

# Ruskin College

## Minutes of the Finance Committee meeting held on Friday 1 May 2009 at 11.00am

**Present:** David Norman (Chair). Audrey Mullender, Sue Ledwith, Jane Dixon (part)

**In attendance:** Sally Courtney (Finance Director), Rebecca Cox (Clerk)

- 1 **Apologies for absence** Action  
**Noted:** that apologies had been received from Chris Wilkes, and Jane Dixon for late arrival.
  
- 2 **Minutes of last meeting.**  
**Approved:** as a correct record the minutes of the last meeting held on 13 November 2008.
  
- 3 **Matters arising not covered elsewhere on the agenda**
  - 3.1 **Pay award**  
**Noted:** that the final stage of the pay award had now been implemented.
  - 3.2 **Investment of funds**  
**Noted:** that the Co-operative Bank had confirmed that there was no government protection of corporate investments, other than the £50K personal limit.  
**Agreed:** that, in the current economic climate, the Finance Committee had a duty to monitor the security of Ruskin's assets. The Finance Director was asked to bring details of the ratings of the three institutions holding College investments to the next meeting, together with a report on whether there would be any benefit in spreading funds more widely. SC
  - 3.3 **Future arrangements for the Finance Committee**  
**Noted:** that it had been agreed at the last meeting of the Search Committee that Gordon Beesley would be approached to determine whether he would be in a position to re-engage in College Committees. DN  
The Clerk had experienced some difficulty in contacting another Council member suggested by the Search Committee as a potential member of Finance Committee. Taking this into account, and given the difficulty the College has had in filling Finance and Audit vacancies, it was agreed that some alternative options amongst local people would be discussed outside of the meeting. SL/RC
  
- 4 **Financial report on 2008/09**  
**Received:** report on the position at the end of March 2009.  
**Noted:** the Finance Director summarised the report, in particular:
  - **Income:** despite reassurances by the LSC that we are in a safeguarded year, the shortfall in LSC-funded student numbers was currently shown as a deficit in the budget, which would be eradicated should the money be released into the management accounts. Residence and catering income had picked up and the situation could improve further as a result of the Summer School. There was currently a disappointing anticipated maximum shortfall in income of over £200K
  - **Pay expenditure:** this included a one-off severance cost of £40K. This was nil cost overall, as the salary was budgeted for and not paid after sick pay expired. Overall, the pay costs were expected to be on budget by the end of the year.

## Ruskin College

- **Non-pay expenditure:** there had been a positive change against budget as a result of savings identified across the College.

**Noted:** that the “freezing” of external posts stated in the report referred to entirely new, additional posts. Replacement posts were each being considered on their own merit. A strategic review of Law and ILTUS was currently being undertaken and vacant positions were not being filled in that Academic Group until the strategy had been decided, in case they represented an opportunity to make positive changes. The issue of the absence of a Dean was raised. The Chair stated that this was an internal staffing matter and outside of the Finance Committee’s remit. The position of Dean was a role rather than a post and the matter was currently under discussion with the JNC.

**Noted:** the Chair expressed concern regarding the possible deficit of £250K, which primarily resulted from a shortfall in student numbers. It was agreed that a report would be brought to the next meeting giving a breakdown of those areas where the shortfalls had occurred, analysing this in relation to past performance and giving an indication of the recruitment strategy put in place to address the problems. This report could then possibly be referred on to the Audit Committee, and to the Governing Executive should it be useful to draw on members’ talents and experience. It was also noted that the College was working within an unrealistic Three Year Plan, in that a move to operating from a single site would alleviate some of the financial difficulties.

CW

### 5 Capital Project - update on funding

**Agreed:** that it would be helpful if an itemised quarterly account of expenditure on the Capital Project, including professional fees, could be brought to future meetings. These should then be included in the financial report to the Governing Executive.

SC

#### 5.1 **Received:** letter from Rt Hon John Denham MP and verbal report from the Principal.

**Noted:** that, following an additional £300m being allocated by the Government in the Budget to capital projects, the College had been asked to complete a questionnaire in five days to demonstrate that it fell within the new criteria of a “readiness gateway”. The Principal showed the Committee the completed questionnaire that had been submitted this morning, which did demonstrate the College to be ready to take forward Phase 1 of the Capital Project. All supporting documentation, such as architectural and ecological reports and necessary planning permissions would be submitted within ten days as required. This process had replaced the previous Application in Principle, although the regional LSC would be contacted for comment and the Principal planned to talk with them in the meantime to discuss this. In the questionnaire, which was not a guarantee of funding, the College had asked for £4.7m for Phase 1, which was the majority of the cost and would allow the construction of the Dining Building and the renovation of Smith and Webb. A decision would be made on 4 June. The Principal confirmed that there was no longer any discussion of the relative percentages that would be funded, but the College was well-positioned if this were an issue, as the money from the sale of Walton Street would represent a significant percentage of the cost of Phase 2 and the Project would be seen to offer good value for money.

#### 5.2 **Received:** paper from Davis Langdon

**Noted:** that the College had a responsibility to think about a ‘Plan B’, in case no LSC funding was granted for Phase 1, or later for Phase 2. The

## Ruskin College

paper from Davis Langdon set out how a streamlined project could look and the Principal reported that the College had already begun work with an expert company, GVA Grimley, who were advising on partnerships for student residences.

**Agreed:** that, overall, this was a lot of new information to digest and it might help the Governing Executive to have something in diagrammatic or bullet point form tabled at next week's meeting.

AM

*(Jane Dixon arrived at 12.25pm)*

In response to questions from the Committee, the Principal clarified the following:

- that, as a result of competitive tender, Davis Langdon had now been appointed as Project Managers for the entire project. The work carried out to date, including assistance completing the most recent questionnaire, would be included in their fixed fee for Phase 1. Until the commencement of Phase 2, any additional work carried out in considering a 'Plan B' would be payable on an ad hoc basis. To date, their technical expertise had been invaluable.
- that if a 'Plan B' were to be implemented, small additional architect costs would be incurred. As most changes to buildings would be internal, planning permissions would not have to be re-submitted.
- that the library had always been fully funded in the budget and was not dependent on fundraising.
- that in terms of the project timetable, delays had been built in, so no significant problems were expected. If 'Plan B' were pursued, the project would be completed earlier as the College would not need to wait for LSC decisions.

**Noted:** the Chair summarised for Jane Dixon, who asserted that it was essential to demonstrate that this situation was entirely unprecedented and was a national problem not a reflection of poor planning by the College. The Finance Director reported that she had now been approached for evidence in support of Ruskin's application for funding of professional fees, which was agreed to be a positive sign that some fee support might be forthcoming from the LSC. The Chair then reminded members of the recommendation before them.

**Recommended:** to the Governing Executive that alternative funding sources should be explored, including identifying a model for a partnership that would work for Ruskin, in order to bring a viable 'Plan B' to the July Governing Executive.

Gov  
Exec

### 6 LSC

**Received:** comments from the LSC on the College's Financial Statements 2007/08.

**Noted:** that the College had deemed itself to be "satisfactory" in its financial health and performance, but the LSC had considered it more appropriate to grade Ruskin as "good".

### 7 Funding

#### 7.1 **Received:** report on HEFCE funding.

**Noted:** that since this report had been received a further piece of work had been carried out which would result in the College being fully funded by HEFCE. A new way of reporting had originally caused problems and the figures had had to be revisited. This had happened to a number of other organisations and would be reported to Audit Committee.

## Ruskin College

### 7.2 **Received:** report on LSC funding.

**Noted:** that the College would have a further safeguarded year due to its status as a specialist designated institution and so funding in 2009/10 would be exactly the same as 2008/09. This would not be the case thereafter and the Finance Director recognised the importance of this for future financial forecasting.

## 8 **Budget process**

### 8.1 **Received:** draft student numbers for 2009/10.

**Noted:** that this was still very much a work in progress. It was difficult to calculate, as it was necessary to include those progressing - which was dependent on students passing - and balancing them between courses. In previous years the College was not paid extra funding for additional students not planned for and from next year it could be financially penalised for overshooting as well. .

### 8.2 **Received:** tariffs for 2009/10.

**Noted:** that realistic increases had been applied to fees and sales tariffs for food and accommodation. The RCC funded tuition had been omitted as no directive had yet been received as to whether there would be an increase.

**Approved:** the tariffs for 2009/10.

## 9 **Dates of meetings in 2008/09**

**Noted:** meeting dates for Finance Committee for the remainder of the academic year, at 11.00am:

- 18 June 2009

*There being no further business, the meeting closed at 12.50pm*