

## **LEEDS COLLEGE OF BUILDING**

### **FINANCE AND GENERAL PURPOSES COMMITTEE**

Minutes of the meeting held on Tuesday 20 July 2010 at 2.00 pm in Meeting Room 1.

#### **PRESENT:**

A Iveson (Chairman)  
I Billyard  
C Harrigan  
D Hutchinson

#### **IN ATTENDANCE:**

D Pullein (Executive Director - Finance)  
R Scanlan (Clerk to the Corporation & Executive Director – Support Services)  
N Fearnside (Secretary – minutes)

**ACTION  
BY AND  
TARGET DATE**

#### **1. CHAIRMAN'S COMMUNICATIONS**

A Iveson chaired the meeting, in the absence of M Joyce.

#### **2. DECLARATION OF INTEREST**

There were no declarations of interest.

#### **3. APOLOGIES FOR ABSENCE**

An apology for absence was received from M Joyce.

#### **4. MINUTES OF LAST MEETING**

The minutes of the meeting held on 23 June 2010 were accepted as a true record.

#### **5. MATTERS ARISING**

##### **5.1 Ref Min 6 b)**

Actioned.

##### **5.2 Ref Min 9**

Confirmation has been received from the land agents that their client is happy to proceed with the sale of the land to the College but they have stipulated that this needs to be completed by 31 December 2010. The Committee agreed that this was unrealistic, the College's Solicitors had suggested that 18 months was a more realistic timescale. C Harrigan suggested that an exchange of contracts before that date would be feasible but conditional upon obtaining satisfactory outline planning consent. This would be discussed further at the Corporation meeting.

#### **6. MANAGEMENT ACCOUNTS JUNE 2010**

The following papers were received for June 2010:

## 6. MANAGEMENT ACCOUNTS (continued)

Income and Expenditure Account  
Balance Sheet  
Debtors Report  
Creditors Report  
Cashflow Forecast  
Part Time Hours Analysis  
Money Market Deposits  
Refectory Accounts.

The following points were noted:

- The majority of Key Performance Indicators were ahead of target. Dependency on LSC income was at 71%, mainly due to the over performance on Train to Gain.
- 16-18 Learner SLNs are 1,583 against a target of 1,778. Recruitment on summer school is continuing and will help address this. The ALR figure shows 810 against a target of 732.
- The SLN / Learner Ratio for 16-18 is 1.20 against a target of 1.05; ALR is currently 0.41 against a target of 0.43.
- 16-18 Learner Numbers are 1,318 against a target of 1,694 and ALR are 1,960 against a target of 1,705.
- Full Level 2 ALR numbers are above target at 375 against 206. Full Level 3 ALR numbers are below target at 162 against 195. It was noted that these figures would be excluded from targets next year.
- Work-based Learning income is £2,139,486 with 643 students in learning. Students who traditionally transfer from FE (FCA) to WBL in May of each year have not done so in 2009/10 due to the increased number of hours in the new Diploma. These students will transfer in August 2010 and each subsequent August.
- Train to Gain income was closed off at £864,128 for Periods 1-8. Income for Periods 9-12 is £274,053 against a target of £377,789. It is anticipated that the Period 9-12 target will be exceeded.
- Full Time teaching and Other Staffing costs are showing variances. Non pay expenditure is showing an underspend but it is expected that this will change towards the end of the year. The Income and Expenditure account shows a reportable surplus of £286,000 although it is anticipated that this may increase.
- The Balance Sheet is very strong and the College's reserves of £10,323,000 were noted.
- The Debtors report shows £17,911 of bad debts written off to date. It was noted that the overall year end level of outstanding debts was at the lowest level for 7 years. It was agreed that a letter congratulating the Finance Team on this achievement would be sent on behalf of the Committee. There were no issues to note on the Creditors report.

## 6. MANAGEMENT ACCOUNTS (continued)

- The Cashflow forecast is very positive, showing £7,505,816 with 150 cash days in hand. The long term forecast was noted.
- The part-time hours analysis is still within the budget set. There were some concerns with regard to HE & Construction Management but this was mainly due to the factors used to calculate the budget and some coding issues. It was noted that the variance in Timber was due to long term sickness. Variances in Skills for Life and OSAT were also noted but were not of concern.
- Money Market Deposits - the deposit with Santander Bank would be increased to £1m and £1m would be placed on deposit with Lloyds. Three deposits are due to mature shortly and these would also be increased to £1m. This would then leave only £1.5m with the Co-operative Bank.
- The Refectory accounts were noted.

Overall the accounts show a very positive picture.

## 7. a) DEVELOPMENT PLAN FOR 2010/11 – 2012/13

I Billyard presented the Development Plan for 2010/11 – 2012/13 and reported that this is linked to other key strategic documents: the College's Vision Paper "Towards 2025", Annual Operational Plans, Self Assessment Reports, the Three Year Financial Plan and Property Strategy.

The Development Plan outlines the College's five key priorities:

- 'Outstanding College' status.
- Sustain current levels of provision.
- Higher Education.
- Business Development – diverse income streams.
- New build and accommodation.

Retention, Achievement and Success Rate targets are set at College level and are then broken down across the Faculties. These targets are monitored regularly by the Senior Management Team, Assistant Faculty Managers and Course Teams.

C Harrigan asked for clarification on risk management and whether all top risks were covered. It was noted that some risks are generic across the College and others relate to specific areas. These are cross referenced within the Development Plan where appropriate.

It was noted that the average class size targets were based on the College's current position. The maximum number of students in a workshop environment is 18 and appropriate risk assessments are undertaken.

The Committee recommended the Development Plan for 2010/11 – 2012/13 for approval by the Corporation.

**7.b) THREE YEAR FINANCIAL PLAN 2010/11 – 2012/13, INCLUDING THE BUDGET FOR 2010/11**

D Pullein presented the three year financial plan including the budget for 2010/11.

A summary, based on the Income and Expenditure report format, was included for convenience, together with the commentary and full details of the plan.

It was noted that income for 2010/11 has dropped to £17.3m. However, a balanced budget over the three years has been projected. There are some concerns about the level of tuition and examination fees collected. The College will be expected to increase income from both sources.

Following the Government's Spending Review in October 2010, it was noted that the financial plan may need to be revised.

The annual increases on examination fee rates is a concern. This is an ongoing issue with Awarding Bodies and the FE sector is trying to address this.

The financial health of the College remains 'outstanding' throughout all three years of the Plan.

The Committee recommended the Three Year Financial Plan 2010/11 – 2012/13, including the budget for 2010/11, to the Corporation for approval.

**8. REVISED TREASURY MANAGEMENT POLICY AND PROCEDURE**

D Pullein presented the revised Treasury Management Policy and Procedure for consideration.

It was agreed that the Policy would be amended to reflect that 'surplus funds (initial investment)' of up to £1m could be invested. It was agreed that the second paragraph under Credit Risk could now be removed. The reference to £500k on page 4 would be amended to read £1m.

The Committee recommended the revised Treasury Management Policy and Procedure, subject to the above amendments, to the Corporation for approval.

**9. NAT WEST / RBS DEPOSIT**

D Pullein stated that, subject to the Committee's approval, he was intending to deposit £1m with Nat West / RBS (Fitch rated F1/AA); a rate similar to the Santander deposit had been offered for one year. This was approved by the Committee. A Iveson suggested that Coutts Bank could also be investigated for investment possibilities.

**10. FITCH AND MOODY CREDIT RATINGS FOR JUNE 2010**

Fitch and Moody's top credit ratings for June 2010 were received and noted.

**11. TERMS OF REFERENCE**

R Scanlan presented the Terms of Reference for the Committee to consider as part of the annual review process.

The Committee recommended the Terms of Reference to the Corporation for approval without amendment.

**12. ANY OTHER BUSINESS**

There were no other items of business.

**11. DATE OF NEXT MEETING**

The next meeting is scheduled for Wednesday 20 October 2010 at 8.00am in Meeting Room 1.

Signed for Distribution: .....  
(Chair)

Date: .....

Approved: .....  
(Chair)

Date: .....