

FINANCE and GENERAL PURPOSES COMMITTEE
Minutes of a Meeting
11.00am Thursday 18th September 2014
Thomas Mawson Room

Present: Mr Graham van der Lely (Chair) (GVdL)
Mr Martin Baber (MHB)
Mr Edward Keene (EK)
Mr Russell Marchant (RM)
Mr Chris Moody (CM)
Mr Charles Whitehouse (CW)

In Attendance Mr Graham Ledden (GL)

Apologies: Mr Mark Davison
Mr Jim Hickman
Mrs L Worsfold

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1. Apologies	Apologies were received from Mr M Davison, Mr J Hickman and Mrs L Worsfold.		
2. Declaration of Interest Paper FGPC02/09/14	The Clerk advised that member's interests would be taken as those disclosed in the Register of Members Interests. There were no declarations of members interests for agenda items.		
3. Minutes of the Last Meeting – Paper FGPC03/09/14	Minutes of the meeting held on 24 th June 2014 were agreed to be a true and accurate record and signed by the Chair.		
4. Matters Arising	4.1. (10.0) Update on College Asset Register. GL confirmed that there is a College Asset Register but it does not contain smaller items such as furniture. There are separate lists for vehicles and		

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<p>machinery. In response to CM RM confirmed that departments would have local inventories such as Facilities will have one for furniture.</p> <p>4.2. (14.0) Update on Limbury Tax issue. Paper FGCP04.2/09/14</p> <p>GL advised that HMRC have confirmed that the shortfall in cash payment could be treated as a Gift Aid payment and no further action is now required.</p> <p>4.3. (8.0) Farm Business Tenancy</p> <p>In response to MHB RM advised that we have taken over Okle Clifford Farm and started work but some of the legal arrangements have not been sorted and therefore the tenancy agreement has to be finalised. RM did not foresee any problems.</p> <p>4.4. (8.0) The Shoot</p> <p>In response to MHB RM advised that we only had 2 days left to sell and this was a big improvement on last year. GL believed that the deficit can be reduced to an acceptable level. EK advised that the budget for The Shoot is coming to the next quarterly Farm Meeting.</p>		
<p>5. Discuss and Approve monthly accounts for July 2014 to include performance of College commercial enterprises. Paper FGPC05/09/14</p> <p>GL advised that the results for the year to 31st July 2014 show an operating surplus before exceptional items of £458.2K compared to an original budgeted surplus of £440.6K and a re-forecast surplus of £181.8K. The main reasons for the differences are the transfer of £123.2K of exceptional restructuring costs below the line and a better than expected farm stock valuation leading to a favourable monthly variance of £40K. CM thought this was a very positive outcome and GL advised that the actions that had been taken due to the re-forecast had helped considerably. CW queried whether given these results we needed the 20% cuts in the current year's budget. GL advised that not all areas had a 20% cut but he would not want to take the breaks off except maybe on payroll. RM advised that the possible increase in pay was dependant on student recruitment. FE looked as though it was about 5% up and whilst this would not mean more funding this year it could next. HE looks like it will hit budget and International is up by £100K. Room occupancy looks as though it is at 100% at the moment. CM hoped that we would therefore be able to offer pay rise set out in budget and maybe look even further. GL outlined the major variances in income and costs but advised that there were no surprises. GL confirmed that the end of year bank balance was strong. GL outlined the performance of the commercial activities.</p>		

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<table border="1"> <thead> <tr> <th></th> <th>Actual £000's</th> <th>Budget £000's</th> <th>Variance £000's</th> </tr> </thead> <tbody> <tr> <td>Catering</td> <td>46.9</td> <td>11.6</td> <td>35.3</td> </tr> <tr> <td>Bar</td> <td>(35.2)</td> <td>(71.2)</td> <td>36.0</td> </tr> <tr> <td>Conferencing</td> <td>163.4</td> <td>271.3</td> <td>(107.9)</td> </tr> <tr> <td>Equine</td> <td>(99.5)</td> <td>(311.7)</td> <td>212.2</td> </tr> <tr> <td>Farm</td> <td>(153.7)</td> <td>(69.0)</td> <td>(84.7)</td> </tr> <tr> <td>Shoot</td> <td>(54.4)</td> <td>(26.0)</td> <td>(28.4)</td> </tr> <tr> <td>Residential</td> <td>1919.7</td> <td>2018.6</td> <td>(98.9)</td> </tr> <tr> <td>Transport</td> <td>(694.9)</td> <td>(711.2)</td> <td>16.2</td> </tr> </tbody> </table> <p>GvdL stated that there had been a very positive gain in Catering from the actions that had been taken. RM advised that he was positive about this year as there were more students and a greater take up of our meal plans although this has led to space pressure at peak times. In response to MHB RM confirmed that there were catering arrangements at the Farm through a franchise operation. GL advised that we had also franchised out the fast food arrangements at Equine and both of these arrangements were saving us considerable money. In response EK concerning the excellent performance to budget by Equine RM advised there had been extra income from an international arrangement and it had been a good year for events. RM went on to explain that the budget had not been difficult and it was a lot tighter this year. RM advised that concerning the Farm it had been a bad year for the Shoot which had previously been discussed. Relating to the deer operation RM explained that there was set up costs but no income. In response to MHB RM advised that the lease on Buttersend runs out in 2017 and we are currently making an analysis to see if there is a case for the owner to take back early. RM warned that the assumptions that we have used for the farm Budget for this year are already under pressure due to the drop in prices and he did not expect this to improve. GvdL believed the year end accounts were a really good outcome and thanked GvdL and his staff.</p>					Actual £000's	Budget £000's	Variance £000's	Catering	46.9	11.6	35.3	Bar	(35.2)	(71.2)	36.0	Conferencing	163.4	271.3	(107.9)	Equine	(99.5)	(311.7)	212.2	Farm	(153.7)	(69.0)	(84.7)	Shoot	(54.4)	(26.0)	(28.4)	Residential	1919.7	2018.6	(98.9)	Transport	(694.9)	(711.2)	16.2		
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<p>6. Discuss individual area profitability and cross subsidies. FGPC06/09/14</p> <p>GL referred Members to his paper on cross subsidies which was an action from the last Board Meeting. GL believed that we did not have out and out commercial enterprises but they all are as a result of what we do. GvdL questioned whether the current way we analyse is still the right way. RM advised that we could operate a system of transfers but for what benefit. GL advised that you could look at some of the smaller areas such as Game Keeping where the extra weighting of £2400 per student amounts to around £100K and pays for the shoot. GL did however believe that we should still work to reduce the subsidies but thought cross transferring money could be arbitrary and cause more problems. CW agreed that we need to look at the bigger picture. CM agreed that it was difficult to analyse and substantial income does not bring funding. CM believed that</p>																																									

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	<p>one of the major benefits of the commercial operations was to bring good information to our students and they should have a view of the financial information which they would not get outside. GvdL advised that he thought another area that needed more clarity was the faculty income and how the various departments contribute to overheads. RM thought that the new format of accounts may go some way of answering this but warned there was a danger in making decisions on the basis of funding methodology.</p>		
<p>7.</p>	<p>Discuss and agree new format for monthly accounts. (June Accounts presented in proposed new format). Paper FGPC07/09/14</p> <p>GL referred Members to the proposed new format for the Management Accounts which had been designed after the discussion at the last meeting. GL referred Members to his attached paper and the points that he wished to be clarified. GL outlined each section of the proposed accounts. CM believed that showing the same month from the previous year could alert you to problems if you see a different pattern of income or expenditure from the previous year. GvdL believed that the previous year to date as a comparison would be very useful. CM agreed that would be a vast improvement and enable you to reference to the previous year. CW observed that he was less interested in re-forecast but would want to know each month the projected forecast. EK agreed that it would be a considerable advantage to have a projected figure each month but added he would not want this to delay the accounts. GL needed to check the requirement of the SFA relating to mid-year update but it was thought that this monthly projection would suffice. GvdL believed at certain times of the year we should have more detail, as now, concerning certain aspects of the accounts such as the commercial operations. CM felt that this should include exception reporting when needed.</p> <p><i>It was agreed that the new format of accounts with consideration of the above points will be adopted from the beginning of this financial year and reviewed in six months.</i></p>	<p>GL</p>	<p>01/08/14</p>
<p>8.</p>	<p>Discuss availability of future funds. Paper FGPC08/09/14</p> <p>GL outlined the assumptions that will improve our surplus over the next four years by around £2.86m and this would have a significant impact on our borrowing potential. GL advised that a potential extra £4.25m of turnover together with repayments of existing debt of £3.8m over the next four years should increase the Colleges borrowing headroom by £6.7m. This sum together with the use of a small amount of our own funds should be sufficient to fund our priority projects of Dingle2 and Sports Acamy2. GvdL questioned why the Farm Mechanisation Building was not a priority. RM believed that the requirement for more student accommodation and sports facilities were more of a priority. CM felt that we may need to look at a longer term view and look at more options to</p>		

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	<p>reflect the needs of the institution at the time. RM agreed that we need an Estates Strategy to go forward and require consideration to cover such areas as our hostels some of which were 20 years old and need refurbishment. CM believed we should have one or two projects ready to go that would attract SFA funding, such as the Mechanical Engineering Building, if funding suddenly became available. In response to GvdL RM advised that he was not aware of any HE capital funding becoming available. GvdL believed this to be a positive situation on availability of funding and needed to be linked to an Estates Strategy.</p>		
<p>9.</p>	<p>Discuss and agree finances for construction of Dingle2. Paper FGPC09/09/14</p> <p>GL advised that the College already has planning consent for the construction of a single block of 42 twin bedded ensuite rooms between the current Dingle Block and the Sports Academy car park. GL advised that there is a continuing increase in demand for bedrooms and in particular for FE students. The availability for HE rooms on site is very limited and we are not able to offer all first year HE students' accommodation on site and this is a limiting factor in attracting students. GL believed therefore that we would be able to fill these rooms. GL advised that the anticipated cost would be £2m and discussions with the Bank indicate that a loan facility for this amount may be available. GL referred Members to the financial evaluation which shows a surplus of £760K and positive cashflow of £451K over the first 10 years. RM confirmed that accommodation has been difficult and we have lost students and gave an example that our sport applications had been very buoyant but due to the lack of rooms this had dropped. In response to GvdL GL advised that we need to start construction in January to complete for 2015/16. In response to CW RM advised that we had considered re-directing the road but this was not possible and the one way system works better than having the drive a two way systems. CM warned that we should be careful about not causing too much disruption for students as the environment was not good at moment due to fire at FE Centre.</p> <p><i>It was agreed that this project would be supported and a proposal made to the Board Meeting.</i></p> <p>MHB left the meeting.</p>	<p>GL</p>	<p>09/10/14</p>
<p>10.</p>	<p>Update on Capital projects. Paper FGPC10/09/14</p> <p>10.1. FE Centre</p> <p>GL outlined the situation regarding the fire that had occurred at the FE Centre in July the day before it was handed over. The cause of the fire is not officially known as the report has been withheld and there is an ongoing discussion between various insurers which may end up with legal</p>		

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<p>action. There was very little fire damage but it soon became clear that the smoke damage causing a high degree of chlorine had major implications. The latest is that we may be able to occupy at Christmas but more likely to be half term. GL explained that the Colleges interruption insurance has responded to cover the costs of bringing in temporary buildings. Our insurers have been very supportive and have reserved a £1m for the projected loss and cost and have already paid us £150K.</p> <p>10.2. Biomass Boiler Project</p> <p>GL advised that planning consent was delayed due to concerns from English Heritage but has now been granted. Contracts for the heat supply and installation have now been signed and the works should be complete by Christmas.</p> <p>10.3. Gloucester Rowing Club</p> <p>GL advised that a further meeting has been held with representatives of Gloucester Boathouse Ltd to discuss the terms of our £100k contribution to the new boathouse which were outlined in the original paper to Corporation. Gloucester Boathouse Ltd have confirmed that UWE and Cheltenham Ladies' College have also agreed contributions similar to our own and they are now in the process of drawing up tender documents for the construction of the new boathouse. GL advised that we are still finalising the Heads of Terms.</p> <p>10.4. Stock Handling Facility</p> <p>GL advised that this facility will be financed by £220k grant from the SFA and work is underway to determine the precise specification of the facility. The demolition of certain farm buildings continues and plans for the new facility are being drawn up.</p>		
<p>11. Discuss and recommend for approval Finance and HR Key Performance Indicators. Paper FGPC11/09/14</p> <p>GvdL advised that the KPI's had been sent to all governors at the beginning of July for comment and there were suggestions that they needed to have more inspirational targets over a longer period. EK felt we should be setting targets for the next 3/5 years aiming for what we would like to achieve. CM believed that the column outlining sector average should be replaced with Landex data. CM also believed that whilst it was not financial we should include some physical categories that would help with student experience such as staff to student ratio and average class sizes.</p> <p><i>The above comments will be considered in amending the Finance KPI's.</i></p>	GL	09/10/14

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12.	<p>Minute approval of written resolution agreed by e-mail on Lloyds Bank Amendment Letter dated 14th July 2014. FGPC12/09/14</p> <p><i>The Amendment Letter dated 14th July 2014 from Lloyds Bank previously approved electronically was approved.</i></p>		
13.	<p>Approve membership of the College Health Scheme. Paper FGPC13/09/14</p> <p><i>The membership and charges for the College Health Scheme was approved.</i></p>		
14.	<p>Any Other Business</p> <p>There was no other business.</p>		
15.	<p>Dates of future meetings all at 11.00am. (New dates in red)</p> <p>Thursday 15th January 2015 Thursday 16th June 2015 Thursday 17th September 2015 Thursday 14th January 2016 Thursday 23rd June 2016 Thursday 15th September 2016</p>		

Mr Graham van der Lely
Chair Finance and General Purposes Committee

15th January 2015