

## FINANCE and GENERAL PURPOSES COMMITTEE Minutes of a Meeting

**11.00am Thursday 15<sup>th</sup> January 2015  
Gordon Canning Room**

**Present:** Mr Graham van der Lely (Chair) (GVdL)  
Mr Mark Davison (MJD)  
Mr Jim Hickman (JH)  
Mr Edward Keene (EK)  
Mr Russell Marchant (RM)  
Mr Chris Moody (CM)  
Mr Charles Whitehouse (CW)

**In Attendance** Mr Graham Ledden (GL)  
Mrs Lesley Worsfold (LW)

**Apologies:** Mr Martin Baber

**Minutes:** Mr Rob Lee

		ACTION	ACTION DATE
1.	<p><b>Apologies</b></p> <p>Apologies were received from Mr M Baber</p>		
2.	<p><b>Declaration of Interest –FGPC02/01/15</b></p> <p>The Clerk advised that members’ interests would be taken as those disclosed in the Register of Members Interests. There were no declarations of members interests for agenda items.</p>		
3.	<p><b>Minutes of the Last Meeting – Paper FGPC03/01/15</b></p> <p>Minutes of the meeting held on the 18<sup>th</sup> September 2014 were agreed to be a true and accurate record and signed by the Chair.</p>		
4.	<p><b>Matters Arising</b></p> <p>There are no matters arising.</p>		

		ACTION	ACTION DATE
5.	<p><b>Discuss and Approve monthly accounts for November 2014 to include review of the presentation of commercial activities. Paper FGPC05/01/15.</b></p> <p>GL advised that the result for the first four months of the financial year is very close to budget showing a deficit of £1555K against a budgeted deficit of £1548K. GL confirmed that based on the current known variances he would expect us to achieve our budgeted surplus of £440K at the end of the year. GL expected HE to achieve budget and in response to GvdL agreed that HE had exceeded budget at the beginning of the year but as expected some students had withdrawn. GL explained that there may be some good news as we were expecting a further rebate from UWE of £150K having already had £50K that had gone into last year's accounts. GL advised that there were two areas of concern. Firstly Catering where the pricing of the meal packages were not giving us the expected margins. LW advised that we had made the meal package more flexible with greater appeal to students and this has led to a greater take up of the offer. When the budget was put together we had not fully agreed the package and whilst we are looking at the pricing there is limited opportunity to make amendments to the package during the year. GL advised that Catering income would remain as budget but direct costs would be up and currently forecasts these to be £100K over budget at the end of the year. In response to CW LW confirmed that we would be looking at different options for next year to increase the margin. RM advised that the positive outcome from this is that students and parents are much happier with our catering and this has led to the greater take-up. GL advised that the second area of concern was Staff Development which has already spent 78% of the annual budget. In response to CW LW advised that the annual budget was £61K. In response to MJD LW advised that this was majorly due to more high cost training in HE leading into TDAP and not really to do with the mix of our staff. In response to CM LW confirmed that we are able to claw back training costs from staff if they leave within a certain period of completing the training. GL confirmed that he forecast pay costs for the end of the year to be in line with budget but non pay costs in teaching related areas to be over budget. GL explained that this was due to concerns that had come out of our QAA Review over scholarships and we have contracted four senior principal lecturers to visit the college and increased costs for staff to complete research and publish. MJD advised that he had a concern over the constant increase in the staff payroll costs as a percentage of income and we were gradually creeping towards the average for the sector and with our high residential income this should not be the case. RM advised that there had been some cuts in staffing last year but there had been increases this year due to TDAP but our staff to student ratio in HE is still high at 1:30 against sector of 1:20. RM also advised that we had brought maintenance back in house which now appeared in the payroll instead of direct cost. In response to EK RM agreed that there had not been the same drop in direct costs to compensate. GL advised that there would be great pressures on the pay budget with the pending changes to pension</p>		

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	<p>and national insurance contributions. In response to EK GL believed that it is very difficult to compare ourselves to land based sector colleges as there are great dissimilarities. CM agreed that it is difficult to compare as some institutions contract out lots of services such as cleaning and maintenance. CM also believed that it was more difficult to control costs in elite sport which other colleges would not have. CM believed the College had achieved a remarkable financial result in the last 12 months by making the appropriate in year changes early and quickly. GL outlined the prognosis for next year in that the SFA were looking at an 11% reduction which would be about £70K to the College but if the EFA did not change rules then we could expect a £460K increase due to lagged funding. GL also advised that we are going to £9K fees for HE but not sure what this will do to our recruitment although signs are that it is not price sensitive. GvdL believed that we also had some other positive news over the next few years relating to TDAP, UWE Rebate and additional weighting. RM also advised that he was having discussions with national bodies over sporting costs. GL referred Members to the results of the commercial activities. In response to GvdL RM agreed there was a great deal of pressure on the milk price as our price is based on the cost of production and this will drop. RM advised that it was critical that each month we re-forecast the impact of the key factors in the budget. In response to CM RM believed that we now have more control over the shoot. In response to EK relating to the changes in the Single Farm Payment Scheme and the opportunities to apply for grants RM advised that Velcourt and the Farm Manager were leading on this. In response to GvdL GL agreed that there was a need to review the way the results of the commercial activities were presented. GL agreed that the current format was too brief and suggested that we could revert to the original format. In response to EK GL agreed that the re-forecast should be included. CM thought it would be more obvious if the budget was included rather than the variance and to give more room you could print tables in landscape format. GL advised that as the December Accounts were near completion the changes would be made to the January Accounts.</p> <p><b><i>It was agreed that the presentation of the results of the commercial activities will be reviewed.</i></b></p>	GL	January Accounts
6.	<p><b>Discuss the consequences of the introduction of FE HE SORP and FRS102. Paper FGPC06/01/15.</b></p> <p>GL advised that the Financial Reporting Council have issued revised reporting standards in the UK. The revisions replace almost all current standards with just three standards-FRS 100 Application of Financial Reporting Requirements, FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard. GL explained that the first impact will be on our accounts for year ending 31<sup>st</sup> July 2016 but to make the appropriate comparative figures we are already making preparations for their implementation. GL advised that the FE HE Statement of Recommended Practice (SORP) has been developed and re-issued to</p>		

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	<p>apply the revised standards to colleges and universities. GL further advised that whilst there are a significant number of changes the vast majority have little relevance to FE Colleges and the three areas of greatest impact are holiday pay accruals, government capital grants and loans/financial instruments, none of which have a cash flow impact. GL outlined the actions that were being taken in these three areas and ongoing discussions are still taking place with our auditors. In response to GvdL GL confirmed that these changes will not affect our Bank Covenants if they stay where they are currently.</p>		
7.	<p><b>Update on Banking arrangements. Paper FGPC07/01/15.</b></p> <p>This item is minuted in Closed Session.</p>		
8.	<p><b>Update on College Learning Centre. Paper FGPC08/01/15.</b></p> <p>GL advised that it is anticipated the building will be ready for occupation at half-term and the logistics of the move are being discussed. Discussions are still taking place on warranties and we are trying to calculate potential losses of FIT income from the photovoltaics due to the delay. JH believed that we should look at a contingency fund to cover the 12 month warranty period from when the building is occupied.</p> <p><b><i>Governors will be invited to visit the new Learning Centre and New Vicarage Student Accommodation after lunch at the next Board Meeting.</i></b></p>	LW/ Clerk	29/01/15
9.	<p><b>Note SFA Letter on Colleges Financial Health Grade. Paper FGPC09/01/15.</b></p> <p><b><i>The Letter from the SFA was noted.</i></b></p>		
10.	<p><b>Approve amendments to the Flexible Working Policy. Paper FGPC10/01/15.</b></p> <p>LW advised that the proposed changes reflect changes in employment legislation. In response to GvdL LW advised that as approval of flexible working was only given if it did not affect the business she did not expect any increase in applications due to extending the rights.</p> <p><b><i>The amendments to the Flexible Working Policy were approved.</i></b></p>		
11.	<p><b>Approve amendment to the Policy and Process for Approval of Public Information. Paper FGPC11/01/15.</b></p> <p>LW advised that the amendment was a result of the QAA Review.</p> <p><b><i>The amendment to the Policy and Process for Approval of Public Information.</i></b></p>		

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12.	<p><b>Any Other Business</b></p> <p><b>12.1. Limbury Ltd and Rudgeley Ltd.</b></p> <p><i>The resignation of Mr M J Davison as a Director of Limbury Ltd and Rudgeley Ltd was noted.</i></p> <p><i>The appointment of Mr C Whitehouse as a Director of Limbury Ltd and Rudgeley Ltd was noted.</i></p> <p><b>12.2. Drugs</b></p> <p>RM confirmed that there had been more instances of student caught using cannabis which has led to several exclusions. LW advised the actions that were being taken.</p>	<p>GL</p> <p>GL</p>	<p>Immediate</p> <p>Immediate</p>
13.	<p><b>The Chair advised that Mr Davison will be retiring as a governor in February and this will be the last Finance Meeting he will be attending and thanked him for his tremendous contribution over many years. Mr Davison thanked the Chair and advised that he was very much richer for the experience.</b></p>		
14.	<p><b>Dates of future meetings all at 11.00am.</b></p> <p><b>Tuesday 16<sup>th</sup> June 2015</b></p> <p><b>Thursday 17<sup>th</sup> September 2015</b></p> <p><b>Thursday 14<sup>th</sup> January 2016</b></p> <p><b>Thursday 23<sup>rd</sup> June 2016</b></p> <p><b>Thursday 15<sup>th</sup> September 2016</b></p>		

Mr Edward Keene  
Chair Finance and General Purposes Committee

16<sup>th</sup> June 2015