

FINANCE and GENERAL PURPOSES COMMITTEE
Minutes of a Meeting
11.00am Wednesday 22nd June 2016
Gordon Canning Room

Present: Mr Edward Keene (Chair) (EK)
 Ms Ingrid Barker (IB)
 Mr Jim Hickman (JH)
 Mr Russell Marchant (RM)
 Mr Chris Moody (CM)
 Mr Graham van der Lely (GvdL)
 Mr Charles Whitehouse (CW)

In Attendance Mr Graham Ledden (GL)
 Mrs Rosie Scott-Ward (RSW)
 Ms Claire Whitworth (CW1)
 Mrs Lesley Worsfold (LW)

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	Apologies All Members were present.		
2.	Declaration of Interest. FGPC02/06/16. 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 FGPC03/06/16. Minutes of the meeting held on the 28 th April 2016 were agreed to be a true and accurate record and signed by the Chair.		
4.	Matters Arising 4.1. (4.4, 8.0) Update on Fixed Rate Bank Resolutions. Paper FGPC04.1/06/16. GL advised that we have two "evergreen" loan facilities that are annually extendable and the FGPC had asked him if we could move the variable rate		

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<p>or renegotiate the margin. GL confirmed that the two loans of £1m and £550K if not renewed would become repayable in 2019. GL outlined that options that were available and advised that the £1m can be fixed at 5.154%, the same as before and the other loan at 4.171% instead of 5.12% and recommended that the attached resolutions should be signed. EK believed that this had been a beneficial exercise.</p>		
<p><i>It was agreed that the two fixed rate resolutions should be signed.</i></p>	GL	Immediate
<p>4.2. (5.0.) Review Benchmarking of College KPIs. Paper FGPC04.2/06/16.</p>		
<p>GL advised that at the last meeting it was suggested that rather than benchmarking our performance against the 15 landbased colleges it may be more appropriate to benchmark against top quartile of all colleges. GL outlined the options he had looked at and advised that whichever benchmark we used it was apparent that the Colleges uniqueness is a significant differentiator. GL proposed that the upper quartile data for Landbased, GFE and Tertiary Colleges should be adopted for benchmarking the Colleges KPIs. In response to CM GL advised that the FE Learner Total is inflated by the RFU and GFA qualifications. CM suggested therefore that the FE numbers should be split by SFA and EFA funding and RM agreed that this would show us the core numbers.</p>		
<p><i>It was agreed that we would benchmark our KPIs against upper quartile data for Landbased, GFE and Tertiary Colleges with FE student numbers split out by SFA and EFA funding.</i></p>	GL	Next Accounts
<p>4.3. (5.0.) Review analysis of Financial Gearing. Paper FGPC04.3/06/16.</p>		
<p>GL advised that at the last meeting he had been asked to look at the impact our residential provision has on the finances and particularly the gearing. GL referred Members to the table showing the College finances from the mid-year update split between residential accommodation and other activities which shows gearing of 198% on residences and 45% on other activities. GL outlined the assumptions he had made in the allocation of costs. In response to GvdL who felt that the surplus shown on residences was lower than previously declared GL advised that the sets of figures were not comparable. EK questioned whether the way this data is shown is beneficial. RM confirmed that it is useful and would be used in our data submission to the Area Review Board.</p>		
<p>4.4. (6.1.) Update on GFirst's response to Chair's Letter. Paper FGPC04.4/06/16.</p>		
<p>The Clerk issued a copy of GFirst's response to the Chairs Letter and this will be numbered FGPC04.4 (i)/06/16. EK believed that the response told us very little and advised that the matter had been raised with our local</p>		

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<p>member of parliament who he had met at an unconnected event. EK had received a copy of a response sent to the NFU and agreed to share this with members. RM had suggested to GFirst that the land based group should have a land based event but they were not keen but he had invited GFirst Board to visit the College. IB felt that this was a positive move and outlined the detail of a meeting she had attended recently where the LEPs priorities were set out and discussed. One of the five priorities was agriculture. RM confirmed that we had also been invited to this meeting but were unable to attend. GvdL believed that the LEP does not understand how education fits within the concept of their priorities and GL agreed that the LEP could not see that we were creating jobs and did not realise we were preparing people for jobs.</p> <p><i>A copy of letter relating to LEP and agriculture from the Rt Hon Mark Harper to Newent NFU will be circulated.</i></p> <p>4.5. (6.1.) The Rubber Crumb replacement will not take place until 2017 and a capital application will be made at that time.</p> <p>4.6. (7.0) Update on the refurbishment of student accommodation. Paper FGPC04.6/06/16.</p> <p>GL outlined the case for the refurbishment of the majority of our student accommodation which in most cases is over ten years old. GL advised that since 2009 our growth has slowed down and this has led to a squeeze on budgets and therefore very little refurbishment. GL advised that for the 44 residential blocks, excluding Catsbury and Dingle the potential bill for refurbishment, renovation and extension is up to £11m. This figure is based on the cost of £250K per block which in turn is based on the cost of redeveloping New Vic 11 in 2013. GL advised that this would put considerable strain on our finances. GL advised therefore we are looking at other ways to refurbish blocks and outlined a potential scheme to refurbish the four Limbury Blocks that will be changed from FE to HE accommodation at the completion of the construction of Dingle2 in August 2017. The cost is expected to be around £450K for the four blocks, although this still needs to be fully costed, which is considerably less than the £250K spent on New Vic 11. GL explained that £250K is in the maintenance budget and £200 in capital and that we would be able to increase the rent giving a payback of 10-11 years. GL believed that this could become the model for the overall refurbishment programme in future years.</p>	Clerk	Immediate
<p>5. Discuss and approve May 2016 Accounts. Paper FGPC05/06/16.</p> <p>GL advised that the results for 10 months show a surplus of £2254K against a budget of £1358K and outlined the reasons for this improvement. GL forecasts the end of year to show a surplus of £1413K against a budget of £759K. GL advised that the key uncertainty is the farm stock valuation, which was discussed at the recent meeting of the Farm Committee, although it is not expected to impact the results by more than £50K. GL expected all</p>		

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<p>the KPIs to be exceeded and believed the end of year accounts will be an extremely strong set for Area Review.</p> <p><i>The May 2016 accounts were approved.</i></p>		
<p>6. Discuss and recommend for approval budget for 2016/2017. Paper FGPC06/06/16.</p> <p>GL advised that the budget is based on the re-forecast surplus of £1212K. GL confirmed that we are aware of what the FE and HE income is likely to be, there had been significant input from key stakeholders and both the College Executive and SMT had reviewed and agreed draft budget. The budget shows a surplus of £1504K which is 4.73% to income. GL outlined the assumptions relating to HE and FE income, accommodation and capital. In response to GvdL GL confirmed cash ends the year much the same as the start but this is after taking the cost of the construction of Dingle2 and he expected to generate more money the following year. RM confirmed that the balance of the cost of Catsbury refurbishment will come from the Principals Fund. GL confirmed that the College will stay well within its bank covenants and financial health measured by the SFA will remain as satisfactory. GL advised that a general pay award of 2.5% from the 1st January 2017 was included in the budget. RM advised that this pay award, as in other years, is dependent on the College achieving its student number targets for both HE and FE and accommodation occupancy levels. In response to EK LW advised that we would not be affected by the National Living Wage as we have moved above this level. Also in response to EK GL confirmed that the culture of budget holders to be realistic in their bids continued but there was a £200K contingency in the budget and with some more cuts we may have achieved a £2m surplus but we have squeezed areas now over a number of years and there is a need to develop some of these areas. RM advised that staff costs remain under scrutiny as we develop HE, English and Maths and even with all facilities now in-house staff costs are just 50% to income. In response to CW RM agreed that due to TDAP there does need to be some movement in staff salaries. RSW advised that there is also concern over staff to student ratio but appreciates that we need to also retain cash to build Sports Academy2 and an Animal Science Block. In response to GvdL RM believed that currently our HE salaries were below our competitors and FE would be similar to our competition. In response to CW who has a concern over the erosion of differentials due to the National Living Wage LW confirmed that she will report this through her Annual HR Report. EK believed this to be an encouraging budget.</p> <p><i>The Budget is recommended for approval to the Corporation and includes a 2.5% general pay award that is dependent on the College achieving HE and FE student number targets and accommodation occupancy level targets.</i></p>	Clerk	14/07/16

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7.	<p>Discuss and recommend for approval the 2 Year Financial Plan. Paper FGPC07/06/16.</p> <p>GL advised that the SFA require a 2 Year Financial Plan which has to be approved by the Corporation and filed with them by the end of July. GL explained that the financial plan incorporates the budget for next year previously discussed and a forecast for 2017/2018. GL outlined the assumptions that had been used for 2017/2018 and had forecast the surplus to be £1818K which will be 5.56% to income. GL advised that the checklist for the Financial Plan Commentary had been included even though it did not need to be returned. GL advised that the financial autoscore for the two year period is satisfactory.</p> <p><i>The 2 Year Financial Plan is recommended to the Corporation for approval.</i></p>	Clerk	14/07/16
8.	<p>Capital projects.</p> <p>8.1. Update on Capital Projects. Paper FGPC08.1/06/16.</p> <p>Gloucester Boathouse</p> <p>GL advised that the project had been delayed by Sport England but the fine detail has been resolved and they have signed off the project and completion is now expected by the end of September 2016.</p> <p>Dingle2</p> <p>GL advised that the renewal of planning consent is imminent and the tender documentation is being finalised. GL advised that work for the drive had been tendered and the lowest bid is £218K plus VAT which leaves £1730K from the original budget for the construction of the building. GL believes that with fees at 8% we could be £125K light on the budget but need tenders to be returned before we can be certain. GL confirmed that he is continuing discussions with two banks in respect of a loan for up to £4m for Dingle2 and Sports Academy2 although Dingle2 is not dependent on this funding as we will have sufficient cash reserves to pay the anticipated costs.</p> <p>Sports Academy2</p> <p>In response to CW RM advised that he would like to see Sports Academy2 operational by September 2018 but detailed proposals still need to be agreed to go to planning and come to this committee. EK emphasised that we do not want to have to make a rushed decision as with Catsbury and would like these proposals to come to this Committee as soon as possible.</p>		

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<p>8.2. Discuss paper outlining the case for the refurbishment of Catsbury. Paper FGPC08.2/06/16.</p> <p>GL advised that this was an action from the last Corporation Meeting where a more detailed explanation for the refurbishment of Catsbury was requested. The proposal is for a substantial refurbishment at a cost of £690K in the summer of 2016, followed by a further £150K expenditure on the roof two years later that will enable Catsbury to be brought up to an acceptable level of FE student accommodation. GL outlined the detail of the proposal and the possible consequences of delaying the project or doing nothing. GL advised that the cost of £600K + VAT approved by the Corporation has been reduced to £575K plus VAT. EK questioned whether on spending this money we will end up with the right standard of accommodation and that if we delayed for 5 years and then build would not be the better option. RM advised that when we have completed the refurbishment we will have a building that will last for 20 years and would cost £5m to replace currently. RM also advised that it also gives us a range of accommodation. CW1 advised that the main reason for the refurbishment was to help with A Level performance and retention. CM stated that we should not be putting students in to sub-standard accommodation. LW advised that this had already been marketed to A Level students and CW1 confirmed that it was in the A Level course information.</p>		
<p>9. Review Curriculum Costing. Paper FGPC09/06/16.</p> <p>GL advised that the analysis compares the relative performance of the FE curriculum areas and to the previous year. GL outlined how the data was compiled and the assumptions he had made. The analysis was made not taking account of the recent FE re-structure. The gross margin has dropped in the current year from previous year due to shortfall in achieving student number targets. GL advised that the gross margins are before any apportionment of overheads which would typically be 40% of income and therefore A Levels with a negative gross margin and outdoor adventure at 20.6% are concerns. EK believed this to be a very useful document and needed to be reviewed regularly. GL agreed and will revisit with the budget for 2016/2017 in November when the student numbers have been confirmed. CW advised that the possible re-development of Forest of Dean College may bring our Outdoor Adventure programme under more pressure. RM believed that this may be a subject for the Area Review and confirmed that our students on this programme have a very high employability rate. CM believed this to be only half the story as we should try and spread the other costs as the reason why some of the areas have higher funding is because of the higher costs to run the programmes and if we included such costs as the Farm or Equestrian Centre then it may show a different picture.</p> <p><i>The data will be reviewed in November for the January 2017 Meeting.</i></p>	GL	12/01/17

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10.	<p>Discuss and approve amendments to the Financial Regulations. Paper FGPC10/06/16.</p> <p>GL advised that he had conducted the annual review of the Financial Regulations and the proposed amendments were minor with changes to titles, budget holders and terms of reference. GL suggested that Members may wish to review the monetary limits for the Principal and this Committee. After discussion it was agreed that the limits should not be changed.</p> <p><i>The proposed amendments were approved and it was agreed that the appendices should be accessed via hyperlinks.</i></p>	GL	Immediate
11.	<p>Approve write-off of bad debt. Paper FGPC11/06/16.</p> <p>GL presented his annual paper to write off bad debts that were not recoverable. GL confirmed that the debts have already been fully provided for in the accounts and will not impact on our results. In response to EK GL confirmed that our procedures for dealing with international students changed some time ago and we expect fees to be paid before the student commences their studies. GL outlined the circumstances regarding an overdue debt of £31,277 for Republic Sport Services that has now been dissolved. GL explained that there had been a series of mistakes and failure to follow procedures. GL questioned whether this matter should be referred to the Audit Committee. EK believed that this would only be beneficial if we need to ensure that we conduct business in the right way. GL confirmed that those involved had already been spoken to and processes were in place to ensure this does not happen. GvdL, as a member of the Audit Committee, was quite happy for this not to be referred as long as we have the processes in place.</p> <p><i>Bad debts as listed amounting to £50,951.29 were approved to be written off.</i></p>	GL	31/07/16
12.	<p>Approve changes to the process for operating College Corporate Charge Cards. Paper FGPC12/06/16.</p> <p><i>The minor changes to the way Corporate charge cards are operated together with the proposed increases in credit limits were approved.</i></p>		
13.	<p>Approve the operation of the Students' Union Bank Account. Paper FGPC13/06/16.</p> <p>GL advised that the Students' Union wishes to open a bank account and for the College to fund them via this account. GL believed that this would give the Students' Union greater autonomy from the College and also enable it to register as a Charity as well as giving the officers experience in managing finances. GL confirmed that the audited accounts will need to be approved by the Corporation on an annual basis.</p>		

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	<i>It was agreed that a Bank Account for the Students' Union should be opened.</i>		
14.	<p>Review the effectiveness assessment by the Governing Body on the reputation of the College and views of stakeholders. Paper FGPC14/06/16.</p> <p>IB believed that this should be an extremely valuable exercise and the process for doing this should be reviewed. IB advised that this is business critical as we need to understand where we are with our stakeholders and the exercise we carry out seems to be minimal. In response to RM IB believed that we should have a stakeholder map showing who influences us and how we independently seek their views.</p> <p><i>IB will forward further information on this matter and a report will be made to the next meeting.</i></p>	IB/Clerk	15/09/16
15.	<p>Review the arrangements for obtaining the views of staff and students. Paper FGPC15/06/16.</p> <p>LW advised that the Residential Survey and Catering Survey have been replaced by a Support Services Survey. CW1 advised that there was a SFA Student Survey, a SFA Employer Survey and an Internal Employer Survey. In response to CM LW advised that we conduct our own staff survey. CM believed that we may get more from this survey if conducted by external agency.</p> <p><i>Arrangements for obtaining the views of staff and students will be amended in line with the above discussion.</i></p>	Clerk	Immediate
16.	<p>Approve amendments to College Policies and Procedures. Paper FGPC16/06/16.</p> <p>LW advised that the policies had been changed to reflect changes in legislation, ensure we meet best practice and to re-enforce certain areas.</p> <p>16.1. Staff Development Policy. Paper FGPC16.1/06/16.</p> <p><i>Amendments to the Staff Development Policy were approved.</i></p> <p>16.2. Special Leave Policy. Paper FGPC16.2/06/16.</p> <p><i>Amendments to the Special Leave Policy were approved.</i></p> <p>16.3. Parental Leave Policy. Paper FGPC16.3/06/16.</p> <p><i>Amendments to the Parental Leave Policy were approved.</i></p> <p>16.4. Annual Leave Policy. Paper FGPC16.4/06/16.</p>		

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	<p><i>Amendments to the Annual Leave Policy were approved.</i></p> <p>16.5. Alcohol and Substance Misuse Policy. Paper FGPC16.5/06/16.</p> <p><i>Amendments to the Alcohol and Substance Misuse Policy were approved.</i></p> <p>16.6. Public Information Policy. Paper FGPC16.6/06/16.</p> <p><i>Amendments to the Public Information Policy were approved.</i></p>		
17.	<p>Note Letter from SFA on College Dashboards. Paper FGPC17/06/16.</p> <p>GL confirmed that the data contained no surprises.</p> <p><i>The SFA Letter and Dashboards were noted.</i></p>		
18.	<p>Any Other Business</p> <p>18.1. English Colleges Rugby Football Union.</p> <p>GL advised that there had been four members of the English Colleges RFU and only two, us and Truro and Penwith College, are the only ones that remain. The RFU wishes to create an independent body within the RFU and to do this the two remaining members need to resign. GL outlined the way the new body will be set up.</p> <p><i>It was agreed that we will resign from the English Colleges Rugby Football Union.</i></p>		
19.	<p>Dates of future meetings all at 11.00am.</p> <p>Thursday 15th September 2016</p> <p>Thursday 12th January 2017</p> <p>Thursday 27th April 2017</p> <p>Wednesday 21st June 2017</p> <p>Thursday 21st September 2017</p>		

Mr Edward Keene
Chair Finance and General Purposes Committee

15th September 2016