



MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE CORPORATION HELD ON FRIDAY 03 MARCH 2017 AT 09.00 IN THE SKILLS PARK BOARD ROOM A (SP216)

PRESENT *	IN ATTENDANCE
Dr Martin West (Chair) Mr Peter Stamps Professor Sam Luke ¹ Mr Chris Shortt Mr Cliff Hall	Ms M Vetrone - Deputy Principal, Finance & Resources Mr D Round - Clerk to the Corporation

* Attendance = 83%

23.16	APOLOGIES FOR ABSENCE
Ms Gloria Ozolua tendered her apologies.	
24.16	DECLARATIONS OF INTEREST
Declarations of interest were made by Mr Peter Stamps and Mr Cliff Hall in relation to their unremunerated directorships of NBS Ltd and NCL.	
25.16	MINUTES
The minutes of the meeting held on 06 December 2016 were approved as a correct record.	
26.16	MATTERS ARISING
The matters arising report (Appendix B) from the previous minutes and other matters carried forward were received and noted. Other matters of report were: -	
14.16.1 Management Accounts October 2016 - Subcontracting	
The Committee had noted at the previous meeting the relatively large volume of subcontracted provision and the management actions that were being taken to reduce subcontracting. The College updated F&GP members about the progress being taken to take sub-contracted delivery in-house.	
14.16.1 Management Accounts for October 2016 – Room Utilisation	
The College confirmed that the newly-purchased timetabling system would provide information about room/space utilisation outside of normal academic hours including evenings and weekends in due course.	

¹ By Conference Telephone.

27.16	HUMAN RESOURCES: ANNUAL PERFORMANCE STATEMENT
<p>The report concerning the annual performance statement Human Resources (Appendix M) was taken at this point in the meeting.</p> <p>The moderated self-assessed grade of the performance of the HR department was Grade 2 (Good). There had been a significant investment in 'self-service' online tools to support the HR and payroll functions which had delivered greater efficiency and effectiveness from the small HR and payroll teams. The department had also sought to ensure that the service was strategic, serving the wider needs of the business and was not merely transactional in nature. The positive feedback from customer satisfaction surveys was noted. Other strengths were: -</p> <ul style="list-style-type: none"> • Excellent training and support for safeguarding, reflected in the Ofsted inspection • Online 'onboarding' for new staff • Proactive absence management – absence of two weeks triggered intervention (1.9% compared to the national average of 4%) • Effective coaching and support to managers to support the development of a high performance culture across the organisation. • Effective recruitment and selection processes (90% of vacancies filled at first attempt). <p>Members of the Committee examined the key workforce metrics presented in the report. It was commented that the number of sickness-related referrals to Occupational Health appeared very high compared to other sectors/organisations. The College commented that this reflected the policy of early intervention which was reflected in the level of absence being below the sector norm.</p> <p>It was noted that the HR Strategy linked in and aligned with the Finance Sub-Strategy which in turn supported the College Strategic Plan 2020. It was AGREED that the College HR Strategy, including the Workforce Plan, would come to the Committee for review (ACTION: MV/DP).</p>	
28.16	MANAGEMENT ACCOUNTS
<p>The management accounts as at the end of January 2017 were received (Appendix C). It was noted that:-</p> <ul style="list-style-type: none"> • The forecast outturn was a surplus of £17k (likely case); the worst case forecast was (-£159k) and the best case +£167k). The agreed budget was a £41k surplus. • The significant positive variances against budgeted income were: - <ul style="list-style-type: none"> – Additional SFA income (+£864k) – Additional Advanced Learning Loans (+£668k) – High Needs students income (+£130k) – Donations from the Italian School of Osteopathy (+£150k) 	

- The significant **adverse** variances against budgeted income were: -
 - Fees shortfalls (-£510k)
 - Commercial income (-£108k)
 - Franchised course income (-£37k)
- The significant variances in budgeted expenditure were: -
 - Pay cost savings from lower than planned staffing because of student under-recruitment and unfilled staff vacancies (+£307k)
 - Reduction in local government pension deficit repayments (+£31k)
 - Increased sub-contracting costs to deliver the additional unplanned SFA income and to cover adult student under-recruitment (-£1,583k).

The Committee examined the impact of subcontracting on the budget. The additional income of £864k was offset against outsourced delivery costs of £603k (+£261k / 30% margin). The College strategy was to move as much as possible to delivery in-house which would increase the margin for the College.

Other matters of discussion were:-

- No assumptions were made in the College budget for income from the Saudi project.
- The budgeted contingencies
- Some additional potential savings had been identified that could be realised and could increase the forecast operating surplus at year end by approximately £60k.

Following discussion it was **AGREED** that a discussion paper setting out a draft reporting framework for commercial activities be presented to the Committee (**ACTION: MV**).

The Committee also noted that the end year target was for 139 cash days in hand and that the current forecast was 87 days in hand. The forecast position remained ahead of the sector average at 87 cash days in hand. The decline in the cash position reflected the need to bring forward the expenditure on planned summer refurbishment projects so that they were completed in time for the start of the new academic year. The Committee requested that negotiations be entered into with suppliers to minimise the forecast cash spend before the new academic year. (**ACTION: MV**).

29.16

KEY PERFORMANCE INDICATORS, JANUARY 2017

The KPIs as at the end of January 2017 were received. The areas of greatest risk were: -

1. Cash days in Hand (Red flagged)
2. HE income below target (Amber)
3. Pay expenditure as a proportion of income was above the target of 66.8% at 67.5% and above the national benchmark of 64.4% (Amber). Management explained that this reflected strategic investment decisions to invest in staff resourcing aligned to the College academic plan. The SFA calculation included sub-contracted income.

30.16	NESCOT TREASURY MANAGEMENT
<p>The Deputy Principal Finance and Resources reported on a review of cash investment options and that the focus for the College was now on security and liquidity of cash holdings. Potential future investment in bonds was discussed. The Committee agreed that bonds were not an appropriate investment at the present time because of the degree of risk involved to generate the greater returns on investment.</p> <p>The Committee noted the transfer of £1m investment funds to HSBC from Metro Bank instant access account. The Committee also noted that notice would need to be given to Metro Bank to allow release of funds from the Deposit Account which currently holds £5.5m.</p>	
31.16	PROPERTY MATTERS
<p>31.1 Major capital scheme update : Capital Monitor February 2017</p> <p>31.2 Capital expenditure programme 2016 - 17 update</p> <p>31.3 Capital expenditure programme 2017-18: first draft</p>	<p>The Committee received and noted a report that set-out the predicted final project spend on the major capital scheme. This was in line with the approvals given by the Corporation. All elements of the scheme had been completed except for a number of small capital IT items.</p> <p>Members of the Committee were updated about the capital expenditure in the current year. It was noted that there was a forecast underspend of £99,450 (3.2% of planned budget).</p> <p>Details of the proposed programme for 2017/18 were received. The total value of the works was £5.5m (indicative), of which £3m had been approved by the Corporation as part of the Estates Strategy. Information about the proposed additional works were set-out which included the Animal Management Centre development, which had received outline approval by the Corporation subject to business case review and which is the subject of a bid to the LEP. It was noted that this was an item on this Committee's agenda today.</p> <p>The Committee noted that the significant capital projects to the estimated value of £3m would require commencement in June and July 2017 to ensure completion by the end of August 2017. Management confirmed that the associated cash flows have been modelled and are affordable.</p> <p>RESOLVED: that capital works to the value of £3m be approved for commencement in June and July 2017, subject to negotiation with suppliers to phase payments.</p>

33.16	PROJECT BUSINESS CASE: LAND-BASED DEVELOPMENT
<p>The Committee was reminded that the project had been considered by the full Corporation in May 2016 and approved in principle subject to a full business case being presented to F&GP Committee. A bid had been made to Coast to Capital LEP for funding to support the project, details of which were provided to the Committee. The College would be required to fund 50% of the project (circa £960k) if approved. The project sought to build on curriculum strengths in land-based provision and develop the existing facilities to generate a significantly enhanced student offer with a major growth in commercial income. The bid had been rejected by the LEP but it was understood that they would be happy to receive a revised bid. The Committee AGREED that the proposal made a compelling case for support and that further work be undertaken in partnership with the LEP to re-work the proposal (ACTION: MV).</p>	
34.16	HUMAN RESOURCES: EMPLOYMENT MATTERS/SECTOR FINANCE UPDATE
<p>An oral report on employment matters relevant to the colleges sector was given noting the current HMRC stipulations on off-payroll consultants in the public sector. .</p>	
35.16	ANY OTHER BUSINESS
<p>The was no further business and the meeting ended at 11.00.</p>	
37.16	DATE AND TIME OF THE NEXT MEETING OF THE COMMITTEE
<p>Date of Next Meeting: Friday 16 June 2017 at 09.00</p>	

Signed

Dr Martin West, Chair of the Finance & General Purposes Committee

Date

Author	David Round
Version History	19/03/17 v2. 20/03/17
File Ref	C:\Users\dround\Dropbox\NESCOT Folders\Nescot Corporation\Finance and General Purposes Committee\FGP 030317\Minutes of the Meeting\FGP 030317 Minutes Draft v3.docx