

NEW COLLEGE, SWINDON

Minutes of the Finance and General Purpose committee
held on 29th January 2019

Present: Jim Webster (Chair), John Dernie, Les Durrant, Carole Kitching

With: Richard Harris, Vice-Principal Finance and Resources
Deborah Bendle, Head of Finance
Michael Dickinson, Financial Accountant and Procurement Manager
Stephen Horrobin, Vice-Principal (designate) Finance and Resources

1508 Apologies for absence – received from Dennis Bridges.

1509 Disclosure of Interests – none received.

1510 Minutes of the last meeting held 30th October and special meeting held 7th December 2018 – agreed as correct records.

1511 Matters arising from the minutes of the last meeting held on 30th October and special meeting held 7th December 2018 – none.

1512 Risk Management update – verbal report by Vice-Principal Finance and Resources received and noted.

The meeting further noted the attempted fraud earlier this month and were pleased to note that this was averted due to the standard procedures of the Finance team being followed. The incident has been reported to Action Fraud.

The Office for Students (OfS) recently queried the arrangements the college has in place for overseeing delivery and quality due to the increase in value of Higher Education (HE) provision at David Game Higher Education compared to in-house provision. They have been assured that the college has the appropriate processes and frameworks in place.

Industrial action threatened by UCU for today and tomorrow has been called off but could potentially still go ahead on the planned dates in March.

1513 Management accounts – period 5 – report by Head of Finance received and noted.

Governors expressed concerns at the current forecast year-end trading surplus which has slightly deteriorated since the last review, despite an expectation that there would be an improvement. Income for the year will be increased by circa £2million but this will be exceeded by costs. Historically Adult Education Budget (AEB) overtrading has been paid in full but new funding guidance states that payment will only be made for a 3% overtrade. An appeal has been lodged with the ESFA. Pay expenditure is forecasting a significant overspend. This is partly due to the unbudgeted additional 1% pay award but also to forecast overspends, mainly in 2 curriculum areas and central costs. Difficulties in filling vacant posts and the costs of using agency staff have also had an impact on the forecast.

Following a lengthy discussion about this forecast – during which it was noted that year to date pay expenditure is close to budget - the Finance Director reiterated that he felt that the full year pay forecast is overstated and that there is time to take action to bring these costs closer to budget.

With regard to cash flow, this is budgeted using a flat approach whereas the actual amounts of income received vary throughout the year.

Concerns were raised with regard to the level of debtors, particularly those debts at 121+ days. It was agreed that this needs to continue to be closely monitored.

1514 Treasury Policy – report by Financial Accountant and Procurement Manager received and noted.

The report covers the 2018 calendar year. The maximum balance during the year was held in February. The proposed strategy for the 2019 calendar year was noted.

New guidance from the DfE (Further Education Corporations and Sixth-form College Corporations: Governance Guide) requires colleges to ensure that they have a reserves policy in place that justifies and explains keeping or not keeping reserves; identifies and plans for the continuation of essential education services for students; reflects the risk of an unplanned closure in relation to spending commitments and potential liabilities and provides an indication of future funding needs and overall resilience. The meeting noted the proposed reserves policy which meets these requirements.

RESOLUTION: that the Treasury Management Policy Statement including Treasury Management Practices be agreed.

1515 Funding update – report by Vice-Principal Finance and Resource received and noted.

The meeting noted that AEB funding is being devolved in 2019/10 to seven devolved authorities. The college is facing a reduction in funding of circa £1million. An appeal has been made to the ESFA but they have stated that they cannot treat New College differently to any other college. They have said they will review the situation in March but this remains a significant risk to the college.

1516 Date of next meeting – Tuesday 30th April 2019 at 1700.

1517 Any other business – none raised.

1518 Thank you and goodbye – the Chair, on behalf of the committee thanked Richard Harris, Vice-Principal Finance and Resources for all his hard work and the positive changes he had implemented during his time in post and wished him all the best for his new position at City of Bristol College.