

FINANCE and GENERAL PURPOSES COMMITTEE

Minutes of a Meeting 11.00am Thursday 10th April 2014 Gordon Canning Room

Present: Mr Graham van der Lely (Chair) (GVdL)
Mr Martin Baber (MHB)
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 Mike Burton
Mr Mark Davison

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	Apologies Apologies were received from Mr M Burton and Mr M Davison.		
2.	Declaration of Interest –FGP02/04/14 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 FGP03/04/14 Minutes of the meeting held on 3 rd October 2014 were agreed to be a true and accurate record and signed by the Chair.		
4.	Actions completed from last Meeting 4.1. (5.0.) The Committee has been renamed the Finance and General Purposes Committee and the amended Terms of Reference were approved at the Corporation Meeting 24 th October 2013.		

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	<p>4.2. (7.5.) The College underspend of £297.3K on the Principals Capital Budget for 2012/2013 is carried forward to 2013/2014.</p> <p>4.3. (8.0.) The Colleges position on Risk Appetite was amended at the Corporation Meeting 24th October 2013 and approved.</p> <p>4.4. (10.1, 10.2)The amended Disciplinary and Dismissal Policy and the amended Performance Improvement Policy have been uploaded to the Staff Intranet.</p>		
5.	<p>Matters outstanding from the last Meeting.</p> <p>There are no matters outstanding.</p>		
6.	<p>Discuss and Approve monthly accounts for February 2014. Paper FGP/06/04/14</p> <p>GL advised that there is an improving situation in our accounts. Although there is an operating deficit of £609.0K against a budget of £294.5K this is in line with our re-forecast. GL outlined the major areas of variance in income. The 16-18 Apprenticeships is now likely to be £200K short of budget due to the loss of Lacrosse but this extra £100K shortfall is countered by a similar amount over forecast on employment costs in the re-forecast. GvdL noted that HE income has a favourable balance and GL advised that he was allocating the £300K rebate monthly but the income had been reduced by a under recruitment of students. RM advised that he had a meeting scheduled with the Vice Chancellor to discuss next year's top slice. GL outlined the shortfall in Conferencing and in response to MHB LW outlined the measures that were being taken to increase income. LW advised that we had signed with another summer school but it will be some time before we have firm numbers. In response to CW it was advised that we had run our own summer school in the past but it had not been successful.</p> <p>GL advised that there was a favourable balance in direct costs and there had been very little movement in fixed costs. In response to MHB GL advised that the favourable variance on utilities was down to over cautious budgeting on price and lower usage due to mild winter. RM confirmed that TDAP costs were in line with expectations.</p> <p>GL referred Members to graph showing cash flow and whilst we have plenty of cash at the moment this was a key indicator of our performance. In response to GvdL GL advised that the steep rise in the cash flow last year was due to us holding £5m of SFA funding but agreed he would look to see how the performance on cash flow could be better shown.</p> <p>GL referred Members to the performance of our commercial activities.</p>		

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	Actual £000's	Budget £000's	Variance £000's
Catering	34.0	25.6	8.4
Bar	(34.9)	(44.3)	9.4
Conferencing	14.7	48.4	(33.7)
Equine	(121.0)	(199.0)	78.0
Farm	(111.7)	(70.2)	(41.4)
Residential	957.5	1063.6	(106.1)
Transport	(459.9)	(468.1)	8.3

GL advised that Catering had been favourable all year to date and LW advised that new more flexible catering packages would be offered next year. GL advised that the Farm variance was more favourable this month and RM advised that without the losses on the shoot the Farm would be on budget. CM thought that if this was the case it should be separated out from the Farm. GL advised that it is separated out in quarterly accounts and GvdL thought we should consider reporting in this way monthly. In response to MHB RM advised that we did not sell all the shoot days and this would lead to a £60K/£70K loss for the year and its future was in danger. RM proposed that we would be looking at contracting an agent to sell our shoot days and if this did not work we would find other ways of dealing with this for our students. RM advised that we are selling a different experience than a commercial shoot and GL advised that other colleges ran game keeping courses without a shoot of their own. CM was surprised that we had been able to continue with the shoot for so long and agreed that we should try to improve through selling days with an agent but if this did not work we should drop. CW believed that we needed to contract an agent as quickly as possible as shoot days were already being sold for next year by commercial shoots. GL advised that residential was behind budget due to more rooms being vacant than budget. In response to CW it was agreed that there had been some problems with our process last year but we were monitoring very closely this year. RM advised that admissions are way ahead of last year and LW advised that FE allocated rooms are 79% full with 65% covered by a deposit.

MHB felt that our budgeting process had let us down last year. GL advised that we start the budgeting process in January and therefore a number of assumptions have to be made and that TDAP and International had caught us out. RM confirmed that the current process was going in to a lot more detail but unfortunately there will still be variances. CM advised that he was more concerned about the budgeting process in that we should go back to first principles and a zero base not just base on last year. CW queried how we manage 20% cuts when we are expecting more students RM advised that he had met with all departments and if they were unable to make these cuts then they were told they had the opportunity to put forward the reasons. In response to EK GL confirmed that we are on track to achieve our re-forecast surplus of £182K. GL confirmed that the new

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	<p>financial system was now in place and would test the new system with the March Accounts. The new system should enable us to get quicker and better analysis with the staff spending less time compiling accounts and more time analysing. CM would like to see the actual against the revised budget and maybe there was need to redesign the reports. GL advised that currently they were based on templates from the College Finance Directors Group and what is required by SFA.</p> <p><i>The above discussion will be considered when reviewing the format of the Management Accounts.</i></p>	GL	For next year
7.	<p>Discuss notification from Skills Funding Agency on the Colleges Financial Health. Paper FGP07/04/14</p> <p>GL advised that our financial health has been classified as satisfactory. The auto score would have classified us as inadequate but as our cash generation is greater than net current liabilities this has been moderated to satisfactory. In response to JH GL confirmed that this was not in the public domain. In response to GvdL GL advised that even with our forecast reduction in surplus the moderation would still apply and we should be classified as satisfactory. In response to CM RM believed that for TDAP purposes the SFA rating would be taken but this will need to be considered.</p>		
8.	<p>Discuss and agree process for post project evaluations. Paper FGP08/04/14</p> <p>GL referred Members to a recent recommendation of internal audit on post project reviews and wished to consult with governors on the process that should be used. GL explained that where we had SFA grants a post project review had to take place 18/24 months after project completion but felt that this would be too late for lessons to be learnt for future projects. GL explained that he currently reports to this Committee and the Board on the progress of capital projects relating to budget and completion. EK believed we needed these reports in two stages. First report shortly after completion to ensure we can learn lessons for any other projects and then a performance evaluation against original plan after 18/24 months. A discussion took place on the financial level for reporting and CM felt that some minor works could influence student satisfaction more than major works and gave as an example the improvements made to catering.</p> <p><i>It was agreed there would be two stage post project evaluation. Stage 1 would take place immediately on completion of project and highlight performance against budget, timescale and any lessons that can be learnt. Stage 2 will take place no later than 24 months after project completion giving performance evaluation against original plan. This process will apply to all capital projects over £500K and at the discretion of this Committee selected</i></p>	GL	On all future projects

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<p><i>projects with a capital spend below £500K.</i></p>		
<p>9. Approve College Policies</p> <p>9.1. Academic Staff Salary Management Policy. Paper FGP09.1/04/14</p> <p>LW advised that amendments to the Policy are in red type. GvdL questioned whether there would be a reaction to the College having the right to limit or cease incremental progression. LW advised that this was a case of fairness as these rises did not apply to non-academic staff. In response to GvdL GL advised that these incremental rises cost £60K/£70K per annum.</p> <p><i>The amendments to the Academic Staff Salary Management Policy were approved.</i></p> <p>9.2. Publishing of Public Information Policy and Process. Paper FGP09.2/04/14</p> <p>LW advised that this was a new policy and had been approved by College Executive.</p> <p><i>The Publishing of Public Information Policy and Process was approved.</i></p>		
<p>10. Update on Budget Process</p> <p>GL updated Members on the Budget process and advised that FE cuts from this year's figures, some of which we have not met, amount to £982K. The majority of this figure is made up of £582K for 16-18, £200K for Apprenticeships and £192K Adult Learner Responsive. GL explained that he could mitigate this figure down to £650K by taking account of the situation with RFU contract and Apprenticeships. GL advised that there would be £400K more HE funding made up of £200K Band B funding and £200K for Widening Participation. GL explained that as we are already using our own funds for widening participation this element was extra income. GL advised that therefore the shortfall could be mitigated down to £250K but there was still a need to look for a £1m in savings to account for other factors. RM advised that it was important to get the culture and mind-set right for the staff to be looking for efficiency savings. In response to GvdL GL believed that we are making headway with budget holders to find financial savings. RM advised that the challenge was to increase our surplus whilst maintaining quality. CM was concerned over making across the board 20% cuts as the changes were not uniform and we need to take account of government drivers. CM explained that the land based curriculum is expensive to deliver and a 20% cut in what is a growth area will damage the business. RM advised that budget holders will be given the opportunity to argue a case against a 20% cut.</p>		

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	The remainder of the meeting was taken in Closed Session.		
11.	Any Other Business Discussed in Closed Session		
12.	Dates of Future Meetings all to be held at 11.00am <p style="color: red;">Tuesday 24th June 2014-please note this is an extra date to discuss Budget.</p> Thursday 18 th September 2014 Thursday 15 th January 2015 <p style="color: red;">Thursday 18th June 2015-changed from 14th May 2015 to facilitate discussion on Budget</p> Thursday 17 th September 2015		

Mr Graham van der Lely
 Chair Governors' Management Committee

24th June 2014