

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

Minutes of a Meeting held on Thursday 28 June 2007 at 5.00pm

Membership:	* Phil Wilding	Business Member	Chairman
	* Judith Armstrong	Principal	
	* George Batho	Business Member	
	Charles Cardiff	Business Member	
	Lynne George	Local Authority Member	
	* Mike Rushworth	Business Member	
	Chris Turner	Co-opted Member	
	* Member present		
Quorum:	4 Members required	4 present	Meeting quorate
In Attendance:	Claire King	Chief Accountant (CA)	
	David Moir	Director of Finance & Information Services (DFIS)	
	Pete Phillips	Deputy Principal	
	Alison Wood	PA to Deputy Principal	

PART 1 – NON CONFIDENTIAL MINUTES

46. Apologies for Absence

Charles Cardiff, Lynne George, Simon Burrell (Clerk to the Corporation).

47. Declarations of Interest

None.

48. Notification of Any Other Business

A paper on 'Authorisation to proceed without tender' concerning Blackwell's bookshop was submitted on behalf of the Strategy & Partnerships Director.

49. Minutes of the Previous Meeting

The Minutes of the meeting held on 23 May 2007 were confirmed as a correct record and signed by the Chairman.

50. Matters Arising

There were no matters arising in addition to those covered under other Agenda items.

51. Management Accounts 2006/07 and Key Performance Indicators

The Management Accounts 2006/07 for the period to 30 April 2007 had previously been circulated. The DFIS tabled the Management Accounts for the period to 31 May 2007 and explained that the time pressures on the department resulting from the preparation of the budget and three-year financial forecasts had meant that it had not been possible to prepare this report in time to go out with the agenda papers. The DFIS advised that he was still forecasting the end of year outturn as an operating surplus of £444k (budget £536k). He took Members through the report and updated them on a number of matters, including:

- Continuing uncertainty over the achievement of the fee income target – it was noted that a more prudent approach had been taken to setting the 2007/08 fee income budget
 - Achievement of the WBL contract and target framework achievement rate – because the achievement of frameworks continues throughout the summer and into next academic year, both the financial and success rates outcomes will not be known with certainty for some months yet
 - The increase in the costs of providing sickness and parental cover – the College policy was discussed. It was noted that whilst it could be reviewed and the benefits scaled down, this would have a potential detrimental impact on retention and recruitment of staff.
 - Aged debt figures – further work is being undertaken by the finance department to verify the figures
 - Capital Expenditure: the property strategy costs have been removed from the capital expenditure summary in accordance with revised accounting requirements – the costs will be written off until an application in principle is obtained. The impact on the accounts for 2006/07 is an additional charge of approximately £100,000. This charge, which will be included in the June 2007 finance report, will be shown as an exceptional cost in the management accounts as the College does not consider these costs to be ordinary operating costs in the normal course of conducting the College's business
 - Cash Flow is positive and does not give a cause for concern
 - Financial Health Indicators are all good – a suggestion was made to enable a quick comparison that a column should be added on to incorporate data shown elsewhere.
- ACTION: Chief Accountant**
- Appendix 4, projects – The high operating surplus to May 2007 was noted. At the year end it will be necessary to adjust these figures for accruals and prepayments, the outcome of which is expected to reduce the operating position to a figure closer to the current forecast outturn.

52. Budget 2007/08

The DFIS outlined key aspects of the budget papers and answered questions from Members. The main points noted were:

- The overall budget set a 3% operating surplus. It was pointed out that this was before predicted costs of £250k relating to the College's property strategy, but after a provision of £190k in relation to FRS17. The adjustment to add back depreciation on revalued assets was also noted to increase the retained surplus for the year
- The increase in funding income in 2007/08 has been largely offset by reductions in project income and tuition fee income
- Fee income for the 2007/08 budget had been set as a 5% increase on the current 2006/07 forecast outturn
- There was some discussion on the budgeting and planning process and the impact of this on managers in the College. Whilst the College has not been able to provide resources from the budget to support all developments put forward, the negative impact of this has been balanced by the works that have been done in many areas of the College. In particular the extent of work on the accommodation, the increase in capital expenditure and the increase in staff numbers were noted.
- Project income – The Strategy & Partnerships Director's priorities have had to change in the light of the College's reduced ability to access funding via ESF projects together with current limited opportunities for funding streams from SEEDA and LSC LID money. His work now primarily concentrates on main stream curriculum income, including the 14-19 Diploma developments and Young Apprenticeship scheme.
- Increase in Capital budget 2007/08 and strategy for IT over a 5 year period
- Risks to achievement of the budget – overall the risks to achievement of the budget are considered to be lower than in 2006/07. The DFIS reported that two further risks were to be added to the paper that would be submitted to the Board, these were:
 - Train to Gain – risk of underachievement of the contract value by the 'Engage for Success' Consortium and the 'reputation impact' on BCOT
 - Adult allocation – potential risk if the College does not achieve its 2006/07 target on the allocation for 2008/09.

It was RESOLVED to RECOMMEND to the CORPORATION that the proposed Budget 2007/08 be agreed.

53. Financial Forecast 2007/8 – 2010/11

The DFIS advised that it was an LSC requirement to present a three-year financial plan and commentary. He took members through the plan, the forecast result for the next three years, the balance sheet and the rationale behind the categorisation of the financial health assessment of the College as financial category A.

It was RESOLVED to RECOMMEND to the CORPORATION that the Financial Forecast 2007/08 – 2010/11 be agreed.

54. Financial Regulations – 2007/08

The Chief Accountant tabled a paper on Financial Regulations 2007/08 and advised that two updates were needed to be incorporated:

- Orders and Contracts for Goods, Services and Building Works
Members advised that a strategy needed to be in place to identify any cumulative overspend of in excess of £5,000 and a procedure adopted to enforce this.
- Monthly Management Accounts Checklist
This was accepted.

It was RESOLVED to RECOMMEND to the CORPORATION that the Financial Regulations, as amended, be approved.

It was noted that a strategy and procedure would be brought to the next meeting of the Finance & Resources Committee. **ACTION: Chief Accountant**

55. Any Other Business

1. Authorisation to Proceed without Tender

A written report on the College's request to proceed without tender and contract with Blackwell UK Ltd was received and considered. It was reported that a Draft Service Level Agreement was being developed between BCOT and Blackwell UK Ltd and that it would not be possible to get further quotes at this stage.

Members felt that the costs of £80,000 should not be a 'given' and that the Strategy & Partnerships Director should provide the following information: **ACTION: Strategy & Partnerships Director**

- A break down of the costs involved
- Evidence of obtaining comparative quotes or if this was not possible alternative evidence such as a third party assessment e.g. Quantity Surveyor to be obtained.

It was agreed that the Chairman of the Committee would receive this further information from the Strategy and Partnerships Director noting that the College and Blackwells require the project to proceed to meet the target opening date of 1st August 2007.

ACTION: Chairman of the Ctte

56. Confidential minutes of the previous meeting

The confidential minutes of the meeting held on 23 May 2007 were confirmed as a correct record and signed by the Chairman.

57. Date and Time of Next Meeting

Wednesday 28 November 2007, commencing at 5.00pm.
