the other

contractors, and the Principal would prepare a recommendation for the Committee to appoint a new contractor.

2.6/19.20 Integrated Financial Model for Colleges (IFMC)

Mr Grindell reminded the Committee that the IFMC documents had already been approved by the Board in February. The IFMC would be an annual return and would move to January in future years. The complex spreadsheets were a tool to identify the monthly cash profile for early warning signs of cashflow constraints in the year and for many colleges, due to the uneven patterns of income and expenditure that occurred in the sector, there was a low point in March. However, FCoT does not have the criticality of that March low point, plus it has cash reserves. The College continued to be rated as having outstanding financial health and a maximum points score for financial health. Strong recruitment of 16-18 students this year would see a rise in lagged funding next year and modest growth was expected over several income lines. Looking at the table on page 3 showing the College's actual and projected financial performance against the Transformation Strategy, it was encouraging to see that FCoT was on track. Mr Grindell noted that it had taken himself and Mr Ashley considerable time to prepare the IFMC return, but it did show the good position the College was in. However, the Principal observed that in the current context of the coronavirus outbreak the income predictions became outdated as there were numerous withdrawals from students on full cost courses and some HE courses. The situation could grow worse and it was impossible to predict what would happen with learner numbers in September. It was noted though that in times of high unemployment people often sought re-training, and the lagged funding from the 16-18 growth was secure. Moreover, FCoT was in the unusual position in the sector of having financial reserves although like most colleges it would also look to the ESFA for financial support to help it through this time of crisis. The Committee concluded that it was helpful to have the IFMC data as a baseline of where the College was before the coronavirus outbreak so that the financial consequences could be tracked.

2.7/19.20 Monthly Management Accounts Report

The monthly accounts for January were received. At this halfway point through the financial year the surplus was £121k higher than budget. Mr Grindell noted that he had already spoken regarding the strong recruitment of 16-18 students and the lagged funding, but noted that the College was in effect subsidising the extra costs of these students (e.g. staffing) for a year. There was a risk that the challenging targets for apprenticeships might not be achieved in full as after three years of continued expansion growth had now slowed. Staff costs were under budget despite the additional non-consolidated pay award made by the Board in December, and non-pay costs were on track. Capital grant funding of £1.3m was received in January, there was a net increase in cash of £888k and the overall cash balance was predicted to be £13.8m at year end.

2.8/19.20 Financial Forecast for February 2020

Mr Grindell explained that the forecast for income was £17.4m against the budget of £17.6m. This largely resulted from apprenticeship and full cost income being forecast to be below challenging targets. However, there were positive variances in income such as high needs funding, and forecast cost savings. £100k had also been released from the College's £150k contingency. However, the Committee reflected that all these figures predated the coronavirus outbreak. The Principal said that the College faced real financial challenges and anticipated further extraordinary spend in the coming months. Additional costs had already been incurred for example in a deep clean of the College and providing sanitising stations, and the announcement by the Government last night that schools and colleges were to remain open for vulnerable students and the children of key workers raised many issues. It was not yet clear what services FCoT would be running in the coming weeks and looking beyond its educational provision if the College could help to support its local community in other ways. The Committee supported the Principal's statement of the community ethos of the College and

agreed that the College should provide what support it could, and then work through the financial consequences with the Government afterwards. It was feared that the slowdown in growth in apprenticeships locally could be compounded by the national situation as when business normality resumed apprenticeships might be a slow area to recover. Businesses would need time to rebuild and would not be running at capacity for a while. Governors then discussed the practicalities of distance learning for the majority of students who would be studying at home, and also what support could be given to subjects with practical elements to their courses such as electricians or art and design students. Now that the Government had announced that examinations were cancelled clarification was also required on what this meant for students' assessments. Details of what constituted key workers was also awaited and by the time of the Board meeting much should be clearer.

2.9/19.20 Monitoring of Financial Risks

The Committee received the risks and noted positive progress with the mitigating actions. However, the coronavirus would now need to be inserted as the highest risk even though it would take time to map out the detail. The College would need to consider how it responded in the short and the long term to the associated risks. Yet it was also possible that opportunities would emerge such as quick, short-term training for new NHS healthcare staff who would need to be recruited from other sectors. Governors asked how the new risks emerging daily were being addressed and the Principal agreed that it was a dynamic situation, but the College's business continuity plan was in effect. She met with SMT regularly and also with Programme Managers, the Head of Estates and the Health & Safety Officer. Governors also asked what would happen if the Principal had to self-isolate or became ill. The Principal replied that she would name one of her Vice Principals as her deputy. The Chair of Corporation said that in those circumstances he would be willing to offer leadership support to the senior team pro tem.

2.10/19.20 Budget 2020/2021 Assumptions

The Committee reflected that this was another document which reflected a point in time but was now made somewhat redundant in the light of recent events. Mr Grindell agreed that the budget had looked promising for next year, exceeding the Transformation Strategy goal of £18.4m, but now it should be anticipated that income from apprenticeships, HE and adults would be adversely affected. The Committee received the document as a good summary of where the College had been heading, but it would require revision over the coming months.

2.11/19.20 Banking & Treasury Management Termly Report

Mr Grindell reported that the Governor of the Bank of England had given assurances that the banking sector was sound and the College in line with its investment strategy only held deposits with blue chip organisations. Mr Ashley advised the Committee that the recent reduction in the base rate had already fed through to some of the College's deposit accounts and its current account, and therefore the Committee should expect to see in the coming months a reduction in the interest earnt on the College's deposits.

2.12/19.20 Update on hourly pay holiday compliance

Mr Grindell advised the Committee that he hoped to bring recommendations to the next Committee meeting. Work was ongoing to ensure full compliance with the holiday pay of sessional staff and the College had engaged the legal firm Irwin Mitchell to work with the Director of HR.

2.13/19.20 Technology Integration Group notes

The Principal drew attention to the significant work to invest in technology and that the 5 year plan would continue to evolve in order to stay current. Governors noted that the College's investment in this area had brought real changes to the site and would be of great benefit now

that remote working and learning had to be introduced. It was noted how well the Microsoft Teams function had worked to enable the virtual attendance of four members at this meeting.

2.14/19.20 Health and Safety Termly Report

Mr Grindell reported that the College's lockdown policy had been revised and agreed by SMT and a lockdown test had been held. An action plan had been prepared to address some of the issues identified during the test and a further test would be held in the future. Regarding the reporting of accidents and incidents there were no major variances to previous years and Governors noted the healthy level of reporting of near misses. The Health & Safety Officer's primary focus was now dealing with the coronavirus situation and she was working hard to keep the College safe and the Committee recorded its thanks to Ms Deallie. Governors asked if the title of report should be amended to include wellbeing. After discussion it was agreed to leave the title as it stood as it was a legal requirement to report on health and safety, but it was noted that the report always included wellbeing matters such as mental health first aid.

2.15/19.20 Health & Wellbeing Board minutes

Following on from the previous item the Principal reflected that in time perhaps the reports for items 2.14 and 2.15 could be combined. She had introduced the Health & Wellbeing Board when she joined the College and it had evolved from being directed by her to being grassroots informed. Two task forces had been set up to look at mental health and the menopause. The mental health task force was keen to have a mental health governor and Mrs Christie volunteered, noting that she was a mental health first aider.

2.16/19.20 Health & Safety Policy

The Committee noted that there were no changes to the policy and recommended its approval to the Board.

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

Mr Ashley left the meeting.

2.17/19.20 Pensions

Mr Grindell explained that all work on pensions was currently in abeyance at this time but would be returned to at a future date.

2.18/19.20 Confidential matters of report by the Principal

This item was recorded as a confidential minute

2.19/19.20 Confidential minutes of the meeting held 28th November 2019

The restricted circulation confidential Part 2B minutes of the last meeting were accepted as a true and accurate record and would be signed by the Chair.

2.20/19.20 Any Other Business

The Principal returned to the issue of the coronavirus, reporting that she had held regular SMT meetings since the start of the outbreak, had introduced hand sanitiser stations throughout the College and disseminated to students and staff hand washing advice and more recently social distancing advice. The College had not had any identified cases although it did have 18 staff in isolation with symptoms. Students and the majority of staff would be working from home from next week although the College would remain open to vulnerable students and the children of key workers. It was difficult to predict how many students would therefore come into College. Attendance yesterday for 16-18 was in the low 70% and adult attendance was half that so numbers were already declining sharply. A letter was being drafted to parents and students were advised to follow their timetables whilst working online and continue their learning. Governors asked what provision could be made for staff and students without Wi-Fi and the Principal replied that this was currently being explored by looking for example at the

provision of dongles. The Principal would be holding a briefing meeting with all staff to explain the situation following the Government's announcement last night. Following a query from Governors she confirmed that the meeting would be held in the ETC to enable social distancing and for those staff who wished the breakout rooms could be used to isolate themselves further.

2.21/19.20 Date and time of next Finance & General Purposes Committee meeting

Thursday 18th June 2020 at 9am.

The meeting closed at 9.42am

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

Signed:.....

Dated:.....

Summary of action points

Item	Action
2.16 Health & Safety Policy	Chair to recommend approval of the Health & Safety Policy to the Board.