

APPROVED Minutes of the F&GP Committee held on Tuesday, 15th July 2008

Present: Mr M Murray (Chair)
Mr R L'Amie
Mr D Quail
Mrs J McAllister
Mr M Dixon
Dr R Dugdale

In Attendance: Mrs S Shaw (Deputy Clerk)
Mr J Stott (Clerk)
Mrs L Swift (Head of Finance)

Apologies: None

Meeting commenced: 19:09

Meeting closed: 21:06

32/08 Disclosure of financial and/or personal interest

The Clerk clarified that, since the discussion about pay rises would apply to all staff throughout College, Members were not obliged to declare a financial or personal interest.

33/08 To agree agenda and order of business as circulated

The agenda and order of business were agreed as circulated.

34/08 To approve the minutes of the meeting held on 24th June 2008

The minutes of the meeting held on 24th June were approved as a true record.

35/08 Matters Arising

(a) At page 7, 28/08, in relation to the discussion about which financial indicators the College would select in respect of the new Framework for Excellence financial health score, the Head of Finance drew Members' attention to the summary document that had been attached to the minutes of the last meeting. This summary document outlined which indicators were now used and how the scoring worked. Members thanked the Head of

Finance for this information and agreed that it would be useful when they came to consider item 5 of the agenda.

19:11 The Principal joined the meeting.

- (b) A member asked whether the proposed indicator “to maintain an operating surplus of more than 1% as a percentage of turnover” would need to apply in every year. The Head of Finance explained that this would not be the case since the overall score would depend on the relative balance of the indicators chosen.

The Principal explained that, during a Capital Project, the funding body would look at the underlying financial position of the College, taking the capital borrowings into account as a separate element. However, it would be important to retain sufficient surpluses to be able to service interest payments on a capital project loan. She confirmed that the impact of the new Framework for Excellence had been added as a risk factor within the updated Risk Management Plan.

In response to questions from the Chair, the Head of Finance confirmed that all points agreed to be changed in the Finance Plan at the last meeting had been actioned.

- (c) The Clerk indicated that he wished to raise a matter in his role as College Administrator.

19:20 The Deputy Clerk took over the role of Clerk to enable the College Administrator to raise a matter arising

At Page 9, item 29/08, the College Administrator explained that the Employer Discretion Policy statements approved at the previous meeting needed to be amended in respect of Regulations 12 and 13. He clarified that these discretions were available for the College to award and were not available for staff to apply for.

Members agreed to the Employer Discretion Policy in respect of the Local Government Pension Scheme to be amended and published immediately.

19:21 The College Administrator took back the role of Clerk

- (d) At page 10, 30/08, the Principal reminded Members that on behalf of the Corporation they had considered the charge for the Managing Agency of Victoria Hall in detail at their last meeting further to the discussion of this at the last Corporation meeting.

She asked Members to consider what recommendation to now make regarding extending the managing agency for a further 5 years on the basis of the proposed charge.

Following discussion, Members agreed to recommend to Corporation that the contract for the managing agency of Victoria Hall be extended for a further 5 years, subject to the right to review charges, if appropriate within the period.

19:28 The Principal left the meeting.

36/08 To consider and recommend to the Corporation the 3-year Financial Forecast Return to the LSC

The Head of Finance presented the series of documents that Members needed to consider in order to recommend to Corporation the 3-Year Financial Forecast Return. These were:

5(a) The detailed Commentary on the July 2008 update of the Financial Forecasts for 2007-2011

The Head of Finance took Members through the commentary in detail.

Members noted that:

- (i) the overall position for 2007/08 showed a surplus of £75k compared with a budgeted surplus of £9k and the previous forecast surplus of £58k.
- (ii) in respect of LSC income for 08/09, the total increase awarded to College was 4.52%.

5(b) Financial Forecasts and LSC Return assuming a 2.5% pay increase in 08/09 and 2% in future years

It was noted that the forecast assumed a 2.5% pay increase with effect from 1st August 2008.

5(c) Financial Forecasts and LSC Return assuming a 3.2% pay increase in 08/09 and 2% in future years

It was noted that the forecast assumed a 3.2% pay increase with effect from 1st August 2008.

5(d) A draft commentary to the three year financial forecasts as at 31st July 2008

The Head of Finance explained that this document would need to be amended prior to Corporation, depending on which of the proposed pay increases was to be recommended.

19:35 The Principal re-joined the meeting

The Head of Finance continued to take Members through the Commentary on the July 2008 update of the Financial Forecasts for 2007-2011.

She explained that LSC guidance was to assume an increase in overall LSC income of 2% for 09/10 and 10/11, and this had been included in the forecasts.

A discussion followed on the subject of unidentified income in future years and the effect of pay rises. Members noted that the end of SRIP funding would have a significant impact on the need to source additional income in future years.

It was noted that the effect of a 2.5% pay rise would need to be supported by unidentified income to £160k. The net effect of a 3.2% pay rise would be to raise the level of unidentified income to £195k. These would be challenging targets for the College, despite the likelihood of additional project funding being available. The Principal indicated that the College would need to be very pro-active in accessing additional funding.

At this stage, the Principal suggested and Members agreed to take item 7 concerning a recommendation on pay rise for 08/09 so that a decision could be taken on which of the 3 year financial forecast models to adopt. The following minute shows the order in which items were then taken.

38/08 To consider further a recommendation to the Corporation for the pay and remuneration of staff

The Principal introduced the item, outlining a range of options for recommendation to the Corporation. She explained that a 3.2% pay rise with effect from 1st August would add £37k to the wage bill. Implementing it on 1st October (as the current AoC negotiating proposal suggested) would save £4k.

The Principal drew Members' attention to the recommendation of the Human Resources Committee to award "2.5% with effect from 1st

August, with betterment, subject to affordability". She explained that, historically, the Corporation had always tried to better the AoC offer or to meet it.

The Principal believed that the offer of 3.2% with effect from 1st October would be the final AoC offer.

At this point, The Principal and David Quail declared a financial and personal interest in the outcome of the deliberations. Both asked to abstain from voting.

Following discussion of a wide range of options, those Members without a declared interest voted unanimously to recommend to the Corporation that a pay rise of 3.2% be awarded to all staff with effect from 1st August 2008.

20:25 The meeting agreed to return to item 5 in order to complete their deliberations.

36/08 Continued

To consider and recommend to the Corporation the 3-year Financial Forecast Return to the LSC

Members agreed to recommend to Corporation that the 3-Year Financial Forecast Return to the LSC based on a 3.2% pay increase in 08/09 and 2% in future years should be approved.

The Principal then introduced paper 5(d), the draft commentary to the three year financial forecasts as at 31st July 2008, taking Members through the content and assumptions in detail.

In particular, she asked Members to note:

- (a) that using the new Financial Health scoring under Framework for Excellence, an overall assessment of "Good" for the 2008-11 period was now likely, subject to the achievement of projected levels of income.
- (b) the 6 revised key financial indicators, including the 3 selected from the Framework for Excellence Indicators as discussed at the last F&GP meeting.

- (c) That the 3 year financial forecast included the College's plan to:
- (i) Achieve the 6 key financial indicators
 - (ii) Invest at least 2% of funding in each year of the plan in the College's capital equipment programme
 - (iii) Invest at least £62k per year in the College's long term maintenance investment programme to continue the high standard of accommodation provided by the College.
 - (iv) Maintain the College's expenditure on staffing at approximately 73% of total income.

At this point, a Member expressed concern about the level of staffing costs and was of the opinion that a focus on e-learning should result in a decrease in staff costs.

Various views were exchanged about the likely impact of e-learning on staff costs, at the end of which, it was agreed that a training item would be organised for Members in which current developments within the FE sector would be reviewed and a debate launched on how an e-learning future might develop at Shipley College.

The Principal continued to take Members through the draft Commentary, drawing Members' attention to the variations in cash flow forecast at different times of the year.

Members agreed to adopt the draft commentary as the basis for the final Commentary to be recommended to Corporation, noting that this commentary incorporated the 3.2% payrise with effect from 1st August.

37/08 To receive a progress report on the operational effectiveness of the Risk Management Plan with respect to financial issues

The Principal presented the item and referred Members to the elements which had already been considered in some detail by the Committee.

The progress report was received.

38/08 *item taken and minute noted on page 4 above.*

39/08 **To consider the 2008/09 estimates of income and expenditure for recommendation to the Corporation**

The Principal presented the two options and asked Members to consider the income and expenditure estimate based on the 3.2% pay increase for 08/09.

Members were satisfied that the proposed estimates of income and expenditure for 2008/09 had been prepared in line with the financial forecasts and agreed to recommend it for approval by Corporation.

40/08 **To consider any changes to Financial Regulations**

The Head of Finance presented a paper in which she requested F&GP approval for some changes to the financial regulations in respect of reimbursement of personal cash and use of the College credit card.

Following discussion, these changes to Financial Regulations were approved.

41/08 **To agree the format for the Committee's Annual Report to the Corporation**

The format of the Annual Report to Corporation was approved.

42/08 **Any other business**

Dates of meetings to end of January 2009

- (i) Tuesday 23/09/08
- (ii) Tuesday 02/12/08
- (iii) Tuesday 13/01/09

There was no other business.

The meeting concluded at 21:06