



**MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE CORPORATION HELD ON MONDAY 02 JULY 2018 AT 14.00 IN THE SKILLS PARK BOARD ROOM (SP216)**

<b>PRESENT *</b>	<b>IN ATTENDANCE</b>
Mr Peter Stamps (Chair) Professor Sam Luke Ms Frances Rutter Chris Shortt Ms Margaret Martin	Ms M Vetrone - Deputy Principal, Finance & Resources Mr D Round - Clerk to the Corporation

\* Attendance = 83%

<b>37.17</b>	<b>APOLOGIES FOR ABSENCE</b>
Apologies were received from Gloria Ozolua.	
<b>38.17</b>	<b>DECLARATIONS OF INTEREST</b>
Declarations of interest were made by Professor Luke, Mr Stamps and Ms Rutter in relation to their unremunerated directorships of NBS Ltd, a wholly-owned subsidiary of NESCOT Corporation.	
<b>39.17</b>	<b>MINUTES</b>
The minutes of the meeting held on 14 March 2018 were approved as a correct record.	
<b>40.17</b>	<b>MATTERS ARISING</b>
The matters arising report (Appendix B) from the previous minutes and other matters carried forward were received and noted. Other matters of report were: -	
<p><b>33.17 Proposal for External Cash Management Facility</b> – the Committee had requested confirmation that the preferred supplier selected adhered to ethical investment policies. The Committee was advised that this confirmation had been received. The project had yet to be progressed because information was still awaited to allow for the completion of paperwork. The Committee would be kept informed regarding the matter going forward (<b>ACTION: MV</b>).</p> <p><b>20.1 Draft KPI Targets for 2017/18</b> - it was recommended that the College give consideration to developing leading indicators so that the Committee could track progress and provide appropriate support and challenge. <b>AGREED:</b> that new KPIs would be proposed following the finalisation of the new Corporate plan.</p> <p>The College gave an update that the strategic plan would include KPIs for strategic objectives and would be finalised at the Corporation.</p>	

41.17	FINANCE MONITORING
<p><b>41.1 Management Accounts (May 2018)</b></p>	<p>The Committee and the Corporation had been advised in earlier meetings about the risks to the budget and the potential for an adverse end-year position with significant deficits on operational performance. Following the implementation of stringent financial management procedures, cost reduction and income maximisation, the College was pleased to report that the financial recovery plan had been successful and it was forecast that the planned budget position would be delivered i.e. a small surplus of £14k. The Deputy Principal hoped that a better outcome would be achieved and best case, worst case and likely case scenarios were outlined.</p> <p>The risks in relation to booked income from one of the College's subcontractors were outlined but the Committee received assurances that the latest information indicated that the full contract values would be achieved. The exposure was £850k in lost income with a loss of c£255k in the operating line. The Deputy Principal advised the Committee that this remained a risk to the budget.</p> <p>It was also reported that the Growth Committee had discussed the latest position on commercial projects which overall were loss-making in the current year. Offset against this was a major growth in the income from the Hair and Beauty salon (turnover was 50% up on last year but remained loss-making) and the profitability of the NESCOL nursery.</p> <p>The Committee reviewed the variance analysis line by line including the adverse effect of the LGPS interest charges of £220k on the accounts, the loss of student tuition fee income supported by adult learning loans but also the major savings achieved on staff costs (£441k). In response to questions from governors it was noted that the College was paying its employer contribution at the lower rate as discussed with the local authority and it had no reason to believe that this would not be confirmed in due course. The management accounts included a segmental analysis for the performance of different parts of the College which demonstrated that parts of curriculum were not making a positive contribution. In response to questions from governors it was noted that currently it wasn't possible to produce departmental P&amp;L results at departmental level because of</p>

<p><b>41.2 Key Performance Indicators (May 2018)</b></p>	<p>limitations in the current finance software. The College was, however, migrating to an upgraded version of the current system which was more powerful with increased functionality.</p> <p>Based on feedback from engagement with employers, Governors were concerned that the College wasn't always maximising its strengths with local employers not least in terms of the content of the website. More work was required to communicate the College's offer for employers and how they could engage with the College.</p> <p><b>RESOLVED:</b> that the May 2018 management accounts be noted.</p> <p>The KPIs for F&amp;GP were noted.</p>
<p><b>42.17</b></p>	<p><b>FINANCE STRATEGY &amp; BUDGET</b></p>
<p><b>42.1 Budget 2018/19</b></p>	<p>It was noted that the agenda item on the budget for the next academic year was deferred to a late July meeting of the Board. The Committee was advised that it was proving difficult to achieve a budget that was balanced or better and that work was ongoing to close the arising deficits.</p>
<p><b>42.2 Curriculum Planning</b></p>	<p>The Committee was impressed by the rigour of the College curriculum planning system, particularly the analysis of market share, the presentation of curriculum department performance, contribution rate and student impact indicators. The dashboard gave a very granular presentation of what needed to be done to deliver impact for students, employers and the local community. Thanks were extended to the Vice Principal Planning and Information Systems for the quality of his work. The Principal reported that the process would be improved by commencing earlier in the academic year, improved LMI and a focus from Faculty Directors on being outward-facing and linked to their sectors.</p>
<p><b>42.3 ESFA assessment of financial health and ESFA financial dashboard</b></p>	<p>The Deputy Principal was pleased to report that the College had retained its status as having outstanding financial performance. The decline in profitability and contribution toward cash reserves for future investment was a matter for concern as was the ratio of staff costs to income which, although at sector average, was significantly above that recommended by the FE Commissioner</p>

	<b>RESOLVED:</b> that the College continued status as 'Outstanding' in the ESFA financial assessment be noted.
<b>43.17</b>	<b>PROPERTY STRATEGY</b>
<b>43.1 Capital Programme for 2018/19</b>	<p>The planned capital programme for next year was significantly below the levels of previous years at £1.054k. The capital programme 2017/18 was £4,463k. The reduction in investment reflected the need to preserve cash and be affordable. This was set against a context of a £50m investment in the estate over the past 5 years. In response to questions from governors it was confirmed that the level of investment would ensure the maintenance of the asset value of the estate. There was discussion about the planned works in the Skills Park to reconfigure the Employer Hub into a customer-facing business centre as the front office environment for employer engagement. The Committee understood the rationale for this decision but noted that there is concern about spend on a new build. It was also confirmed that there would work undertaken on providing a light refurbishment of the stairwells and other areas that had been noted by Ofsted as requiring improvement at the 2016 inspection. The HE Common Room was also being updated which was something requested by the HE Student Council.</p> <p><b>RESOLVED:</b> that the capital programme 2018/19 be approved.</p>
<b>43.2 Capital Programme 2017/18 update</b>	<p>The forecast end-year position on capital projects in the current year was reported. Overall the budget was overspent by 190k largely because of unplanned expenditure of £403k in upgrading the College's IT infrastructure following an independent IT health check undertaken earlier in the year.</p> <p><b>RESOLVED:</b> that the capital programme 2017/18 be noted.</p>
<b>44.17</b>	<b>CAPITAL BIDS 2018/19</b>
	<p>The capital bids and recommended projects for 2018/19 were received.</p> <p><b>RESOLVED:</b> that the recommended capital projects for 2018/19 be approved.</p>

<b>45.17</b>	<b>ACCOUNTING &amp; FUNDING MATTERS</b>
<b>45.1 ESFA College Accounts Direction 2017/18</b>	The ESFA College Accounts direction relating to the preparation of the 2017/18 accounts were noted.
<b>45.2 ESFA Funding Rules 2018-19 and Summary Changes</b>	The ESFA funding rules for 2018/19 were noted.
<b>46.17</b>	<b>EXTERNAL AUDIT STRATEGY 2017/18</b>
F&GP Committee noted the external audit strategy for the audit of the current year accounts which had been reviewed and approved by the Audit Committee at its meeting held on 22 June 2018.	
<b>46.17</b>	<b>GROWTH COMMITTEE</b>
<p>The minutes of the meetings of the Growth Committee held on 26 April and 21 June 2018 were received. The Committee had discussed the urgent plans to re-organise and improve the sales and marketing function at the College. The Principal confirmed that this was an SMT priority. The Growth Committee had also reviewed the financial performance of the College's commercial projects and noted that a loss of c.£100k had been incurred this year but that it was planned to achieve a break-even position next year. The improved revenue performance of the Innovations Salon was noted. The NESTOTS nursery was now returning a surplus. An update was given about of discussions with the College's partners in relation to the Le Raj restaurant.</p> <p>The work of the Growth Committee had also been focused on external bid preparations and the outcome and feedback from the bid was reported.</p> <p><b>RESOLVED:</b> that the minutes from the meetings of the Growth Committee be noted.</p>	
<b>47.17</b>	<b>TERMS OF REFERENCE AND CYCLE OF BUSINESS</b>
<b>RESOLVED:</b> that the terms of reference of the Committee be approved and commended for ratification by the Corporation at its July meeting. It was noted that papers on governance structures were being presented to the next meeting of the Corporation.	

<b>48.17</b>	<b>ANY OTHER BUSINESS</b>
There was no further business and the Chair declared the meeting closed at 16.40	
<b>49.17</b>	<b>DATES OF FUTURE MEETINGS</b>
Friday 14 September 2018 at 09.00am / Friday 07 December 2018 at 09.00am / Friday 08 March 2019 at 09.00am / Thursday 20 June 2019 at 09.00am	

Signed ..... Date .....

**Mr Peter Stamps, Chair of the Finance & General Purposes Committee**

Author	David Round
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