

# BOSTON COLLEGE

## MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE HELD ON THURSDAY 26 JUNE 2013

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### 1. PRESENT

Mr S McCracken (chair), Mrs L Ladds and Mrs A Mosek (committee members).

Also in attendance: Mr A Reynolds, Mr P Scarlett and Mr D White (members of the Corporation) Mrs J Hemmant (Vice Principal: Corporate Services), Ms J Lau (Temporary Finance Manager),

Apologies were received from Mr P Cropley, Mr M Gallagher and Mr B Walder.

### 2. MINUTES

The Minutes of the meeting held on 24 April 2013 were accepted and approved.

It was reported that the agreement in respect of the partner who had gone into administration had not yet been finally signed off but that there appeared to be no problem with this. Outstanding achievements for the partner were progressing well.

It was noted that the format of accounts had not yet been finally confirmed and that the interim Finance Manager was proposing to further revise the format of the accounts to extract the data directly from the finance system. The committee supported this development but wished to continue to have graphic representations of key data.

It was reported that there had not yet been any further developments on the potential improvement in the College's VAT position following an HMRC decision in respect of another college.

An update was provided to the committee on the position with regard to the shared lease on the Skegness premises.

### 3. FINANCE

Members received a report from the Vice Principal: Corporate Services on the proposed budget for 2013-14. The report included a forecast of the year end position for 2012-13 and budget information for the coming year. Members were also provided with copies of the May management accounts.

The report provided information on a number of key changes in the budget for the coming year. A discussion took place about the level of reliance on partnership provision and members were advised that a suggested scoring mechanism was in place and was proving to be a useful tool which should safeguard the College's position.

A decision took place about the Red Lion Quarter tenancies and bad debts and members were advised that larger deposits for tenants were being looked at. There is a need to take a commercial view on the tenancies and it was agreed that

arrangements for tenants should be signed off by at least two members of the Senior Leadership Team with the Director of Business Development and the Vice Principal: Corporate Services being the most logical people to do this. It was noted that the arrangements for letting the units in the Red Lion Quarter would in any event be run through Eastern Enterprises Limited.

The changes to the income profile for 2013-14 were reviewed with particular note being taken of the changes to funding from the Education Funding Agency, the Skills Funding Agency and HEFCE where the latter had an allocation mechanism which was difficult to manage since it involved losses of funding for under-achievement of targets and clawback for recruitment of additional learners.

A discussion took place about apprenticeship funding for 2013-14 and in particular about the 16-18 apprenticeships where the College was finding it challenging to find learners to meet the allocation. This would result in a reduction of funding if the allocation could not be delivered. The planned programme included provision of some 16-18 year old apprenticeships through partners although this was noted to be an area of vulnerability. The forecast income and expenditure account had provided for the whole of the intended partnership delivery of these apprenticeships not to materialise. If this delivery did take place there was noted to be a potential upside on the forecast of £40,000.

Members are advised that the curriculum planning process had been further refined and the budget process which had been worked from the calculations of individual budgets up to a main College budget was as realistic as it could be.

Members reviewed the cashflow forecast for 2013-14 and noted that this was better than had been anticipated in the past although the forecast profile of income from the funding agencies which had not yet been confirmed could impact on the cashflow profile significantly. The cashflow presented had been based on profiles used to date.

Members looked in detail at the proposed balance sheet and asked for further reconciliation work to be done on the total funds to ensure that the data was sound. It was requested that the balance sheet should include details of this reconciliation before it is progressed into the financial plan.

A discussion took place about the profile of staff costs over the years and it was noted that staff costs still appear to be high. A query was raised about whether the ratios were calculated on a consistent basis and it was agreed that these would be reviewed and information fed back to members of the committee.

#### **4. RED LION QUARTER**

Members were advised by the Vice Principal: Corporate Services of the proposed arrangements for the letting of the element of Red Lion Quarter to be sub-let to tenants to Eastern Enterprises Limited on a rent free/peppercorn rent period whilst the company became established in this role. It was noted that the rental situation in Spalding was quite challenging and since the company would be acting on behalf of the College and ultimately donating its profits to the College the committee felt that the proposal to grant a five-year lease on this basis in the first instance was sensible. A discussion took place about whether the company was likely to need loan support from the College but members were advised that an analysis of the likely income for the company demonstrated that it should be financially sound

during the initial period and that a commercial rent would in due course reflect the state of the market at that point in time.

**5. DE MONTFORT CAMPUS**

Members discussed the possibility of changing agents for the sale of the De Montfort campus since the existing marketing was producing little interest. It was agreed that rather than change agents at this stage, Savills should be pushed to produce a plan for the disposal and that once the issue of the flood insurance which Savills had identified as a limit in factor on their sales campaign, was resolved they should be asked to attend a Corporation meeting to present their proposals.

**6. RED LION QUARTER**

It was noted that the Hair and Beauty Salons in the Red Lion Quarter were being kept open over the summer and that a number of learners were working in the Salons. Whilst there had been some interest in the Restaurant it was not felt that any of the proposals were acceptable or sustainable and it was agreed that the College should take the Restaurant off the market. Members confirmed their support of the proposal to open a coffee shop in the restaurant with a view to returning to catering education using the restaurant and kitchen at a later date. They asked that this should be progressed with a business plan for the coffee shop being produced as soon as possible.