

LEEDS COLLEGE OF BUILDING

FINANCE AND GENERAL PURPOSES COMMITTEE

Minutes of the meeting held on Wednesday 2 March 2011 at 8.00 am in Meeting Room 1.

PRESENT:

M Joyce (Chairman)

I Billyard

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

There were no communications.

2. DECLARATION OF INTEREST

There were no declarations of interest.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received from C Harrigan and A Iveson.

4. MINUTES OF LAST MEETING

The minutes of the meeting held on 14 December 2010 and the minutes of the Joint Audit and Finance & General Purposes Committee meeting held on 14 December 2010 were accepted as a true record.

5. MATTERS ARISING

Finance & General Purposes Committee

5.1 Ref Min 5.2

D Pullein stated that he had investigated the possibility of running some courses through LCB Enterprises; however it was not considered feasible to progress this.

5.2 Ref Min 7

Actioned.

5.3 Ref Min 9

D Pullein gave a brief overview of the Insurance Programme Benchmarking Report. The majority of items had cover on a par with those compared. However, the report highlighted concerns that the College may not have sufficient insurance cover for business interruption. D Pullein would investigate variations of insurance cover and report back at a future Corporation meeting.

DP
10 May 2011

5. MATTERS ARISING (continued)

5.4 Ref Min 13.2

D Pullein stated that currently there are not many external funding opportunities available. Updates would be given at future Corporation meetings.

Joint Audit and Finance & General Purposes Committee

5.5 Ref Min 4

D Pullein reported that, at a recent Finance Directors Group meeting, a presentation was given on a modelling system which allowed colleges to put in their own figures to obtain an individual FRS17 assumption. A joint college consortium bid is being put together and if enough colleges are interested then an actuary would be appointed to model individual assumptions.

5.6 Ref Min 5

D Pullein reported that the Pension Protection Fund did not apply to government schemes.

6. MANAGEMENT ACCOUNTS

a) December 2010

No issues were raised with regard to the management accounts for December 2010 (previously circulated).

b) January 2011

The following papers were received for January 2011:

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:

D Pullein stated that tuition fees and education contracts are down on budget and the forecast outturn has been adjusted accordingly.

Key Performance Indicators are all on target. The cash balance is high but will reduce once the work through the SFA renewal grant is implemented.

YPLA Learner SLNs are currently 1,414 against a target of 1,541. Learner Numbers are currently 1,100 against a target of 1,496. The SLN Ratio is currently 1.28 against a target of 1.03.

As well as a reduction in funding next year due to lower learner numbers, the entitlement allocation for full time students is being reduced from 114 hours to 30 hours (eg approximately £550 per student); some transitional protection will be in place to mitigate the reduced funding.

6. MANAGEMENT ACCOUNTS (continued)

b) January 2011 (continued)

There will be some scope for growth in apprenticeship funding but jobs are very difficult to find.

The YPLA 16-18 allocation for this year is £5,843,673 and actual to date is £5,375,052.

The 16-18 Apprenticeship allocation is £1,934,451. Actual to date is £840,075 against the revised internal budget amount of £1,611,321 which is expected to be exceeded. Student numbers are significantly down.

The overall SFA 19+ funding allocation is £3,808,205 and actual to date is £2,570,422.

The main area of concern is Train to Gain. Actual to date is £482,688 against an allocation of £1,461,339. Demand for Train to Gain is diminishing and adverse publicity is not helping. The allocation for next year has been reduced to £400k.

There are no major concerns on the Income and Expenditure account and a small surplus is anticipated. The Balance Sheet is strong and healthy; total reserves stand at £11,560,000.

The Debtors report shows that currently £5,695 of bad debts have been written off. There were currently less debtors showing in 90 and 120 days, compared to the same period last year. There were no issues to note on the Creditors report.

The cashflow forecast currently stands at £8,750,335, with 187 cash days in hand. The long term cashflow forecast was noted.

There were no issues to note on the part time hours analysis.

Money Market Deposits show a total of £7,521,307. D Pullein asked members for their advice on rolling forward deposits and cumulative interest. M Joyce felt that a maximum of £50k cumulative interest should be rolled over; this was agreed. The length of deposits with individual counterparties was discussed and it was agreed that when deposits are rolled over they should be treated as a new deposit each time.

The Refectory Accounts were noted.

7. ONE YEAR FINANCIAL PLAN (FIRST DRAFT)

D Pullein presented the draft one year financial plan and gave a brief overview.

The Skills Funding Agency had raised concerns over the three year forecasts previously received from colleges, which they felt did not reflect the true picture. They have therefore asked for a mid year update from all colleges.

7. ONE YEAR FINANCIAL PLAN (FIRST DRAFT) (continued)

It was noted that a deficit of £865k has been forecast for 2011/12, albeit this was an early draft and work would take place to try and reduce the deficit. It was acknowledged that this would reduce the College's financial health grade from Outstanding to Good.

As agreed at the Governors' Awayday on 31 January 2011 a managed deficit has been agreed if required over the next three year period. Various options are being investigated to mitigate these deficits, whilst still offering a wide range of provision. It was noted that previously deficits could not be planned for; however this did not now apply.

8. UPDATE ON ACCOMMODATION

R Scanlan gave a brief update on accommodation issues.

Tenders have now gone out for the work to be undertaken through the Skills Funding Agency renewal grant. This includes M&E work at North Street, including new electrical switch gear and boiler controls. New uPVC windows were also being considered for North Street.

The College has appointed R Ashmore to assist the College in acquiring land / building opportunities. A meeting has been arranged with the Executive Team on 21 March 2011 to consider proposed sites.

A further update will be given at the next Corporation meeting.

9. SFA LETTER - CONFIRMATION OF LEARNER RESPONSIVE FUNDING ASSURANCE AUDIT

The letter from the Skills Funding Agency was noted, confirming that an unqualified audit opinion has been received, following the Learner Responsive Funding Assurance audit. D Pullein stated that some minor errors were identified and action is being taken to address these.

10. SFA LETTER – PROVIDER FINANCIAL ASSURANCE TEAM'S FINAL REPORT

The letter from the Skills Funding Agency was noted, confirming that the Provider Financial Assurance Team concurred with the College's overall self-assessed grade of Outstanding for its Financial Management and Control Evaluation (FMCE).

11. FITCH AND MOODY CREDIT RATINGS FOR FEBRUARY 2011

Fitch and Moody's top credit ratings for February 2011 were received and noted. D Pullein stated that in future the reports would highlight any changes in the ratings.

12. ANY OTHER BUSINESS

12.1

R Scanlan reported that, following the Corporation decision at its Awayday to follow a Carver model of governance, this would be the last meeting of the Finance and General Purposes Committee. The majority of sub committees will be disbanded and there will be nine Board meetings scheduled across the year. This will necessitate one additional Board meeting this year which has provisionally been arranged for 10 May 2011.

The new structure would focus more on strategic issues and executive summaries would be included with papers. Regular reviews of the new arrangements would take place.

Any outstanding action points from sub committees would be addressed at the next Board meeting.

14. DATE OF NEXT MEETING

As this was the last meeting of this sub committee no further meetings were required. M Joyce was thanked for his role as Chair of the Committee.

Signed for Distribution:
(Chair)

Date:

Approved:
(Chair)

Date: