



## MINUTES OF THE FINANCE COMMITTEE MEETING

Held At Esher College  
Thursday, 3<sup>rd</sup> March 2016, at 6.20 pm.

### Present:

Terry Price (Chair)	Dan Dean
Emma Cheney	David Irving
Paul Collyer	Fran Stewart
Elizabeth Cooper	
Stephanie Wiles (Director of Finance and Estates)	
Rebecca De'Ath (Clerk)	

### 1. BUSINESS INTERESTS IN AGENDA ITEMS

There was nothing to declare.

### 2. APOLOGIES FOR ABSENCE

Jane Grenander sent her apologies.

### 3. MINUTES OF THE LAST MEETING

The minutes of the meeting of 24<sup>th</sup> November 2015 were agreed as a true record.

### 4. MATTERS ARISING

**F1-001** The Director of Finance and Estates will remove the objective on compulsory redundancies from next year's Report. Also, see item 8 (below) for Reserves policy action.

**F1-002** The Director of Finance and Estates had annotated the Cashflow Forecast to show IT purchases, but it had not come out when the document was printed.

**ACTION:** Director of Finance and Estates to amend the Cashflow Forecast.

### 5. FINANCE AND BUDGET REPORT (01.08.15 – 31.01.16)

The Director of Finance and Estates drew Governors' attention to the variances in income and expenditure in her report covering the six month period to 31 January 2016. A £300,282 surplus (before depreciation) was forecast for the year-end. She also explained that, going forward, her aim was to align the formats of the accounts and budget more closely with the EFA submissions. Finally,

staff pay rises (the 1% nationally-agreed salary increase) would be paid promptly in March to avoid staff incurring additional NI costs.

The meeting discussed the catering contract and agreed that, although the College was satisfied with the service currently received, the contract would be put up for tendering in 2017.

**Q: Can you explain what is meant by “Gift Aid in the General Fund”?** This is where parents give voluntary contributions to the College at the start of their student’s time at the College and the College is then able to reclaim tax.

**Q: Is it possible to sort out the timing issues that lead to the variances?** This is addressed every year, but there is always something that arises in this uncertain world.

**Q: How was the Deputy Principal’s salary dealt with?** It was aligned to the SFCA leadership spine, and circulated to Remuneration Committee members for consideration.

The Director of Finance and Estates was thanked for her Report, and the meeting approved the six month position in the Management Accounts.

## 6. 24-MONTH CASHFLOW FORECAST

It was reported that the £500,000 that was on deposit was due to be rolled-over soon. The Director of Finance and Estates proposed that it remain in Lloyds Bank for another 12 months where the rates were more favourable. Governors discussed putting another £500,000 on deposit, whether to stagger this timing, and the implications if the money was required suddenly.

**Q: If we deposit this in Lloyds too, will we be putting all our eggs in one basket?** No; there is a similar amount in NatWest, to spread the risk.

**Q: Is there a different break clause for a special high-interest deposit account, and will the 1.2% interest rate still apply?** The Director of Finance and Estates had been given assurance by the bank that the previous terms did not have a break clause but she agreed to ask for confirmation from the bank.

**ACTION: Director of Finance and Estates** to seek confirmation from Lloyds of the terms and conditions of the deposit.

It was agreed that depositing this amount would balance the holdings that were on deposit, was in line with our policy of spreading the cash across 2 banks and should therefore go ahead.

## 7. REVIEW OF FINANCIAL OBJECTIVES

Having been informed of the methodology for shortlisting the recommended objectives for inclusion in the 2015/16 annual Financial Statements, Governors asked the following:

**Q: Should we hold more than 30 day’s cash in hand, such as for three months?** Ninety days may be a bit long – we can perhaps include this in a Reserves Policy (see item 8).

**Q: Should ensuring value for money be explicitly mentioned in the chosen objectives?** This requirement is already captured in other documents, but we could add wording to the fifth recommended objective: “To maximise other sources of income *and ensure value for money in expenditure.*”

**Q: Should risk management be captured in the objectives?** This should be covered elsewhere - in the annual finance report.

**Q: Should we include financial analysis as an integral part of College capital projects or should this be part of the Estates Committee's Terms of Reference?** It is not a financial objective, but a procedural one.

**ACTIONS: Director of Finance and Estates** to add in wording about value for money, and include mention of financial analysis of capital projects in the next draft of financial regulations. Following further research, she would write a short report for the next Finance Committee meeting to consider.

## 8. RESERVES POLICY

Giving a verbal report, the Director of Finance and Estates explained that the College needed a realistic balance to cover day-to-day expenditure, and the figure of £1 million was recommended. This would act as a trigger point to effect cost-saving actions.

**Q: Is this to become a policy?** It would become a financial objective and will also be included in the next draft of the financial regulations.

Following discussion, the meeting agreed that the College should retain a minimum of £1 million in cash reserves at any one time.

## 9. REPORT FROM THE FINANCIAL STRATEGY GROUP (FSG)

Papers had been circulated to finance members not on the FSG following the last meeting on 4<sup>th</sup> February 2016. The Group's main output was the Financial Plan - recently submitted to the Corporation for agreement for it to be given to the Area Review team. Strategic options for the future of the College under this Review had also been explored. The FSG had therefore agreed that it had concluded its business by handing its findings over to the Corporation; it had no need to meet again at the present time and would now remain in abeyance.

**Q: The Group was looking at the requirement for a Business Manager. Would this be a substantive post or a consultancy? Do you need Finance Committee approval for this expenditure?** We are looking at a 2-year fixed-term appointment initially. Finance Committee approval is not required, but its support for this proposal would be welcomed. Finance Committee gave its support.

## 10. ANY OTHER BUSINESS

There was none.

## 11. DATE OF NEXT MEETING – 23<sup>rd</sup> June 2016

*The meeting closed at 7.05 pm.*

*Attendance was 88% (7 out of 8 members)*

Signed.....

Date.....

**SUMMARY OF ACTIONS**

<b>F2-001</b>	Item 4 – <b>Director of Finance and Estates</b> to amend the Cashflow Forecast to show It purchases.
<b>F2-002</b>	Item 6 – <b>Director of Finance and Estates</b> to seek confirmation from Lloyds of the terms and conditions of the deposit.
<b>F2-003</b>	Item 7 - <b>Director of Finance and Estates</b> to add in wording about value for money, and include mention of financial analysis of capital projects in the next draft of financial regulations. Following further research, she would write a short report for the next Finance Committee meeting to consider.

**SUMMARY OF GOVERNOR CHALLENGE [C] /SUPPORT [S]**

<b>C/S</b>	<b>Item</b>	<b>Topic</b>
C	5	Governors' questions about the content of the Finance Report and of the remuneration for Senior post.
C	6	Queries about risk, and request that bank interest rate be confirmed for the additional deposit.
C	7	Governors' suggestions for additional information to be included in the financial objectives.
S	8	Agreement with the proposal for amount of cash reserve.
C	9	Governor's request for clarification about the new position of Business Manager.