

## Plumpton College

### Minutes of the Finance & General Purposes meeting held on Tuesday 11 May 2010

Present:	Mike Atkinson Judy Llewellyn-Burke John Evans Des Lambert Richard Partridge Jeff Trunkfield	- Governor (Chairman) - Governor (Vice Chairman) - Governor - Principal/Governor - Governor - Governor
In attendance:	Jenny Brooker Geoff Gregory Sam Howe Val Wilkinson	- Clerk to the Corporation - Deputy Principal (Resources) - Head of IT - Director of Finance
Apologies:	Jeremy Courtney Julia Hadden David Rafferty	- Governor - Governor - HE Student Governor

Meeting commenced: 5.20pm

Minute No.		Action by whom	Action by when
<b>FGP/10/12</b>	<p><b>IT Strategy</b></p> <p>Presenting his report, Mr Howe stated that the main focus of the IT team over the last year had been the development of the IT infrastructure. The development of the Virtual Learning Environment was proceeding but staff needed to develop their understanding of the VLE before additional technologies were adopted. There were many IT operating systems which could be used to improve clerical and management systems but the initial outlay for these was high cost.</p> <p>The response of students to the College IT provision had been much more positive than previous years and the number of complaints regarding IT had dropped considerably over the last six months.</p> <p>The broadband connection at the College outcentres was very slow due to the narrow bandwidth in the east of the County. SEEDA grants were available to develop broadband provision but it was not known if the existing provision was limited enough to qualify for SEEDA assistance.</p> <p>A revised staff IT policy was considered by members. The Clerk confirmed that the policy had been impact assessed.</p> <p>The committee welcomed the excellent progress on IT infrastructure that had been made since the last meeting. They were however keen to see fuller exploitation of the infrastructure now in place as a contribution to the efficiency improvements</p>		

	<p>required over the Strategic Plan period,</p> <p><b>Agreed:</b></p> <p>a) The scope for SEEDA funding for broadband in the East of the County to be further explored as a matter of urgency;</p> <p>b) A letter to be drafted for the Chairman to send to local MPs to request the development of Broadband provision in the East of the County.</p> <p>c) The annual IT strategy report be noted and the Staff IT User Policy be approved.</p> <p>d) A paper to be developed for the next meeting of F&amp;GP on the scope for efficiency improvements enabled by the improved IT infrastructure, together with their cost and benefit, the timeline for implementation and the implications for staff training, together with the scope for improvements to both the financial and management accounting processes and to the range, quality and accessibility of management data.</p>	<p>GJG</p> <p>GJG/JKB</p> <p>JKB</p> <p>SH/VW</p>	<p>21.05.10</p> <p>07.07.10</p>
<b>FGP/10/13</b>	<p><b>Current Developments of the Accounting System</b></p> <p>Presenting her report on accounting system developments, Ms Wilkinson stated that resources had been directed to improving the efficiency of the bank reconciliation process. Focus was now being directed to the development of online payments. The system would initially be used for WineSkills but would then be used for short course payments followed by new and standing commitments on the debtor ledger.</p> <p>Other current accounting system priorities were direct debits, on line budget management, automated bank reconciliations, scanning of purchase orders and purchase order processing. There was the potential to integrate admissions and finance systems through QL-X but the systems did not provide full integration.</p> <p><b>Agreed:</b> The above developments to be included in the next Finance SAR, with proposed deadlines, together with further consideration of the way forward on the integration of admissions and finance systems.</p> <p>[Mr Howe left the meeting at this point].</p>	<p>VW</p>	<p>Nov 2010</p>
<b>FGP/10/14</b>	<p><b>Minutes of the last meeting</b></p> <p>The minutes of the meeting held on 2 March 2010 were agreed and signed by the Chairman.</p>		
<b>FGP/10/15</b>	<p><b>Matters Arising</b></p> <p>FGP/10/02: There was the possibility that the College would exceed its HE student number allocation. The UoB had successfully bid for more numbers and there was the possibility that the College allocation would also be increased.</p>		

	<p>FGP/10/02: The Chairman had drafted a letter to the pensions actuary. Ms Wilkinson had spoken to the External Auditors and they had advised against a separate standalone pension provision to reflect more realistic mortality rates.</p> <p><b>Agreed:</b></p> <ul style="list-style-type: none"> <li>(a) Letter to the pensions actuary to be finalised and sent as a matter of urgency.</li> <li>(b) Further consideration be given to how best to reflect the Corporation's judgement on mortality rates in the College's balance sheet.</li> </ul> <p>FGP/10/03: Levels of employer and public liability had been compared against those of other Colleges.</p> <p><b>Agreed:</b></p> <p>The level of employer and public liability insurance be increased from £10m to £15m.</p> <p>FGP/10/06: A leaflet had been produced on courses available at Flimwell and the College site on Twitter was being accessed by an increasing number of people.</p> <p>FGP/10/07: The Buildings and Farm Sub Committee had given formal financial approval to the project for the development of classroom facilities at Green Oak for completion by December 2010 at a cost of £400k, on the basis of the increase in student numbers in the east of the County projected in the latest Strategic Plan.</p>	<p>MA/VW</p> <p>MA/VW</p> <p>GJG</p>	<p>28.05.10</p> <p>11.06.10</p> <p>01.07.10</p>
<p><b>FGP/10/16</b></p>	<p><b>Finance Report</b></p> <p>Presenting her report of the financial situation as at 31 March 2010, Ms Wilkinson advised that the structure of the finance report had been altered to improve clarity.</p> <p>The projection for the year was a surplus of £260k which was well above budget. Operating cash flow and the forecast net cash position had not significantly altered since the previous projection. The LSC had now paid the College the full amount of the capital grant outstanding.</p> <p>With regard to bank loan facilities, £4.6 million remained outstanding with £2m at fixed rates and £2.5m at a floating rate of 1% above LIBOR. The fixed loan would be reduced by £650k as at 2 August 2010, in order to bring the total gross bank loan back down to the agreed post-project level of £3.8m. There was scope for a larger repayment of the bank loan, but Ms Wilkinson advised that it would be beneficial to put the surplus funds on deposit, so as to take advantage of the likelihood over the medium/longer-term that interest rates would rise above the level of the fixed rate loan and also to provide the College with continuing assured funding flexibility to meet unforeseen capital expenditure opportunities or cuts in operating grant levels.</p>		

	<p>The Committee noted that grant levels had now largely been agreed for 2010/11. Subject to any further cutbacks imposed by the incoming Government, the financial risks for 2010/11 were now not particularly significant. But Ms Wilkinson warned that there were significant risks attaching to the operating projections for 2011-12 and 2012-13. Compared with other FE colleges, however, Plumpton had a low cost base and a diverse range of income; there was also reasonable scope for the College to adjust to economic circumstances.</p> <p><b>Agreed:</b></p> <ul style="list-style-type: none"> <li>(a) The finance report to 31 March 2010 to be noted.</li> <li>(b) A breakdown of capital allocation be provided in the next finance report to members.</li> <li>(c) Future quarterly reports to include a paragraph on loan arrangements and deposits.</li> <li>(d) In the meantime the Committee endorsed the current 6-month deposit arrangement and the maintenance of the loan drawdown at the level proposed.</li> </ul>	<p>VW</p> <p>VW</p>	<p>07.07.10</p> <p>07.07.10</p>
<p><b>FGP/10/17</b></p>	<p><b>Budget Assumptions 2010/11</b></p> <p>The Committee considered the assumptions that should underlie the preparation of the 2010-11 budget and the projections for the two following years to be submitted to funding bodies. The AoC had warned of a cut of up to 10% in 16-18 funding rates. On the other hand the Browne Committee was expected to raise the cap on HE tuition fees quite substantially. The Committee looked for a healthy cash flow in each year; it was not concerned in the current climate if the operating account showed a modest deficit.</p> <p><b>Agreed:</b></p> <ul style="list-style-type: none"> <li>a) In line with past practice and the Statement of Risk Appetite, student numbers in each category should be pitched at the level that senior management felt there was a 75% probability of achieving.</li> <li>b) In FE the best current indicator of funding rates should be applied.</li> <li>c) A 5% per annum increase in average HE funding rate (grant+fees) be assumed.</li> <li>d) Generous provision should be made for annual increases in pension costs;</li> <li>e) Pay increases should be assumed to be in line with inflation subject to staff costs not exceeding 50% of income.</li> <li>f) A contingency margin of £50k be included within the budget for any potential legal challenge.</li> <li>g) The projections for non-academic activities should be broadly in line with the strategic plan, including increasingly positive operating cash flow from the farm and the wine business, no subsidy to student transport, but no increase in residential grant.</li> <li>h) The capital expenditure allocation for major projects should be in line with the latest project schedule, and the budget should include expected external capital grants as well as</li> </ul>	<p>VW</p>	<p>07.07.10</p>

	<p>the expenditure;</p> <p>i) The allocation for minor capital should be maintained at £360k pa</p>		
<b>FGP/10/18</b>	<p><b>Recommendations of Buildings &amp; Farm Sub Committee</b></p> <p>The minutes of the meeting held on 23 February 2010 were noted and the Chairman reported on the meeting discussions held earlier that day.</p> <p>The Corporation had previously agreed to add to the capital programme an extension to the HE Centre at Plumpton up to a cost of £300k (with £200k of this to be met by the UoB) and the development of Green Oak up to a cost of £400k, subject to the Buildings &amp; Farm Sub-Committee approving the business case for each project. The Sub-Committee had considered the business cases and had given financial approval to both projects.</p> <p>The dairy development was proceeding on time and to budget. At its next meeting the Sub-Committee would be considering a business case for phase two of the dairy development with a view to accelerating the timetable for the programme.</p> <p>The Principal had been delegated authority to provide repayable bridging finance of up to £25k to the Church to take forward plans for the development of a crèche by September 2011.</p> <p>[An item was taken in confidential discussion at this point see Ref FGP/10/21.</p>		
<b>FGP/10/19</b>	<p><b>Date of Next Meeting</b></p> <p>The next meeting would be held on Tuesday 7 July 2010 at 4.00pm.</p>		
<b>FGP/10/20</b>	<p><b>Confidential Items</b></p> <p><b>Agreed:</b> That in view of the confidential nature of the business to be transacted, the Minutes of the remainder of the meeting be recorded on a confidential basis and remain so unless and until they become public in the ordinary course of the Corporation's business.</p> <p>(Confidential Minutes Follow. The meeting ended at 7.00pm).</p>		

JKB 11/05/10