

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 24th November 2022

Time: 5.00pm

Venue: Online

- 1.1 Opening of Meeting and Apologies for Absence**
- 1.2 Declarations of Interest**
- 1.3 Minutes of the last Finance & General Purposes Committee held 23rd June 2022**
Part 1 Appendix 1.3
- 1.4 Matters arising from the minutes**
Chair of F&GP Committee Appendix 1.4

Presentation: Student Financial Support Mr Hunt, Associate Director Marketing & Learner Services

- 1.5 Review Committee Terms of Reference and Committee Effectiveness**
Chair of Finance & General Purposes Committee Appendix 1.5

CORPORATE REPORTING

- 1.6 Annual Health & Safety Report 2021/22**
Report by the Director of Finance & Corporate Services Appendix 1.6
- 1.7 Property Strategy (NB For recommending approval to Board)**
Report by the Director of Finance & Corporate Services/Fusion Project
Management/Property Committee Appendix 1.7

FINANCE

- 1.8 Management Accounts & Financial Forecast for November 2022**
Report by the Director of Finance & Corporate Services Appendix 1.8
- 1.9 Monitoring of Financial Risks**
Report by the Director of Finance & Corporate Services Appendix 1.9
- 1.10 Farnborough College of Technology (draft) Financial Statements for year ended 31st July 2022**
Report by the Director of Finance & Corporate Services Appendix 1.10
- 1.11 ESFA Financial Benchmarking Report**
Report by the Director of Finance & Corporate Services Appendix 1.11
- 1.12 Banking & Treasury Management Termly Report**
Report by the Director of Finance & Corporate Services Appendix 1.12
- 1.13 Bad Debtors**
Report by the Director of Finance & Corporate Services Appendix 1.13
- 1.14 Student Recruitment Numbers 2022/23**
Report by the AD Planning, Funding, Information Systems, Exams Appendix 1.14

GENERAL PURPOSES

- 1.15 Technology Integration Group minutes**
Report by the AD Planning, Funding, Information Systems, Exams Appendix 1.15
- 1.16 Academic Board minutes**
Report by the Principal Appendix 1.16
- 1.17 Gender Pay Gap Reporting**
Report by the Principal Appendix 1.17

POLICIES

- 1.18 Supply Chain Fees Policy 2022/23**
Report by the Director of Finance & Corporate Services Appendix 1.18
- 1.19 Financial Regulations**
Report by the Director of Finance & Corporate Services Appendix 1.19

STAFF GOVERNOR TO LEAVE

CONFIDENTIAL

- 1.20 Minutes of the last F & GP Committee held 23rd June 2022 (cont.)**
Part 2 Confidential with restricted circulation Appendix 1.20
- 1.21 Pay Award 2022/23**
Report by the Principal Appendix 1.21
- 1.22 Any Confidential Matters of Report**
Verbal report by the Principal
- 1.23 Any Other Business**
1. Any items for discussion under AOB must be sent through in advance to the Clerk.
2. To agree the 2/3 key items from the meeting for the Chair to report on at the December Board
- 1.24 Date & Time of the next meeting**
Thursday 16th March 2023 at 5pm

DISTRIBUTION LIST

<u>F&GP Committee</u>	<u>In attendance</u>
Dr F Oduneye – Chair	Mr P Makwana - Director of Finance & Corporate Services
Mr D Axaam	Mr S Markham – Fusion Project Management Ltd (until end item 1.7)
Professor M Earwicker	Mrs G Christie – Chair of Property Committee (until end of item 1.7)
Mrs M Ebbelwhite	Mr G Gomes - AD Planning, Funding, Information Systems, Exams (for items 1.14 and 1.15 only)
Professor O Khan	Ms C Gillam – Clerk to Corporation
Mr H Malins	
Ms V Barrett - Principal	

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 24th November 2022

Present:

Dr F Oduneye – Chair (via video conference)

Professor M Earwicker - (via video conference)

Mrs M Ebblewhite - (via video conference) - *present until end of item 1.17*

Professor O Khan - (via video conference) - *present from early in the presentation to early item 1.22*

Mr H Malins - (via video conference) – *present until late item 1.21*

Ms V Barrett – Principal

In Attendance:

Mrs G Christie – Chair of Property Committee (via video conference) - *present until end of item 1.7*

Mr G Gomes – AD Planning, Funding, Information Systems, Exams - *present until end of item 1.14*

Mr S Hunt – AD Marketing & Learner Services (via video conference) - *present until end of the presentation*

Mr P Makwana – Director of Finance & Corporate Services

Mr S Markham - Fusion Project Management Ltd - (via video conference) - *present until end of item 1.7*

Mr M Wilkie – Director of Human Resources (via video conference) - *present for item 1.17 only*

Ms C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 5.04pm

1.1/22.23 Opening of Meeting and Apologies for Absence

Apologies were received and accepted from Mr Axam. The Chair announced that the running order of the agenda would be amended to maximise the time available to focus upon key discussion items.

1.2/22.23 Declarations of Interest

No interests were declared.

1.3/22.23 Minutes of the meeting held 23rd June 2022

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

1.4/22.23 Matters arising from the minutes

The Committee noted progress with the actions from the previous meeting and that a pragmatic approach had been taken to the monitoring of risks with the College opting to retain the system of Curriculum & Standards Committee and F&GP Committee continuing to receive the risks pertinent to their area of review, whilst Audit Committee will receive the full risk register.

Presentation – Student Financial Support

Mr Hunt Associate Director of Marketing & Learner Services, in response to an action from the June meeting of the Committee, gave a presentation on student financial support at the College and the demographics for the next 10 years. Starting with 16-19 year olds he informed the Committee that the biggest source of support for this age group was the Discretionary Bursary Fund. This operated on a first come, first served basis and provided up to £1200. It was normally available to those that receive benefits but there was some discretion for learners facing hardship. Approximately 173 learners receive this.

Professor Khan joined the meeting.

Other support for this age group included a Vulnerable Bursary Fund, free school meals, travel subsidies and Care to Learn which supports those with childcare costs which in this age range was one student. Turning to 19+ learners Mr Hunt explained that the bursaries were very similar although there were more likely to be childcare costs. Once again there was some discretion for learners facing hardship who did not necessarily meet the bursary criteria. Advanced Learner Loans were available to cover tuition fees for Level 3+ courses. Finally, with regards to HE, Mr Hunt explained that there was a £500 bursary available to qualifying learners such as those with a household income of <£25k, those who live in particular disadvantaged areas, BAME students, care leavers and so forth. There was also an Exceptional Hardship Bursary for those with severe financial hardship.

Mr Hunt then introduced the 10 year demographic projections for Rushmoor and Hart combined, Surrey Heath, and then Rushmoor and Hart separately. From the combined data it could be seen that demographics would reach a projected high point of 2,501 16 year olds in 2028. But in 10 years' time in 2032 there would be only 17 more 16 year olds than there were in 2022. The trend for Surrey Heath followed a similar pattern with a high point in 2027/28 and then would end in 2032 with an additional 42 16 year olds compared to 2022.

Governors' questions and comments

Governors noted that the variations between years were in the hundreds of 16 year olds so it would be helpful to know what percentage of these projected numbers FCoT's share would be. Mr Hunt advised that he could not give a percentage but the biggest increase was 200 16 year olds and FCoT's market share was very high in Rushmoor and Hart. Governors enquired whether the College's growth was as a result of population increase or the College's attempts to increase recruitment. The Principal replied that before she had arrived at FCoT the College had shrunk. Recent growth has been driven by demographics and unlike the VI Form which has a wider geographical reach, most of FCoT's students are local. Recruitment strategies optimise this demographic growth. Professor Khan added that in the University sector a national peak in students was predicted for 2026 with a period of growth over the next 5 years. Governors enquired whether internal migration had been taken into account in these demographic predictions and if the local population was stagnant or changing. Mr Hunt said that once the most recent census data was available it would be possible to have a clearer idea.

The Committee thanked Mr Hunt for his presentation.

Mr Hunt left the meeting.

1.7/22.23 Property Strategy

Mrs Christie as Chair of the Property Committee noted that the Committee had recognised the tremendous progress made under the previous Property Strategy. The Property Committee had met earlier in the month to consider the new 2022-2032 Property Strategy and having made comments for consideration supported the document as a well thought through strategy which matched the Sustainable Transformations Strategy (STS). Mr Markham drew attention to section 3.14 of the cover which set out the comments made by the Property Committee,

and advised the final version of the strategy now before F&GP Committee had been updated to reflect this feedback.

Governors' questions and comments

Governors commented that the utilisation assessment for FCoT was far lower than the sector average and asked if there was a plan to address this. The Principal replied that the utilisation figures were deceptive. Mr Markham added that this observation had also been raised by the Property Committee and he explained that the DfE's formula for space utilisation rates was strict and did not recognise the unique features of the FCoT estate. For example, most of the Farnborough site is single storey buildings so there is a disproportionate amount of circulation space which impedes utilisation. To aid analysis the Property Strategy has split the estate into three categories: FE, HE and Commercial (ARIC). Mr Markham also noted that FCoT has made a strategic decision to limit class sizes for quality reasons and this also impacts utilisation rates.

Governors turned to the building condition categories and enquired what the impact would be on the condition of the estate if the Strategy were implemented in full. Governors also enquired if there was a significant difference in building condition between the Farnborough and Aldershot sites. The Principal addressed this point noting that there was not a significant difference despite Aldershot currently having no category A space. The previous Property Strategy had directed much needed investment to improving classroom spaces at the Farnborough site. The new Strategy would see £35m spent across both sites to bring them both up to wholly category A and B standard, whilst also addressing zero carbon. Mr Markham confirmed that whilst the Aldershot site currently has space in category C this reflects that it is operational but would require investment in the next 3-5 years. There were remedial projects within the Property Strategy to address issues at Aldershot, and by 2032 the Farnborough and Aldershot buildings will be wholly category A and B.

Finally, Governors noted the ranking of investment options as 1,2 and 3 and enquired whether this indicated phasing priorities. Mr Markham reported that this comment had also arisen at the Property Committee meeting and that the numbers reflected priority order or logistical requirements. Therefore some projects indicated as priority/phasing 1 may not be more important, but had to be completed first due to the sequencing of works. What the Property Strategy offers is a flexible suite of projects which the Board can approve on an annual basis. The Principal added that some phasing will be driven by funding opportunity such as the recent Salix bid. The executive, informed by College needs and priorities, will continually look at the projects which need to be completed and what opportunities there are to take them forward. The executive will propose an annual plan of spend under the overarching Property Strategy and the Board will have the opportunity to annually test that plan. The Committee agreed to recommend the Property Strategy to the Board for approval.

Action: Committee Chair to recommend approval of the Property Strategy 2022-2032 to the Board.

Mrs Christie and Mr Markham left the meeting.

1.5/22.23 Review Committee Terms of Reference & Committee Effectiveness

The Committee agreed the suggested amendments under the 'Statement of Financial Oversight' section.

Action: Committee Chair to recommend the amendments to the Terms of Reference to the Board.

1.6/22.23 Annual Health & Safety Report

The Director of Finance & Corporate Services drew attention to the key points regarding training and accident reporting. He noted that the accident reporting included comparable data for

previous years as requested by the Committee. 2020/21 had seen a lower incidence of accidents due to the pandemic and increased home working and studying. In 2021/22 accidents had been reported for 36 learners and this represented 0.7% of the population. 6 staff and 2 visitors had reported accidents.

Governors' questions and comments

Governors noted that it would be helpful to include under Health & Safety training the percentage of staff that have completed this as this would provide assurance to the Committee. Governors also enquired if any changes were made as a result of investigations into accidents and near misses. It would be helpful to be assured that there was an ongoing process of continuous improvement. Mr Makwana confirmed that there was and often refresher training was held.

1.8/22.23 Management Accounts and Financial Forecast for November 2022

The Director of Finance & Corporate Services introduced the first financial forecast of the year noting that it showed a surplus of £303k which was equal to that budgeted. He reflected that there were many economic uncertainties so it was too early in the year to make assumptions, but the executive will monitor and assess the forecasts to deliver to budget.

Governors' questions and comments

Governors enquired when the next forecast would be as if it was 3 months this would allow the executive to make necessary adjustments, but 6 months would be too long an interval. Mr Makwana advised there would be another forecast at the March F&GP meeting but in the meantime the monthly management accounts would continue to be issued to all Governors and would be used as the vehicle to report any major impacts between meetings to the Board. The Principal added that initial reports were that costs in certain areas would be much higher and the Director of Finance & Corporate Services had met with these individual areas to discuss. He reported that each area (such as the refectory) had managed to successfully negotiate prices so far.

1.9/22.23 Monitoring of Financial Risks 2020/21

The Director of Finance & Corporate Services presented the most significant identified risks for F&GP Committee. He noted that the right hand column of the risk register would be populated next term. There were 6 risks for the Committee to consider – 4 with a risk score of 9 and 2 with a risk score of 12. The Principal advised the Committee that the student enrolment situation was fast changing and the report that the Committee would receive at item 1.14 on Student Recruitment Numbers was already out of date. She had reported last week on the situation to Curriculum & Standards Committee and advised them of the potential impact on student numbers of learners leaving College to take up jobs due to the economic situation and cost of living crisis. The College was already seeing a significant impact and this was an escalating trend. To try to help mitigate this risk the College was on track to introduce a part-time 16-19 programme. The score for the associated risk had already been increased by the Curriculum & Standards Committee to 12 and on reflection may need to increase higher. Governors agreed that this was a risk that the College had less control over and so the sensitivity of monitoring the situation was key.

1.10/22.23 FCoT Financial Statements for year ended 31st July 2022

The Director of Finance & Corporate Services noted that the Audit Completion Report was included with the Financial Statements for information and had already been considered by the Audit Committee. The Financial Statements showed an operating deficit of £129k which included a charge of £813k for FRS 102 pension adjustments. By discounting this FRS 102 amount the underlying surplus is £684k which was consistent with the surplus reported in the July management accounts. Income was £20.5m, staff costs £12.4m, other operating expenses £5.8m and depreciation was £2.5m. The EBITDA was £2,522k. The balance sheet

remained strong with total net assets increasing by £13m to £46m. This was due to favourable movement on the FRS 102 and applied to all colleges nationally. The College began and ended the financial year with a £16.3m cash balance which was an extremely positive result given the investment in various projects, rising inflation, and difficulties with staff shortages and procurement. The College's Outstanding financial health would be maintained.

Governors' questions and comments

Governors queried an apparent discrepancy between the figures given in the commentary on the cover and within the Financial Statements regarding the FRS 102 charge and the underlying surplus. The Director of Finance & Corporate Services agreed to check the numbers and report back to the Committee.

[Addendum: the Director of Finance & Corporate Services issued an explanation to the Committee for the differences in the figures via email on 28th November.]

Action: Committee Chair to recommend approval of the Financial Statements to the Board.

1.11/22.23 ESFA Financial Benchmarking Report

The report was received for information. The Director of Finance & Corporate Services noted that just over 30% of colleges are assessed as financially outstanding, and the College constantly monitors that it remains within the required FE Commissioner's parameters to remain outstanding.

1.12/22.23 Banking & Treasury Management Termly Report

The report was received for information.

1.13/22.23 Bad Debtors

The Director of Finance & Corporate Services presented the request for the write-off of two bad debts totalling just over £5k noting that the credit control process had been exhausted in both cases both internally and by ACT our debt collection agency.

The Committee approved the writing off of the bad debt of £5,167.46.

1.14/22.23 Student Recruitment 2022/23

The Associate Director Planning, Funding, Information Systems, Exams (AD PFISE) presented the report noting that as the Principal had reported earlier there were ongoing changes to the numbers. There would be a clearer picture at the December validated census point but the College was around its allocation for 16-18 and has strategies to increase numbers such as the part-time offer already outlined. All other funding numbers were reported with a note that numbers were still enrolling for ESOL, Counselling and Online provision. The AD PFISE noted that in future he would report on financials and not just learner numbers for adults to give a clearer picture as some courses attract more funding. It was also noted that most HE students are now on 2 year accelerated degree programmes. 16-18 English and maths enrolment figures were given with the AD PFISE noting that more students were studying the GCSE than Functional Skills due to the perceived greater value and progression opportunities for the GCSE. The breakdown of Functional Skills enrolments by programme area was referenced with vocational areas having the highest numbers. The Principal added that her December Principal's Report would contain details of the mitigating actions for the 16-18 numbers as the College seeks to preserve its headcount through a balance of full- and part-time learners. She hoped that this first term would be the hardest and that numbers would stabilise in the new year, but this was a situation to closely monitor.

Mr Gomes left the meeting and Mr Wilkie joined the meeting.

1.17/22.23 Gender Pay Gap Reporting

The Director of Human Resources reminded the Committee of the requirement to publish the data and supporting narrative annually. The mean gender pay gap for 2021/22 is 9.46% which is almost back to its lowest point for five years. The data is impacted by having significantly more female than male employees and particularly so in the lower quartile working in roles such as those in the refectory, nursery and cleaning. The reduction seen in the mean gender pay gap suggests that the introduction of the Real Living Wage has had an impact. The College has reviewed its recruitment and pay processes to ensure that they are as robust, transparent and fair as possible.

Governors' questions and comments

Governors noted that if the overall data is influenced by the large number of females in the lower quartile then it would be helpful for the Committee to see the gender pay gap breakdown per quartile. The Principal reminded Governors that a more detailed report had been provided to the Committee last year, and that this report had focused on the statutory requirements for publishing online. The Director of HR could add the requested detail to this report for the December Board meeting and present the data at that meeting. The Committee agreed that this would provide helpful assurance to the Board. Governors also noted that whilst the gender pay gap was a regulatory requirement it would be interesting for internal purposes only to review ethnicity pay. The Principal agreed and advised the Committee that this was an area which the now College monitors as a new area of focus. The College has a clear framework to ensure objective pay. She agreed that a report on this area could be brought to the March 2023 F&GP Committee.

Actions:

- Director of Human Resources to be invited to the December 2022 Board to present the Gender Pay Gap Report incorporating the mean gender pay gap for all quartiles.
- Director of Human Resources to present a paper on ethnicity pay to the March 2023 F&GP Committee.

Mr Wilkie left the meeting.

1.18/22.23 Supply Chain Fees Policy 2022/23

The Director of Finance & Corporate Services noted that there were no substantive changes to the policy and that FCoT does not currently sub-contract any of its provision. However, it was a requirement by the ESFA to have the policy in place and for it to be published on the website.

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

1.19/22.23 Financial Regulations

The Director of Finance & Corporate Services introduced the updated document noting that there were some minor changes still to be made to remove references to old memoranda and realign numbering. The Committee requested clarification as to whether the changes were cosmetic or were changes in regulation, accountability and delegations. It was agreed that the changes should be made and the final document emailed to the Committee for approval with a commentary setting out any substantive changes. Once the Committee had approved the final draft via email it could then be recommended to the Board for approval.

Action: DFCS to recommend amend the Financial Regulations and email the final version with commentary to the F&GP Committee for approval for recommendation to the Board.

1.15/22.23 Technology Integration Group minutes

The minutes were received for information.

1.16/22.23 Academic Board

The minutes were received for information.

Mrs Ebbelwhite left the meeting.

1.20/22.23 Confidential minutes of the meeting held 23rd June 2022

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

1.21/22.23 Pay Award 2021/22

This item was a confidential minute with restricted circulation.

Mr Malins left the meeting.

1.22/22.23 Confidential matters of report by the Principal

This item was a confidential minute with restricted circulation.

Professor Kahn left the meeting.

1.23/22.23 Any Other Business

No matters were raised. The Committee agreed the key items to raise with the Board would be those papers requiring Board approval.

1.24/22.23 Date and time of next Finance & General Purposes Committee meeting

Thursday 16th March 2023 at 5pm.

The meeting closed at 6.43pm

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

Signed:.....

Dated:.....

Summary of action points

Item	Action
1.7 Property Strategy	Committee Chair to recommend approval of the Property Strategy 2022-2032 to the Board.
1.5 Committee Terms of Reference	Committee Chair to recommend the amendments to the Terms of Reference to the Board.
1.10 Financial Statements	Committee Chair to recommend approval of the Financial Statements to the Board.
1.7 Gender Pay Gap Reporting	<ul style="list-style-type: none"> • Director of Human Resources to be invited to the December 2022 Board to present the Gender Pay Gap Report incorporating the mean gender pay gap for all quartiles. • Director of Human Resources to present a paper on ethnicity pay to the March 2023 F&GP Committee.
1.18 Supply Chain Fees Policy	Chair to recommend approval of the Supply Chain Fees Policy to the Board.
1.19 Financial Regulations	DFCS to recommend amend the Financial Regulations and email the final version with commentary to the F&GP Committee for approval for recommendation to the Board.