

APPROVED Minutes of the F&GP Committee held on Tuesday, 26th February 2008

Present: Mr M Murray (Chair)
Mr R L'Amie
Mr D Quail
Mrs J McAllister
Mr M Dixon

In attendance: J Stott (Clerk)
S Shaw (Deputy Clerk and Minute Secretary)

Apologies: M Brannan
L Swift (Head of Finance)

Meeting commenced: 19:00 pm

Meeting closed: 20.48 pm

01/08 Disclosure of financial and/or personal interest

There was no disclosure of financial and/or personal interest.

02/08 To agree agenda and order of business as circulated

The agenda and order of business was agreed as circulated.

03/08 To approve the minutes of the meeting held on 4th December 2007

The Principal reminded members that a question had been raised at Corporation in December in respect of item 73/07 (i), page 8 of the draft minutes, in which a retained deficit of 3.7% was reported as a percentage of income for the period to 30th September 2007. The Principal confirmed that this figure was correct.

The minutes were approved.

04/08 Matters Arising

At item 77/07 (b), page 9, of the draft minutes, it was suggested that a training item on the West Yorkshire Pension Scheme be included in the agenda for the 6th May 2008 F&GP meeting. It was also agreed that a training item on the new funding methodology and "standard learner number" be incorporated into the agenda for the 24th June 2008 F&GP meeting.

05/08 (i) To receive the Management Accounts for the period to November 2007

The Management Accounts were received without further comment.

The Chair wished to commend the "strength and depth" of the Finance Team which had ensured that Management Accounts had been produced despite the temporary absence of the Head of Finance.

(ii) To consider the Management Accounts for the six month period to 31st January 2008

In the absence of the Head of Finance, the Principal presented the item. She commented, in particular on the following: -

(a) Out-turn for the period

The accounts showed a retained surplus of £46k compared to a budgeted deficit of £142k. At this point last year the college had a retained surplus of £199k.

(b) Income

Total income to 31 January 2008 was £3,489k, compared to a budgeted income of £3,544k. This represented a reduction of £55k. At this point last year income was £3,406k.

- Base allocation - The 2007/08 allocation was for £5,134k. This had been allocated to the accounts on an equal monthly basis. The LSC had just announced a change to the profile which would mean that actual cash received for the period would be greater than originally anticipated. The overall amount for the year remained unchanged however and an adjustment would be made later in the year.
- Work Based Learning - £188k compared to the budgeted income of £158k. This increase reflected the increase in the contract value as a result of the addition of the Horticulture element and a funded overachievement of the contract.
- E2E (work-based learning)- £71k, compared to a budget of £86k.
- Income from Schools - £34k, compared to a budgeted of £35k.
- Tuition fees - £181k compared to a budgeted income of £195k. A discussion followed regarding the impact of fee increases on tuition fee income in individual College Sectors. The Principal agreed to report the reasons for the fall in income to the next meeting.
- Grant income - £41k compared to a budgeted income of £38k. The College had successfully bid for project monies in a number of areas.
- Other income - £81k, compared to a budgeted income of £67k.

(c) Expenditure

Total expenditure for the period to 31 January 2008 was £3,537k compared to a budgeted expenditure of £3,689k. This represented a decrease of

£152k. At this point in the previous year the expenditure had totalled £3,607k. Of this, Pay expenditure for the period totalled £2,589k, compared to a budget of £2,691k, a reduction of £102k reflecting savings made on vacant posts and PTL staffing. It was anticipated that some of the saving on the PTL budget would need to be spent to enable the College to meet its LSC targets.

At this point, the Principal explained that the College did not expect fully to meet its Skills for Life and its Adult headcount targets, although the Full Level 2 and Full Level 3 adult targets would most likely be exceeded. She explained that any shortfall in Skills for Life and Adult headcount was likely to affect the College's position next year. She explained that an action plan was in place and that targets had been allocated to individual Sectors for additional enrolments. The Principal felt that the situation was manageable. She confirmed that the 16-18 student full time target had already been exceeded.

Non pay expenditure was £50k down on budget mainly due to savings on project expenditure.

(d) Balance Sheet

Debtors - At 31st January 2008 trade debtors were £71,861 of which £3,295 had been outstanding over 60 days. A member of the committee requested that dates of invoices be added to the table of information. This was agreed.

Cash and Bank - Cash totalled £669,997 at 31 January 2008. This represented 34 cash in hand days based on the forecast income for the year.

Level of borrowings - The College had no bank borrowing at 31st January 2008.

Trade Creditors - There were no outstanding balances on the purchase ledger at 31 January 2008 related to authorised invoices more than 30 days old.

(e) Financial Forecast

The financial forecast prepared in February 2008 shows a forecasted retained surplus for the year of £62k. These full year forecasted figures have been used for comparison in this report.

(f) Cashflow Forecast

The Principal explained that the cash flow projections had been prepared as at 31 January 2008 based on all knowledge to date. The projections resulted in a fairly stable year end balance for 2007/08 and 2008/09. It was noted that this would be lower than the 2006/07 year end balance which included some advance SRIP funding.

It was noted that the average cash balance predicted was 37 days in hand, for 2007/08 and 35 cash days in hand for 2008/09. This increase in the average cash days was the result of the cash flows from the Learning Line and CDI Centre.

It was noted that, although the overdraft facility of £200k had not been utilised in 2006/07, this facility had been renewed for the year to 30/04/08 as part of the routine banking services.

A member wanted to know what the cost of the overdraft facility was. It was agreed that the Head of Finance would confirm this at the next meeting.

(g) Other matters

The Principal confirmed that there had been little change in the number of staff in post.

She explained that the reduction in adult headcount was consistent with the FE picture nationwide. The realignment of funding towards Government priorities had resulted in a more restricted offer and an increase in fee income. The fall in headcount had occurred in the "non-priority" adult provision.

The Principal explained that the new funding methodology to be introduced during 2008-09 would lead to a completely different picture with far less certainty than previously experienced.

(h) Accounting ratios at 31st January 2008

	31/01/08	Target	31/01/07
Retained (deficit)/surplus as a percentage of income for the period*	(1.3%)	Positive	(6.00%)
Cash days in hand	34	25	6.7
Current ratio	1.01	1.5	0.79
General reserve as a percentage of forecast total income for the year (excluding release of deferred capital grants)	5.8%	5	3.5%
Loans as a percentage of reserves	nil	Below 50%	8.8%
Staff costs as a percentage of income (excluding redundancy)	71.7%	N/a	77.3%

* based on the 12 monthly treatment of LSC income, accounting in this period for 6/12th of the total LSC income for the year rather than the actual profiled receipts from the LSC.

The Committee received the report.

06/08 To consider an update of the 3-year Financial Forecasts.

The Principal introduced the Financial Forecast update. She highlighted the overall position as follows.

2007-08	The forecast shows a surplus of £62k compared with a budgeted surplus of £9k and the previous forecast surplus of £13k.
2008-09	The forecast shows a surplus of £37k compared with a budgeted surplus of £13k and the previous forecast surplus of £15k.
2009-10	The forecast shows a surplus of £40k compared with a budgeted surplus of £22k and the previous forecast surplus of £22k.

The Principal drew the Committee's attention to the need to ensure that forecast surpluses for future years demonstrate the ability to finance the interest payments on the future loan relating to the capital project.

The Principal advised Members of changes from the previous forecasts for 2008-09 and 2009-10.

Members received a detailed update of management plans to maximise efficiency and effectiveness for 2007-08.

The report was received and Members commented favourably on the savings achieved and the overall financial position which appeared positive.

07/08 To receive a progress report on the operational effectiveness of the Risk Management Plan with respect to financial issues

The Principal drew members' attention to the detail of the report.

The report was received.

08/08 To consider the Fee and Remission Policy to recommend to the Corporation

The Principal presented the item.

Following a short discussion, it was agreed that the Fee and Remission Policy be presented to Corporation for approval.

09/08 To receive, for information, an interim report on the Student Union (Income and Expenditure) end of year accounts to January 2008

The Clerk presented the report. It was noted that the end of year balance was healthy but that the level of subs did not yet meet the cost of the NUS affiliation fee.

The report was received and the Clerk was asked to bring the Committee's observation to the attention of Student Members at the Student Affairs Committee.

10/08 To receive an update on the Property Strategy

The Principal presented an update on the Property Strategy feasibility study. Members made a number of useful observations. Arrangements were made for consideration by F&GP of the outcome of the feasibility study prior to the May Corporation meeting.

The report was received.

11/08 Any Other Business

- (a) Dates of meetings to January 2009
 - i. Tuesday 06/05/08
 - ii. Tuesday 24/06/08
 - iii. Tuesday 15/07/08
 - iv. Tuesday 23/09/08
 - v. Tuesday 02/12/08
 - vi. Tuesday 13/01/09

The meeting closed at 20:48pm