

NEW COLLEGE, SWINDON

Minutes of the meeting of the Finance and General Purposes committee
held on Tuesday 30th January 2018

Present: Jim Webster (Chair), John Dernie, Les Durrant, Mark Owen, Graham Taylor

With: Richard Harris, Tracy Scaife

1442 Apologies for absence – none received.

1443 Disclosures of Interest – none received.

1444 Minutes of the last meeting held on 28th November 2017 – agreed as a correct record subject to the word ‘Many’ in the penultimate line of minute 1431 being amended to read ‘May’.

1445 Matters arising from the minutes of the last meeting held on 28th November 2017 – raised as follows:

(a) 1433 External Audit Management Letter – noted that the Director of Finance and Partnerships will update on the review of deferred capital grants referred to in the External Audit Management Letter at the next meeting.

(b) 1434 Management Accounts – period 3 – noted that a 14-18 working party has been established and is meeting regularly. Short course provision is being monitored to ensure that it brings the student into the appropriate funding band. Savings are required and the college is working hard through partners and in-house to achieve this and to bring in further income.

1446 Risk Management update – verbal update from Richard Harris.

The next meeting of the Risk Management Group is scheduled for 26th February 2018. The college is facing a number of risks, both financial and organisational. The delivery of the budget in 2017/18 and the financial outlook for 2018/19 remain as substantial risks. Increased local provision and student demographic are major factors. Recruitment has improved slightly, down by 4% on this time last year compared to 20% down in November 2017 when compared to November 2016 figures. The Marketing department are continuing with recruitment campaigns. The appetite for apprenticeships is not meeting Government expectations with take-up considerably down.

Organisationally the HE funding body HEFCE is to transition to a regulatory body known as the Office of Students which could have an effect of HE provision. The transition to a new Principal at the end of the current academic year will also need to be well managed in order to avoid a lull in activity during the transition.

1447 Management Accounts – period 5 – report by Director of Finance and Partnerships received and noted.

There are concerns that the pay budget being overspent due to unbudgeted recruitments and pay changes. In order to better control this expenditure all staff changes and new staff requests are being thoroughly considered and more management information is being used by the SMT to monitor the situation and ensure that all possibilities for utilisation etc. have been exhausted before any appointments are made.

A sizeable overspend is forecast in non-pay expenditure, the main causes of this are the additional costs required to deliver the additional forecasted income and the additional costs in Business Services to deliver the AEB income relating to additional allocation. This will be closely monitored by the SMT. Bids for additional funding of £794k have been won.

Confirmation has been received from the ESFA that they will pay for last year's overtrade in the sum of circa £200k which is not included in the current forecast. A bid for a further £200k has also been submitted.

Forecasting is showing a small deficit at the end of the year but it is expected that this will improve as a result of the actions described and the payment for last year's overtrade noted above.

With regard to debtors, the meeting noted that £24k of overdue debts have been passed out to external debt collectors. The meeting asked why the amount was so small compared to the total amount of debt. The Director of Finance and Partnerships agreed to provide a review of the debt collection process at the next meeting.

The committee asked for some of the layout of the management accounts report to be changed. Future reports to include the KPIs for ESFA financial health measures and areas of risk. Also the display of variances within the table in the narrative report to be shown in black with negative figures bracketed.

ACTION: RH to expand on debt collection at next meeting 08.05.2018; KPIs for ESFA financial health measures and areas of risk to be included in the report; display of variances within the table in the narrative report to be shown in black with negative figures bracketed.

1448 Treasury Management Policy – report by Director of Finance and Partnerships received and noted.

The Director of Finance and Partnerships advised that he is not happy with the current treasury arrangements, particularly with 75% of funds being held with one provider and wishes to reduce this exposure.

RESOLUTION: that the Director of Finance and Partnerships seek free external advice on the investment and placement of college funds and meet with the Chair of the committee, John Dernie and Les Durrant to discuss the Treasury policy and options available.

ACTION: RH to seek free external advice re. investment and placing of college funds and meet with JW, JD and LD to discuss Treasury Policy and options.

1449 Funding update – report by Director of Finance and Partnerships received and noted.

The meeting further noted that disadvantage funding decreased last year but should return to previous levels this year. This is particularly important as the college has a larger than average number of disadvantaged students.

New ESFA rules prohibit sub-contracting of Advanced Learner Loans and now require colleges to directly deliver provision to learners who are funding their provision with a loan, and must not sub-contract loans provision. Colleges must not pay, or engage a broker, or any third party, to recruit learners who are considering funding their provision with a loan on their behalf. The Principal advised that the majority of colleges are following the route of directly employing some of their partners. Under this model the lead provider must maintain contact with the learner and the learner must have only one point of contact. In such instances the college would be the main lead and must be involved in substantive elements of delivery. This model would not be open to all partners and quality checks would need to be carried out.

1450 Partnerships update – report by Director of Finance and Partnerships received and noted.

The meeting was pleased to note that actions taken to date with regard to partnerships and improvements to processes have brought about significant and valuable benefits and address the recommendations made in the recent audit.

With regard to the proposed scorecard approach the meeting asked if this would use the same calculations/methodologies as the ESFA. The Director of Finance and Partnerships advised that the balance scorecard will initially be checked to a member of the finance team and then be passed to him. The information contained on the scorecard will be based on the latest accounts filed with Companies House and information available directly from the partner.

RESOLVED: that the proposed new arrangements for delivery as outlined under minute 1449 above be presented to the next meeting of the Corporation for discussion and approval.

ACTION: *RH to report to Corp 13.03.2018 on the proposed new arrangements for delivery as outlined under minute 1449.*

1451 Any other business – none.

1452 Date of next meeting – Tuesday 8th May 2018 at 1700.