

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 23rd June 2022

Time: 5.00pm

Venue: Online

- 3.1 Opening of Meeting and Apologies for Absence**
- 3.2 Declarations of Interest**
- 3.3 Minutes of the last Finance & General Purposes Committee 17th March 2022**
Part 1 Appendix 3.3
- 3.4 Matters arising from the minutes**
Chair of Finance & General Purposes Committee Appendix 3.4
- 3.5 Property Strategy**
Report by Fusion Project Management Ltd Appendix 3.5
- 3.6 Capital Projects**
Report by the Director of Finance & Corporate Services Appendix 3.6
- 3.7 Management Accounts and Financial Forecast for May 2022**
Report by the Director of Finance & Corporate Services Appendix 3.7
- 3.8 Monitoring of Financial Risks**
Report by the Director of Finance & Corporate Services Appendix 3.8
- 3.9 Budget Plan for Sustainable Transformations Strategy (STS) 2022-32**
Report by the Director of Finance & Corporate Services Appendix 3.9
- 3.10 Budget 2022/2023**
Report by the Director of Finance & Corporate Services Appendix 3.10
- 3.11 Student Enrolment Report**
Report by the Principal Appendix 3.11
- 3.12 HE Report**
Report by the Principal Appendix 3.12
- 3.13 Banking & Treasury Management Termly Report**
Report by the Director of Finance & Corporate Services Appendix 3.13
- 3.14 Bad Debtors**
Report by the Director of Finance & Corporate Services Appendix 3.14
- 3.15 Student Financial Support (*action from last meeting*)**
Report by the Principal/Director of Finance & Corporate Services Appendix 3.15

GENERAL PURPOSES

- 3.16 Health & Wellbeing Board Minutes**
Report by the Principal Appendix 3.16
- 3.17 Health & Safety Termly Report**
Report by the Director of Finance & Corporate Services Appendix 3.17

POLICIES

3.18 Annual Fees Policy Update

Report by the Director of Finance & Corporate Services Appendix 3.18

3.19 Treasury Management Policy Update

Report by the Director of Finance & Corporate Services Appendix 3.19

Staff Governor to leave the meeting

CONFIDENTIAL

3.20 Minutes of the last Finance & General Purposes Committee meeting held 17th March 2022 (cont)

Part 2 Confidential – External Governors & SMT only Appendix 3.20

3.21 Pay Award Presentation

Verbal Report by the Principal/ Director of Finance & Corporate Services

3.22 Any Confidential Matters of Report

Verbal report by the Principal

3.23 Any Other Business

3.24 Date & Time of the next meeting

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F&GP Committee

Dr F Oduneye – Chair
Mr D Axam
Professor M Earwicker
Mrs K Harris-St John
Professor O Khan
Mr H Malins
Ms V Barratt - Principal

In attendance

Mr P Makwana - Director of Finance & Resources
Ms C Gillam – Clerk to Corporation
Mr S Markham – Fusion Project Management Ltd
(until end item 3.6)

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 23rd June 2022

Present:

Dr F Oduneye – Chair (via video conference)
Mr D Axam - (via video conference) - *from mid item 3.5 until end of item 3.19*
Professor M Earwicker - (via video conference)
Mrs K Harris-St John - (via video conference) – *from late item 3.5 until end of item 3.19*
Professor O Khan - (via video conference)
Ms V Barrett – Principal (via video conference)

In Attendance:

Mr P Makwana – Director of Finance & Corporate Services (via video conference)
Mr S Markham - Fusion Project Management Ltd - (via video conference) - *present until end of item 3.5*
Mr R Pearman - Fusion Project Management Ltd - (via video conference) - *present until end of item 3.5*
Ms C Gillam – Clerk to the Corporation (via video conference)

Quorate: Yes

The meeting opened at 5.01pm

3.1/21.22 Opening of Meeting and Apologies for Absence

Apologies were received and accepted from Mr Malins, and it was noted that Mr Axam and Mrs Harris-St John would join the meeting a little later.

3.2/21.22 Declarations of Interest

No interests were declared.

3.3/21.22 Minutes of the meeting held 17th March 2022

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

3.4/21.22 Matters arising from the minutes

The Committee noted that all actions from the previous meeting had been completed. The Director of Finance & Corporate Services gave a verbal update on the action regarding the individual circumstances of the bad debt case which had come before the March Committee meeting. He noted that the student did not qualify for any of the additional means of support, and that all the different types of financial support were provided in the paper presented under agenda item 3.15.

3.5/21.22 Property Strategy

Mr Markham gave a presentation to accompany the paper which set the proposed new Property Strategy in context.

The next section of the item was a confidential Part 2 minute.

Conclusion

It was agreed that a revised Property Strategy taking into consideration Governor feedback would be brought back to the Committee in November by which time the Sustainable Transformations Strategy (STS) would have been approved by the Board.

Action: Principal/Director of Finance & Corporate Services to bring revised Property Strategy to November 2022 F&GP Committee for recommendation for Board approval.

Mr Markham and Mr Pearson left the meeting.

3.6/21.22 Capital Expenditure 2022/23 & Projects Update

The Director of Finance & Corporate Services noted that the paper had been updated earlier that day to provide more detail, with an appendix 1 included to show a capital expenditure budget for 2022/23 totalling £3,455,948 where the Committee was asked to recommend approval to the Board. The expenditure included monies for IT infrastructure, the Nursery and the Estate. £1.1m of match funding had been secured to support improvements at the Farnborough and Aldershot campuses. The College would not fall below a cash balance of £10m.

Governors' questions and comments

Governors asked if the College's funding for the capital expenditure came from its cash reserves and the Director of Finance & Corporate Services explained that it was partly that and also its cash generation. The Principal added that the College has underlying cash generation of about £2-3m a year which is invested back into the estate. Governors requested more detail regarding this and the Principal explained that for a spend of £3m on capital expenditure this would be financed by a £1m surplus and underlying cash generation of £2m. Governors asked how the capital expenditure projects had been prioritised. The Director of Finance & Corporate Services explained the process of requesting bids for expenditure from across the College which were then assessed against the strategic aims. The Principal added that the College was making substantial investment in areas that required development. Governors suggested that in future it would be helpful to include in a column on the capital expenditure spreadsheet detail linking each request to existing plans/strategic intentions so that Governors could see the context and understand what problems were being addressed. The Principal agreed and would add this detail to the paper for the July Board. Finally Governors noted that the turnstiles spend requested in the capital expenditure budget had already been recorded as approved in the Fusion report and the Principal explained that because of the long lead times for materials this work had been commissioned in order to enhance safeguarding at College.

Action: Committee Chair to recommend to the Board approval of the capital expenditure for 2022/23, subject to the column of benefits being added.

3.7/21.22 Management Accounts and Financial Forecast for May 2022

The Director of Finance & Corporate Services presented the financial forecast noting that it showed a surplus of £162k against a budget of £534k which was a movement of £372k. The cash balance was forecast to be £16.4m by the end of July. The contingency of £400k would show as being released in this month's management accounts. It was noted that on page 57 of the meeting pack item 5c should read a variance of £372k not £772k and the outturn should read £162k and not £169k.

Governors' questions and comments

Covers noted that in item 3.3 on the cover it listed the assumptions rather than the risks themselves. The basis for the listed assumptions should be provided as these are the actual risks and then those risks can be proactively monitored to see if they are changing or not. The Principal agreed that greater specificity was required and gave as an example a risk that some funding streams such as apprenticeships and AEB pay on performance. Governors noted there

was a lot of movement in funding this year and an increase of £2m in the budget. They were keen to understand what the year on year increase was to this year and how achievable a 10% funding increase was next year. The Director of Finance & Corporate Services explained that next year's funding increase was largely due to an increase in the funding rate per learner. The Principal added that since 2017 the College had grown its income by about £1m per year but was now also benefitting from demographic growth which was expected to continue for the next 10 years or so. Governors asked that the percentages in table 5.0 on page 57 of the pack be reviewed.

3.8/21.22 Monitoring of Financial Risks

The Director of Finance & Corporate Services presented the new look risk register and noted that only 3 colours would now be used to better enable RAG rating of risks. The Principal explained that the previous format of the register had been difficult to read and unwieldy. It was primarily a working document for SMT to use to effectively manage risk. She had spoken with the Committee Chairs from Audit, Curriculum & Standards and F&GP regarding the new register and all had praised the new format. The Committees had suggested improvements which had been incorporated such as identifying the risk numbers in table 1 on the cover which showed an overview of progress. As results had dipped in apprenticeships appendix 2 to the risk register showed the plans in place to improve achievement. All the risks in the risk register were linked to the enabling goal from the College's strategy, gross score had been changed to simply 'score' and the register included a column for comments.

Governors' questions and comments

Governors praised the changes to the register and the further improvements suggested by Committees. It was noted that F&GP Committee receive the financial risks rather than the full register and it was suggested that it was an over complication for management to produce separate registers for C&S and F&GP Committees with Audit Committee receiving the full register. Governors proposed that it would be better to present the full register to all Committees and use the executive summary to specify which risks the C&S or F&GP Committee should focus upon. It was further noted that the risk register might be further simplified once the College's new strategy was approved as then it would be the risks to that strategy that would be included. It was also noted that one of the red rated risks in the summary table (risk 12) did not currently appear in the main risk register although the Committee acknowledged that the register had been a live evolving work in progress through recent weeks. The Principal agreed to streamline the risk process at Committee level by issuing the full register to F&GP and C&S Committees in future with an executive summary focused upon the risks for discussion by each Committee.

Action: Director of Finance & Corporate Services/Principal to bring the full risk register to Committees.

3.9/21.22 Budget Plan for Sustainable Transformations Strategy (STS) 2022-32

In the light of the discussion under agenda item 3.5 regarding how it was ill timed to agree a Property Strategy prior to the STS being agreed by the Board, it was also agreed to postpone the Committee's discussion of the ten year budget plan to support the STS until the autumn.

Action: Principal/Director of Finance & Corporate Services to bring STS Budget Plan to November 2022 F&GP Committee for consideration.

3.10/21.22 Budget 2022/23

The Director of Finance & Corporate Services noted that whilst the previous item had been deferred to the autumn, the 2022/23 budget would be the first budget year of the new STS. The draft budget showed an operating surplus of £303k but the financial outlook nationally and

globally was still uncertain with rising inflation and the effects of the war in Ukraine. The College's cash balance should be £17.8m.

Governors' questions and comments

Governors suggested that the 10 year budget not discussed under the previous item was perhaps somewhat optimistic and asked how robust the College's modelling was. The Principal noted that initially she had planned to grow the College to £23m but then felt this target was not ambitious enough and so planned a 10 year strategy to grow to £30m. She added that she was naturally cautious and the budget planning reflected this. Governors suggested that trying to predict anything beyond 5 years time was wishful thinking and a 10 year budget might be too long a window. Using a shorter window or a rolling 4 year planning window such as that used by the University of Surrey meant that forecasting was more accurate as it could be adjusted as new information arrived. The Director of Finance & Corporate Services advised that the ESFA had historically required colleges to submit 5 year budgets and these have been used as part of the determination of financial health and to determine how accurate colleges' forecasting is. Because a number of colleges were struggling financially this budget requirement had been reduced from 5 years to 1. However, best practice in the sector was a 5 year budget.

Governors noted that the main budget contained a general and a pay contingency but asked if there was contingency built into individual property projects. The Principal noted that Fusion add a contingency to such projects.

The presentation of the budget papers compared to previous years was queried and the Principal agreed to review.

Action: Committee Chair to recommend to the Board approval of the budget.

3.11/21.22 Student Enrolment Report

The Committee received the report.

3.12/21.22 HE Report

The Committee received the report.

3.13/21.22 Banking & Treasury Management Termly Report

The Director of Finance & Corporate Services reported that credit ratings continue to be monitored and there was nothing significant to report regarding the College's investments.

3.14/21.22 Bad Debtors

The Director of Finance & Corporate Services presented the request for the write-off of a bad debt totalling £8,030.

Governors' questions and comments

Governors enquired how much of the current provision of £73k for bad debts had been used this year. The Director of Finance & Corporate Services replied that it was about £16k. Governors also asked if the debt collection agency used by the College was paid on results. The Director of Finance & Corporate Services noted that it was, unless the College cancelled the debt in which case a percentage was paid.

The Committee approved the writing off of the bad debt of £8,030.

3.15/21.22 Student Financial Support

The Director of Finance & Corporate Services noted that this paper was in response to an action arising from the last meeting and showed the support available at all levels for learners. The Principal added that as the paper contained a lot of detail it would be helpful to ask Mr Hunt, Associate Director of Marketing & Learner Services, to give a brief summary of the support offered in a presentation to the November 2022 F&GP Committee meeting which would also give Governors an opportunity to ask any questions.

Action: Principal to invite Mr Hunt to present on student financial support to the November 2022 F&GP Committee.

3.16/21.22 Health and Wellbeing Board Minutes

The Principal introduced the minutes noting that she had introduced the Health and Wellbeing Board on her arrival at the College and it had matured and contributed to many changes in the College since. She noted that the Staff Manifesto had not taken off as hoped and so the Manifesto was under review. A Menopause Workshop was being run by an external provider following requests from male and female staff.

3.17/21.22 Health & Safety Termly Report

The Director of Finance & Corporate Services introduced the report noting that the Health & Safety Coordinator & Security Supervisor continued to be supported by two Health & Safety Consultants. Accidents and incidents since the start of the academic year to 17th May were reported in the table at section 10.

Governors' questions and comments

Governors suggested that such was its importance that Health & Safety should be at the start of every agenda and not towards the end of the meeting. Governors noted that the table at section 10 did not show historic data so there was no context to assess trends. However, it was also noted that absolute figures were sometimes not helpful and that to know if there was one incident in 1,000 staff or 100 staff would also be useful, as well as an indication of the severity of incidents and accidents. The Principal agreed as to the importance of Health & Safety and agreed that it would be moved to the first substantive item on the agenda in future.

Action: Principal to move the Health & Safety item to the start of the November agenda and contextual amendments to the accidents and incidents table to be made in future reports.

3.18/21.22 Annual Fees Policy Update

The Director of Finance & Corporate Services presented the updated policy noting there were minor changes to links and names. Information regarding overseas fees would be updated before the Board meeting.

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

3.19/21.22 Treasury Management Policy Update

The Director of Finance & Corporate Services presented the updated policy noting that there were no major changes.

Action: Chair to recommend approval of the Treasury Management Policy to the Board.
Mrs Harris-St John left the meeting.

3.20/21.22 Confidential minutes of the meeting held 17th March 2022

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

3.21/21.22 Pay Award Presentation

This item was a confidential Part 2 minute.

Action: Chair to recommend approval of the confidential proposal to the Board.

3.22/21.22 Any Confidential Matters of Report

This item was a confidential Part 2 minute.

3.23/21.22 Any Other Business

No matters were raised.

3.24/21.22 Date and time of next Finance & General Purposes Committee meeting

This would be confirmed after the July Board meeting.

The meeting closed at 6.56pm

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

Signed:.....

Dated:.....

Summary of action points

Item	Action
3.5 Property Strategy	Principal/Director of Finance & Corporate Services to bring revised Property Strategy to November 2022 F&GP Committee for recommendation for Board approval.
3.6 Capital Expenditure 2022/23 & Projects Update	Committee Chair to recommend to the Board approval of the capital expenditure for 2022/23, subject to the column of benefits being added.
3.8 Monitoring of Financial Risks	Director of Finance & Corporate Services/Principal to bring the full risk register to Committees.
3.9 Budget Plan for STS 2022-33	Principal/Director of Finance & Corporate Services to bring STS Budget Plan to November 2022 F&GP Committee for consideration.
3.10 Budget 2022/23	Committee Chair to recommend to the Board approval of the budget.
3.15 Student Financial Support	Principal to invite Mr Hunt to present on student financial support to the November 2022 F&GP Committee.
3.17 Health & Safety Termly Report	Principal to move the Health & Safety item to the start of the November agenda and contextual amendments to the accidents and incidents table to be made in future reports.
3.18 Annual Fees Policy	Chair to recommend approval of the Annual Fees Policy to the Board.

3.19 Management Update	Treasury Policy	Chair to recommend approval of the Treasury Management Policy to the Board.
3.21 Presentation	Pay Award	Chair to recommend approval of the confidential proposal to the Board.