

Ruskin College

Minutes of the Finance Committee meeting held on Friday 12 November 2010 at 11.00am

Present: Jane Dixon (Chair)
Anne Hock
Audrey Mullender
Teresa Munby
David Norman

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

1 Apologies for absence Action
Noted: that no apologies had been received.

2 Minutes of the last meeting
Approved: as a correct record the minutes of the meetings held on 18 June 2010 and 1 October 2010.

3 Matters arising not covered elsewhere on the agenda
Noted: that there were no matters arising.

4 Draft annual report and accounts
Received: the draft annual report and accounts for the year ended 31 July 2010.
Noted: that this draft had been considered at the meeting of the Audit Committee last week where a few minor alterations had been made to the commentary. RSM Tenon's management letter would be brought to the next meeting of the Governing Executive. The Finance Director summarised the headlines of the annual report as follows:

- the end of year operating position showed a deficit of £348,615
- that the major contributing factor was that income from tuition fees had been significantly lower than budgeted
- operating expenses were up slightly on budget, but did not differ much from those indicated in the last set of management accounts
- the balance sheet had been boosted by the disposal of Walton Street, but the funds received would be depleted over the next eighteen months as the capital project progressed
- College investments, which had seen a reduction in previous years due to the market, had increased this year by £50K

The major issue to be addressed was that of tuition fee income and this had been looked at very carefully in this year's budget to ensure that forecasting was as accurate as possible.

5 Student numbers

5.1 Received: a report on student admissions against target.
Noted: that the College had been far more cautious when setting targets this year and - for long courses - these had largely been reached and, in some cases, exceeded.

Agreed: that the title of the column indicating numbers of dyslexic students should be re-worded to make its meaning clearer. CW

5.2 Received: a report on take-up of residential accommodation.
Noted: that budgeting in this area too had been cautious and that the take-up was very much as anticipated. The long course revenue generated should therefore be as budgeted for this year. There were vacant rooms, which was in line with anticipated requirement as following the move to Headington in 2012

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there would be fewer rooms available.

6 Financial report on 2010/11

Received: report on the position at the end of October 2010.

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

- that income and expenditure were currently very close to the budgeted position
- that the biggest risk facing the College was the potential impact of any cuts in funding in the FE and HE sectors, particularly if they took effect in this financial year. No provision had been made for this yet as the position was very unclear. At present, it looked as though Ruskin's FE funding would be cut by 25%, spread over 4 years and, in HE, government support taken away for all but possibly Social Work, with the remainder being funded entirely through tuition fees.

A discussion ensued regarding the potential impact of these cuts on Ruskin and its long and short course students, and organisations offering adult education generally. The management team outlined ways in which it was planning and also linking with other organisations to prepare for this. It was suggested that there should be a clear strategy to ensure a proactive approach. In pursuance of this, the Principal should explore all avenues that might assist the future survival of the College.

Questions were then taken on the financial report and the following points clarified:

- that there was a contingency built into the budget to cover exceptional occurrences and unplanned maintenance, as the College was required to maintain Walton Street to the same standard as it was when Exeter made the offer to purchase the property
- that in terms of payments from Exeter, £5m would be paid during this financial year and the balance in the next financial year, with the exception of £1m which would be paid in October 2012
- that the reason the cash flow figures varied so widely throughout the year was related to when the College received funds from the Student Loan Company and the Residential Colleges Committee. The combined cashflow had been introduced at the suggestion of the auditors so that it could be clearly demonstrated how the College was managing the significant sums of money that were being paid in and out as a result of the capital project.

7 Capital project

7.1 Received: verbal report on the penalty clauses for each of the loan options.

Noted: the General Secretary's report that this information had been requested at the last meeting but that the matter had now been overtaken by events. At the meeting on 1 October it was agreed that the College should take an overdraft facility to cover the £750K required until the next payment from Exeter due on 1 December. The Cooperative Bank then indicated that they wished the College to draw down part of the loan instead and £1m was taken, unsecured until the valuations had been agreed. This option was more favourable to the College, as any portion of the funds drawn down that was not needed or only needed for a limited time could be invested at a higher rate of interest than that paid for borrowing, and no further part of the loan would need to be drawn down until Autumn next year.

7.2

Received: report on the valuations determining which buildings would form the security on the loan.

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Noted: that valuations had been received for Bowen, Biko, Webb, Stoke House, 3 Stoke Place and 5 Stoke Place. These were minimum valuations and did not represent the true market value of the properties in question. In line with the terms of the original loan offer, the Cooperative Bank required double the loan value as security and therefore Stoke House and the two properties in Stoke Place would be taken as security against the £1m already drawn down. It was agreed that it would be helpful to know the full commercial value of these initially secured properties.

7.3 **Received:** final cost reports for phase 1.

Noted: that phase 1 had come in slightly under budget and the money saved would pay for the phase 2 removal of the additional asbestos that had been found in the Rookery.

8 **Walled Garden Project**

Received: the budget for the Walled Garden Project.

Noted: that £225K had been received from the SFA for the new Walled Garden Project, to supplement the larger sum that the College had already spent itself on renovating the crinkle crinkle wall. The budget showed clearly how spending would be broken down, though the exact detail should be considered by the Project Board rather than the Finance Committee.

9 **Financial Management and Control Evaluation**

Received: the financial management and control evaluation return for 2010/11.

Noted: that the College had assessed itself as 'good', which was the same rating as last year, which the SFA had agreed with. This return had been sent to the Audit Committee last week and would be brought to the next meeting of the Governing Executive.

10 **Financial Plan**

Received: SFA feedback on the Financial Plan 2010-13.

Noted: that the College had rated its financial health for the period as 'satisfactory', which the SFA had upgraded to 'good'.

11 **Strategic aims and performance indicators**

Received: extract from the Strategic Action Plan and associated performance indicators.

Noted: that the full document would be taken to the next meeting of the Governing Executive, with relevant extracts being brought to this meeting of the Finance Committee, this afternoon's Project Board and the next meeting of the AQSC.

Noted: that the full document was drawn up to demonstrate a clear planning strategy and to anticipate the requirements of forthcoming inspections and reviews. There would also be a full catering business plan from 2012, and catering numbers were to be included in the management accounts from now on in order to preface this. The Principal thanked the Finance Director for separating out the catering figures and the General Secretary for his hard work over the summer in putting together a far more detailed planning document than the College had ever previously had.

12 **Development fund**

Received: a report on the Ferguson bequest.

Noted: that this paper had originally gone to the Project Board which had referred it on to the Finance Committee. The report outlined how some of the Ferguson bequest, which the Governing Executive had agreed should be set

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aside for development, had been spent. It was noted that not all spending had historically been appropriately allocated in the accounts and was therefore not traceable. It was thought that a considerable amount had been spent on fees associated with the abortive North Oxford development project.

13 Cost Centre Managers and Estates Committee

Received: minutes of the meeting held on 28 May 2010.

Noted: that a great deal of time was spent at this meeting discussing staffing issues and ways to ensure that the use of permanent staff, especially teaching staff, was maximised and the use of visiting tutors reduced. The Principal thanked the General Secretary for chairing these difficult meetings. On the non-pay side, the Finance Director was asked to keep all external contracts and significant areas of expenditure under at least three-yearly review.

14 Dates of meetings in 2010/11

Noted: meeting dates for the Finance Committee for this academic year, all at 11.00am:

- 4 February 2011
- 9 May 2011
- 24 June 2011

There being no further business, the meeting closed at 12.35pm.