Minutes of the Finance Committee – Wednesday 3 February 2016

Present:  
Mr Jeremy McIlroy – Chair  
Mr Gurpreet Dehal  
Mr David Williams  
Professor Rob Kemp  
Mrs Jenny Febry  
Mr Paul Blagbrough  
Mrs Margaret Jack  
Professor Paul Layzell  
Mr Simon Higman

Apologies:  
Mr Iain Ross  
Mr Nicholas Perryman

In Attendance:  
Mr Stephen Cox – Chair of Council – to item 7.1  
Dr Tom Flynn – Students’ Union Chief Executive – to item 7.1  
Mr John Carroll – Assistant Director of Finance  
Mr James Willshire – Secretary  
Financial Accountant

1 APOLOGIES

Apologies were RECEIVED from Mr Iain Ross and Mr Nicholas Perryman.  

FC/16/01

2 MEMBERSHIP

NOTED that there no changes in membership.  

FC/16/02

3 MINUTES

NOTED that the minutes of the Meeting (FC/15/255-FC/15/290) held on 10 December 2015 had been approved by circulation.  

FC/16/03

4 MATTERS ARISING FROM THE MINUTES

NOTED that on 15 January 2016 Council APPROVED the proposal that amendments to the Financial Regulations should be proposed by the Finance Committee to Council for Approval. Previously the Finance Committee had approved amendments and reported such amendments to Council. The change in process aligns Standing Orders with the revised Statutes.  

FC/16/04

5 DECISIONS AGREED BY CHAIR’S ACTION AND BY CIRCULATION SINCE THE LAST MEETING

NOTE that there had been no decisions agreed by Chair’s Action or by Circulation.  

FC/16/05
6 UNSTARRING OF ITEMS

No items were unstarred for discussion.  

MAJOR ITEMS FOR DISCUSSION AND DECISION

7 FINANCIAL MONITORING

7.1 RECEIVED a verbal update on the Students’ Union.  

The Students’ Union (SU) had adopted a risk-based reserves policy and thus freed up £200k of reserves for investment into non-trading facilities to support student activities. They had adopted a revised capitalisation policy for the 2015-16 accounts which would result in a fixed asset write off of c£400k. 

The SU had developed a new Strategic Plan and reviewed their constitution to allow for additional external trustees with financial expertise.  

7.2 RECEIVED a report on the Management Accounts to December 2015 and a forecast for the year.  

The forecast surplus was £8.2m against a budget of £5.8m. The forecast included a reduction against budget of £0.3m for HEFCE grants and £0.6m for tuition fees. An estimate of £1m income has been included for a final Research and Development Expenditure Credit which is currently being prepared. 

Staff costs are £1.3m lower than budget due to an actual pay settlement of 1% compared to 1.5% included in the budget as well as delays in filling vacancies. The forecast of staff costs was compiled by post and would be dependent on leavers and joiners in the remainder of the year. 

£0.6m expenditure had been included from the new Strategic Development Fund. Bursaries and scholarship expenditure was £0.6m below budget. 

The expenditure in 2015-16 was forecast as £7m more than 2014-15 actual, the increase included the following factors: 

<table>
<thead>
<tr>
<th>£m</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>New academic posts</td>
</tr>
<tr>
<td>2.2</td>
<td>Professional Services bids</td>
</tr>
<tr>
<td>0.7</td>
<td>Annual pay award (1%)</td>
</tr>
<tr>
<td>0.6</td>
<td>Increments and Progression</td>
</tr>
<tr>
<td>0.8</td>
<td>Higher employer costs – NI and Pension</td>
</tr>
<tr>
<td>0.6</td>
<td>Strategic Development Fund</td>
</tr>
<tr>
<td>0.5</td>
<td>Bursaries and Scholarships</td>
</tr>
<tr>
<td>0.8</td>
<td>In year Contingency Allocations</td>
</tr>
</tbody>
</table>

7.2 RECEIVED a report on the forecasting process.  

The potential variances to forecast were outlined in the papers but it was noted that the main potential variances to the forecast were in non-staff expenditure which included £3.8m of carry forward budgets as well as large Estates and IT projects where delays could result in significant underspends. The amount of the RDEC HMRC claim had also been estimated based on the previous claim for four months of 2012-13 and would depend on the value of eligible contracts for 2013-14 and 2014-15.
It was noted that an estimate of the overall range of potential variance on the surplus at this stage of the year was in the region of £1m to £2m.  

The forecast did not currently take account of accounting changes under FRS102.

RECEIVED a report on Student Applications for 2016-17 academic year.

Undergraduate applications were 5% lower than last year but 8% higher than the previous year. The focus was now on conversion activities to persuade applicants to place College as their first choice. There would be some opportunity in clearing to recruit students.

Postgraduate taught applications were 15% down on the previous year and remains a concern for College and throughout the sector.

It was noted that the risk on student numbers particularly for postgraduate student meant that a contingency allowance should be considered for the 2016-17 budget.

8 CAPITAL PROJECTS

RECEIVED a report on major capital projects.

An agreement had been achieved with Wilmott Dixon regarding the previous scheme. Costs had been incurred of £2.6m, all but £131k of which would have been incurred in any case.

Proposals for conventionally built residences all of which to be complete by 1 September 2017 within the current budget would be presented to Council for approval on 24 February 2016 with a view to signing the contract the following day.

The Committee RECOMMENDED the proposal to Council for APPROVAL.

The proposals for external refurbishment of the Boiler House and additional of café facilities were not yet sufficiently progressed to ask for Committee approval.

The Committee AGREED that the proposals would be circulated for APPROVAL.

The Science building was currently in planning. It was anticipated that the HEFCE funding of £5m would be fully expended by 31 March 2016.

RECEIVED a verbal report on the prospective purchase of a nearby site.

College was the preferred bidder and negotiations were continuing regarding lease arrangements and other issues with a view to agreed Heads of Terms in 28 working days, exchange of contracts by 31 March and completion by 30 June.

RECEIVED proposals for refurbishment of Founder’s Reception and establishment of a Visitors’ Information Point.

This followed previous refurbishment of the Founder’s bedrooms and corridors and it was proposed that half of the expenditure would be from the Founder’s Endowment Fund.

The Committee APPROVED the funding of up to £3m.
9 FINANCIAL POLICIES AND PROCEDURES


It was agreed that College’s freehold land should be revalued under the transitional arrangements.

It was noted that adoption of FRS102 would have an effect on the surplus each year. The reporting of management accounts under FRS102 was under review and it may not be appropriate to include some of the FRS102 adjustments in these accounts, for example changes in fair value of endowment assets and provisions for pension liabilities.

The revised accounts were RECOMMENDED to the Audit & Compliance Committee external auditors for review.

9.2 RECEIVED proposed accounting policies to comply with FRS102.

It was NOTED that final accounting policies would be brought to the June Finance Committee and July Audit & Compliance Committee for recommendation to Council for APPROVAL.

9.3 RECEIVED proposals for residence fees for 2016-17.

The increases were based on a 2.5% increase in forecast costs with some minor differences for certain types of rooms and residences. The Students’ Union had been consulted.

The Committee APPROVED the proposed residence fees.

9.4 RECEIVED proposed tuition fees for 2016-17 for courses not approved at the October Finance Committee. It was further proposed to remove the fee for deferred assessment of postgraduate taught courses.

The Committee APPROVED the proposed fees.

STARRED ITEMS FOR REPORT AND FORMAL APPROVAL

10* REPORTS AND MINUTES

10.1* NOTED the Students’ Union Finance Statements to 31 July 2015.

10.2* RECEIVED the Investment Sub-Committee minutes of 22 October 2015.

10.3* RECEIVED the Annual Report on Enterprise Activities from the Director of Research and Enterprise.

10.4* RECEIVED the Annual Report on procurement from the Assistant Director, Procurement.
11* DEBT COLLECTION AND IRRECOVERABLE DEBT UNDER £5,000

RECEIVED reports on:

11.1* The student debtors position

11.2* The general debtors position

12* BENEFACIONS AND DONATIONS

NOTED that the College has received £502k from fundraising and donations in the year to date.

13* FINANCIAL REGULATIONS

NOTED that there have been two cases where, for good reason, the normal process for obtaining competitive tenders or quotations has not been followed.

14* FOUNDER'S ENDOWMENT FUND

NOTED that the value of the Founder’s Endowment Fund:

<table>
<thead>
<tr>
<th>Date</th>
<th>Market Value £k</th>
<th>Protected Value £k</th>
<th>Excess/Shortfall £k</th>
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<td>34,265</td>
<td>37,623</td>
<td>-3,358</td>
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<tr>
<td>22 Oct 2015</td>
<td>35,333</td>
<td>37,508</td>
<td>-2,175</td>
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<tr>
<td>1 Jun 2015</td>
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<td>26 Jan 2015</td>
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<td>37,176</td>
<td>437</td>
</tr>
</tbody>
</table>

15

ANY OTHER BUSINESS

There were no items of other business not covered elsewhere on the agenda.

16 RESERVED ITEM OF BUSINESS

17 PUBLICATION

17.1 AGREED that none of the agenda items require broad dissemination around College.

17.2 CONFIRMED the designation of papers as exempt from the Freedom of Information Act requirements.

DATE OF THE NEXT MEETING

Thursday 9 June 2016 at 4pm in the Principal’s Meeting Room.

J Febry
Acting Director of Finance
7 February 2016