



Minutes of a meeting of the Finance and General Purposes Committee held on Thursday 20 May 2010 in room 3F099, York College

Present: Hilary Bainbridge (Chair)
Alison Birkinshaw
Tom Hobman
David Johnson
David Marsh

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

The meeting started at 5.05pm. The Chair explained that the agenda item on the College's Marketing Strategy would be deferred to a subsequent meeting, in light of the election outcome and anticipated changes in government policy. **Action**
DPQA&S

10.17 Apologies for Absence / Declarations of Interest

Apologies were received from Peter Burrows and Danny Morgan. David Marsh declared an interest as a member of the City of York Hockey Club.

10.18 Minutes of the Previous Meeting – 11 February 2010

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

10.19 Matters arising

a) Action Summary Sheet

The report was considered by the Committee, and it was noted that the majority of items had been carried forward to the appropriate times as anticipated when initially considered at the prior meeting.

b) Any Other Matters Arising

None.

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

10.20 2010/11 Progress Reports

a) Draft 2010/11 Budget as at 13 May 2010

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

(David Johnson joined the meeting at 5.15pm.)

(It was agreed to take agenda items 11 and 12 out of order. Mike Atkinson of Tenon joined the meeting at 5.45pm.)

10.21 MIS Review – Phase Two Report

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

(Mike Atkinson left the meeting at 6.15pm.)

10.22 Interim Property Development: Osbaldwick 2

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

(Tom Hobman left the meeting at 6.30pm.)

10.23 Marketing

a) Marketing Activities 2009/10 - Update

The Deputy Principal Quality Assurance & Support (QA&S) presented the report summarising the key activities associated with meeting the aims of the College's Strategic Plan for 2009/2010. Consideration was given to the wide range of activities that had been undertaken across all College brands. It was acknowledged that public relations activities had become an increasingly important part of the College's activities.

It was reported that the number of year 11 leavers in 2009/10 was 3.2% up on the previous year. However, the number of applications to the College from the York area had increased by 6.5%. Overall, the number of applications to the College had so far increased by 3.5% against a target of 2.7%. It was explained that this overall increase in applications concealed a reduction in the number of applications for A-Level provision and an increase in the number of applications for vocational provision. Discussion took place in relation to the possible reasons for this, and concern was again expressed about the quality and impartiality of Information, Advice and Guidance (IAG) being provided within feeder schools.

The Finance & General Purposes Committee resolved to note the report.

b) Draft Marketing Strategy 2010/11

This item was deferred to a subsequent meeting.

10.24 2008/09 Financial Benchmarking Data

a) 2008/09 LSC Financial Performance Indicators

The Director of Finance presented the report with extracts from the LSC's financial benchmarking information for 2008/09. It was explained that these two extracts provided comparisons of the College's key financial performance indicators for 2008/09 with

those of colleges of a similar size.

Generally and overall both comparisons confirmed the College's strong relative financial performance and health in 2008/09.

One significant area of improvement for the College had been the staff costs as a percentage of income indicator. This was only 1% above the benchmark average compared to 3% above in 2007/08. However, it remained significantly above that for other colleges in the sector with 'outstanding' financial health. It was noted that only 4 out of 18 colleges achieved 'outstanding' financial health in 2008/09, compared to 8 out of 15 colleges in 2007/08.

The Finance & General Purposes Committee resolved to note the report.

b) 2008/09 KPMG Audit Client Data

The Director of Finance presented the report providing a series of comparisons of the College's financial performance in 2008/09 with those of other KPMG clients. This information had recently been provided to the College by KPMG.

The extracts provided comparisons of the College's financial health and operational efficiency with that of other KPMG clients. It confirmed the College's performance was fairly typical for a college of its size other than those measures distorted by the College's New College Project.

The Finance & General Purposes Committee resolved to note the report.

10.25 Financial Report for the Eight Months Ended 31 March 2010

The Director of Finance presented the report summarising the College's financial performance in the first eight months of the 2009/10 financial year. It was explained that the month end accounts for April 2010 had just been circulated to Members and that they showed an improvement on the previous month's accounts, with quite a significant increase in the surplus shown. Performance was much as anticipated at this time of the year.

The Finance & General Purposes Committee resolved to note the report.

10.26 2009/10 Progress Reports

a) 2009/10 LSC and Other Funding Forecasts

The Director of Finance presented the report providing a summary of the latest estimate of the College's main funding streams for 2009/10. This was based on the information available at 23 April 2010.

The forecast indicated that the College's LSC and other learner funding was likely to be £350,000 (1.3%) below that assumed in the Mid-Year Financial Forecast. If this forecast proved to be correct, this would be £209,000 below that assumed in the original 2009/10 Budget. The shortfall was due to lower than forecast Employer-related funding and income.

The Finance & General Purposes Committee resolved to note the report.

b) 2009/10 Treasury Management Report

The Director of Finance presented the report summarising the College's Treasury Management activities in the eight months to 31 March 2010. It was noted that the College's interest income in 2009/10 was still forecast to be £60,000, in line with that assumed in the College's 2009/10 Mid-Year Financial Forecast.

The Director of Finance explained that the City of York Council was now responsible (rather than the LSC) for paying the College for its 16-18 provision. The City of York Council was also responsible for paying the College for its 14-16 provision. Concern was expressed that the Council's payment dates to the College were later in the month than had been the case, and that no payment at all had yet been made in relation to the 14-16 provision. It was noted that the College had raised this with the Association of Colleges as well as with the Council itself but to date to no avail. The delays in payments impacted on the College's cash-flow position. It was **agreed** that the College would persevere in pushing the Council for a satisfactory resolution to the issue, and that the Members' grave concerns would be made clear to the Council.

DF

The Finance & General Purposes Committee resolved to note the report, and expressed grave concern in relation to the delays in receiving payment that were currently being experienced.

c) 2009/10 Energy Management Report

The Deputy Principal Resources presented the report showing the progress made in energy management and the resultant financial impact in the current year. Energy costs were projected to be about £19,000 higher than the original target (predominantly due to the harsh winter), although in line with the Mid-Year Forecast and less than in 2008/09.

Consideration was also given to the basis of energy costs included in the 2010/11 Budget, together with progress on energy management initiatives, including an improvement in the College's energy efficiency rating. It was noted that consultation with staff had shown strong support for reducing energy consumption, and this needed to be capitalised on. The College's most recent Display

Energy Certificate (DEC) Report continued to give the College a “C” rating, although it did show a significant improvement in energy efficiency. The College’s Estates Team’s Strategic Plan included an objective to improve the DEC rating from “C” to “B” within the next three years. It was noted that the use of renewable energy would be required to achieve an “A” rating.

The Finance & General Purposes Committee resolved to note the report.

10.27 2009/10 Year-End Financial Forecast

a) 2009/10 Year End Financial Forecast

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

b) Comparison with Financial Objectives

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

10.28 Treasury Management

a) Treasury Management Policy Review

The Director of Finance presented the report and the draft of the College’s Treasury Management Policy Review. It was explained that this had been amended in light of comments previously made by Members of the Committee, and the key changes were outlined as follows:

- The Policy review period was increased from one year to three years.
- A specific annual Treasury Management strategy document was no longer required.
- The requirement for quarterly rather than monthly Treasury Management reports.
- The requirement that both long term and short term borrowing should be approved by the Governing Body. Previously short term borrowing could have been approved by the Principal.

The Finance & General Purposes Committee resolved to recommend the Governing Body to approve the revised 2009/10 Treasury Management Policy statement.

b) 2010/11 Treasury Management Counter Party List

The Director of Finance presented the report summarising the criteria the Governing Body had previously agreed to use to select financial institutions with which to undertake the College’s treasury management activities.

The report identified a list of eight financial institutions that met the approved criteria and could therefore be potential counter parties in 2010/11. The College’s approved treasury management counter

parties for 2009/10 were Santander (including Abbey National Treasury Services plc and Alliance and Leicester plc), Barclays Bank plc, HSBC Bank plc, Lloyds TSB Bank plc, and Royal Bank of Scotland plc. It was acknowledged that the focus on lower risk institutions was likely to reduce interest earned on College cash balances, although the financial impact of this policy decision could not be accurately estimated.

Members considered which of these eight financial institutions they would approve as counter parties to facilitate treasury management activity in the period to 31 July 2011, and agreed that the existing list of five should be maintained.

The Finance & General Purposes Committee resolved to maintain the College's 2009/10 approved treasury management counter party list for 2010/11.

10.29 2010/11 Financial Regulations

The Director of Finance presented the report together with the initial draft of the College's 2010/11 Financial Regulations. It was reported that the Regulations should be reviewed and updated before each academic year began, and that they would be forwarded to the College's Internal Audit Service to identify any amendments that they required or would recommend. Any required changes would be reflected in the final draft, and would be summarised for the Committee at its meeting on 1 July 2010, before submission to the Governing Body for approval.

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The Finance & General Purposes Committee resolved to recommend the Governing Body to approve the College's revised Financial Regulations, subject to final amendment.

10.30 2010/11 College Tuition Fee Policy

The Director of Finance presented the report with the initial draft of the College's 2010/11 Tuition Fees Policy which was considered by Members. It was explained that this document had been reviewed with approval by the College's Fees Task Group at its meeting on 10 May 2010. It was noted that the College's annual tuition fee income was approximately £2 million (6% of the College's income in 2010/11). Members **agreed** that the College's policy with regard to full-cost recovery and fixed costs required clarification.

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The Finance & General Purposes Committee resolved to recommend the Governing Body to approve the College's Tuition Fees Policy 2010/11, subject to final amendment.

10.31 Closure of Pure Business Solutions Limited

The Director of Finance presented the report recommending that the College take steps to make Pure Business Solutions Limited dormant rather than wind it up and strike it off at Companies House.

The reason for the suggested change was that the College might in future require a subsidiary company to enable VAT mitigation actions recommended by its professional advisers. This may be increasingly desirable if the rate of VAT (which the College was not able to reclaim due to its tax exempt charitable status) were to increase as anticipated.

It was acknowledged that this decision would be re-visited should it prove that a subsidiary company was not required for VAT mitigation purposes.

The Finance & General Purposes Committee resolved that Pure Business Solutions Limited should be made dormant, rather than being wound up as previously agreed.

10.32 Any Other Business

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

10.33 Date of Next Meeting

Thursday 1 July 2010 at 5.00pm in room 3F099.

The meeting closed at 7.35pm.

Signed (Chair):

Name:

Date: