

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

Minutes of a Meeting held on Tuesday 30 June 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	6 present, meeting quorate	
In Attendance:	<ul style="list-style-type: none"> * Bill Blythe * Simon Burrell * David Moir * Pete Phillips * Present at meeting 	<ul style="list-style-type: none"> Head of Finance (HOF) Clerk to the Corporation (Clerk) Deputy Principal Finance & Resources (DPFR) Deputy Principal Curriculum & Quality (DPCQ) 	

PART 1 – NON CONFIDENTIAL MINUTES

158. APOLOGIES FOR ABSENCE

None received

159. DECLARATIONS OF INTEREST

There were no declarations of interest made.

160. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

161. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 13 May 2009 were confirmed as a correct record and were signed by the Chairman.

162. MATTERS ARISING

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

163. MANAGEMENT ACCOUNTS 2008/09

The Management Accounts for the period to 31 May 2009 were received and noted. The HOF advised that he was still forecasting an end of year operating surplus of £552k, less exceptional costs of £130k (closure of Chineham Learning Centre and recruitment of Principal and Deputy Principal) and less the in-year costs of the property strategy (£430k) that would also be shown in the final accounts, giving an end of year deficit of -£8k.

The HOF took Members through the accounts and highlighted relevant matters. In particular he advised that:

1. Following concerns in recent months, it had now been confirmed that the College would receive its adult apprenticeship grant to the contractual level.

2. The College was raising further invoices for grant income expected but not yet received. However he was concerned that the target may not be met fully.
3. There had been an over statement of £55k of forecast income due to an error when preparing the current forecast.
4. Staff costs were starting to move closer towards, but remained below, the forecast level but the overall level of sickness/paternal leave costs were a concern and were being reviewed.
5. Total overall debt was at its lowest level in recent years.
6. Cash reserves remained strong with a substantial amount of cash on deposit.

The HOF advised further that, overall, College Management remained confident that the forecast outturn would be achieved.

164. STUDENT TRAVEL PROPOSAL FOR 2010/11

A written report was received and considered. The DPCQ advised that changes to the cost of tickets for 2009/10 through Stagecoach/Network Rail using the current subsidy scheme (60% rail/30% bus) meant that it would be cheaper for a student living outside of Basingstoke to travel to the College than for a student living in Basingstoke. He stressed that the intention of the travel subsidy scheme was to equalise travel costs irrespective of where a student lived and whether they travelled by bus or train. He advised further that SMT had considered the matter and, for 2009/10, agreed that the subsidy levels should be reduced to 56% for train and 25% for bus.

With regards to 2010/11 the DPCQ advised that SMT had considered the matter again and felt that it was important to maintain the 2009/10 level of subsidy as any reduction could have a negative impact on full-time student recruitment. The total cost of the subsidy in 2010/11 was estimated to be £189k with £35k of this being provided from the Learner Support Funds. The HOF confirmed that the level of cost to the College budget had been incorporated into the financial forecast for 2010/11.

It was RESOLVED that the student travel subsidy level for 2010/11 be maintained at the 2009/10 level of approx 56% for train travel and 25% for bus travel, and that there would be a cost on the general College budget of approx £154k.

(Proposed by Lynne George, Seconded by Mike Rushworth)

165. BUDGET 2009/10 AND FINANCIAL FORECAST 2009/10-2012/13

A written report was received and considered. The DPFRR referred Members to his presentation at the last meeting of the Cttee, and the (then) provisional allocations made to the College in respect of Train to Gain and 19+ students. He advised that the actual levels of funding were now higher than had been anticipated.

The HOF outlined proposals for the budget. He took Members through the report and stressed the approach adopted for the budget, the key assumptions made, the risks identified in achieving the budget, and the forecasts for the remaining years of the Strategic Plan and associated commentary. He advised that the College was forecasting to maintain "Outstanding" financial status throughout the life of the Strategic Plan with strong cash reserves which might be needed to support future property developments. He also advised that the College was in a strong financial position, that a proposed surplus for 2009/10 was budgeted at £523k (£422k in 2008/09), and that it represented a surplus of some 2.73% of income (adjusted for capital grant release). The cash-flow forecast for 2009/10 was tabled.

The HOF advised that the key headlines for the proposed budget were:

- Income was forecast to be higher in 2009/10 (£19.29m) than in 2008/09 (£18.99m) (This was due in large part to 16-18 income which had increased by some 6.5% as a result primarily of increased success rates achieved by the College over recent years).
- There were declining levels of fee income.
- Teaching pay costs were rising and support costs were reducing.
- Non-pay costs continued to be reduced although there were greater amounts of sub-contracted activity to deliver Train to Gain
- The college had been able to set aside £719k for capital items.
- There was provision for a further £80k of spending to develop the College's property strategy.
- There was provision for a substantial project to support work experience in construction.

The HOF advised further that core College activities (excluding activity delivered by sub-contractors or for discrete projects) would contribute £342k, whilst non-core activity (sub-contracted and projects) would contribute £261k and that from these surpluses £80k was provided to progress the property strategy.

Following concerns raised about the property strategy and the existing College estate, the DPFR advised that an additional £100k had been allocated in 2008/09 for building maintenance matters, but the maintenance budget for 2009/10 has been set at existing ongoing levels. He commented that until proposals for development of the existing site are progressed, which would include carrying out a full condition survey, there was no reliable information available to inform the future maintenance budget. It was also noted that the works carried out in 2006 extended the operational life of the current buildings by at least five years, and so for 2009/10 the long-term maintenance of the estate was not a pressing issue.

With regards to capital expenditure for 2009/10 the proposed budget included £719k, made up as follows:

IT equipment	£475k
Other equipment	£144k
Building improvements and refurbishments	£100k

The DPFR proposed that a pay award (included within the budget) for 2009/10 be considered at 1% with effect from 1 August 2009 that would be payable to all staff including Senior Post Holders. He also proposed that a further review be held during the Autumn Term when the outcome of the national pay settlement was known. It would then be possible to see whether there was a further opportunity to close the gap between the College's pay scales and the national pay scales.

The HOF highlighted two specific risks (detailed in the report) that could have an adverse impact on the College's financial position for 2009/10 related to i. 19+ work, apprenticeships and HE being paid on actual learner numbers, not planned numbers, and ii. reduction/cessation of non-LSC priority courses. He advised that a 5% shortfall on Train to Gain equated to £60k and that the cessation of distance learning would reduce the predicted surplus by £247k.

Members considered the report and financial forecasts in detail. They sought clarification on a number of matters. In particular, the HOF confirmed that the proposed budget had been reduced by the levels of savings identified through the procurement service contract. He also advised that SMT were looking at a staff restructuring programme across several areas of activity that had led to around 13 posts identified as being at risk.

It was RESOLVED to RECOMMEND to the CORPORATION that:

- i. The 2009/10 budget based on gross income of £19,290k, gross expenditure of £18,767k giving an operating surplus of £523k be agreed.**
- ii. A capital programme of £719k be agreed.**
- iii. The provision within the forecast of £200k to support work experience for construction students be agreed (but with detailed proposals to be presented to the Corporation in October 2009).**
- iv. The financial forecasts 2009/10-2011/12 be agreed.**
- v. A pay award of 1% from 1 August 2009 for all staff (Including Senior Post Holders) be agreed, and that there be a review during the Autumn Term pending the outcome of the national pay negotiations.**
(Proposed by Mike Howe, Seconded by Lynne George)

166. UPDATE TO FINANCIAL REGULATIONS

A written report was received and considered. The HOF advised that the Financial Regulations (FR) had been reviewed and changes proposed were minimal, with the exception of the addition of updated guidelines on fraud and irregularity as an annex to the FR. He took Members through the proposed changes. Members requested that the wording in para 6.2 be amended to allow the DPFR some flexibility in the requirement to call a meeting of the project group dependent upon the level of the suspected fraud/irregularity and for the DPFR to agree with the Principal the appropriate action in each case.

It was RESOLVED to RECOMMEND to the CORPORATION that the Financial Regulations, as further amended, be agreed.
(Proposed by George Batho, Seconded by Mike Rushworth)

167. BAD DEBT WRITE-OFF

A written report was received and considered. The HOF advised that, in the period since the last meeting of the Ctte, debts to the level of £4,181.83 had been written-off. He advised further that the Debt Recovery Agent had confirmed that all appropriate routes for recovery had been exhausted, and that the debtors concerned had no assets to off-set the debts.

168. BANK MANDATE

A written report was received and considered. The HOF advised on the need to update the bank mandate from 1 August 2009 following the appointment of Anthony Bravo (Principal) and Beverley Smith (DPCQ). He confirmed that the DPFR, Director of Business Development and the Head of Finance would continue to be authorised signatories.

It was RESOLVED to RECOMMEND to the CORPORATION that:

1. **Anthony Bravo and Beverley Smith be added as authorised signatories to the bank mandates for Barclays, Abbey (Santander Group) and Bank of Scotland (Lloyd's Group) with effect from 1 August 2009.**
2. **Judith Armstrong (Principal) and Pete Phillips (DPCQ) be removed as authorised signatories from the bank mandates for Barclays, Abbey (Santander Group) and Bank of Scotland (Lloyd's Group) with effect from 31 August 2009.**
3. **David Moir (DPFR), Alan Gwyer (Director of Business Development) and Bill Blythe (Head of Finance) continue as authorised signatories for Barclays, Abbey (Santander Group) and Bank of Scotland (Lloyd's Group).**
4. **New bank mandates be completed on behalf of the Corporation for Barclays, Abbey (Santander Group) and Bank of Scotland (Lloyd's Group) as set out above.**
(Proposed by Lynne George, Seconded by Mike Howe)

169. REVIEW OF TERMS OF REFERENCE/SCHEDULE OF BUSINESS

A written report was received and considered. Members reviewed the Terms of Reference/Schedule of Business. It was agreed that there were no changes required, and that the current Terms of Reference/Schedule of Business be confirmed as appropriate for the working of the Committee.

170. APPOINTMENT OF CHAIRMAN OF THE COMMITTEE

The Clerk advised that the term of office of the Chairman was due to expire on 28 November 2009. Nominations were sought. One nomination was received.

It was RESOLVED that Lynne George be elected Chairman of the Finance & Resources Ctte for a two year term of office commencing 28 November 2009.
(Proposed by Mike Rushworth, Seconded by George Batho)

171. ANY OTHER BUSINESS

There were no items of Any Other Business discussed.

172. DATE AND TIME OF FUTURE MEETINGS

(All meetings commence at 5.00pm unless otherwise stated)

Wednesday 2 December 2009
Wednesday 10 March 2010
Wednesday 19 May 2010
Wednesday 23 June 2010

(Meeting closed at 6.15pm)

Confirmed as a correct record: Signed:.....Date:.....