

# BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

## FINANCE & RESOURCES COMMITTEE

**Minutes of a Meeting held on Wednesday 22 June 2011 at 5.00pm**

<b>Membership:</b>	<ul style="list-style-type: none"> <li>* Lynne George</li> <li>* George Batho</li> <li>* Anthony Bravo</li> <li>* Mike Howe</li> <li>* Gary Livingstone</li> <li>* Joanna Miller</li> <li>Vacancy (RW)</li> </ul>	<ul style="list-style-type: none"> <li>Member</li> <li>Member</li> <li>Principal</li> <li>Member</li> <li>Member</li> <li>Member</li> <li>Member</li> </ul>	<ul style="list-style-type: none"> <li>Chairman</li> </ul>
<b>Quorum:</b>	3 Members required	6 present at start	Meeting quorate
<b>In Attendance:</b>	<ul style="list-style-type: none"> <li>* Simon Burrell</li> <li>* David Moir</li> <li>Heather Williams</li> </ul>	<ul style="list-style-type: none"> <li>Clerk to the Corporation (Clerk)</li> <li>Deputy Principal Finance &amp; Resources (DPFR)</li> <li>Head of Finance (HOF)</li> </ul>	
	<ul style="list-style-type: none"> <li>* Present at meeting</li> </ul>		

### PART 1 – NON CONFIDENTIAL MINUTES

#### 261. APOLOGIES FOR ABSENCE

Heather Williams (HOF).

#### 262. DECLARATIONS OF INTEREST

There were no declarations of interest made.

#### 263. NOTIFICATION OF ANY OTHER BUSINESS

The DPFR notified two items of Any Other Business.

#### 264. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 18 May 2011 were confirmed as a correct record and were signed by the Chairman.

#### 265. MATTERS ARISING

There were no Matters Arising discussed not covered elsewhere on the agenda.

#### 266. MANAGEMENT ACCOUNTS 2010/11

The Management Accounts for the period to May 2011 were received and considered. The DPFR advised that, following a review, the end of year forecast showed a reduction of £205k from the previous forecast, with an operating surplus of £891k (original budget £498k). After allowing for exceptional property maintenance costs (£630k) the retained surplus was forecast at £261k (original budget deficit -£132k). He advised further that this reduction was primarily due to staff restructuring costs (an additional £125k) and an increase for past pension provision (an additional £70k).

**266. (cont)**

The DPFR took Members through the report. He highlighted the Financial PIs and advised that they were all on target and were currently shown as 'good' or 'strong' in terms of achievement of target. He advised also that the Cash Flow was stronger than previously forecast.

The Management Accounts for May 2011 were noted.

**267. BUDGET 2011/12 AND FINANCIAL FORECAST 2011/12 - 2013/14**

**1. Budget 2011/12**

A report was received and considered. The DPFR took Members through the draft budget and outlined a number of assumptions that had been made when preparing it. He advised that the draft budget was made-up as:

	Core Activities	Non-core	Total
Income	£18,007k	£1,665k*	£19,671k*
Pay costs	(£11,343k)	(£223k)	(£11,566k)
Non-pay costs	(£6,203k)	(£1,016k)	(£7,219k)
Extra maintenance costs	(£300k)	N/a	(£300k)
Surplus/(deficit)	£161k	£426k*	£586k*

\* The £1k difference is due to 'rounding' of figures

The DPFR informed Members that the whole college draft budget showed a slight increase in income, significantly less on pay costs, and significantly more in non-pay costs. He advised further that the income for non-core activities was up by nearly £1m following the success in achieving an ESF contract for the year.

The DPFR also advised that in order to achieve the budget for core activities cost savings of £1,223k had been identified. The budget surplus of £161k fell short of the target 2%, which if achieved would have shown a surplus of £360k. However, he stressed that the College's approach would be to continue to improve efficiency to return the surplus to 2% in the future. He also advised that, overall, the draft budget was much 'tighter' and that there were potentially more challenging funding issues facing the College in the future.

The DPFR confirmed that a potential pay award of 0.5% had been included within the draft budget and that a recommendation would be made to the Corporation at its meeting in December 2011, when details of enrolments, the outcome of the national pay negotiations and likely future savings targets would be known.

With regards to capital expenditure, the DPFR advised that a draft budget of £500k had been proposed as:

IT Equipment	£350k
Other equipment	£50k
Premises projects	£100k

In addition, the budget included the estates capital project (STEM building, landscaping and cladding). The Principal and DPFR updated Members in respect of the current position related to the IT system and European Electronique (EE). See Confidential Minutes.

In reviewing the draft budget the DPFR took Members through a number of potential risks and opportunities linked to the budget.

**2. Financial Forecast 2011/12 – 2013/14**

An initial version of the Financial Forecast for 2011/12 – 2013/14 was tabled. The DPFR advised that the first year (2011/12) was the draft budget, with the two following years adjusted according to known assumptions. He advised further that the second year was forecast to show an operating surplus of £38k with the third year showing an operating deficit of -£210k. In order to achieve the target 2% surplus by 2013/14 the DPFR advised that a further improvement to the budget of £600k would be needed.

**267. (cont)**

The DPFR explained that he would next incorporate the outcome of successful implementation of the College's strategy in 2013 and 2014. The revised financial forecasts would be presented to the Corporation Meeting on 6 July 2011 prior to submission to the Skills Funding Agency.

Members considered the draft budget and three-year financial forecast.

**It was RESOLVED to RECOMMEND to the CORPORATION that the draft budget based on gross income of £19,671k, gross expenditure of £19,085k, generating an operating surplus of £586k be agreed.**

*(Proposed by Lynne George, Seconded by George Batho)*

**268. ANY OTHER BUSINESS**

**1. Summer Works Maintenance Programme**

A schedule of the works proposed to be undertaken during the summer was tabled by the DPFR. He advised that the total cost for the works would be £570k covering seven key areas.

**2. STEM Building, Landscaping and Cladding Project**

The DPFR tabled a report updating Members on the costs associated with the capital project. He advised that the cost of the project remained within the original budget of £3.1m. College management had approved an increase in this budget of £70k to incorporate relocation of the science labs and in addition there were some additional works recommended to be undertaken that would increase costs by a further £15k.

Furthermore he advised that the original budget did not provide any allowance for the use of temporary accommodation during the contract period and the associated decant costs. These costs are £320k.

It was noted that these additional costs had not been approved by the Corporation.

The DPFR advised further that the capital project was on-schedule for completion in December 2011.

**It was RESOLVED to RECOMMEND to the CORPORATION that the additional expenditure of £320k for temporary accommodation, £70k for science relocation and £15k for additional works be approved.**

*(Proposed by Gary Livingstone, Seconded by Joanna Miller)*

**269. DATE AND TIME OF FUTURE MEETINGS**

*(All meetings commence at 5.00pm unless otherwise stated)*

Wednesday 30 November 2011

Wednesday 14 March 2012

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Confirmed as a correct record:

Signed:.....Date:.....