

**FARNBOROUGH COLLEGE OF TECHNOLOGY
CORPORATION BOARD**

FINANCE & GENERAL PURPOSES COMMITTEE

Part I

**Minutes of meeting held on Thursday 23 November 2023
held on the virtual platform Teams**

Present:

Ms S Chapman (Chair)
Mr O Khan
Dr F Oduneye
Ms V Barrett
Mr D Axam

In Attendance:

Ms V Barrett (Principal CEO)
Mr P Makwana (Director of Finance & Corporate Services)
Mr M Wilkie (Director of Human Resources)
Mr G Gomes (Director of Planning, Funding, Information Systems & Exams)
Mrs L Payne (Clerk to the Corporation)

Quorate: Yes

The meeting opened at 5pm

1. Opening of Meeting and Apologies for Absence

The Chair thanked Members for attending the meeting.

Apologies had been received from Mr H Malins.

2. Declarations of Interest

No Member declared any conflict of interest with the agenda.

3. Election of Chair & Vice Chair for 2023-24

The Clerk advised Members of the guidance from the Chair of the Board for Chair and Vice Chair of this Committee for the next academic year. Ms S Chapman was proposed as Chair for the next year to July 2024, and Mr H Malins as Vice Chair for the next year to July 2024.

All Members were agreed.

Action: Refer to Corporation.

4. Minutes of the last Finance & General Purposes Committee meeting held 22 June 2023

Minutes of the previous Finance & General Purposes Committee meeting held on 22 June 2023 were agreed as a true and accurate record and were approved for signing by the Chair.

5. Matters arising from the minutes of 22 June 2023

Matters arising had either been actioned or would be considered within the agenda.

6. Review of Committee Terms of Reference & Committee Effectiveness

Members reviewed the terms of reference and agreed to recommend them to the Board for approval.

All Members are agreed.

Action: Refer to Corporation.

Members considered the committee effectiveness. The Chair of the Board spoke about the desire to generally have the Vice Chair of the Board as the Chair of the Finance and General Purposes

Committee. Members agreed this was useful, and when possible, this would be considered but overall flexibility in the office of Chair of the Finance and General Purposes Committee would remain, and the Chair would be elected at the first meeting in the autumn term of the committee.

On effectiveness, members felt it would be useful for members to have a session on finance around the time of this committee meeting. This would be particularly useful for new members, but also a good session for existing members of the committee. It was felt it important to ensure that members with the right skills were on the right committees. The Principal agreed and these training/information sessions would be set up for next year.

Members also asked for more comprehensive reports for all agenda items, to provide a full but succinct summary of the business and recommended action. There would be full appendices of the necessary information to support the reports.

Members were pleased to note the committee effectiveness and to recommend this to the Board for approval. Members agreed the chairing of the committee in the last year had been excellent.

All Members were agreed.

Action: Refer to Corporation.

7. Annual Health & Safety Report 2022-23

This report was presented by the DFCS. Members noted the College's annual health and safety report, detailing areas of interest that had occurred over the year. The DFCS advised members that standards were maintained, legislation adhered to, and regulations and compliance upheld. DFCS provided a verbal update on comparable statistics for 2021-22 against the 2022-23. It was noted that key outcomes from the health and safety report were reviewed regularly by the Senior Management Team with the full report of findings and actions produced at year end. Members asked for further information in the report to provide figures for the previous year to be able to see movement on activities and actions.

Action: DFCS.

The report was noted.

8. Staff Development Report

This item was presented by the Director of Human Resources. Members had received a report of staff development activities and the plan for the coming year.

The report was discussed and noted.

9. Staff Health & Wellbeing Report

The Director of Human Resources presented his report on staff health & wellbeing, together with the summary of staff supporting enrichment activities that are taking place across the College. He advised members that during the last term of the previous academic year a health & wellbeing group had met on a monthly basis. This was to agree appropriate activities and actions for consideration and approval to support health and well-being at the College. The Director outlined what the activities undertaken had included.

The report was noted.

10. Management Accounts & Financial Forecast for November 2023

The DFCS outlined the College's latest financial position in the Period 3 Management Accounts. It was noted that the financial forecast for November 2023 was based on the actual results for the three months to October 2023, providing an indication of the forecast out-turn for the year. This position was noted as an update on the approved budget.

The first forecast showed the surplus of £99,000 for the year against the budget of £250,000.

The DFCS informed members that the costs for RAAC had been collated and sent to the Department for Education. These amounted to £900,000, and the college was awaiting reimbursement payment once the expenditure had been verified. It was noted this was in relation to the remedial costs in connection with RAAC.

Members were advised that the identified risks to achieving the forecast were that the College could deliver the revised forecast funding and fee income targets over the remaining months. This was noted as particularly challenging at a time when the CPI inflation rate was currently around 4.6%.

The full impact from the RAAC was not yet quantifiable, as the College took full occupancy after the works of the remedial areas of RAAC. From the second half of the first term, it was noted that there were still four blocks currently mothballed. They would remain so until the final design stages had been completed and approved by the structural designers and the required permissions to occupy signed off.

The DFCS informed members that there was a decline in the 16-19 learner numbers, which for 2023-24 would be funded as per the funding agreement but may impact on 2024-25 position. The AEB & HE learners had also seen a decline in learner numbers. In particular the Gallery restaurant saw a reduction in income in the first half of the term and could only cater for 2/3 of the covers.

It was noted that the November 2023 forecast showed a small favourable variance on Income of £26,000 against the budget of £22.5 million. This was due to an increase in ESFA / OfS funding of £598,000 and then offset by decreases in other areas. Expenditure for the year was forecast to be £177,000 over budget with additional non-pay costs. There was a forecast adverse variance of £151,000 from the budgeted surplus of £250,000, to a forecast out-turn of £99,000 being achieved.

On funding, there was additional funding of £751,000 for 16-19 ESFA core funding, following an in-year reconciliation of OfS grant funding of £50,000 and the reduction of £203,000 in respect of the Adult Education Budget.

Fees were forecast to be below budget by £416,000, Refectory income below budget by £130,000 and other income below budget by £26,000, and the DFCS went through the reasons for this.

In relation to expenditure, generally speaking, salary pay costs were forecast in-line with budget, but course costs, other educational costs and premises costs were forecast to be over budget.

The Chair invited questions. The Chair of the Board asked how confident the Senior Leadership Team were of getting lost learners back, and specifically asked what was being done to secure the income position as there was a deficit from lost learners. The DFCS confirmed the 16-18 student cohort was the biggest income generator, and whilst fixed and secure this year, it would change next year depending on learner numbers. It was anticipated that monies spent on RAAC so far would be refunded.

Members referred to the income on FE and HE and the knock to those budgets together with forecast employer courses and the gaps arising in those. The Principal informed members that she would come back to this topic on fees at the next meeting.

Action: Principal.

The Chair thanked the DFCS and the Principal for the update on the management accounts and financial forecast. It was agreed to recommend them to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

The Chair took the item on Student Recruitment Numbers 2023-2024 next to better inform the management accounts and financial forecast report, but it is reported sequentially in the minutes.

11. Monitoring of Financial Risk

Members noted the latest Risk Register for 2023-24, setting out the most significant identified risks for the year. Sustainable Transformations Strategy 2022-32 enabling goals were applied to each risk. The scoring change from last time was available, the controls in place noted together with the stakeholder oversight and comment.

It was noted that the risk registers were regularly reviewed by the Senior Management Team and the Audit Committee, and particular risks pertaining to the committee were referred to the Curriculum & Standards Committee and the Finance General Purposes Committee. The DFCS informed members that as this was term one, there was no movement between terms to report. The top-level risk register for this committee comprises 5 risks namely:

1. The rising cost of labour and pay award impact & sustainable cost margins.
2. IT security continuity and/or breach.
3. Maintaining and continuing with underlying cash generation and spend within our means and cash management strategy.
4. Lack of Government funding and Government policy impacting on the Sustainable Transformations Strategy 2022-32 and ongoing modernisation & carbonisation adoptions by 2050.
5. Lack of capacity to cater for overgrowth due to limited capacity in existing premises.

The risks and scoring were considered and discussed.

The report was noted.

12. Farnborough College of Technology (Draft) Financial Statements for the year ended 31 July 2023

This item was presented by the DFCS. Members had received the draft Farnborough College of Technology Financial Statements for the year ended 31 of July 2023 and were asked to make recommendations to the Board for approval.

Members had also received the audit completion report for information.

It was noted that the 2022-23 management accounts had a surplus of £826,000. The out-turn was noted as £523,000 and above the original budget projection of £303,000. The overall income of £22.7 million was noted as above the set budget of £22.6 million, this included the teachers' pension grant of £411,000.

Overall favourable income was achieved, notwithstanding the adverse variances from HE of £309,000, Full Cost of £136,000 and AEB of £576,000.

There was very positive interest receivable, ESFA tuition funding of £243,000, and additional apprenticeship income of £75,000.

There was a higher than budgeted surplus also supported by favourable expenditure variations of £857,000, which included a favourable variance for salary pay costs of £379,000 and favourable variances of £478,000 under non-pay costs.

The DFCS informed members that the balance sheet remained strong with cash balances of £17.3 million. The EBITDA was £2.6 million. Net current assets at £13.4 million. Total net assets had increased by £3.8 million to £50 million, from £46.2 million.

The DFCS was pleased to report to members that the College operating performance and balance sheet ratios highlighted the consistency of the ESFA rated 'Outstanding' of the College financial health. Members were pleased to receive the draft financial statements and unanimously agreed to recommend them to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

13. ESFA Financial Benchmarking Report

Members noted the report.

14. Banking & Treasury Management Termly Report

Members noted the report.

15. Bad Debtors

Members noted the report.

16. Financial Regulations Update

This item was presented by the DFCS. Members noted the update changes to the Financial Regulations, which were fairly minor.

Members agreed to recommend the updated financial regulations to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

17. Student Recruitment Numbers 2023-24

Members were advised that enrolment numbers for 16-19 was currently below allocation, largely due to the RAAC issues that closed over 177,000 square feet of the College on the 1st of September this year.

Members noted the comprehensive report on student recruitment but asked for a fuller but still succinct summary sheet/report of all information for future meetings.

Action: Principal/Agenda

Members noted that 16-19 ESFA funded learners was at 1,950, which was 62 below allocation of 2012. Under the 16-19 lagged funding methodology, the income for this funding stream would not be effective this year and the College had asked that the allocation be held at 2,012 as RAAC was beyond its control.

Higher Education numbers were 328, in line with previous years enrolments.

Full cost professional environments were 554, Apprenticeships 708 and FE Adults at 559.

The Principal felt in relation to 16-19 numbers, that part of the shift in the lower enrolment numbers was as a result of students finding apprenticeship programmes instead and in the case of adults, students leaving their course early to take up employment.

The Principal advised members that the FE Adult provision was mainly the issue as the job market was attracting students out of the education sector. The Chair of the Board asked for there to be consideration given to the adult courses being run. It might be a change to some of the courses may be helpful.

The Principal informed members that the adult provision in general was shrinking and there were still problems with maths and English for some adult students, adversely affecting them attending a course.

The Principal spoke about a meeting with a large local commercial provider, which should provide good commercial work for the College in adult and 16-19 opportunities in the future.

Members noted the report.

18. Technology Integration Update

Members noted the report which provided an overview of the progress made integrating the use of technology at the College over the past six years, highlighting achievements, detailing challenges faced along the way and the strategic priorities for the next five years.

The Chair of the committee asked whether the effectiveness of the technology interventions was analysed to ensure how effective they were and that they were delivering. The Principal confirmed the next report will provide an update on the effectivity embedded and any challenges.

Action: Principal.

The report was noted.

19. Academic Board Minutes

Members noted the minutes from the Academic Board from the 17th of October 2023.

The report was noted.

20. EDI Committee Minutes

Members noted their colleges Equality, Diversity and Inclusion Committee minutes from the recent meeting on the 2nd of November 2023.

The report was noted.

21. Gender Pay Gap Reporting

The Principal invited the DHR who presented a report providing further information on gender pay gap reporting and the data the College was required to report and publish on its website. The report included information and content to understand the colleges data and although there was currently no statutory reporting obligation, data on the ethnicity pay gap was included. The ethnicity pay gap covered the difference in average earnings of 'white' and 'all other employees', regardless of their role similarities. The Principal felt the College had researched and applied its own methodology to use for the gender pay gap reporting when making calculations. Members noted the statistics on gender pay and in particular, the change to the data. Professor Khan asked whether the information report showed that the gender pay gap was worse than last year, potentially linked to bonus pay. The Director of HR spoke about requests for flexible working and the challenges this was providing.

Members noted the report.

22. Equality, Diversity & Inclusion Policy

Professor Khan applauded the college for getting the data in this report to a place whereby it looked good. Members noted there were two key updates to the policy, the addition of the College Vision and Mission and regional context updated to reflect the 2021 census data.

Members agreed to recommend the policy to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

23. Supply Chain Fees and Charges

The DFCS reminded members of the requirement by the Education & Skills Funding Agency to publish a Supply Chain Fees Policy, which detailed the fees and charges which would apply in respect of any subcontracted delivery commissioned by the College.

Members considered the policy agreed to recommend this to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

24. Any Other Business

There were no other items of business.

25. Evaluation of Meeting

In the new evaluation of the meeting process, members were asked to provide their own evaluation of the meeting points after the meeting on the agenda hyper link provided.

All the information would be collated in a year-end report to the Board. The Clerk confirmed there was good interactive appropriate challenge and added value from members in this meeting regarding many key areas and particularly the financial statements. Members had taken time considering the effectiveness of the committee report, concluding it was 'good'.

26. Date & Time of Next Meeting

Thursday 14 March 2024 at 5pm

The meeting closed at 6.15pm.

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

Signed:

Dated: