

## **B O S T O N   C O L L E G E**

### **MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE HELD ON WEDNESDAY 15 SEPTEMBER 2010**

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#### **1.     PRESENT**

Ms S Daley, Mrs L Ladds, Mr S McCracken and Mrs P Smith

Also in attendance Mrs J Hemmant (Clerk to the Corporation), Mr J Rees (Deputy Principal), Mr N Walford (Finance Manager) and Jo Wray – Lincolnshire County Council (item 5 only)

Apologies for absence were received from Mr C Baron, Mr P Cropley and Mr R Haynes.

#### **2.     APPOINTMENT OF CHAIR**

Having been duly nominated Mr McCracken was elected to chair the committee for the 2010-11 academic year.

Mr McCracken in the chair

#### **3.     MINUTES**

The minutes of the meeting of the committee held on 21 April 2010 were reviewed and approved.

#### **4.     PROPERTY**

Members noted the College's successful bid for grant funding from the Skills Funding Agency. A discussion took place about the way to move the different elements of the funded project forward and difficulties relating to the tendering of the new build element of the project were discussed. It was agreed that, subject to the approval of the Chair of the Audit Committee, the contract for the new building should be let directly with a valuation being made of the quoted costs and a clear recommendation and certification of value for money being made by a third party. It was agreed that the Chair of the Audit Committee should be asked if it was acceptable for the Colleges current advisors to carry out this valuation and recommendation work or if further advice should be sought. It was agreed that the College proceed in accordance with his views.

It was agreed that Corporation members should be advised of the development of the project and in particular the outcome of proposed meeting with Boston Borough Council. Note was also taken of the current proposals to cover the cost from cash reserves with a reserved option to take up further borrowing as agreed by the Corporation.

#### **5.     LOCAL GOVERNMENT PENSION SCHEME**

Members received a report from the Director of Corporate Services on the latest valuations in respect of the pension scheme. The committee was joined by Jo Wray

the Lincolnshire County Council manager responsible for day to day management of the pension fund.

Jo Wray explained the background to the early indicators report which had been presented to the committee and advised members of the implications of the data being presented by the County Council and the actuary. It was noted that a considerable rise in employers' contributions was likely to be required from April 2011 as a result of asset values falling, gilt yields at historically low levels and longer life expectancy. It was noted that a shift to 24% contributions as suggested in the report would cost the College approximately £230,000 per annum.

Jo Wray explained to the committee the potential changes which may arise from the national enquiry into public sector pensions which would include recommendations on changes to be made to contribution rates and accumulation rates. This would make future service cheaper to fund and introduce cost sharing between employers and employees. The committee was advised that under current arrangements College employees are entitled to belong to the local government pension scheme as the College is a scheduled body.

Mrs Smith left the meeting at this point.

The committee was advised that financial assessments of the strength of the pension scheme employers may help to reduce the levels of contribution required and that there was an option for individual employers, subject to size of employer, to opt out of the pool arrangements. First results were likely to be received in October/November for the current review of the fund and a certificate of funding arrangements had to be produced in March 2011. It was noted that the County Council would be issuing an appraisal document for employers to complete which would assist in evaluating their ability to withstand further movements in fund values and therefore stabilise their contribution rates.

The committee thanked Jo Wray for her clear and very helpful explanation of the position and agreed to keep this matter under further review.

## **6. FINANCE**

Members received a report from the Director of Corporate Services on the College's finances to the end of June 2010. Some concerns were noted about specific income streams and it was noted that one area which had been causing concern, the Refectory, had been given targets for improvement.

The committee considered proposed changes to the College's financial regulations and these were adopted as proposed.

## **7. FUNDING**

Members were advised that 16-18 student recruitment was close to target following good results for the College. There has been a big increase in adult recruitment on full time courses which can be accommodated by new flexibilities introduced into the funding arrangements.

## **8. PAY AWARD**

Members received a report from the Director of Human Resources on the position relating to pay awards in the sector. The committee considered that pending receipt of more information it might not be timely to make a decision on the pay award at this point in time. It was noted that other colleges in the sector were being similarly cautious about pay awards and it was agreed that a decision should be deferred until Christmas at the earliest.

**9. COMMITTEE PERFORMANCE**

Members received a report from the Clerk to the Corporation on the committee's performance against its targets which included achievement of 89% attendance against a target of 85%. A monitoring document showing the implementation of the committee's resolutions was also shared. The committee was satisfied that it had achieved its targets for 2009-10 and agreed that, in the light of the capital funding approval, these targets should be carried forward and supplemented by an additional target to maintain oversight of the pension changes and implications.

**10. GOVERNORS AND THE COMMON INSPECTION FRAMEWORK**

Attention of members was drawn to a publication on this issue and it was agreed that the Corporation should be asked for its views on operating within this framework at the next meeting.

**11. DATE OF NEXT MEETING**

It was noted that the next meeting of the committee would be on 15 November 2010.