

B O S T O N C O L L E G E

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 27 JANUARY 2014

1. PRESENT

Mr S McCracken (chair), Mr P Cropley, Mrs A Mosek, Mr P Scarlett, Mr C Simpson and Mr B Walder.

Also in attendance: Mrs J Hemmant (Clerk to the Corporation) and Ms J Lau (Finance Manager).

Meeting attendance 86%

Apologies for absence were received from Mr M Gallagher.

2. MINUTES

The minutes of the meeting of the committee held on 18 November 2013 were reviewed and approved.

3. FINANCE

Members received a report from the Vice Principal: Corporate Services on the College's accounts to 30 November 2013 and on the Local Government Pension Scheme 2013 valuation:

a) Local Government Pension Scheme

Members were advised that the Local Government Pension Scheme valuation had resulted in an increased contribution rate and a request for a cash payment to reduce the identified deficit. It was explained that the deficit had increased since the 2010 valuation and that the College had been required to make a proposal for addressing the deficit. The committee noted that the proposed payment of £138,000 per annum was far too high but that it was not acceptable to the pension scheme for no payments to be made. As a result the College had made a proposal to make a payment of £53,000 per annum starting in the College's 2014-15 financial year which would, over a period of 15 years, address the increased liability which had arisen between the 2010 and 2013 valuations. The College had already been expecting the increase in contribution rates which was identified. It was agreed that the payment proposed was acceptable and both the actuary and pension fund managers had verbally agreed that they were agreeable to this. It was agreed that written confirmation of this agreement should be requested.

It was noted that a briefing on the Local Government Pension Scheme would be taking place in early February and that the chair of the committee had arranged to attend this.

At the suggestion of Bob Walder it was agreed that it might be necessary to consider having an independent view on the valuation advice being received at some point.

A query was raised about the implications of auto enrolment for the College and members were advised that the membership levels for Boston College were already high and therefore the auto enrolment implications were not expected to be significant.

b) Accounts

Members gave detailed consideration to the accounts presented and noted a number of challenges identified within the commentary. Janet Hemmant advised members that reforecasting of the budget was an ongoing process and that the forecast shown on the December accounts, which had also been circulated, would be revised as time progressed.

Continuing a discussion from the previous meeting, members received a paper from the Vice Principal: Corporate Services on Catering activities. A discussion took place about some of the challenges particularly relating to the non-core business elements of Catering. Discussions took place about the reduced income in the Coffee Shop and Bistro against forecast and Chaz Simpson suggested that some learners might find the type of food in the Bistro unattractive. It was noted that a number of options for rotating the daily offer in the Bistro were being considered and it was thought that the food could be made more attractive to learners. Peter Cropley suggested that it would be sensible to ask the customer what it was they were looking for from the Catering services. The committee noted that the food in the Diner had been overhauled to coincide with the refurbishment and that this is operating more successfully. Information provided for the committee identified that providing Catering services to learners was commonly something which needed to be supported from College budgets because of the social element to the provision. The committee was advised that the manager for the Catering area was currently absent through ill health but that others were managing the provision.

The Vice Principal: Corporate Services advised the committee that cash flow performance dipped in January and was lower than anticipated in the cash flow forecast. A discussion took place about the need for the overdraft facility which had previously been agreed and the committee felt that the overdraft should be put in place as soon as possible to ensure security in the cash position of the College through the forecast period of lower reserves over the next few months.

A discussion took place about the performance of the College against its funding agency allocations. Members were advised that the funding software had only recently started to function and the particular focus was performance against the single adult budget. Amanda Mosek advised that the College was looking at a shortfall, still to be fully analysed, on the single adult budget and may have to give more work to partners. The committee noted that this would also have an effect on budgets and cash flow and that cash flow would have to be the subject of close attention in the forthcoming weeks and months.

The committee's report to the Corporation was completed by the Chairman.

4. PROPERTY

Members received a report from the Vice Principal: Corporate Services on a number of property issues.

Consideration was given to the developer response to the Heads of Terms proposed for the sale of the De Montfort campus. The committee had proposed that a meeting

should take place with the developer to discuss ways forward to find an agreeable solution to the points still in debate and the developer had indicated that they would be prepared to meet the College to discuss their position. The committee gave some detailed consideration to the particular issues of timescales for the completion of the sale of the De Montfort campus and it was agreed that the College's strategy should be developed before the meeting with the developer. Options to be considered related to the timescales for the sale and action to be taken in respect of potential variations to the pricing. It was agreed that Steve McCracken, Peter Cropley and Bob Walder should consult on the College's position and then meet with the developer. It was not felt that it was necessary for the agent to attend this meeting.

Janet Hemmant advised the committee that the Skills Funding Agency had now given consent for the College to retain the proceeds of the sale of the De Montfort campus. The bank had also confirmed that it approved in principle the transfer of loan security from the campus. The proposal had been to transfer the security to the Red Lion Quarter but the committee expressed a preference that the Rochford campus should be offered instead and that a valuation should be carried out to see if this offered the bank sufficient security.

Janet Hemmant advised members that Boston Grammar School had been refused permission to sell the land adjacent to the College site which had been under consideration but the Department for Education was prepared to consider approving an easement arrangement regarding this piece of land. The committee agreed that the College would be prepared offer payment to the Grammar School to acquire rights to use the land over a long period at a peppercorn annual cost.

It was noted that there had not been any significant developments in respect of the Skegness premises but that possible use in relation to a bid being developed was being pursued.

5. RED LION QUARTER

Members received information from the Director of Business Development on the activities and performance of the Red Lion Quarter. The committee was advised that there was interest from another possible tenant for a business unit in the Centre. The committee agreed that it should continue to receive papers specifically on the Red Lion Quarter until the end of the financial year.

6. NEXT MEETING

It was noted that the next meeting of the committee would take place on 23 April 2014.

7. PRE MEETINGS

The Chair advised that he had had a pre meeting with the Vice Principal: Corporate Services and Finance Manager which had proved to be useful in preparing for the meeting and that it was proposed to continue holding pre meetings in the future.