

Ruskin College

Minutes of the Finance Committee meeting held on Thursday 12 November 2009 at 11.00am

Present: David Norman (Chair). Audrey Mullender, Teresa Munby

In attendance: Sally Courtney, Chris Wilkes, Rebecca Cox (Clerk)

- 1 **Apologies for absence** Action
Noted: that apologies had been received from Jane Dixon, and Teresa Munby was welcomed to her first meeting since being re-elected as a UCU representative on Council.

- 2 **Minutes of last meeting.**
Approved: as a correct record the minutes of the last meeting held on 18 June 2009.

- 3 **Matters arising not covered elsewhere on the agenda**
Received: report on ratings for institutions holding College funds.
Noted: the Finance Director reported that Standard & Poor's did not cover the Co-operative Bank or Close Brothers and therefore ratings had also been taken from Fitch and Moody's. All three of the institutions holding College funds were rated as good in the long term, and as good as could be expected in the short term. The Financial Regulations would be amended when next reviewed to stipulate that this information should be regularly monitored.
Agreed: that on the basis of the information supplied, the Finance Committee was satisfied that funds were secure.

- 4 **Draft annual report and accounts**
Received: the draft annual report and accounts for the year ended 31 July 2009.
Noted: that there were a number of outstanding minor amendments to be made to the accounts, which would be updated prior to the Governing Executive meeting on 27 November. The commentary would remain the same and no issues were raised in relation to this section. The accounts were taken page by page. The recurring income and expenditure accounts were in line with last year and approximately the same operational deficit was made. All professional fees relating to the parts of the Capital Project that were not now going ahead, £520,936, had been reallocated to the profit and loss account. This had been offset in part by the fee support received from the LSC of £250,000.
Agreed: that this should be explained in detail at the Governing Executive meeting. SC
Noted: that all scholarship, bursary and prize funds, with the exception of that from GMB, had now been accumulated into a general Ruskin fund. The loss shown in the balance sheet was the result of a re-evaluation of the investments' worth on 31 July 2009.
Agreed: that, subject to the amendments discussed, the annual report and accounts should be recommended to the Governing Executive.

- 5 **Student numbers**
Received: report on student numbers against target.
Noted: that for LSC students the numbers at the start of term were not on target, but were better than last year. The Trade Unions short courses were booming, so it was forecast that the student numbers targets over

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the year as a whole would be met. It would be vital to meet the LSC cash target, and the HEFCE numbers within a 3% tolerance, and a mid-year projection would be undertaken to monitor this.

Noted: that for HEFCE students it was anticipated that targets would be met and no clawback of funding would occur. The importance of progression from first year to second and third year in the Humanities and Social Sciences from a funding perspective was discussed. The apparent drop out in the second year was not straightforward, as some students elected to study only the first year, whilst others progressed to other universities. However, it was agreed that it was also important to promote progression amongst staff accustomed to teaching one year courses and that low progression was also related to the lack of funding available to older learners.

Agreed: that work on improving progression rates should continue to be prioritised.

6 Financial report on 2008/09

Received: report on the position at the end of October 2009.

Noted: the Finance Director summarised the report, in particular:

- that the accounts were showing a break-even position on budget at this stage, but a higher deficit was being forecast at year-end
- tuition fee income was problematic, which was particularly disappointing as work had been carried out to try to address this shortfall
- payroll expenditure was within budget in some areas, although the domestic area would go over budget due to overtime payments which had not been provided for in the budget
- residence and catering income was less than anticipated as there were fewer resident Cert HE students than planned for.

Agreed: that, given the high number of rooms not in use, this situation should be closely monitored as it would have implications for the Capital Project. The new-build residential accommodation was in phase 3 of the redevelopment, and if additional rooms were not required they should not be built. An analysis of residential students over the past five years would be brought to the next meeting, together with data on the number of empty rooms. It was also suggested that there should be more promotion of the accommodation available amongst staff with responsibility for interviewing students.

SC

Questions were taken on the report and the following was clarified:

- the expenditure on the Capital Project related to professional fees for the redesign of the buildings and a post year-end payment for the wall around the walled garden. An update on spend on the Capital Project to date would be brought to the next meeting
- the cashflow forecasts showed a negative position by October 2010. The Finance Director confirmed that, whilst this was subject to change throughout the year, the College could have exhausted its liquid reserves by this time next year. This was a potentially very serious situation, which was the result of running a deficit budget, and should be highlighted to staff and the Governing Executive.

Agreed: that this and the forecast deficit - which was more than double that budgeted for - were areas of great concern and should be looked at further, particularly as the College was moving into a period of relocation and would also be operating in a difficult political environment and facing changes in national funding. Work on highlighting the importance of

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progression, as discussed, could help to bring in income, as would increasing student numbers. It was reported that staff groups were working positively together and generating many new ideas, including for student recruitment, and this should be fed into the Management Team. Attracting overseas students would be financially beneficial and the possibility of reducing their fee rate would be discussed at the next meeting.

7 Cost Centre Managers and Estates Committee

Received: the minutes of the Cost Centre Managers and Estates Committee meeting held on 29 September 2009.

Noted: that these were being brought to the Finance Committee for the first time to bring the College more in line with an HE committee structure. The Chair stated that only issues with financial implications should be highlighted and not the minutiae of operational matters. Concern was expressed that there was not a full complement of Academic Co-ordinators currently and that they had responsibility for budgets in the College. The Principal explained that there was only one vacant role which could not be re-advertised until the UCU had reached a view on the terms and conditions and the JNC had been able to conclude negotiations on this.

Agreed: that the Principal would explain this in more detail outside of the meeting.

AM

8 Capital Project – loan funding

Received: verbal update from the Principal and the Finance Director.

Noted: that at the last Governing Executive, the overall funding and planning package for the Capital Project was approved, including a loan of up to £5m. A loan of approximately half this amount would be required for Phase 1. A decision regarding a loan of this size would have to be signed off by a formal resolution from the Governing Executive. An approved loan offer had been received from the Co-operative Bank, and an indicative offer made by Barclays (who were working closely on a national basis with other Colleges in similar positions) which was contingent upon LSC approval. Further offers were expected from Lloyds TSB and Unity Trust Bank. Gordon Beesley had offered helpful advice on both of the offers received, and prior to Governing Executive the external auditors and College solicitors would look at all offers.

Agreed: that the Management Team would prepare a report for the Governing Executive setting out the terms of all loan offers to be considered. The Governing Executive would not be required to sign off the loan at the next meeting, but would be asked to approve the lender, the amount and the agreed interest rate. A representative from the commercial department of the external auditors should be present at the meeting and fully briefed to answer any questions. It would be imperative to demonstrate that the best professional advice had been taken prior to a decision being made.

AM/CW/
SC

9 Financial Plan

Received: LSC feedback on Financial Plan 2009 – 12.

Noted: that the College had assessed itself as 'satisfactory', but had been re-graded by the LSC as 'good'.

Agreed: that this should be circulated to the Governing Executive for information.

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10 Dates of meetings in 2009/10

Noted: meeting dates for the Finance Committee for 2009/10, all at 11.00am:

- 4 February 2010
- 29 April 2010
- 17 June 2010

There being no further business, the meeting closed at 12.45pm