



**MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE CORPORATION HELD ON FRIDAY 06 DECEMBER 2016 AT 14.00 IN COMMITTEE ROOM A (SP215)**

<b>PRESENT<sup>1</sup></b>	<b>IN ATTENDANCE</b>
Mr Peter Stamps (Chair) Professor Sam Luke Mr Chris Shortt Mr Cliff Hall	Ms M Vetrone - Deputy Principal, Finance & Resources Mr D Round - Clerk to the Corporation Dr M West – Governor (Observer)

<sup>1</sup> Attendance = 100%

<b>10.16</b>	<b>APOLOGIES FOR ABSENCE</b>
	Mr D Stevens, Vice Principal, Planning & Information Services, was unable to attend the meeting, and tendered his apologies.
<b>11.16</b>	<b>DECLARATIONS OF INTEREST</b>
	Declarations of interest were made by Mr Peter Stamps and Mr Cliff Hall in relation to their unremunerated directorships of NBS Ltd and NCL.
<b>12.16</b>	<b>MINUTES</b>
	The minutes of the meeting held on 19 September 2016 were approved as a correct record.
<b>13.16</b>	<b>MATTERS ARISING</b>
	<p>The matters arising report (Appendix B) from the previous minutes and other items carried forward were received and noted. Other matters of report were: -</p> <p><b>05.4 Treasury Management</b></p> <p>The Committee requested that a proposal be brought forward regarding options for a treasury portfolio that would generate greater returns, consistent with the agreed investment policy. The College had a strong relationship with its main bankers and a detailed proposal would be brought forward for consideration at the next meeting of the Committee (<b>ACTION: MV</b>).</p> <p><b>05.05.16 Financial Strategy Dashboard</b></p> <p>The updated financial strategy and dashboard would be available for consideration at the February 2017 Board meeting (<b>ACTION: MV</b>).</p>

<b>06.2.16 Capital Programme</b>	
The proposal that a multi-skilled tradesperson be engaged on core maintenance activities would be incorporated into the review of the Estates function.	
<b>14.16</b>	<b>FINANCE MATTERS</b>
<b>14.1 Management Accounts for October 2016 (Appendix C)</b>	<p>The Committee reviewed the presented Management Accounts for October 2016. The significant variances against budget were discussed:-</p> <ul style="list-style-type: none"> <li>• An increase in SFA allocations for 19+ and apprenticeship provision of £452k</li> <li>• Over-achievement against the HE budget</li> <li>• A significant increase in Advanced Learning Loan income (+£688k).</li> <li>• Adverse variances in HEFCE tuition fees</li> <li>• There had been savings in pay expenditure because of the failure to achieve target student numbers in the 19+ curriculum plan</li> </ul> <p>The Committee noted the relatively large volume of subcontracted provision and the management actions that were being taken.</p> <p>The Committee was advised that the likely case year-end forecast was a surplus position of £78k. The worst case was a deficit of £70k and the best case a surplus of £128k.</p> <p>The reassessment of the LGPS actuarial assumptions had a beneficial impact going forward. The Audit Committee had been advised by the external auditors that the changes made were reasonable and appropriate. The balance sheet remained very strong and the cash position was healthy. Sums held in escrow in respect of the final element of the asset disposals would be released in January 201 to the value of £522k.</p> <p>The Committee discussed pay expenditure as a proportion of income which was forecast as 66.7% against a sector benchmark of 64.4%. The calculation of this metric had changed to adjust for subcontracting which had increased NESCOL's ratio. Management explained that, consistent with the agreed</p>

<p><b>14.2 Draft Annual Report and Financial Statement 2015/16 (Appendix D)</b></p>	<p>financial strategy, there had been staff growth to support the plan. The College was also actively working on reducing the volume of subcontracting.</p> <p>The Committee noted that room utilisation had increased. Governors asked whether the statistics included usage outside teaching time. It was explained that the College was looking at timetabling software that would improve the efficiency of room usage and support greater commercial use of the College estate at times when there was spare capacity particularly in the evenings and weekend.</p> <p>The SFA automated financial health assessment remained 'outstanding'.</p> <p>The Committee <b>APPROVED</b> the Management Accounts for the period ending 31 October 2016.</p> <p>The draft Annual Report and Financial Statements of NESCOL Group had been reviewed by the Audit Committee and approved subject to a number of minor textual amendments. The College's external auditor had provided an 'unqualified' opinion on the group statements. The additional audit work in relation to NCL had allowed greater visibility, timeliness and reliability of reporting of the Saudi entity.</p> <p>The accounts included a restatement of the filed accounts for 2015 reflecting the effect of the actuarial reassessment of the LGPS under FRS102. This had reduced the surplus reported for last year by £15k and had increased the total comprehensive income by £4,154k. The surplus for the year ending 31 July 2016 was £1,948k for the Group of which £244k was attributable to the UK College operations. The notes to the accounts and disclosures were reviewed and noted.</p> <p>Taking assurance from the recommendations of the Audit Committee, the Finance and General Purposes Committee <b>APPROVED</b> the Report and Financial Statements for the NESCOL Group for 2015/16 and commended it to the Corporation for approval and signature.</p>
---	--

<p><b>14.3 Draft Management Letter of the External Auditors (Appendix E)</b></p>	<p>The draft Management Letter of the external auditors was received. The Committee was pleased that there were no changes to the accounts this year and that the view of the auditor was that the College had acted satisfactorily in relation to the recommendations made last year. The adjustments proposed did not represent material amounts and were relatively minor in nature.</p> <p>It was noted that the signed copies of the NCL accounts were awaited but it was not considered that there would be delays in this regard <b>(ACTION: MV)</b>.</p> <p>The Committee noted the Management Letter of the external auditor.</p>
<p><b>14.4 Letter of Representations (Appendix F)</b></p>	<p>The letter of representations, to be signed by the Chief Accounting Officer and the Chair of the Corporation following the Corporation meeting on 09 December 2016, was received for information.</p>
<p><b>14.5 Joint Audit Code of Practice (JACOP) Regularity Questionnaire (Appendix G)</b></p>	<p>Under changes made to JACOP in June 2016 it was now required that the self-assessment questionnaire 'be completed and signed by the college accounting officer and the Chair of Governors at a suitable committee meeting in advance of the reporting of the year-end audit work'. The draft questionnaire had been provided to the external auditors as the reporting accountant for review to allow a judgement to be made about 'their own assessment of risk and to design further procedures as required'. No changes to the self-assessment questionnaire were made by the reporting accountant.</p> <p>Subject to the amendment of the text on page 9, the Committee <b>APPROVED</b> the JACOP Regularity Self-Assessment Questionnaire for signature by the Chief Accounting Officer and the Chair of the Corporation.</p>
<p><b>14.6 SFA Assessment of Financial Status and SFA Financial Dashboard (Appendix I)</b></p>	<p>The Committee received for information the SFA's assessment of the College's financial health and its dashboard analysis of the College's financial plan covering the years 2012/13 to 2017/18 of which the previous 3 years were actuals. The assessment was that the College's finances remained</p>

	<p>'outstanding' and were predicted to remain so for the duration of the plan. The SFA had commented that</p> <p style="padding-left: 40px;">'We note the plan makes assumptions about the growth in full cost income. The College should ensure income assumptions are prudent and realistic and that the commentary supports and evidences in details the strategy for growth'.</p> <p>College management reported that it was working to update the financial strategy and the underlying financial assumptions and it would be presented to the Committee for review <b>(ACTION: MV)</b>.</p>
<b>15.16</b>	<b>KEY PERFORMANCE INDICATORS</b>
<p>The F&amp;GP KPIs for the period up to the 31 October 2016 were considered by the Committee. There were no red-flagged items; the two amber-flagged items related to the HE income target which was below the target but above the figure for the previous year. The number of Cash Days in Hand was below the target by 4 days but exceeded the sector average by 82 days. The Committee noted that the metrics were driven by the budget.</p> <p>The Committee noted the KPIs for October 2016 were noted.</p>	
<b>16.16</b>	<b>TREASURY MANAGEMENT</b>
<p>A verbal report on the work on the development of treasury management strategy was given earlier in the meeting.</p>	
<b>17.16</b>	<b>PROPERTY MATTERS</b>
<b>17.1 Capital Projects Update (Appendix L)</b>	<p>A report outlining the status of the recent, live and pending buildings projects was noted. The Undercroft project which would relocate the Starbucks coffee shop and create a social learning area would be delayed until the summer. This would ensure the creation of an optimal design that would do justice to this important part of the estate and provide for a truly outstanding student experience. An update on the Landscaping/Car Park project was given: re-tendering of the project would take place to ensure value for money. The Student Refectory was scheduled for refurbishment 2017-2018.</p>

<p><b>17.2 Capital Programme 2016/17 (Appendix M)</b></p> <p><b>17.3 Major Capital Scheme: Project Monitor Nov 2016 Update (Appendix N)</b></p> <p><b>17.4 Property Strategy Group Minutes (Appendix O)</b></p>	<p>The plan for the current year was detailed showing a forecast overspend of £89.9k (2.9% of budget). There was provision to offset the overspend.</p> <p>The major capital scheme running since December 2012 was virtually complete pending the opening of the Le Raj Academy at NESCOL in the New Year. There was an adverse variance against the budget of £42.47m of £1.32m (3%) which was within the tolerance cap agreed by the Corporation of £1.5m. It was confirmed that the College had discharged all conditions associated with grant awards from funding bodies.</p> <p>The major capital scheme project monitor report was noted.</p> <p>The minutes of the meeting of the Property Strategy Group held on 3 November 2016 were received for information.</p>
<p><b>18.16</b></p>	<p><b>COLLEGE TUITION FEES POLICY 2017/18</b></p>
<p>The principles underpinning the determination of tuition fees were outlined for the Committee.</p> <p>The Finance and General Purposes Committee <b>APPROVED</b> the tuition fees policy and commended it to the Corporation for agreement.</p>	
<p><b>19.16</b></p>	<p><b>DRAFT SUBCONTRACTING SUPPLY CHAIN: FEES AND CHARGING POLICY 2016-17</b></p>
<p>The SFA requires the Governing Body and the Accounting Officer confirms that the College's subcontracting</p> <ol style="list-style-type: none"> <li>1. meets its strategic aims and enhances the quality of the offer to learners;</li> <li>2. is not undertaken to meet short-term funding objectives; and</li> <li>3. that the supply chain fees and charges policy has been reviewed by the Governing Body and the Chief Accounting Officer.</li> </ol> <p>The policy has to be signed by the Chief Accounting Officer.</p> <p>The Committee reviewed NESCOL's subcontracting supply chain fees and charging policy for 2016/17 and <b>APPROVED</b> it for signature by the CEO/Principal.</p>	

<b>20.16</b>	<b>COMMITTEE SELF-ASSESSMENT REPORT</b>
Subject to the addition of the appointment of an additional member of the Committee as an area for identified development the self-assessment report of the Finance and General Purposes Committee was <b>APPROVED</b> .	
<b>21.16</b>	<b>ANY OTHER BUSINESS</b>
There were no further items of business and the meeting ended at 15.45.	
<b>22.16</b>	<b>DATE OF THE NEXT MEETING</b>
The next meeting would take place on Friday 03 March 2017 at 09.00.	

Signed .....

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

Date .....

Author	David Round
Version History	08/12/16; 09/12/16 (MV)
File Ref	C:\Users\dround\Dropbox\NECOT Folders\Nescot Corporation\Finance and General Purposes Committee\FGP 061216\Minutes of the Meeting\FGP 061216 Minutes Approved by the Chair.docx