

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

Minutes of a Meeting held on Wednesday 18 March 2009 at 5.00pm

Membership:	<ul style="list-style-type: none"> * Lynne George * Judith Armstrong * George Batho * Mike Howe * Mike Rushworth Chris Turner 	<ul style="list-style-type: none"> Member Principal Member Member Member Member 	<ul style="list-style-type: none"> Chairman
Quorum:	3 Members required	5 present, meeting quorate	
In Attendance:	<ul style="list-style-type: none"> * Bill Blythe * Simon Burrell i Julian Grindell * David Moir i Rob Munson * Pete Phillips * Present at meeting i Minute 128 only 	<ul style="list-style-type: none"> Head of Finance (HOF) Clerk to the Corporation (Clerk) Fusion Project Management Ltd Deputy Principal Finance & Resources (DPFR) Corporation Member Deputy Principal Curriculum & Quality (DPCQ) 	

PART 1 – NON CONFIDENTIAL MINUTES

128. FINANCIAL MODELLING – PROPERTY STRATEGY

A written report was received and considered.

Julian Grindell gave Members a detailed presentation on the financial modelling and assumptions made related to the property strategy. He highlighted a range of issues in respect of the financial funding of the property strategy based on the current uncertainties in relation to funding via the LSC. He advised that the modelling was based on a total build-cost in excess of £80m, and an intervention rate (funding level from LSC) of 86%.

Julian also outlined the remit of the Sir Andrew Foster Review that was looking at the current position faced by colleges in respect of the embargo on funding, and to propose a way forward. He advised that there was a meeting of the LSC Capital Cttee on 22 April 2009 but it was not likely that any announcements would be made before June/July 2009 at the earliest.

The DPFR advised that the College had currently spent £1m to date on feasibility work and preparation of an AIP, and that in order to proceed to AID a further £4m-£5m would be needed. He further advised that until the project was approved formally current expenditure would have to be shown in the budget as an operating expense, and could not be capitalised. This would create a one-off deficit in the accounts for the current year (2008/09).

It was noted that the planning application was expected to be considered by B&DBC at a special Planning Cttee during the week commencing 20 April 2009. The Principal advised that Jeremy Wilson was due to meet Tony Curtis of B&DBC in the near future to discuss matters.

The report and presentation were noted.

(Rob Munson and Julian Grindell left the meeting)

129. APOLOGIES FOR ABSENCE

Chris Turner.

130. DECLARATIONS OF INTEREST

There were no declarations of interest made.

131. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

132. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 3 December 2008 were confirmed as a correct record and were signed by the Chairman.

133. MATTERS ARISING

There were no Matters Arising discussed, not covered elsewhere on the agenda.

134. MANAGEMENT ACCOUNTS 2008/09

The Management Accounts for the period to 31 January 2009 were received and noted. The HOF advised that the end of year forecast was predicted to be an operating surplus of £159k; there were strong cash balances, and £3.5m on deposit. He stressed that the current overall surplus was ahead of profile, but would revert to the predicted surplus of £159k by the end of the financial year.

The HOF also advised of his 'slight concern' in relation to achieving the Adult Learner Responsive income target. Following changes to the funding methodology (that now allowed for in-year clawback) he advised that there was a risk of not meeting the target that could result in a potential clawback of up to £200k, out of a budget of £2.4m. However, following a detailed review earlier that day he was confident that the final outcome would be less than that figure.

It was noted that the risks associated with not being able to capitalise the costs of the property strategy could result in a one-off end of year deficit circa -£430k.

135. TREASURY MANAGEMENT POLICY

A written report was received and considered. The DPFR advised that following the recent difficulties facing the banking sector he had undertaken a review of the College's current banking arrangements in conjunction with Andy Williams (Audit Ctte member). He further advised that, as a result of the current economic difficulties and uncertainties, the use of Butterfields Bank, a Bermudan registered bank, was considered to be too risky, and all funds had been withdrawn and re-invested with UK registered banks.

The DPFR outlined the proposals contained in the report relating to the use of Double-A rated banks, headquartered in the European Economic Area. The report included an updated Treasury Management Policy. Members considered the revised Policy and requested some minor changes to wording, plus the clarification on the definition of 'bonds'. It was also noted that the Financial Regulations would also need to be amended to include the issue of clarification around 'bonds'.

It was RESOLVED to RECOMMEND to the CORPORATION that:

- 1. The revised Treasury Management Policy be adopted.**
- 2. The College be authorised to open deposit/treasury/bond accounts with the following banks (all Double-A rated and headquartered in the European Economic Area):**
 - a. Lloyds Group**
 - b. Abbey (including Bank of Scotland) – part of the Santander Group**
 - c. HSBC**

(Proposed by Lynne George, Seconded by Mike Rushworth)

136. BAD AND DOUBTFUL DEBTS

A written report was received for Members information. Members noted that the total amount of debts written-off by College Management since the last meeting of the Ctte (in line with Financial Regulations) was £3,359.77.

The HOF praised the work of the debt collecting agency in their good achievements regarding chasing outstanding debts.

137. UPDATE TO FINANCIAL REGULATIONS AND PROCEDURES

A written report was received and considered. The HOF highlighted the main changes proposed (listed in the report) to the Financial Regulations. It was also agreed to amend them further to include clarification regarding the use of 'bonds' as discussed in Minute 135 above.

It was RESOLVED to RECOMMEND to the CORPORATION that the Financial Regulations, as amended, be agreed.

(Proposed by Lynne George, Seconded by Mike Howe)

138. PROCUREMENT UPDATE

A written report was received and noted. The HOF updated Members on the progress of the procurement service. He advised that, to date, savings of £47k had been made, and that the full-year effects of these particular savings would be £84k in 2009/10 and £71k in 2010/11.

The Chairman of the Ctte advised that she was a little disappointed that more areas for savings had not been identified. The HOF informed Members that there was work in progress to identify further areas and that the overall savings would be higher. He also stressed that there were a number of 'non cashable' savings achieved. It was requested that details of such be included in future reports.

ACTION: HOF

139. USE OF LEARNER SUPPORT FUNDS TO SUBSIDISE 16-18 FULL TIME STUDENT TRAVEL

A written report was received and noted. The DPCQ reminded Members that the subsidy scheme for 2009/10 had been considered and agreed in May 2008. However, the LSC had made changes to the regulations regarding the use of Learner Support Funds, and they could not now be used as a general subsidy for 16-18 travel costs.

It was noted that there would now be a shortfall of £68k in the funds available to meet the proposed commitment to students due to enrol in Sept 2009. The DPCQ further advised that the SMT had considered the matter in detail and agreed that the subsidy scheme should continue at the planned level. SMT believed that at this stage any withdrawal/reduction in the scheme could result in a loss of full-time enrolments. He further advised that consideration is being given to the level of the subsidy for 2010/11 and that proposals would be presented to the F&R Ctte in the summer term.

ACTION: DPCQ

The Ctte agreed that the Student Travel Subsidy Scheme should continue at its current level and that appropriate allowance should be made in the budget for 2009/10. The DPFR stressed that this would place a further burden on next year's budget.

ACTION: DPFR/HOF

140. PARTNERSHIP PROVISION

1. NCMA Provision

A written report was received. In response to the question raised by Members at the last meeting, the Principal advised that Hampshire County Council had consolidated various childminder schemes, and that this had had the impact of reducing the number of courses offered and funded through NCMA. She also advised that whilst enrolments were ongoing throughout the year, current indications were that the target would not be met.

The report was noted.

140. (cont)

2. Partnership Activities Entered Into By The Business Unit

A written report was received outlining progress in respect of the contracts with BILM Ltd, Keizai Ltd and QTT Ltd. The Principal advised that the Business Unit was confident that the targets set-out for the three contracts would be met during the current year. The Chairman requested details of the level of net contribution to the budget 2008/09 that the three contracts would achieve. **ACTION: DPFR**

The report was noted.

[Post meeting Note: In response to the question asked about the proportion of the current forecast operating surplus of £159k that is generated from activity with third party deliverers – the answer was £71k (Info from the DPFR)]

141. **PERSONNEL MATTERS**

A written report was received. The Principal updated Members on a number of personnel related matters.

The report was noted.

142. **ESTATES MATTERS**

There were no estates matters discussed.

143. **ANY OTHER BUSINESS**

There were no items of Any Other Business discussed.

144. **DATE AND TIME OF FUTURE MEETINGS**

(All meetings commence at 5.00pm unless otherwise stated)

Wednesday 13 May 2009

Tuesday 30 June 2009

(Meeting closed at 7.00pm)

Confirmed as a correct record

Signed:..... Date:.....