



**Minutes of the meeting of the Finance and General Purposes Committee
held on Thursday 25 September 2008 at 5.00pm in Room 3F099**

Present: Hilary Bainbridge (Chair)
Alison Birkinshaw, Principal
Peter Burrows
David Johnson
Danny Morgan

In Attendance: Trevor Armer, Director of Finance
Richard Hinde, Clerk to the Corporation
John Kear, International Manager
Graeme Murdoch, Deputy Principal Quality Assurance &
Support
Bob Saynor, Assistant Principal Life Long Learning &
Higher Education
Anne Tyrrell, Deputy Principal Operations

Action

08.38 Apologies for Absence/ Declarations of Interest

Apologies were received from David Marsh. David Johnson and Anne Tyrrell would be arriving later. No declarations of interest were made.

08.39 Minutes of Previous Meeting – 9 July 2008

The minutes, and confidential minutes, were **approved** as an accurate record and signed by the Chair.

08.40 Matters arising

a) Action Summary Sheet

The report was considered by the Committee, and it was noted that all issues had been actioned.

b) Committee Terms of Reference and Schedule of Business 2008/09

The Chair presented the Committee Terms of Reference and schedule of business for 2008/08 which had been considered by the Governing Body at its last meeting. It was felt that if the Committee had a genuine “general purposes” role this should be more clearly stated in the Terms of Reference to include other general and overarching matters (such as marketing) which did not fall entirely within the remit of any other Committee. It was **agreed** that the Clerk would prepare a suitable amendment for further consideration.

Clerk

With regard to the Committee workplan for 2008/09, it was **agreed** that it should expressly state that the skeleton agendas were not set in stone but would be varied as necessary with the progression of time. It was also **agreed**

Clerk

Clerk

that at the Committee's February 2009 meeting there should be a review of progress against the workplan. It was further **agreed** that at the Committee's July 2009 meeting there should be a review of the Committee's effectiveness which would include a full review of the proposed workplan.

Clerk

(David Johnson joined the meeting at 5.20pm.)

08.41 International Report

a) Long Term Trend Analysis

The Director of Finance presented the report summarising the financial impact of the College's international activity since 2005/06, together with an early analysis of the financial impact of anticipated international enrolments in 2008/09. It was noted that international activities had made an increasing financial contribution to the College during this period, but that under recruitment in 2008/09 was likely to end this positive trend (although a continued positive financial and other contribution was still anticipated).

(Anne Tyrrell joined the meeting at 5.30pm.)

b) 2007-08 International Activities Report

John Kear, International Manager and Bob Saynor, Assistant Principal Lifelong Learning and HE presented the report summarising the College's international activity in 2007/08, and providing details of its progress in 2008/09. Discussion then took place in relation to the level of Government support for vocational education overseas, and the College's approach to this. Consideration was given to the College's core product portfolio developed over the last ten years and how this was evolving. It was reported that the College was not proposing any major change in its strategy but was continuing to look at further opportunities. It was felt that the College needed to maintain and sustain what it already delivered but should also consider whether there were any discrete additional packages that could be offered to build on this provision without detracting from it.

Particular attention was paid to specific trends and it was noted that for 2008/09, a higher proportion of Norwegian students had chosen to study in the USA rather than in the UK. The College's International Manager was to travel to Norway to give presentations at significant feeder schools and other key venues.

Although the significant drop in forecast income for the year was noted, it was also explained that further mid-year enrolment for ESOL could bring gains.

Discussion took place about the need to keep track of learner progression to the University of York and York St John University, and it was acknowledged that strengthening links with both of them was likely to be beneficial. The possible development of joint offers from the College and University of York had been explored in order to provide clear progression routes for overseas learners.

(Bob Saynor and John Kear left the meeting at 5.50pm.)

08.42 2007/08 Residual Issues

a) LSC and Other Funding Update

The Director of Finance presented the report providing a summary of the final estimate of the College's income for 2007/08, as at the 16 September 2008. It was explained that the report provided comparisons with both the 2007/08 Mid Year Forecast, the College's original 2007/08 forecast and the performance assumed in 2007/08 in the Final Capital Bid for the New College.

It was noted that the College's "core income" for 2007/08 was expected to be £27,000 (0.1%) above the 2007/08 Mid Year Forecast; £105,000 (0.4%) above the 2007/08 Budget Forecast and £2,044,000 (8.7%) above that assumed in the Final Capital Bid.

b) Final Capital Report

The Director Of Finance presented the report summarising the College's capital expenditure in 2007/08, as at 18 September 2008. It was reported that total expenditure was £92,846 above that budgeted This largely reflected additional expenditure of £87,933 on mezzanine floors and racking for the New College, which was authorised after the original budget in order to maximise the floor and storage space available within construction workshop areas.

08.43 Draft 2007- 08 Management Accounts

The Director of Finance presented the report summarising the 17 September 2008 draft of the College's 2007/08 management accounts, which it was noted were subject to further review prior to audit.

It was reported that the draft year end management accounts indicated a deficit of £784,000 (excluding the impact of FRS 17 pension costs). This was after the revenue impact of the exceptional transactions associated with the New College Project and Information Strategy. If these transactions were excluded, the College's underlying financial performance in 2007-08 was expected to be a surplus of £1,074,000 (3.5% of income).

If this underlying performance was confirmed by KPMG, the College's underlying surplus would be £315,000 better than indicated in the June Year End Forecast, £754,000 better than in the 2007-08 Mid Year Forecast and £1,071,000 better than budgeted.

It was noted that a full analysis of variances against both the 2007-08 Budget and the 2007-08 Mid Year Forecast would be provided when the finalised 2007-08 financial statements were presented to the Committee on 20 November 2008.

An initial assessment of the College's financial performance against its financial targets for 2007-08, indicated that the target figures set in the 2008-09 Budget and 2008-09 Mid Year Forecast were all likely to be exceeded.

It was explained that if the College's financial health assessment were to be based on a deficit of £784,000, it would indicate a financial health category 'A' status. This was after the revenue impact of the New College Project and Information Strategy (£1,858,000) had been taken in to account.

Under Framework for Excellence, if the College's financial health assessment were to be based on a deficit of £784,000, it would indicate 'Good' financial health. If the revenue impact of the New College Project and Information Strategy (£1,858,000) were to be excluded, the College's financial health would be assessed as being 'Outstanding'.

In both cases, this would be in line with the forecast performance advised to the LSC in July 2008.

The Committee noted their satisfaction with the financial performance achieved, in a difficult climate.

(It was agreed to take agenda item 11 out of order)

08.48 Procurement

a) Value For Money Policy Statement

The Director of Finance presented the report together with an updated version of the College's Value for Money Policy Statement, which was considered by the Committee.

It was explained that when this Value For Money Policy was developed, it was based on recommended best practice from within the HE sector as no similar guidance was available within the FE sector. During the last two years, clearer guidance had become available from the Learning and Skills Council and this re-drafted policy sought to reflect this

guidance.

The purpose of this Value for Money Policy was to articulate how Governors and managers took steps to ensure that they were able to: "Secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment and staff so that the investment of public funds was not put at risk."

It was queried whether reference to the optimisation of procurement costs needed to be included in the Policy; and also whether cross reference should be made to the College's Financial Regulations in relation to quotation and tender processes.

It was acknowledged that by far the College's biggest expense was staffing costs. The Committee felt that the Policy as proposed focussed greatly on economy but paid less attention to efficiency and effectiveness. It was **agreed** that the Policy needed to be strengthened in this regard, and that the revisions would be circulated for further consideration.

DF

Discussion then took place about the types of information and reports that members should be receiving in order to ensure that the College was addressing the value for money agenda.

The Committee **agreed to recommend** the Governing Body to approve the Value For Money Policy for 2008/09 with further work being done to develop the Policy before 2009/10.

b) Procurement Progress Report

The Director of Finance presented the report outlining the College's procurement activities within the College since the last meeting of the Committee in July.

The Committee queried whether there was any scope for reducing the number of suppliers the College used. Discussion also took place about the large discrepancy between the value of orders made and the value of invoices received, and the implications of that. The need to ensure that opportunities for negotiating more favourable terms were not lost was emphasised.

It was noted that the College had set up a new Procurement Development Group, and that Danny Morgan had been invited to attend these meetings in his role as link Governor for Procurement.

The Committee **agreed** that it should receive these procurement reports twice a year.

DF/Clerk

(Danny Morgan left the meeting at 6.30pm.)

08.44 2008- 09 Progress Reports

a) Recruitment Against Target

This report was considered as a confidential item for which a separate confidential minute was taken.

b) Draft Marketing Strategy

This report was considered as a confidential item for which a separate confidential minute was taken.

c) Treasury Management Report

The Director of Finance presented the report summarising the College's treasury management activities in the month to 31 August 2008. It was noted that interest income in August was £42,312 compared to the £38,000 in the College's 2008/09 Budget.

It was further reported that steps were being taken to obtain consultancy advice on the credit worthiness of various banks. Some of the College's deposits had been moved from HBOS to Barclays, and a meeting had been arranged with HSBC with a view to transferring more. The Committee **agreed** that action should be completed quickly to ensure that the College's deposits would be split between at least three or possibly four different banks.

DF

d) Information Strategy Report

The Deputy Principal Operations presented the report updating on progress with the College's Information Strategy including financial analysis. It was noted that further work was being undertaken to ensure appropriate embedding within the College.

Discussion took place as to why not all of the budget for business systems software had yet been spent. It was explained that because problems had been experienced with the portal, these had had to be resolved before any further associated expenditure could have been made. It was explained that both the Deputy Principal Operations and Deputy Principal Quality Assurance & Support had spent a great deal of time looking at different information/data systems and this in itself had prompted queries regarding the College's systems and what should be purchased.

It was explained that there was now much greater confidence in the accuracy of the data as a result of improved

“cleansing”, and the way in which the data and existing systems were being used.

On a specific point relating to classroom e-learning, it was noted that only 15 “tablets” were available to all of the College’s part time staff and it was queried whether the College needed to consider purchasing more.

08.45 2008/09 Tuition Fee Policy

The Director of Finance presented the report and the College’s proposed Policy on the determination of tuition fees for its educational provision. It was explained that the Policy had been updated to reflect changes in LSC guidance and changed roles and responsibilities within the College, but that the core policy was largely unchanged.

It was acknowledged that the Policy contained many areas of good practice but the Director of Finance indicated that he would wish to streamline the document for future years.

In considering the “Policy Objectives” within the document, particular attention was paid to the first objective being to “ensure that tuition fee income is maximised”. It was explained that “maximised” meant maximised subject to constraints (whether economic or social). The Committee requested that this objective should be included at the end of the list of “Policy Objectives” to better reflect that.

The Committee **agreed to recommend** the Governing Body to approve the College’s Tuition Fee Policy for 2008/09 subject to inclusion of the agreed amendment.

DF

08.46 New College Project: Financial Issues

a) Financial Progress Report

This report was considered as a confidential item for which a separate confidential minute was taken.

b) Budget Report

This report was considered as a confidential item for which a separate confidential minute was taken.

08.47 Partnerships and Joint Venture Updates

a) Future Prospects

This report was considered as a confidential item for which a separate confidential minute was taken.

b) Yorkshire Rail Academy

This report was considered as a confidential item for which a separate confidential minute was taken.

08.49 Risk Management

a) College Responsibilities under Statutory Legislation

The Finance Director presented the report showing the College's senior and middle managers responsible for the oversight of the College's obligations under statutory legislation, and explaining how these responsibilities were implemented within College.

b) Business Continuity Planning

The Deputy Principal Operations presented the report summarising progress on business continuity planning in the College, which was considered by the Committee.

Discussion took place about the College's IT back-up systems, and it was noted that in May 2009, there would be an audit by the College's internal auditors focussing on the College's business continuity and disaster recovery arrangements.

Consideration was also given to the risks involved in staff using laptops and memory sticks containing potentially sensitive data. It was explained that the College's guidance to staff relating to this was currently in the process of being updated.

DPO

08.50 Any Other Business

None.

08.51 Date of Next Meeting

Thursday 20 November 2008.

The meeting closed at 7.55pm.

Signed (Chair):

Name:

Date: