

## BOSTON COLLEGE

### MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE HELD ON MONDAY 23 SEPTEMBER 2013

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#### 1. PRESENT

Mr P Cropley, Mr M Gallagher, Mr S McCracken (chair), Mrs A Mosek and Mr B Walder.

Also in attendance: Mr P Collins (Director of Business Development), Mrs J Hemmant (Clerk to the Corporation), Mr V Ktori (Savills – Item 2 only), Ms J Lau (Finance Manager) and Mr P Scarlett (Corporation member).

#### 2. DE MONTFORT CAMPUS

At the request of the committee, Victor Ktori from Savills attended to discuss the disposal of the De Montfort Campus. He explained to the committee the background and the marketing activity which had taken place since August 2012 and how only 2 offers had materialised since the De Montfort campus was put on the market. Mr Ktori told the committee that land values and growth were seen as more likely to accelerate in the south east or south west. Particular challenges facing the disposal of the site in Boston were flood alleviation, where there was probably not going to be a finalised agreement until 2015, and a shift in demand radiating out from London. At the present time it was not felt that developers were looking to acquire sites in Lincolnshire for significant developments.

Members of the committee asked how Savills view of the site fitted into the significant developments being planned elsewhere in Lincolnshire and Mr Ktori advised that he would ask the residential specialist Andrew Galloway to comment on this.

A discussion took place about the letter of advice received from Savills in which one of the suggestions had been that the College could consider a price reduction in a re-marketing venture because the offers which had been received so far were simply too low. The committee discussed at some length whether dropping the price was likely to generate interest particularly in the light of the fact that the offers received to date had not borne any relation to the offered sale price. Savills were clear that they would not recommend accepting offers at the levels which had been received but felt that there was some more confidence now coming through in the market.

The committee felt that there was not significant appetite for development from house builders at the present time and a discussion took place about their appetite for land banking. The committee felt that cutting the offer price was unlikely to make a significant difference if the appetite for purchase did not exist and Savills view was that there was no need to cut radically at this stage although it might be perceived as making a nod towards the market. The committee asked for information on which developers had been approached as part of the marketing and Mr Ktori offered to get Mr Galloway to provide a list of those with whom Savills had been in contact.

Victor Ktori left the meeting at this point.

The committee had a discussion about whether the College needed to sell the campus immediately or whether it was able to bear the cost of running for a further period. The funds from the sale of the De Montfort campus were not regarded as being required immediately for further implementation of the property strategy and running costs were not significant at the present time. The committee did not feel that cutting the price was likely to make a significant difference.

### **3. APPOINTMENT OF CHAIR**

Having been duly nominated Steve McCracken was appointed as Chair of the committee for 2013-14.

Mr McCracken in the chair

### **4. APPOINTMENT OF VICE-CHAIR**

Having been duly nominated Bob Walder was appointed as Vice-Chair of the committee for 2013-14.

### **5. MINUTES**

The Minutes of the meeting held on 26 June 2013, subject to the addition of recorded apologies, were approved.

Members were advised that the College was still reviewing its VAT position in relation to an HMRC decision but that current indications were that this was likely to be specific to the institution which had been granted the decision and may not be applicable to Boston College.

### **6. FINANCE**

Members received a report from the Vice Principal: Corporate Services on a number of financial matters:

#### a) Financial Performance 2012-13

The committee was advised that the College was proceeding towards the closure of the accounts for 2012-13 and was currently looking at a small deficit. Members were advised that there were still figures to be finalised, the principal of which were expected to be the calculation of depreciation and any movement on the Single Adult budget performance.

Members noted that a significant factor in the deficit was the charge to the income and expenditure account in relation to the Local Government Pension Scheme which had seen a very substantial increase. A particular query had been raised by the College about losses on curtailments shown within the valuation document and members were advised that it was not possible to get more information about this from the actuary without incurring a further fee. It was agreed that the £45,000 shown was a significant sum and therefore the actuary should be asked to provide further details to confirm that this figure was accurate.

Members were provided with a cashflow projection for the coming year and the College's anticipation of reduced cash reserves in March 2014 was noted again. As considered at the Corporation meeting it was felt that an overdraft arrangement should be considered for this low point in cash reserves and it was agreed that an arrangement should be put in place towards the end of the calendar year.

b) Funding

Members received a report on enrolments for 2013-14. It was noted that software to calculate related funding was not yet available but the enrolment figures were looking promising. Members noted that learners who had enrolled needed to stay for a qualifying period before they would generate funding. Some queries were raised about the breakdown of data on the sheet presented particularly in areas affected by the recent management restructure. College managers were asked to provide a key to the data and send an updated version to members of the committee.

c) College Accounts

Members were provided with an extract of comparative data showing the Boston College accounts information for 2011-12 compared with the data for other colleges in the area.

## 7. PROPERTY

Members received a report from the Vice Principal: Corporate Services on a number of property issues:

a) Development Works

It was noted that the majority of the grant funded works were now complete and learners had been able to use the new facilities since the beginning of the academic year. Members noted that a final report on the operation of the projects would need to be produced and that the College was in discussion with professional advisors on the production of this information.

b) Property Strategy

Members considered a draft Property Strategy and agreed that this should be forwarded to the Corporation for consideration. It was agreed that before this happened the executive summary should be enhanced to provide further information about the College's Spalding facility. It was noted that the Property Strategy could be enhanced by drawing out further the implications of ICT/ILT developments and that members would be interested to know the split of space between back office and teaching space.

c) Redundant Premises

Having already considered the situation with the De Montfort campus, the committee considered the latest position with regard to the unused leased premises in Skegness. It was noted that Grimsby Institute had made an offer to the College to contribute towards the cost of being relieved of its share of the lease responsibility and that Banks Long were trying to find a solution

which would be most beneficial to the colleges. Information was provided on the latest developments.

The committee felt that the Grimsby offer of £400k may not be enough because of the potential for dilapidations to be charged at the end of the lease. It was agreed that Banks Long should continue to try to identify a solution to the impasse over this property but that final decisions could not be taken at the present time due to the number of unknowns and Grimsby Institute should be advised of this position but also that the College was trying to mitigate losses for both parties.

## **8. RED LION QUARTER**

Members received a report from the Director of Business Development on the operation of the Red Lion Quarter. It was noted that for the first year the full operation of the centre had worked quite well and that the College's recruitment for 2013-14 looked to be good. Financial performance appeared to be sound once the donation from the company which was managing the letting of the commercial units was included.

Members were advised that the coffee shop in the former Sage Restaurant was now open and that its financial performance was being monitored closely. It was anticipated that it should be able to break even within a couple of months of opening and it was agreed that the Director of Business Development should provide an update to the next meeting of the committee in November on the coffee shop's performance.

A discussion took place about the workshop facilities in Spalding and it was noted that learners would prefer to have facilities closer to the Red Lion Quarter to reduce their level of travelling.

A discussion took place about the name being used by the College in Spalding and it was noted that the College now referred to its operation in Spalding as Boston College: Spalding which was proving to be quite successful.

Having reviewed the report presented a discussion took place about the need for separate reporting on the Spalding operation in the future. It was agreed that this should be reviewed at the November meeting of the committee to decide whether separate reporting was still required.

## **9. PERFORMANCE MONITORING**

Members of the committee received a report on the committee's performance against its 2012-13 performance targets prior to their submission to the Corporation. A discussion took place about targets for 2013-14 and it was agreed that targets to be recommended to the Corporation for the committee should be:

- 85% attendance
- Monitoring of the College's cashflow position
- Monitoring of the College's performance against Single Adult Budget targets
- Seeking to resolve the Skegness lease position.

**10. NEXT MEETING**

It was noted that the next meeting of the committee would take place on 18 November 2013.