



**Minutes of a meeting of the Finance & General Purposes Committee
held on Monday 22 November 2010 at 5.00pm
in Room 3F099, York College**

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

In Attendance: John Short, Chair of Governing Body
Trevor Armer, Director of Finance
Graeme Murdoch, Deputy Principal, QA & Support
Anne Tyrrell, Deputy, Principal Resources

Andy Mendus (Governor) and Richard Coultas (MIS Project Manager) were also present for Item 9.
This item was taken first on the agenda

Action

10.65 Apologies for Absence / Declarations of Interest

Richard Hinde, Clerk to the Governing Body
Michael Cliffe

There were no Declarations of Interest

10.66 Item 9. MIS Review: Approval of Replacement MIS

This item was treated as confidential and a separate confidential minute produced.

10.67 Item 2. Minutes of the Previous Meeting – 4 October 2010

The Minutes were approved without amendment.

10.68 Item 3. Matters arising

a) Action Summary Sheet

The report was considered by the Committee. There was no update on progress on recommendation 10.62. Two items had not been progressed. These were as follows:

- i) Possible alternative treasury management arrangements would be dealt with under agenda 10.71.
- ii) It was reported that VAT arrangements involving European Economic Interest Groups required the involvement of organisations from two different EU countries and so it was not appropriate to the

DF

College.

b) Any Other Matters Arising

It was noted that in progressing the actions under Minute 10.61, the College needed to resource and target its procurement activities appropriately to ensure that they had the greatest possible impact on the College's expenditure.

It was confirmed that this was under discussion and different ways to increase the College's procurement capacity were being explored.

Under this item, a report on the College's expenditure was requested with an indication as to what procurement savings had been secured so far, and how those related to main areas of expenditure. It was agreed that the Director of Finance would provide this trend information.

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10.69 Item 4. 2009-10 Financial Statements

a) 2009-10 Management Accounts

The College's final Management Accounts for 2009-10 confirmed a surplus of £532,000 after the impact of the FRS17 pensions charge of £689,000. Excluding this and other exceptional items, the College's underlying financial performance in 2009-10 was a £1,221,000 surplus.

It was explained that, other than a change in the accounting treatment of part of the FRS17 pensions charge, the management accounts were the same as those discussed at the Committee meeting on 4 October 2010. It was also noted that there had been no changes arising from their audit by KPMG.

b) Analysis of Financial Performance

The analyses in this paper were noted.

c) Comparison with Financial Objectives

This paper confirmed that in 2009-10, the College achieved all of its financial objectives.

d) York College Financial Statements

It was noted that the College's 2009-10 financial statements were presented after the completion of KPMG's audit review. The Committee acknowledged that this was an excellent outcome and one that provided a sound base from which to meet the financial challenges ahead.

The Finance & General Purposes Committee resolved to recommend the 2009-10 Financial Statements to the Governing Body for approval.

Chair

10.70 Item 5. Financial Report for the 3 months ended 31 October 2010

The College's financial performance in the first three months of 2010-11 was discussed. This followed a short introduction by the Director of Finance.

The key questions focussed on the shortfall in Employer Responsive funding in September and October and whether there was any difference between the income earned and cash received in these months.

In response, it was explained that 16-18 Apprenticeship income was paid on a claims basis and so the income earned and the cash received should always be consistent with each other. However Train to Gain and Adult Apprentice income was paid on a payment profile until the final month of the year. This meant that there would be a difference between the income earned and the cash received until the final month of the year, when the two would be brought into line.

It was also noted that the delay in payment from The Skills Funding Agency had now been resolved and therefore no longer contributed to the reported shortfall in Employer Responsive income.

10.71 Item 6. 2010-11 Progress Reports

This item was treated as confidential and a separate confidential minute produced.

10.72 Item 7. 2010-11 November Year End Forecast

a) Financial Forecast

b) Financial Forecast – Best v Worst Case

This item was treated as confidential and a separate confidential minute produced.

10.73 Item 8. 2010-11 Staff Pay Review

This item was treated as confidential and a separate confidential minute produced.

10.74 Item 10. Property Strategy

a) Strategy update

This item was treated as confidential and a separate confidential minute produced.

b) Borrowings and Lloyds TSB Position

The information collected was noted as being useful and informative.

The Director of Finance confirmed that Lloyds TSB were seeking to increase their margins on loans to the FE sector. This included its loan to the College. As a consequence, it was felt that Lloyds TSB

would seek to renegotiate the loan if circumstances allowed. This meant that Lloyds TSB were unlikely to show much flexibility around the agreed terms of the loan in the future. It was therefore possible that this would be a constraint as the College developed the next phase of its Property Strategy.

It was noted by the Committee that exploratory discussions had started with Barclays to identify any opportunities to avoid this type of constraint on the College's plans.

10.75 Item 11. Marketing Strategy & Activity: Progress Report

The paper was noted.

The report on this year's A level and General Open Events confirmed that there had been approximately 60% more attendees than at equivalent events in 2009. Presentations during the evening had been very full with a need to double up on some presentations. It was however cautioned that there are often repeat visits to open events as students and parents come for additional information.

Governors commented that a 60% increase in attendance was however a positive indicator and the College now needed to ensure that the conversion to application and enrolment was equally strong.

In response it was confirmed that activities were planned later in the year (e.g. taster days, improved transport) to ensure that the conversion rate in 2011-12 was high. Information for parents has also been improved this year (via the "In Touch" newsletter, for example).

It was also confirmed that there had also been an increased number of presentations in schools this year, including a presentation by the Deputy Principal Quality Assurance & Support to Year 11 parents at York High School. The York High School transition evening had also been attended by the College and had also been very successful. The College had participated in the City of York Council event at York Racecourse and there was better attendance by Careers Advisers at the launch of the 2011-12 prospectus.

Governors reported that some parents had reported concerns to them about the lack of information about the College at some schools. In response it was noted that attendance at events in some schools was actually better this year than in previous years. Also the College was working hard to be invited in to other schools. It was noted that the College was now getting better access to pupils at Fulford School.

It was also reported that members of the Senior Management Team had also been identified with individual schools for relationship building and would shortly visit schools with information. This

activity had been successful but was proving very time consuming. The Committee confirmed that they were pleased that progress was being made but they still had some concerns about students accessing appropriate advice and guidance. Concerns were expressed about the restrictions on activity at the Racecourse event and the limits that it placed upon the College.

In discussion, it was noted that the government had now indicated that the common application process would no longer receive government funding. Locally, however there are still plans for the common application process to go ahead although with an expectation that partners would contribute to its cost.

DPQA&S

10.76 Item 12. Student Transport Framework

This report was welcomed as providing useful information about the College's subsidised student transport arrangements, which had a significant influence on attracting students to the college..

It was noted however that the impact of the removal of Educational Maintenance Allowance ("EMA") funding could not be understated, This would have a significant impact on the ability of future learners to travel to York College. It was suggested that the proposed enhanced Learner Support Fund could be less than 20% of the total EMA funding students currently receive. Governors expressed interest in exploring ways the College to help learners obtain funding eg funding bursaries from charitable sources. It was reported that a small working group had already been set up to look at how the College could approach matters in the context of reduction of EMA.

The Committee asked how many students using subsidised transport received an EMA. It was acknowledged that this was not known but this would be useful information to guide the College's decisions about how to respond to the loss of EMA funding by learners.

DPQA&S

It was also noted that the College was working with Askham Bryan College by enabling their students to travel on the College's bus services. This was felt to be good practice and in tune with current thinking on shared services.

The Committee asked for further updates on transport once the EMA implications had been considered. A report was requested on the College's transport plans for 2011-12 and beyond.

DPQA&S

Details were provided about the current subsidy of transport. This varied year on year but was at least £100,000 per annum. Based on about 700 students using the College bus service each day, the current subsidy was approximately £150 per student.

Discussion also took place about Coastliner use and the average

cost to students. The Chair asked about funding contributions from local authorities. It was advised that North Yorkshire might stop rural transport routes and that the eligibility criteria may be altered so students may be directed to their own local college. This was a significant risk to the College.

On procurement, Governors asked about the contracts that the College had with transport suppliers. It was advised that currently four companies provided the College's transport service. It was also confirmed that the College had a two year contract with each coach provider and that these were due to end in July 2011. Governors were advised that existing contractors had proven themselves to be very flexible.

When replacing the current contracts, it was suggested by Governors that the College should consider using a service output contract. This would allow the various bus companies to determine how best to meet the College's service specification. It was agreed that this would be considered when the procurement process for 2011-13 commenced.

Action DPQA&S

10.77 Item 13. 2011-12 Budget Planning

a) Comprehensive Spending Review (CSR) Briefing

The two papers were noted.

In discussion, it was noted that the removal of EMA funding for learners was the greatest concern for the College. The Committee was advised that as a consequence of this decision, the College may have to financially support students to a greater extent than in the past.

Given the potential difficulties in being able to do this, it was agreed that it would be important to identify additional funding sources to do so, including additional International income.

The Principal confirmed her concerns that the greatest implications of the CSR implications would not be seen until the 2012-13 academic year.

10.78 Item 14. Student Union Accounts 2009-10

From the review of the accounts, it was noted that the College's Students Union continued to be in a financially sound position.

The Finance & General Purposes Committee resolved to approve the Student Union's 2009-10 accounts on behalf of the Governing Body.

In light of the relative financial health of the Student Union it was noted that future contributions to the Student Union by the College

may need to be reviewed.

10.79 Item 15. Any Other Business

None.

10.80 Date of Next Meeting

Thursday 10 February 2011 at 5.00pm.

The meeting closed at 7.25 pm.

Signed (Chair):

Name: Hilary Bainbridge

Date: