

FINANCE and GENERAL PURPOSES COMMITTEE
Minutes of a Meeting
11.00am Thursday 21st September 2017
Thomas Mawson Room

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

In Attendance Ms Lynn Forrester-Walker (LFW)
 Mrs Rosie Scott-Ward (RSW)
 Ms Claire Whitworth (CW1)
 Mrs Lesley Worsfold (LW)

Apologies: Ms Ingrid Barker

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	<p>The Chair welcomed Ms Lynn Forrester-Walker to her first meeting.</p> <p>Apologies</p> <p>Apologies were received from Ms I Barker.</p>		
2.	<p>Declaration of Interest. Paper FGPC02/09/17.</p> <p>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.</p>		
3.	<p>Minutes of the Last Meeting. Paper FGPC03/09/17.</p> <p>Minutes of the meeting held on the 27th April 2017 were agreed to be a true and accurate record and signed by the Chair.</p>		
4.	<p>Matters Arising</p> <p>4.1. (4.1, 4.2, 7.0, 5.1) Update on Lloyds Bank Loan.</p> <p>LFW advised that Lloyds Bank paperwork is now complete and the last</p>		

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<p>remaining parts of the process are now being dealt with by our solicitor and the final paperwork will be ready for authorisation by the Corporation at their next meeting on the 12th October 2017.</p> <p>4.2. (6.0) Update on progress to achieving FE and HE student number targets and occupancy level targets.</p> <p>CW1 advised that FE enrolments are currently 1776 against 1753 last year and a target of 1953. A Level enrolments are very disappointing as is Sport but Agriculture good. EK questioned whether there had been any indicators of this shortfall as we had been very positive about our likely enrolments as late as July. EK advised that this result would make next year's budget much more of a challenge. CW1 advised that we are trying to find reasons for the shortfall to target by phoning students who had not enrolled. RM thought in hindsight we should have taken more notice of the demographics which are down more in Gloucestershire than many other areas and our competitors are planning for less students over the next five years. RM added that schools are being more aggressive and this is one of the reasons our A Level numbers are less than expected. CM believed that as our A Level results are very poor they would be difficult to market and this would have affected the numbers. CM believed that if we are still committed to A Levels then they have to improve this year. RM agreed that our A Level results are average and this is a critical year. In response to EK RM did not believe our A Level performance influenced BTEC enrolments.</p> <p>RSW advised that HE enrolments are currently just short of target. First year recruitment is 534 against 515 last year, Post Graduate and Top-ups are on target and International slightly down. RSW advised that these figures are numbers not full time equivalents so performance to target will alter when this is known. In response to KN RSW advised that International were only 4 short at 42 against 46. EK believed this to be a most encouraging result and RM agreed as we had been 12.2% down in the Spring and congratulated the HE team for this turn around. In response to EK RSW believed that enrolments had not been unduly influenced by being awarded TDAP but may have been by our TEF Gold Award. RSW believed that marketing specific groups had helped as well as the availability of additional accommodation. In response to KN RM outlined how the market had changed since student number control had been dropped and with the demographics showing a fall in the age group, universities have become a lot more aggressive in their marketing and enrolment processes. In response to KN RSW confirmed that we have adhered to our intake criteria for honours degrees but foundation degrees are more variable. In response to CW RSW confirmed that Sport student numbers were good but Animal student enrolments were down.</p> <p>LW advised that HE accommodation is full. LW advised that FE accommodation is not quite full with three spaces for girls with no waiting list but boys' accommodation is full and a waiting list. LW further advised that some students are travelling on buses for excessive hours and we look to move these to accommodation when it becomes available as there is a fear that we will lose</p>		

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<p>them. LW advised that it is possible to downscale our coaches. In response to CM RM advised that we benchmark our accommodation costs and did not see any indication of price sensitivity. CM, however, believed that further work may need to be done relating to the advantages of single occupancy over double occupancy.</p>		
<p>5. Discuss and approve monthly accounts for July. Paper FGPC05/09/17.</p> <p>LFW advised that the Management Accounts provide a year-end position for the College for 2016/17 and are now subject to external audit and thus may change slightly, but if this occurs it will be reconciled to the Financial Statements. LFW advised that the final out turn shows a surplus of £1,351k compared to the revised budget of £1,605k. This shortfall in surplus is due to underperformance in Catering and the Farm, plus unbudgeted restructure costs of £153k. LFW advised that the Farm performance had been discussed in detail at the recent Farm Meeting and the reasons reviewed. LFW advised that the Farm Manager and Financial Controller are working closely together to ensure that both budgeting and forecasting for 2017/18 are accurate and robust. LFW advised that the Catering shortfall has been addressed in part by the re-introduction of the meal deal for resident FE students but there will be increased scrutiny undertaken in 2017/18. LFW advised that had these areas not underperformed and without the restructure the College could have potentially achieved a surplus of around £2m, which in turn could have increased cash levels by £650k.</p> <p>A detailed discussion took place on the performance of the Farm. In response to CM RM advised that the budget for 2016/2017 had been set by Velcourt in February 2016 and it was now found that some costs had deliberately been delayed between years. RM confirmed that some of the numbers for the valuation were incorrect which led to the valuation being high and the financial control had been poor. CM questioned therefore if we should not conduct interim valuations. RM advised that the closing valuation in the budget is cautious and we are re-examining the budget but this was going to be a transitional year with new Manager and processes in place. In response to KN RM believed that we should aim to get the Farm to a break-even position but this would be complicated by the fact that we are a college farm which leads to more enterprises and more staff. CW believes that the processes we have in place are so complicated he has little faith in the budget and wants the Audit Committee to look at this as a matter of urgency. CM has a fear that in 12 months' time we will have the same again and agrees with CW that the business is terribly complicated and therefore the value of having the Farm is being undermined. RM believed that the farm data is much improved and better now for use academically. GvdL agreed with CW that it has been impossible to monitor the performance of the Farm. GvdL stated that the forecasting had made it impossible to monitor with the latest re-forecast in June of £193K being confirmed at the July Corporation Meeting. GvdL believed that this was not just about the poor valuation processes but failure of management to monitor the commercial enterprises and animal welfare. GvdL advised that forage costs had not been included in the enterprises and he now had these figures which made</p>		

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<p>a significant difference to some enterprises, the Dairy Unit for instance dropping in gross margin from £346K to £192K against a budget of £434K. GvdL stated that he needs assurance how all these areas are going to be monitored in the future. CM believed that this was pressure that the SMT should not have. The Principal should not be line managing this operation but it should be dealt with at some other level with the correct checks and balances in place. CW agreed that there has been some serious failings in our financial controls and this cannot be allowed to happen again. RM believed that the processes we have now put in place gives, for the first time, transparency between Finance and the Farm, ownership and reviewing of the budget and making sure we know where we are going. EK believed that the biggest problem is getting these surprises at the end of the year. LFW advised that monthly re-forecasting will be implemented across the College and we will not get these surprises in future. EK believed that we also need to review the farm strategy to make sure we have the appropriate operation academically and commercially and we are demonstrating best practice. EK added that we may have to invest in staff which in the longer term could save us money by eradicating the loss.</p> <p>CW questioned why sales in Hartpury Ice had exceeded budget by £15K but costs had exceeded budget by £128K. This needs to be clarified. LFW advised that a series of steps will be put in place over the next few months to tighten purchasing controls, introduce more rigorous and regular scrutiny of budget performance with budget holders and improved and more regular forecasting of year end out turn.</p> <p><i>The reasons for the cost overrun at Hartpury Ice need to be communicated to Members.</i></p>	LFW	When Available
<p>6. Update on Capital Projects. Paper FGPC03/09/17.</p> <p>6.1. Gloucester Boathouse</p> <p>LFW advised that the building is now operational and we have spent, as at the end of July 2017, £105K of an overall budget of £125K. The Rowing Club are now trying to secure match funding to develop the middle floor as a gym.</p> <p>6.2. Dingle2</p> <p>LFW advised that the development is complete and handed over in early August and students are using the facility. The overall cost is £2.529m against a budget of £2.5m showing an over spend of £29K. GvdL thought this to be disappointing as the governors had been led to believe that this project would come in under budget. RM advised that £44.3K for power upgrade was not seen originally as part of this budget. EK advised that his main concern was the high level of fees which were double the budget and this had not been known until now.</p> <p>6.3. LEP Bid</p> <p>This bid has been rejected by the LEP.</p>		

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<p>6.4. Sports Academy2</p> <p>LFW advised that this project is being managed as a Construction Management Project with individual packages of work let in separate lots, rather than letting the project to a main contractor who then utilises sub-contractors. The project is being managed by F3 and they have developed a detailed budget which has come out at £725K above original budget and they have been challenged on their cost estimates. However the steelworks and groundworks have been let and these have shown £165K saving on the original budget. In response to CW RM advised that there would be no reduction in the quality of build by asking for costs to be reviewed as the design and specification has been approved and will not be changed. There are currently four more lots out for tender and all fourteen packages will be received by end of December 2017. In response to GvdL RM advised that these costs do not include Phase 2, the mezzanine floor in the current sports hall, and a decision can be made on this at the next meeting when all the costs for Phase 1 will be known. CM would like to see clarification of costs and F3 estimates in future reports.</p> <p><i>It was agreed that future reports will show, the original budget, F3 estimates, accepted tender costs and the variations.</i></p> <p>6.5. Gloucester Docks Development</p> <p>LFW advised that the feasibility study for the development of three buildings in the docks into 172 bed student accommodation has been completed at a cost of £35K. The study has concluded that the conversion of the Warehouses is technically feasible, and within a budget that can support a competitive room rate given the location, and with returns that would attract investors, subject to any financial demands to be made by either GCC or their Landlord, the Canals and Waterways Trust. The costs for conversion are currently estimated to be around £11.1m. RM advised that one of the interested investors has offered the College and GCC equity and this may interest the Council as they will be getting a return. RM did not see the change of use being a problem but a possible hurdle is that the Council may go out for other expressions of interest which will potentially delay the project. RM believes that, if we go ahead, we should aim for the project to be ready for student occupation in September 2019 but this will very much depend on the Council Cabinet who are discussing the project at their October Meeting. In response to EK RM advised that there are other buildings available but not as suitable as the ones under discussion. A detailed proposal will need to go to the next meeting if approval is given by the Council.</p> <p>6.6. Unit E</p> <p>LFW advised that the project is now moving forward positively, with a detailed and well managed project plan. The enrolment processes have been successful and whilst there is further work needed the improvements have been significant. LFW advised that HEFCE has recently undertaken a data audit and have provided excellent feedback that they had confidence in the College's ability to meet data requirements from September 2018. RM advised that we</p>	LFW	11/01/18

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	have reached a financial agreement with Capita including 19 days free consultancy.		
7.	<p>Update on how the Governing Body assesses the reputation of the College and gathers views of stakeholders.</p> <p>The Clerk advised that this had been held over for several meetings as a presentation has been arranged from an external consultant but other matters, particularly discussions on future structure of the College, has meant this has been delayed. This will go ahead at a future Corporation Meeting. RM suggested that this may now be best if discussed at the March Strategic Planning Day. RM also advised that as part of our application for designation and change to HEC we had to inform our stakeholders and all responses had been positive and supportive of the direction we are taking.</p>		
8.	<p>Any Other Business</p> <p>8.1. August Management Accounts</p> <p>LFW advised that she was surprised that we are producing August Management Accounts as they offer little insight into performance as students have yet to arrive. LFW confirmed that it is not normal practice in the sector to produce the first month's accounts.</p> <p><i>It was agreed that we will not produce August Management Accounts in future years.</i></p> <p>8.2. Cash Flow.</p> <p>KN believed that with all the College has planned cash could be an area of risk.</p> <p><i>It was agreed that we would review the way we forecast cash flow.</i></p>	<p>LFW</p> <p>LFW</p>	<p>08/18</p> <p>09/17</p>
9.	<p>Dates of future meetings all at 11.00am. New dates in red</p> <p>Thursday 11th January 2018 Wednesday 25th April 2018 Wednesday 27th June 2018 Wednesday 3rd October 2018</p> <p>Wednesday 16th January 2019 Thursday 9th May 2019 Wednesday 26th June 2019 Wednesday 9th October 2019</p>		

Mr Edward Keene
Chair Finance and General Purposes Committee

11th January 2018