

FINANCE and GENERAL PURPOSES COMMITTEE
Minutes of a Meeting
11.00am Thursday 27th April 2017
Thomas Mawson Room

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

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

Apologies: Ms Nicola Wheatley
Mrs Rosie Scott-Ward
Ms Claire Whitworth

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	Apologies Apologies were received from Ms N Wheatley, Mrs R Scott-Ward and Ms C Whitworth.		
2.	Declaration of Interest. Paper FGPC02/04/17. 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 FGPC03/04/17. Minutes of the meeting held on the 12 th January 2017 were agreed to be a true and accurate record and signed by the Chair.		
4.	Matters Arising 4.1. (4.2, 7.0) Update on Lloyds Bank Loan is agenda item 5.1. 4.2. (7.0) Curriculum costing forecast for 2016/2017 will be available for the next meeting.	GL	21/06/17

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5.	<p>Lloyds Bank Loans.</p> <p>5.1. Update on Lloyds Bank Loan for part of the financing of Sports Academy2.</p> <p>GL advised that he had conveyed the decision from the last meeting to the Bank that we were uncomfortable in putting the site as security for the £4m loan facility. GL advised that when the residential blocks were in Limbury Ltd they had separate land registration and they were therefore easier to identify. GL advised that 17 blocks, sufficient to cover the loan, have been offered as security and he understands that the documentation is being finalised and hopefully completed in the next two weeks. In response to EK GL advised that the income on these blocks would be in excess of £1m per annum. Also in response to EK GL advised that Lloyds have a negative pledge on security of their other loans and we are not allowed to get involved with anyone else without their approval so there is no double security. In response to KN GL outlined the interest rate and confirmed that we had been in discussion with other banks regarding a loan and had offers but this Committee after consideration had decided to stay with Lloyds.</p> <p><i>The Committee has previously delegated responsibility for executing related documents to the Chair and Principal.</i></p> <p>5.2. Review current Lloyds Bank Loan Portfolio. Paper FGPC05.2/04/17.</p> <p>GL referred Members to his graphical depiction of the current debt portfolio with Lloyds Bank which he had been asked to produce by the Chair. GL advised that a majority of the debt is fixed for more than 10 years, with the exception of two evergreen facilities which have a 20+ year profile but had an initial 5 year term extendable annually. GL confirmed that all the rates are locked in and that for the loan for Sports Academy2 we will be looking at less than 3% which is a reflection on where the market is currently. In response to KN GL advised that Lloyds had not required a valuation of the College to secure the loans. GL advised that the latest loan has been agreed on the back of our Business Plan and we are one of the very few colleges that are still receiving lending.</p>	EK/RM	As required
6.	<p>Discuss and approve monthly accounts for March 2017. Paper FGPC06/04/17.</p> <p>GL presented the accounts to March 2017 and advised that there was no real change from the previous month. GL confirmed that the Mid-Year Update was now in the re-forecast and allowing for the contingency we were on budget. GL outlined the major variances in the accounts. Overall income is largely unchanged but there are differences in lines particularly in HE. GL explained that in HE Funding, whilst student numbers overall are up on budget, there are fewer first year undergraduates, at £9000pa, than</p>		

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<p>anticipated which has been compensated by a greater number of undergraduate returners and postgraduates at a lower fee. GL advised that this change in mix is resulting in a forecast reduction in income of £247k. GL advised that we are still talking to UWE about possible adjustments to the top slice. Relating to the key issues in costs GL advised that a higher than expected partnership with the RFU has resulted at higher costs within Hartpury ICE which is countered somewhat by higher income. GL explained that the variance on pensions is that fewer people are contracting out but this should be seen as a positive. GL further advised that within Utilities, much lower costs have been incurred on electricity and gas which has led to a positive variance to budget of £128K. . In addition, a release of £100k of an electricity provision has been made as highlighted in the 2016 year end external audit and explained in the Mid-Year Update. GL expected maintenance currently over budget to come back in line. GL advised that matters at the Farm were now getting resolved. GL further advised that the troubles in catering had been fully discussed at the last Corporation Meeting. GL advised that there is no remedy to this in-year but we will be introducing an all-inclusive accommodation package for the next academic year which includes 5 meals excluding breakfast. RM advised that eating habits become fixed within the first few weeks so we must ensure that right from the start of the next academic year we are giving excellent service in our catering outlets. CM was pleased to see that we are re-introducing meal packages as this is a way of gauging whether 16-18 year olds are eating properly and this is important part of monitoring their wellbeing. LW agreed that this would be monitored by the Wellbeing Team next year and in response to KN confirmed that the meal package has to be taken for the full year. GL advised that the Cash Flow forecasts do not include Sports Academy2. In response to KN GL advised that Sports Academy2 will not necessarily generate more income as the construction is more of a defence strategy where if we do not build we will fall behind our competitors and lose students. RM advised that it will improve the student experience.</p>		
<p>7. Capital Projects.</p> <p>7.1. Update on Capital Projects. Paper FGPC07.1/04/17.</p> <p>Update on Capital Projects. Paper C36/03/17.</p> <p>Gloucester Boathouse.</p> <p>GL advised that the completion is well behind schedule and outlined the reasons for this but believed that this should not impact on the budget. Completion is now unlikely to be before the Summer. To date we have spent £97K of £125K pledged for this project.</p> <p>Dingle2</p> <p>GL advised that the project is on budget and on target for completion by late July 2017. In response to EK GL acknowledged that the budget was</p>		

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<p>adjusted upwards to give some headroom as the tenders were higher than expected and he now believed that there is potential the project will come in under budget.</p> <p>LEP Bid</p> <p>GL advised that after initially offering us £500K for the development of growth hub the process has now gone back to square one with the LEP encouraging further bids for a revised project in Forest of Dean. RM believes that the only bid that stands a chance of going forward is ours but there is another expression of interest so we still have to wait to see what develops.</p> <p>Sports Academy2</p> <p>GL advised that the only change from the last update given at the Corporation Meeting is that we have received planning permission. In response to CW GL advised that a decision will be made by this Committee relating to the mezzanine floor in current sports hall when we know student numbers and room occupancy levels for next academic year. In response to GvdL RM advised that a majority of the work on the new mezzanine will be out of term time as we still want the use of the sports hall.</p> <p>7.2. Discuss the potential refurbishment of Limbury Blocks 12-14. Paper FGPC07.2/04/17.</p> <p>GL advised that this had been discussed and agreed 12 months ago with a figure of £450K in the Budget for this year for the refurbishment of 4 Limbury Blocks. GL advised that current estimates show that £582K will be needed to refurbish only 3 Blocks. The expenditure will span this year and next and is likely could be met from this year's budget but has implications on next year and this coupled with the increase in costs GL believed it appropriate to bring back to this Committee. CW stated that when we first discussed this in April 2016 the cost was estimated at £250K per block based on refurbishment that had already been carried out on a New Vicarage Block and then by June 2016 when the Budget was agreed the figure had been reduced to £112K per block and now the cost is £194K per block. RM advised that the original estimate had been estimated on a New Vicarage Block where the footprint had been extended but a new scheme for Limbury in taking a room out was devised to save money which is the estimate that appeared in the Budget. CW advised that we had a similar problem with Catsbury last year and the figure we are now discussing has still not been finalised as the tenders are not back and enquired about our tendering process. RM outlined the process and CW advised that this extra meeting had been put in place to cover all capital costs that would be required for the following year and was surprised that the tender was not yet back. EK agreed and stated that there was nothing to stop us going out for tenders when this had first been discussed and questioned whether the</p>		

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	<p>refurbishment could be delayed until we finish Sports Academy2. RM advised that these blocks are now allocated for occupation by HE students and they would therefore not be suitable as they are not self-catering. In response to EK RM confirmed that all four blocks being vacated by FE students would be HE next year and therefore one block would not be self-catering. GL referred Members to his financial forecasts and believed that in spite of the increased costs the figures still show positive benefits. EK requested that the costs should be circulated as soon as they are analysed. CM agreed and proposed that a post tender report should be circulated for approval.</p> <p><i>It was agreed that a post tender report will be circulated and decision made electronically before the next Corporation meeting.</i></p>	RM	25/05/17
8.	<p>Approve the setting up of Hartpury Rugby Ltd. Paper FGPC08/04/17.</p> <p>GL advised that following Hartpury RFC's promotion to the Championship, it is a requirement that the club is constituted in a separate company with a 30 June year end. This will have the added benefit of ensuring that the College's charitable status is not threatened from the receipt of substantial funds of circa £600K from the RFU. GL confirmed that the company will be a wholly owned subsidiary of the College. GL advised that in addition a bank account is also required and Lloyds have indicated that they would be happy for us to open a further account with them. The proposed company name is Hartpury Rugby Ltd. GL advised that we are currently putting together a budget. RM advised that an internal group has been set up to look at the operating standards and event management plans. CW acknowledged that this was a tremendous achievement for the College but was concerned that Hartpury RFC had become very time consuming and must be kept in proportion with the other activities in the College. RM agreed and advised that we are looking to appoint a part time Rugby Manager. In response to EK the Clerk confirmed that the setting up of a new subsidiary company must be approved by the Corporation. EK asked therefore that the Report that goes to the Corporation to be amended to outline the purpose of the Saturday side, how it helps with recruitment of students and their progression pathway and the make-up of the team including the number of students.</p> <p><i>It is recommended to the Corporation that we should set up a subsidiary company named Hartpury RFC and open a Bank Account in that name.</i></p> <p><i>The Report that goes to the Corporation should be amended to include the areas discussed above.</i></p>	<p>Clerk</p> <p>GL</p>	<p>25/05/17</p> <p>25/05/17</p>

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9.	<p>Approve Bad Debt Write Offs. Paper FGPC09/04/17.</p> <p>GL advised referred Members to his Report and the attached listing outlining the status and value of a number of student bad debts totaling £59,779.92. GL confirmed that these debts have already been provided for in full. GL added that Governors will also recollect that a trade debt for conferencing for Republic Sport Services was fully provided for in last year's accounts. The debt is £31,277.76 and the company involved has been dissolved and as there is no hope of collection. In response to CW GL advised that a majority of the debts are for outstanding accommodation fees which are still payable if a student withdraws and the room cannot be re-let. In response to IB RM advised that you cannot stop a student graduating if the outstanding debt is for accommodation but they will not get invited to the graduation ceremony.</p> <p><i>The Bad Debts as listed were approved to be written off.</i></p>		
10.	<p>Note SFA Letter on College Financial Statements 2015/2016. Paper FGPC10/04/17.</p> <p>In response to KN GL advised that the SFA were not happy with our gearing but they did not understand our model and have been prepared to accept we had a satisfactory health grade when the data indicated this was not the case.</p> <p><i>The SFA Letter was noted.</i></p>		
11.	<p>Any Other Business</p> <p>11.1. Refurbishment of Football Rubber Crumb.</p> <p>RM advised that this was now 12 years old and normally would only have a 10 year life span. A replacement would be in excess of £500K and although the Football Foundation were prepared to fund £100K towards the project it is unlikely we could find the money to fund a new pitch in the next financial year.</p> <p><i>It was agreed that this project would be deferred and re-presented in April 2018.</i></p> <p>11.2. Student Accommodation</p> <p>RM advised that there were a number of warehouses in Gloucester Docks owned by British Waterways that Gloucester City Council have an 86 year outstanding lease on that may be suitable to be converted to student accommodation. RM advised that he had agreed a feasibility study at a cost of £30K which some or all could be recouped from the developer if the project goes ahead. RM advised that we would not own the accommodation</p>	RM	25/05/17

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	<p>it would be off balance sheet. RM advised that the Council would like to be able to be out of the lease by August.</p> <p><i>It was agreed an update on this project will be given as part of the Capital Update Report.</i></p> <p>11.3. Home Farm Staffing Levels.</p> <p>CW was concerned that we have had considerable staff shortages since the new Manager started and if we did not rectify as quickly as possible we could lose him. RM agreed and outlined the current situation and the measures that were being taken.</p> <p>11.4. Stress</p> <p>CW was concerned about the number of staff he was aware of not at work due to stress. LW advised that there were two members currently off with stress and in response to CW LW confirmed that numbers were up a little on last year. RM advised that he was very concerned about this issue and a discussion took place on likely causes.</p>	RM	21/09/17
12.	<p>Dates of future meetings all at 11.00am.</p> <p>Wednesday 21st June 2017 Thursday 21st September 2017</p> <p>Thursday 11th January 2018 Wednesday 25th April 2018 Wednesday 27th June 2018 Wednesday 3rd October 2018</p>		

Mr Edward Keene
Chair Finance and General Purposes Committee

21st June 2017