



**Minutes of the meeting of the Finance and General Purposes Committee  
held on Thursday 1 October 2009 at 5.00pm in Room 3F099**

**Present:** Hilary Bainbridge (Chair)  
Alison Birkinshaw, Principal  
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

The meeting started at 5.05pm.

**Action**

**09.40 Apologies for Absence/ Declarations of Interest**

Apologies were received from Peter Burrows, David Marsh and John Kear. No declarations of interest were made. It was explained that in Mr Kear's absence agenda item 4 would be deferred to the next meeting

**09.41 Minutes of Previous Meetings – 24 June and 2 July 2009**

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

**09.42 Matters arising**

a) Action Summary Sheet

The report was considered by the Committee, and it was noted that all issues had been actioned or were in progress. It was noted that the Sub-Group for the New College loan had not yet met, primarily because repaying the loan had become far less attractive since the last Governing Body meeting, with the associated costs of repayment currently being approximately £320,000. It was **agreed** that the meeting of the Sub Group should take place in the early part of November 2009.

Clerk

With regard to business continuity planning, it was reported that the updated guidance to staff on the use of IT and safeguarding data had recently been presented to trade unions for consultation.

b) Committee Terms of Reference and Schedule of Business 2009/10

The Clerk presented the report with the proposed Terms of Reference for the Finance & General Purposes Committee which had been revised and presented in a new format as previously requested by the Search & Governance

Committee. The Committee's proposed schedule of business for 2009/10 was also considered. Members put forward a small number of revisions to both documents and ***agreed to recommend*** the Governing Body to approve the Terms of Reference, subject to this final amendment.

Clerk

(David Johnson joined the meeting at 5.15pm.)

c) 2007/08 Payroll Percentage Follow Up

The Director of Finance presented the report providing further analysis on the 2007/08 LSC benchmarking data on payroll costs, as previously requested by the Committee.

It was reported that in 2007/08 the College's pay-roll costs as a percentage of income were 67.25% compared to an average of 65.98% for a sample of similar-sized colleges. This difference equated to approximately £400,000, and had been typical of the period since 2005/06, including 2008/09.

In 2007/08 the College had a higher than average ratio of payroll costs to income because in relation to its income it employed more staff than similar colleges. This in part could reflect a level of underlying inefficiency in its utilisation of staff and/or the employment of more staff in support roles than other similar sized colleges. Action had been taken by the College in 2008/09 that should have addressed this issue. (If it was available, there might be value in seeing similar data in a year's time to see if the situation had changed.) However, the core problem appeared to be that in the past the College had, on average, secured less income from its core educational activities than similar colleges with an equivalent level of staffing. This under-performance had however been in part offset by other activities (such as projects, catering and the nursery) which required additional resources, including staffing resources. This had then further contributed to higher staff costs in relation to the College's overall income.

Discussion took place about how improving the College's quality and success rates was key as this would then increase the College's income, without any additional input in terms of additional staffing costs. It was also queried whether there was any relationship between staff costs and overall performance.

**09.43 2008/09 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 2008/09, as at 21 September 2009.

It was noted that the College's "core income" for 2008/09 was expected to be £217,000 (0.8%) above the 2008/09 July Year End Forecast, £500,000 (1.9%) above the 2008/09 Mid Year Forecast; and £56,000 (0.2%) above that assumed in the original 2008/09 Budget.

It was noted that the College had avoided any claw-back, and that there was a slight possibility that the College could attract some additional funding before the accounts were closed, as there could be a re-distribution by the LSC of under-used contract values to colleges that had over-achieved which would potentially benefit the College.

The Committee acknowledged the strength of the financial forecasting/budgeting and wished to record its thanks to the Director of Finance and his team.

b) Capital Expenditure Report

The Director of Finance presented the report summarising the College's capital expenditure in 2008/09, based on information as at 21 September 2009.

It was reported that for those budgeted projects undertaken, expenditure was £203,559 less than budgeted. The majority of this saving arose on residual projects associated with the New College Project. A Review of the College's 2009/10 Capital Budget and resource plan now needed to be undertaken to reflect any projects that were deferred from or not completed in 2008/09.

DF/ DPR

c) Business Units Financial Report

The Director of Finance presented the report summarising the financial performance of the College's Business Units in the 2008/09 financial year.

It was reported that overall the financial contribution in 2008/09 was £62,000 compared to the £47,000 forecast in the Mid Year Financial forecast.

This was however £16,000 less than was anticipated in the July Year End Forecast. The key difference being Catering contribution which was £13,000 below forecast. £10,000 of this difference was due to a miscalculation of the VAT element of the College's catering income, which was only identified after the July Year End Forecast was completed.

It was noted that income for the Out of School Club had been marginally below forecast, and discussion took place in this regard. It was also queried whether there would be any benchmarking data available about comparative rates at

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which other colleges subsidised their training restaurants. Staff reported that work was in hand to assess the scope for some cost savings (for example, in procurement) by the training restaurant.

**09.44 2008/09 Financial Statements**

a) Draft 2008/09 Management Accounts

The Director of Finance presented the report summarising the 23 September 2009 draft of the College's 2008/09 management accounts, which it was noted were subject to audit by KPMG.

The draft year end management accounts indicated an underlying surplus for the year of £1,391,000. This was £368,000 better than was anticipated in the June Year End Forecast. If confirmed by KPMG, this financial performance would be consistent with the achievement of financial category "A" and "Outstanding" financial health under Framework For Excellence.

Discussion took place about possible new initiatives in the sector relating to the creation of a sector bank, or the possible reclaiming of colleges' accumulated reserves, which would need to be monitored closely.

b) Comparison With Strategic Financial Objectives

The Director of Finance presented the report providing a comparison of the College's 2008/09 financial performance compared to its Strategic Financial Objectives for the same year.

Based on the information available at 23 September 2009 all nine of the 2008/11 Strategic Financial Objectives had been achieved. When compared with the final 2008/09 Budget, six out of these nine financial objectives had been achieved in 2008/09. The other three targets had been narrowly missed because the College's income had been marginally below that assumed in the College's 2008/09 Budget and 2008/09 Mid Year Forecast.

**09.45 Marketing**

a) Recruitment Against Target

The Deputy Principal Resources presented the report summarising the data on recruitment as at 23 September 2009.

It was reported that at this stage (excluding apprentices) there was an increase of over 103 16-18 learners compared with the same point last year, and the College was currently 203 learners ahead of its LSC year end target. The College

was still anticipating more enrolments but was also in the process of cleansing the data, and enrolment figures for second year students could fall. Further recruitment was also anticipated throughout the year as part of the College's NEETS (Not in Education, Employment or Training) provision and part-time 16-18 students.

With 16-18 Apprentices, the College was currently 86 below target. The courses were still enrolling but the College had concerns about meeting the year-end targets. As in 2008/09, in the current economic climate there was evidence that employers were reluctant to take on Apprentices, which was leading to conversion from Apprenticeships to full-time FE programmes. This could change during the year if students found employers and subsequently switched between the two categories of funding.

With Adult Responsive 19+ provision (excluding apprenticeships), it was early days as many courses were still enrolling. The College was currently achieving 58% of its year-end target whereas at the same time last year it was achieving 65% of target.

The 19+ recruitment figures included 274 full-time students which was an increase of 44 compared to the same time last year. These students attracted a higher Standard Learner Number (SLN) value per learner which should mean the College's funding level would exceed the same time last year.

Employer Responsive 19+ Apprenticeships were currently 49 below target, with the same concerns as for 16-18 Apprenticeships.

With Employer Responsive, FE Workplace NVQs and Train to Gain, it was again very early for meaningful judgements to be made but the College anticipated achieving its targets in 2009/10, whilst acknowledging that there may be some switching between this category and Adult Responsive funding.

Construction Skills were currently 44 below the same position last year.

HE Provision was currently above target and the College was currently in the process of calculating FTE (Full Time Equivalent) values to compare its overall position against target. International recruitment was currently below target.

Consideration was then given to the actions proposed by the

College to address any potential under recruitment. It was also noted that the next report to the Committee would include elements relating to Standard Learner Numbers and funding.

b) Progress on Current Marketing Events

The Deputy Principal Quality Assurance & Support presented the report identifying what the key marketing events were in 2008/09 and providing a summary level review of their success. It was reported that where the College had overall control of the activities it engaged in, these were successful. Changes to the events schedule for 2009/2010 were presented, and it was noted that a report on the 'Top Line' Marketing Strategy for the College going forward was being prepared for consideration at the next meeting of the Finance and General Purposes Committee.

DPQA&S

Discussion took place about the difficulties still faced in trying to secure access to school pupils for marketing activities, and the measures that the College was seeking to introduce to try and overcome this. It was noted that the event for all post-16 providers organised by the City of York Council had recently taken place at the racecourse, and that the College had been well represented at the event.

**09.46 2009/10 Progress Reports**

a) Treasury Management Report

The Director of Finance presented the report summarising the College's treasury management activities in the month to 31 August 2009. It was noted that interest income in August was £6,146 compared to the £60,000 in the College's 2009/10 Budget.

Discussion took place about whether the College's assets could be invested over any longer period of time. It was also queried whether the use of a cash management service could be of any benefit, and **agreed** that further information would be sought in this regard.

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b) Property Strategy Update

The Deputy Principal Resources presented the report and explained that as part of the consultation process for the City of York Local Development Framework, the College had needed to respond to the Core Strategy Document by the end of September 2009. Members considered the College's response to the Core Strategy and it was noted that the Governing Body Chair, Vice Chair and Search & Governance Committee had all had an input in to the response that had been submitted. It was noted that the next key stage would be the issuing by the Council of the allocations document,

which was said to be even more significant.

**09.47 New College Project**

a) Financial Issues Report

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

**09.48 Insurance**

a) 2009/12 Tendering Exercise

The Director of Finance presented the report summarising the outcome of the College's recent tender for insurance cover and brokerage support which would become effective from 1 November 2009.

It was reported that this insurance review had meant a saving of £44,000 (over each of the next three years) compared to 2008/09, and a saving of £24,500 compared to the College's 2009/10 Budget, even though the cover was with the same insurers and provided like for like cover. It was confirmed that the College was covered for medical malpractice under the new arrangements.

b) 2009/12 Insurance Cover Options

The Director of Finance explained that as a part of the 2009 insurance tendering exercise, the College had asked those firms tendering to identify any omissions or gaps in cover, and any elements of the College's existing insurance cover which were uncommon or appeared to be unnecessary.

Whilst no-one highlighted any omissions or gaps in cover, two areas of cover were highlighted as possibly being unnecessary and/or unusual, when compared to similar colleges in the FE sector. These were Terrorism cover (at a premium of £5,546) and Personal Accident cover (at a premium of £10,000). Members considered the terms of both elements of cover and the potential benefits receivable. The Committee **agreed** that the College should retain its Terrorism insurance cover but not the Personal Accident insurance cover.

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The Committee also considered the summary of all of the College's other proposed insurance cover, which was said to be unchanged from 2008/09.

**09.49 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.

**09.50 AoC Briefing Funding and Finance 21/09**

The Director of Finance presented a recent briefing from the Association of Colleges (AoC) which provided a useful summary of the current position with regards to the LSC Budget for 2009/10 and beyond. It was noted that the briefing outlined the challenging context in which the College would be required to manage its finances in 2009/10 and 2010/11.

The Chair also provided a verbal update on a recent Governor development event she had attended, which had also emphasised the difficult climate in which the College would have to operate in the foreseeable future.

**09.51 Any Other Business**

None.

**09.52 Date of Next Meeting**

Thursday 23 November 2009.

The meeting closed at 7.15pm.

**Signed (Chair):**

**Name:**

**Date:**