



Minutes of a meeting of the Finance and General Purposes Committee held on Thursday 20 November 2008 in room 3F099, York College

Present: Hilary Bainbridge (Chair)
Alison Birkinshaw
David Johnson
Danny Morgan

In Attendance: Trevor Armer, Director of Finance
Richard Hinde, Clerk to the Governing Body
Graeme Murdoch, Deputy Principal Quality Assurance & Support
Anne Tyrrell, Deputy Principal Resources

Action

08.52 Apologies for Absence / Declarations of Interest

Apologies were received from Peter Burrows and David Marsh. It was noted that Alison Birkinshaw would be joining the meeting later. No declarations of interest were made.

08.53 Minutes of the Previous Meeting – 25 September 2008

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

08.54 Matters arising

a) Action Summary Sheet

The report was considered by the Committee, and it was noted that all issues had been actioned, save for the Business Continuity Plan which was in progress. It was reported that a draft plan had been produced.

b) Any Other Matters Arising

None.

08.55 2007/08 Financial Statements

a) Financial Analyses

The Director of Finance presented the report providing analyses of the College's 2007/08 financial performance, comparing financial targets set for the New College Project, together with the financial covenants associated with the loan from Lloyds TSB. The report also provided a comparison with the College's financial performance with that forecast for 2007/08 in previous three year financial forecasts. It was explained that the financial statements had now all been audited, and that a more detailed report would be presented to the December Governing Body meeting.

b) Comparison with Financial Objectives

The Director of Finance presented the report providing a comparison of the College's 2007/08 financial performance compared to its Strategic Financial Objectives for the year. It was

noted that all financial objectives had been achieved in 2007/08.

c) 2007/08 Financial Statements – York College

The Director of Finance presented the Financial Statements summarising the financial performance of the College in the year to 31 July 2008. It was noted that the reported deficit of £1,296,000 was after the impact of FRS 17 pension charges (£529,000) and that if these were excluded the College's reported deficit would be £767,000. This deficit of £767,000 was £305,000 better than was forecast in July 2008. It was also £845,000 better than the College's 2007/08 Mid Year Forecast and £1,722,000 better than originally budgeted for 2007/08.

After considering the Financial Statements, the Committee **resolved to recommend the Governing Body to approve** the College's Financial Statements for 2007/08.

d) Pure Business Solutions Limited

The Director of Finance presented the report on the 2007/08 Financial Statements for Pure Business Solutions, the College's wholly-owned subsidiary company, together with comparison of the company's reported profit with that anticipated in the company's Budget and Mid Year Forecast for the year. The Committee also considered the trend analysis of the company's trading profit and financial contribution to the College since 2001/02. It was explained that it was the responsibility of the company's Board of Directors to approve these Financial Statements but the Committee noted that the company was once again recording a profit.

08.56 Financial Report for the 3 months ended 31 October 2008

The Director of Finance presented the report summarising the College's performance in the first three months of the 2008/09 financial year. It was noted that the College's performance was broadly in line with that budgeted for this point in the year. The Committee also noted that the move towards "demand led" funding meant that in future there would be increased variability in cash flows.

08.57 2008/09 Progress Reports

a) Learner Enrolments

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

b) 2008/09 LSC and Other Funding Forecasts

The Director of Finance presented the report summarising the first estimate of the College's main funding streams for 2008/09. It was reported that, whilst it was still early to be forecasting the College's income to 31 July 2008, this forecast indicated that the College's LSC and other learner-related funding could be £648,000 (2.1%) below budget. It was reported that management were giving

consideration to a number of efficiencies to try and reduce the impact of this.

c) Tutor Utilisation: Termly Report

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

(Alison Birkinshaw joined the meeting at 6.10pm.)

d) Treasury Management

The Director of Finance presented the report summarising the College's Treasury Management activities in the three months to 31 October 2008. It was noted that interest income in 2008/09 could be £120,000 below that budgeted, and that this revised estimate had been reflected in the College's November Year End Forecast.

It was reported that the College was now moving towards placing its money with more institutions, and discussion took place around the conflict between securing a higher rate of return and the security of the banking institution involved. Discussion also took place in relation to the advantages and disadvantages of the College seeking to repay part or all of its outstanding loan.

(It was agreed to take agenda item 9 out of order.)

08.58 Treasury Management – Policy and Procedures

The Director of Finance presented the College's Treasury Management Policy and Procedures summarising the College's approach to its treasury management activity. The Committee considered the Policy and Procedures and **agreed** that section 5 of the Counter Part Procedure should be amended to state that "...the College should aim to have no more than 25% of its funds available for investment, invested with any one institution." It was also **agreed** that the Policy should include a statement that the Policy and Procedures needed to be reviewed on an annual basis, although the Committee recognised that in the current economic climate it might be prudent for the issue to be reported to the Committee more frequently. The Committee resolved to approve the College's proposed Treasury Management Policy and Procedures subject to inclusion of the agreed amendments.

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08.57 e) Energy Management

(cont) The Deputy Principal Resources presented the report on energy management within the College. It was reported that a budget had been forecast and targets set for the 2008/09 year. An update on performance against target was provided, and a summary provided of the actions taken to minimise energy usage and expenditure within College. It was noted that the 2008/09 budget for gas and electricity expenditure was in excess of £425,000, and it was hoped that significant savings could be achieved by the

College's close monitoring and management of its energy consumption and that this would become evident in future.

(Anne Tyrrell left the meeting at 6.55pm.)

f) Business Units Financial Report

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

g) LSC Confirmation of Financial Health

The Director of Finance reported that the LSC's confirmation of York College's Financial Health was Category 'B' ("Good"). The College's view was that on the strength of its Financial Health it should be Category "A" ("Outstanding"), and it was noted that the College intended to challenge the LSC's assessment of its Financial Health. The Committee expressed concern over the LSC's assessment and **resolved to support** the College's intended approach.

08.59 2008/09 November Year End Forecast – Financial Forecast

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

(Anne Tyrrell rejoined the meeting at 7.25pm.)

08.60 2008/09 Pay Award

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

08.61 Student Union Accounts

The Deputy Principal QA&S presented the Student Union accounts for the year ending 31 July 2008, and it was noted that the accounts had been externally audited. Having considered the accounts the Committee **resolved to approve** the Student Union Accounts to 31 July 2008.

08.62 Date of Next Meeting

Thursday 12 February 2008 at 5.00pm in room 3F099.

The meeting closed at 7.30pm.

Signed (Chair):

Name:

Date: