



Minutes of a meeting of the Finance and General Purposes Committee held on Monday 4 October 2010 at 5.00pm in room 2F098, York College

- Present:** Hilary Bainbridge (Chair)
Alison Birkinshaw
Peter Burrows
Michael Cliffe
David Marsh
Danny Morgan
- In Attendance:** Trevor Armer, Director of Finance
Polly Betts, Turner & Townsend
Stewart Binns, Turner & Townsend
Richard Hinde, Clerk to the Governing Body
Graeme Murdoch, Deputy Principal Quality Assurance & Support
John Short, Chair of Governing Body
Nick Townsend, Turner & Townsend
Anne Tyrrell, Deputy Principal Resources

The meeting started at 5.05pm.

Action

10.50 Apologies for Absence / Declarations of Interest

Apologies were received from David Johnson. Michael Cliffe was welcomed to his first meeting and introductions were effected. Members were reminded to declare any interest they may have in relation to agenda items. David Marsh declared an interest in the City of York Hockey Club, in relation to agenda item 4a).

10.51 Minutes of the Previous Meeting – 1 July 2010

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

(It was agreed to take agenda item 4a) out of order.)

10.52 Strategic Progress Reports

a) Property Strategy – Report of First Phase Feasibility Study

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

10.53 Matters arising

a) Action Summary Sheet

The report was considered by the Committee, and it was noted that all items had either been actioned, were in progress or had been carried forward to the appropriate times as anticipated when initially considered at the previous meetings.

b) Any Other Matters Arising
None.

b)i) 2010-11 Budget – Best Case v Worse Case Analysis

The Director of Finance presented the report summarising the potential best and worse case scenarios for the College's financial performance in 2010/11. It was noted that the 'best case' outcome was a £1,857,000 surplus; the 'worse case' outcome was a £1,826,000 deficit; and a 'possible' outcome was a £323,000 surplus. This was in comparison to the forecast surplus in the 2010/11 Budget of £82,000. This suggested (based on the information available at 27 September 2010) that the College might have up to £241,000 as a contingent element within its current Budget for 2010/11. However, it was explained that this analysis was very preliminary as little firm information about learner enrolments and/or teaching and learning resourcing was available, and it should not therefore be used for planning purposes or target setting. This information would be updated at the Committee's meeting on 22 November 2010, when firm enrolment and resourcing data would be available.

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

10.54 Strategic Progress Reports (continued)

b) MIS Project Progress Report

The Deputy Principal Resources presented the report providing a progress up-date on the College's Management Information System Project. It was explained that, following approval by Governors in June 2010 to replace SIMBA with a commercial Management Information System, Phase 3 of the Project (Procurement and Implementation) had commenced. The selection process was currently underway and, in line with the agreed schedule, it was intended to present the recommendations and final costs to the next meeting of the Committee in November 2010.

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

10.55 2009/12 Strategic Plan Implementation – Final Report

The Director of Finance presented the report summarising the implementation of those actions within the 2009/12 Strategic Plan, the oversight of which was the responsibility of the Finance & General Purposes Committee. In particular those actions relating to Student Recruitment and Funding Targets; Environment for Working and Learning; and Financial Health. Members considered the update and noted the progress to date.

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

10.56 2009/10 Residual Issues

a) FE and Other Funding Summary

The Director of Finance presented the report providing a summary of the College's income for 2009/10, based on information available at 24 September 2010 and subject to confirmation by KPMG as a part of the College's 2009/10 financial statements audit.

Comparisons with the College's 2009/10 June Year End Forecast; its 2009/10 Mid Year Forecast; and its 2009/10 Budget were also considered by Members.

It was reported that the College's core teaching income was £16,000 (0.1%) above the 2009/10 June Year End Forecast, but £258,000 (1.0%) below the 2009/10 Mid Year Forecast and £123,000 (0.5%) below that assumed in the College's 2009/10 Budget.

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

(It was agreed to take items 7a), b) and c) out of order).

10.57 2009-10 Financial Statements

a) Draft 2009/10 Management Accounts

The Director of Finance presented the report summarising the final draft of the College's 2009/10 management accounts which had been completed subject to audit by KPMG.

It was reported that the College's underlying surplus in 2009/10 was £1,221,000, which was £403,000 better than was anticipated in the June Year End Forecast. The final management accounts formed the basis of the audit of the College's 2009/10 financial statements by KPMG, which had commenced on 27 September 2010. It was noted that if confirmed by KPMG, this financial performance would be consistent with the achievement of 'Outstanding' financial health under Framework for Excellence.

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

b) Analysis of Key Variances

The Director of Finance presented the report providing a comparison of the College's 2009/10 performance against its 2009/10 Budget; 2009/10 Mid Year Forecast; and the 2009/10 June Year End Forecast. Consideration was given to the key factors that had led to the difference between the College's actual and forecast financial performance for the year.

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

c) Comparison with Strategic Financial Objectives

The Director of Finance presented the report providing a comparison of the College's 2009/10 performance against its Strategic Financial Objectives for the year. Based on the information available at 24 September 2010 nine out of nine strategic financial objectives had been achieved in 2009/10, although this information was still subject to audit by KPMG. Based on this information, the College would also be compliant with the financial covenants associated with its loan with Lloyds TSB.

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

10.58 2009/10 Residual Issues (continued)

b) College Business Units Report

The Director of Finance presented the report providing a summary of the financial performance of the College's Business Units in the 2009/10 financial year. It was reported that overall the financial contribution from these activities in 2009/10 had been £258,000 compared to £201,000 in 2008/09. This was £16,000 above that assumed in the College's 2009/10 Budget.

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

c) Treasury Management Report

The Director of Finance presented the report providing a summary of the College's treasury management activities in the year to 31 July 2010. The report also identified current concerns about the likely return on the College's investments and the climate for bank borrowing, should the College decide to part fund its current investment plans with additional borrowings.

Interest income in 2009/10 was £60,560 compared to the £60,000 in the College's 2009/10 Budget. Latest forecasts of interest rates indicated a possible £22,000 budget shortfall in interest income in 2010/11. It was agreed that other potential investment opportunities should be explored for further consideration.

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

d) Energy Management Report

The Director of Finance presented the report providing an update on the College's energy management position. Members considered the report paying particular regard to comparisons of actual energy consumption and costs against budget for 2009/10; the review of energy consumption for the last three years since the move to the new build; planned efficiencies and their impact on the 2010/11 energy budget; and the Carbon Trust's Report on the College's

energy management. Discussion took place about the feasibility of renewable energy sources such as solar panels, together with the possibility of entering in to “interruptable” fuel contracts. It was agreed that these issues should be further explored.

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

10.59 2010-11 Progress Reports

a) Marketing Strategy and Activity – Progress Report

The Deputy Principal Quality Assurance & Support presented the report summarising the activities that had taken place in relation to the College’s Marketing Strategy for 2010/11, referred to in the “Marketing Action Plans” of the College’s Strategic Plan. Particular reference was made to the College’s summer activities and the evaluation of their success; and to the activities undertaken since 1 August 2010 with each area of the College’s ‘sub-brands’. It was reported that the Communications Strategy element of the Marketing Strategy was progressing as scheduled, and reference was made to the particular outcomes achieved to date.

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

b) Recruitment Against Target

The Deputy Principal Resources presented the report providing the latest headline data on recruitment as at 22 September 2010, together with a summary of key issues arising from initial analysis and actions being taken.

It was explained that other than for 16-18 Learner Responsive Funding the College did not have learner number targets for each income stream/category of learner. This was due to government changes and the removal of SSOA targets (Summary Statement of Activity) in July 2010. Financial targets would increasingly be the key standard of measurement.

With 16-18 learners (excluding apprenticeships) it was reported that at this stage the College was recruiting at a level which was 47 students below the same point last year and 54 learners below its YPLA year end target. The College was still anticipating more enrolments but was also in the process of checking the data, and enrolment figures for second year students could fall. In addition to this students would be withdrawing and the College could expect the number of students in its first return in December to be lower than the current levels. 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, which the College would be dependent on if it was to achieve its target. It was explained that this year, student numbers

would be crucial to future funding income. There would be no claw-back for under-funding in 2010/11, but the new “lagged” funding model would mean that funding for 2011/12 would be based on the College’s current recruitment. However, the detail of how funding would be allocated in 2010/11 was not yet available.

With 16-18 Apprenticeships, because of government changes and removal of the SSOA targets, the College did not yet have learner number targets. These would be based on financial targets which were going to be the key standard of measurement. Financial information in this regard would be available once the College had run the first funding-based reports in mid-October. The College had concerns about meeting its financial targets. As in 2009/10, in the current economic climate employers were reluctant to take on Apprentices, which was leading to conversion from Apprenticeships to full-time FE programmes. The College was currently 66 below the same point last year, but continuing to recruit.

With Adult Responsive 19+ provision (excluding apprenticeships), it was early days as many courses were still enrolling. The College was currently achieving 48% of its year-end target whereas at the same time last year it was achieving 58% of target.

The 19+ recruitment figures included 314 full-time students which was an increase of 46 compared to the same time last year. In addition, adult students were generally undertaking larger programmes and, as a result, the College anticipated achieving its financial target for 19+ provision.

Employer Responsive 19+ Apprenticeships were currently 7 below the level last year, 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.

Construction Skills were currently 15 below the same position last year.

HE Provision was currently at target for new entrants which it needed to be in order to avoid penalties for over-recruitment. The College was currently in the process of calculating FTE (Full Time Equivalent) values to compare its overall position against contract. International recruitment was currently 19 students above the same position last year, due to an increase in Norwegian students.

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 detail relating to Standard Learner Numbers. A financial report would also

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be included in the November meeting of the Committee.

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

10.60 Significant Partnerships: Financial Review

a) Higher York

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

b) Yorkshire Rail Academy

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

c) Future Prospects

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

10.61 Procurement

a) Procurement Strategy Update

The Director of Finance presented the report summarising progress with the implementation of the Development Plan approved with the College's Procurement Strategy in February 2010. The key issues for the College which were considered by Members were said to be a lack of resources to promote the Strategy and promote good procurement practice within the College; a lack of professional expertise to progress the operational implications of the Strategy in a timely way; and the need for access to e-procurement resources to increase the capacity of the College's Buying team. It was agreed that there appeared to be a need for the College to look at some level of investment in order to ensure that these issues were addressed and to thereby secure greater returns/savings for the College in future.

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

10.62 College Responsibilities under Statutory Legislation

The Director of Finance presented the report listing the College's senior and middle managers responsible for the oversight of the College's obligations under statutory legislation. It was agreed that a check should be carried out to ensure that the responsibilities outlined were adequately mapped to the roles and responsibilities of the Governing Body's own sub-committees.

Clerk

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

10.63 Any Other Business

Due to the current economic climate, discussion took place about the possibility of “shared services” and whether this would present any opportunities for the College going forward. It was noted that the College had already given some consideration to this initiative but that in practical terms there appeared to be limited scope for development, particularly in view of the VAT regime that would be applied. In relation to this particular issue, it was agreed that the position relating to European Economic Interest Groups should be explored further.

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Discussion also took place about the presentation of reports and whether greater reliance could be placed on the governance website to reduce the volume of paperwork circulated for meetings. It was agreed that this was chiefly a matter for the Search & Governance Committee to consider in more detail, and noted that the Search & Governance Committee had already started to debate the issue.

Clerk

10.64 Date of Next Meeting

Monday 22 November 2010 at 5.00pm.

The meeting closed at 7.40pm.

Signed (Chair):

Name:

Date: