

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

Minutes of a Meeting held on Wednesday 25 June 2008 at 5.00pm

Membership:	<ul style="list-style-type: none"> * Lynne George * Judith Armstrong * George Batho * Mike Howe * Mike Rushworth Chris Turner 	<ul style="list-style-type: none"> Member Principal Member Member Member Member 	<ul style="list-style-type: none"> Chairman
Quorum:	3 Members required	5 present, meeting quorate	
In Attendance:	<ul style="list-style-type: none"> * Bill Blythe * Simon Burrell * David Moir * Pete Phillips * Present at meeting 	<ul style="list-style-type: none"> Head of Finance (HOF) Clerk to the Corporation (Clerk) Deputy Principal Finance & Resources (DPFR) Deputy Principal Curriculum & Quality (DPCQ) 	

PART 1 – NON CONFIDENTIAL MINUTES

99. APOLOGIES FOR ABSENCE

None received.

100. WELCOME

Bill Blythe, the recently appointed Head of Finance was welcomed to the meeting.

101. DECLARATIONS OF INTEREST

All College staff present declared an interest in the pay award, incorporated in Agenda Item 7 (Minute 106 below).

102. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

103. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 21 May 2008 were confirmed as a correct record and were signed by the Chairman.

104. MATTERS ARISING

1. Financial Statements 2006/07 – College Bookshop Proposal (Minute 89.1)

The DPCQ advised that he had agreed a number of minor changes with Blackwell UK to the Service Level Agreement (SLA). Quotes for building works had been obtained, and a contract would be let as soon as Blackwell UK had signed the SLA. It was still proposed that the College Bookshop would open in September 2008.

ACTION: DPCQ

104. (cont)

2. Procurement Services (Minute 89.2)

It was noted that a presentation by Tenet would be made to the Ctte at its meeting in November 2008.

ACTION: DPFR

105. MANAGEMENT ACCOUNTS 2007/08

The Management Accounts for the period to 31 May 2008 were received and noted. The DPFR confirmed that he was still forecasting an end of year position of a surplus of £269k (original budget surplus of £566k). In response to a question from a member, the DPFR advised that the revised end of year surplus was primarily as a result of under achievement of the work-based learning contract and of full-cost fee income. The report was noted.

106. BUDGET 2008/09 AND FINANCIAL FORECAST 2008/09 – 2011/12

1. Budget 2008/09

A detailed report was received and considered. The DPFR outlined the process used to develop the proposed budget, and stressed the difficulty for SMT in producing a surplus budget owing to large reductions in funding from LSC (circa -£400k), and the upward pressure on costs etc. He advised that he had been prudent with income predictions, but also kept a tight 'reign' on costs. Both he and the HOF had met with each budget holder and considered their plans in detail to ensure costs were kept to a minimum, income maximised, and teaching staff hours utilised fully. He also stressed that in planning the budget, SMT had tried not to cause any major problems to the learner experience.

With regards to a pay award, the DPFR advised that there was, currently, no national agreement and that the latest proposal by AOC was based on 2.5% from August 2008, or 3% from October 2008 (equivalent to 2.5% in a full year). After careful consideration, SMT's proposal was for a split pay award, 2% in August 2008 with a potential additional 1% in February 2009 (overall equivalent 2.51%), dependent upon forecasting that the 2008/09 budget would be achieved.

Members noted that the current pay-gap with the national pay scales was 2.8%, and that an additional 1% pay rise would cost approx £110k. The DPFR outlined that the best way to achieve meeting national pay scales was by a steady incremental approach based over a time period of, say, 5 years, and would be achieved by the College paying slightly above any agreed national pay award in each year.

A capital expenditure programme for 2008/09 was also considered. SMT proposed a capital expenditure budget of £650k, comprising IT equipment at £200k, other equipment at £175k and building improvements and refurbishments at £275k.

The DPFR also highlighted a range of financial performance indicators linked to the budget. He specifically advised that the 'staff costs : income' ratio would increase to 64.3% as a direct result of reduced income and increased staff costs.

Members noted a range of 'risks' set out in the budget report. The DPFR was requested to add a further section to the report outlining 'opportunities'. The DPFR agreed to revise the report when it was presented to the Corporation in July 2008.

ACTION: DPFR

2. Financial Forecast (FF) 2008/09 – 2011/12

A written report was received and considered. The DPFR advised that the FF had been prepared to cover a four year period, as opposed to the LSC requirement of three years. The income and expenditure projections over this period reflect the successful achievement of the College's strategic plan. The HOF advised that some of the memorandum information in the FF were still being 'worked-through' and any changes would be incorporated in the version presented to the Corporation in July.

The DPFR advised that the FF showed the College to be in a strong cash position, and would remain in Financial Category A during the period concerned.

106. (cont)

3. Recommendations

It was **RESOLVED** to **RECOMMEND** to the **CORPORATION** that:

1. The proposed budget 2008/09, based on total income of £18,435k, total pay costs of £11,969k, total non pay costs of £6,207k, resulting in an operating surplus of £259k be agreed,
2. The Capital Budget 2008/09 be agreed at £650k,
3. A pay award be made to all staff (including designated senior post holders) of 2% with effect from 1 August 2008 be agreed, with a potential further 1% payable from 1 February 2009, subject to a full review of the financial position of the College, and to the outcome of a national pay award,
4. The Financial Forecast 2008/09 – 2011/12 be agreed.
(Proposed by Mike Rushworth, Seconded by George Batho)

107. REVIEW OF FINANCIAL REGULATIONS & PROCEDURES 2008/09

A written report was received and considered. The DPFR advised Members of proposed changes to the Financial Regulations & Procedures. In response to a question from the Chairman, the DPFR advised that all staff included in the Government Procurement Card scheme were required to sign a statement regarding the use of the Cards.

It was **RESOLVED** to **RECOMMEND** to the **CORPORATION** that the **Financial Regulations & Financial Procedures 2008/09 be agreed.**

108. FINANCIAL FRAMEWORK 2007/08 – 2011/12

A written report was received and considered. The DPFR advised that the changes proposed at the last meeting of the Ctte had been incorporated into the final version. He also highlighted the proposed financial performance indicators and stressed that he was proposing an increase in the 'staff costs : income' ratio, because of continued reduced funding and higher operating costs. Members considered this matter and agreed that it was an acceptable target in part due to the strategy of closing the gap between the College pay rates and national pay scales.

It was **RESOLVED** that the **Financial Framework 2007/08 – 2011/12 be agreed.**

It was **RESOLVED** to **RECOMMEND** to the **CORPORATION** that the financial performance indicators set out below be agreed:

	Acceptable Position	Strong position
Current ratio	1.2	1.6
Cash days in hand	20 days	30 days
Gearing (borrowing as a percentage of income)	12.05% (To be calculated each year)	
Cash generated from activities	5%	8%
Capital expenditure as a % of income	3.75%	
Operating surplus as a proportion of income	1%	3%
Staff costs as a proportion of income	63%	58%
Financial contribution from curriculum activity	44%	46%

109. BAD DEBTS WRITE-OFF

A written report was received and considered. Members noted that the total amount of debts written-off since the last meeting of the Ctte, in line with Financial Regulations, was £1,601.74.

110. ANY OTHER BUSINESS

There were no items of Any Other Business discussed.

111. DATE AND TIME OF FUTURE MEETINGS

(All meetings commence at 5.00pm unless otherwise stated)

Wednesday 3 December 2008

Wednesday 18 March 2009

Wednesday 20 May 2009

Wednesday 24 June 2009

(Meeting closed at 6.10pm)

Confirmed as a correct record

Signed:..... Date:.....
(Chairman)