



**Meeting of the Finance and Resources Committee held on Wednesday 12 March 2008
at 5.15 pm in Room B106 at the Science Park Campus**

MINUTES

Present

Barry Popplewell, Chair
Christopher Spokes
Rick Dearing
Simon Fairhall
Ros Francis [from 5.50 pm]

In attendance

Chris Lang, VP Finance and Resources
Charlotte Skinner, Head of Finance
Keith Norman, Lloyds TSB
Sarah Barrand, Lloyds TSB
Julia Kennedy

Clerk

The agenda was varied to take item 2.1 after 1.2 and before 1.3, and to consider items 2.3 and 2.4 before 2.2.

Section 1: General			Action	By
1.1	Declaration of Interest	The company of which Christopher Spokes is a director (Bidwells) is acting as Planning Supervisor for the Single Site project. Simon Fairhall is involved with managing an ESF project jointly with the College.		
1.2	Apologies for Absence	Vernice Key provided apologies for absence.		
1.3	Minutes of the Meeting held on 28 November 2007 and of the Joint meeting with the Estates Working Group held on 11 January 2008	The Minutes of the Meeting held on 28 November 2007 were agreed to be a true record, with one amendment, and signed by the Chair. The Minutes of the Joint Meeting of the Finance and Resources Committee and the Estates Working Group held on 11 January 2008 were also agreed to be a true record and signed by the Chair.		

1.4	Matters arising from the Minutes	The Chair expressed concern at the extent of the agenda and that he was not given the proper opportunity to manage the agenda for this meeting.	Clerk	Before next meeting
Section 2: Matters for Decision			Action	By
2.1	Presentation: Proposal for the Investment of Sales Proceeds from City Campus and VAT Mitigation	<p>A presentation was provided that covered options for the investment of the proceeds of the sale. The slides from the presentation are filed with these minutes.</p> <p>Governors questions included— the impact of market variations and the flexibility of the products offered, fixed interest rates and the period for which they are fixed, which of the products offered is the “safest”, the influence of the term of the deposit on the rate of return, the extent of risk appropriate with public sector funds, and the use of money market deposits.</p> <p>The Chair confirmed that the role of the Committee is to agree a strategy for investment and a mechanism for securing the proper approvals around the movement of funds.</p> <p><i>The Lloyds TSB Team withdrew at 6.10 pm.</i></p> <p>After discussion the Committee agreed the following strategy—</p> <ul style="list-style-type: none"> • the term of any investment is limited to one year • high risk investment products, for example Lloyds TSB “1 month rolling option” will not to be used • investments can moved to suit College cash flow needs but not outside the agreed 4 investment vehicles • a monthly report is to be provided to the Members of the F&R Committee by way of the Management Accounts. <p>The Committee recommended this investment strategy to Corporation.</p>		
2.2	F&R/21/07-8 Policy Framework for 2008/9 Budget	The paper sets out the improving financial position, changes incorporated in the LSC framework for excellence, core financial objectives, the changed funding formula, changes in the LSC funding methodology, College bid for LSC funds, the formal budgeting timetable, and parameters for the budget.		

		<p>The Committee considered the targets, which include attaining Category A Financial Health by the end of 2007/08, achieving an operating surplus of between 2 and 3% by the end of 2007/08 and 5% by 2010/11, and investing a maximum of £0.5 million in new capital investment.</p> <p>The change in LSC funding methodology is fundamental and Governors noted that the budget timetable was drafted before the LSC announcements were made delaying the funding allocations for 2008/9. One impact is to make cash flow forecasting much more complex. Governors discussed the increased risk around LSC funding and the difficulty of knowing whether plans were achievable until the LSC contribution is known. The Committee agreed that Chris Lang would provide a 30 minute training session before the next meeting.</p> <p>Governors discussed the impact of this uncertainty on the targets and the extent to which the targets are aspirational. Budget figures will be rebased once the LSC funding is known. An underlying issue is whether the LSC will allow the College to grow. Chris Lang tabled a paper: <i>The Upper Quartile College: financial health, growth & development of the business</i>, which shows the gaps to upper decile and upper quartile financial performance. The College is already performing well on four of the measures, with further improvement in net current asset needed.</p> <p>The Committee received the paper, noted the issues and approved—</p> <ul style="list-style-type: none"> • the formal budgeting timetable • a target core surplus of £1,000,000 (2.9% of turnover) • a capital budget at a maximum of £900,000. 	<p>CL</p> <p>CL</p>	<p>30 April 2008</p> <p>19 March 2008</p>
2.3	<p>F&R/22/07-8 Protocol Breach of College Financial Regulations</p>	<p>The paper updates the Committee on the situation in relation to receipt of invoices from Protocol in comparison to the date direct debit payments were made.</p> <p>Governors noted that the Financial Regulations should be amended so that it is only a breach of the financial regulations if the invoice is received more than 10 days after payment is made.</p> <p>The Committee received and noted the report.</p>		

2.4	F&R/23/07-8 Draft Purchasing and Supply Strategy	<p>Governors considered the strategy and endorsed the development of a procurement policy. A nominated Governor is sought as stake holder or interested party. The Committee agreed that the role fits well with Vernice Key's position at the County Council.</p> <p>Governors asked about the suppliers, and were assured that the number will be reduced, and noted that annual savings of £200,000 are anticipated through implementation of the strategy.</p> <p>Governors approved the draft Purchasing and Supply Strategy.</p>	CL	Immediate effect
2.5	F&R/24/07-8 Citylife: Heads of Terms	<p>The proposal provides an opportunity for the College to have a building on the City Wildlife Site in partnership with Citylife.</p> <p>Concern was expressed that, in order to pursue this opportunity, approval in principle should be first sought from the Corporation, and the Committee referred the matter to Corporation</p>	CL	19 March 2008
Section 3 Matters for Information			Action	By
3.1	F&R/25/07-8 Director of Finance Report	<p>The report covered—</p> <ul style="list-style-type: none"> • Area Cost Allowance • Procurement • Management Accounting • International Climate Exchange (ICE) • LSC Framework for Excellence • ILR Position • Functionality of IT Sytems. <p>Governors requested a demonstration of the Symmetry Finance System and this will be provided to the next meeting.</p> <p>The Committee received and noted the report.</p>	CL	30 April 2008

3.2	F&R/26/07-8 College Management Accounts Period 6 2007/08	<p>The Management Accounts for period 7 were tabled and Governors noted that they were available on the 9th working day after end of month. Governors were satisfied with the period 6 Management Accounts and considered they demonstrated a materially stable position.</p> <p>The Committee recommended the Management Accounts for Period 6 to Corporation and noted the progress made.</p>	CL	19 March 2008
3.3	F&R/27/07-8 Sports and Social Club Accounts and Student Union Accounts	<p>The annual accounts are provided to the Committee in accordance with the College Financial Regulations.</p> <p>The Committee received both sets of accounts, noted the positive outturn, and recommended the annual accounts of the Sports & Social Club and of the Student Union to Corporation.</p>	CL	19 March 2008
3.4	F&R/28/07-8 Termly Report on Franchise Activities 2007/08	<p>The report provides the termly review of College franchising activity.</p> <p>The Committee received the report and noted that franchising activity is progressing steadily towards target.</p>		
3.5	F&R/29/07-8 Annual Report on HR KPIs	<p>This paper reports on College performance indicators against strategic objective number 4: Manage Finances, Staff and Resources Effectively and Efficiently.</p> <p>The report covers Staff Recruitment, Staff Turnover, Sickness Absence Levels, Probationary Reviews Completed, Appraisals Completed, and Teaching Qualifications.</p> <p>The Committee received the report and noted that the Head of Finance is working with HR to increase the reliability and usability of the data.</p>		
3.6	F&R/30/07-8 CRC: An Improving College	<p>This paper, provided by the Principal, identifies improvements made by the College against key benchmarks and key priorities for further development.</p> <p>The Committee received and noted the Principal's report.</p>		

3.7	F&R/31/07-8 Updated Strategic & Development Plan 2007/10 and Progress on Achievement of Targets to date	This update was provided to the Committee for information and is included on the Corporation agenda for its meeting on 19 March 2008.		
3.8	Strategic Partnerships	The Committee noted that good progress is being made.		
Section 4			Action	By
4.1	Self Assessment of Governor Performance	The requirement for the Chair to approve the agenda was noted in 1.4. The Chair is to be sent an advance copy of the agenda via the Clerk. The Chair summarised the Committee's recommendations— <ul style="list-style-type: none"> • Proposal for Investment of sales proceeds: the framework is recommended to Corporation • Policy Framework for 2008/09 Budget: recommended to Corporation • CityLife – Draft Heads of Terms: referred to Corporation • Management accounts and commentary to Period 6: recommended to Corporation. 		
4.2	Any Other Business	There was no other business.		
4.3	Date of Next Meeting	The date was confirmed as 30 April 2008.		

The meeting ended at 7.25 pm

Julia Kennedy
Clerk to the Corporation

SignedChair

Date.....