

MINUTES

Finance & Resources Committee No 3

Date: *25/11/2014 (Tuesday)*

Time: *18:00–20:00*

Venue: *Rural Business Centre*

Committee: *Finance and Resources*

Notes: *Refreshments will be available from 5.30pm*

Present: *Ann Turner (Principal), Clare Platt, Ian Douglass (Vice Chairman), Ian Higginbotham (Chairman), Stuart Heys and Tony Hindle*

Attending: *Jennifer Eastham (Deputy Principal) and John Wherry (Deputy Principal)*

Clerks: *Ron Matthews (Clerk) and Susan Whiteside (Deputy Clerk)*

Public Minutes

Item number: Item description:
(and category)

51.14 ***Attendance of College Management and Financial Statements Auditor***
Decision

Section 8.2 of the current Constitution and Terms of Reference for the Finance & Resources Committee states:

College management and / or consultants may attend meetings by invitation in an advisory capacity.

Anna Spencer-Gray representative from the external Auditors was in attendance to present the Financial Statements Auditors Report and Financial Statements for the year.

Resolved:

That College Management staff and Financial Statements Auditor be invited to attend the meeting.

52.14 ***Apologies for Absence***
Record

All members of the committee were present.

53.14 ***Public Minutes of Previous Meetings***
Decision

The public minutes of meeting number 1 held on Tuesday 9 September 2014 and meeting number 2 held on Tuesday 30 September 2014 were confirmed and signed as true and correct records.

54.14 ***Declaration of Interests***
Record

Members of the Committee were asked to declare any interests they may have in respect of items on the public agenda. No declarations were made.

55.14 ***Strategic Plan Progress Report 2013 / 2014***
Decision

Finance Committee gave consideration to the Strategic Plan Progress Report 2014 / 2015.

We will continue to build and enhance our brand and reputation for excellence within the land-based and sports sectors – The targets related to recruitment, income from research and number of businesses engaged with the College.

At this stage all targets were being met apart from recruitment of part time Higher Education students which was graded amber but with further recruitment expected. It was noted that although Further Education 16 to18 recruitment had exceeded target a number of these had been via subcontractors who would take 85% of the income for each student. This did mean the student number allocation was protected for 2015 / 2016.

We will provide an outstanding teaching and learning experienceTargets from student feedback and staff sickness statistics were being met and the Capital Plan was being delivered to time frames and budget.

We will deliver great value for money – The financial targets were all on being met but behind those from the previous year.

Resolved:

That the Strategic Plan Progress Report 2014 / 2015 to the Finance & Resources Committee be received.

56.14

Financial Statements Auditors Report and Financial Statements for the year ended 31 July 2014 & External Audit Findings Report to the Audit and Finance Committees.

Decision

The Audit Findings Report for the year ended 31 July 2014

The document was provided for members' information and had been considered and commended to Corporation by the Audit Committee at their meeting on 4 November 2014. Finance & Resources Committee was pleased to note that there were no management actions resulting from the audit. The external audit representative ran through the Findings Report for the benefit of the Committee.

The draft Annual Accounts and Members Report for the year ended 31 July 2014

The document had been presented to the Committee's previous meeting as the pre-audited accounts. The headline figures reported to this meeting had not changed. The DP Finance & Funding drew the Committees attention to two outstanding items concerning student numbers and the wording around the teacher pension scheme both of which would be updated for final presentation of the accounts to Corporation on 16 December 2014.

The external audit representative talked through the document with members discussing matters and asking questions throughout and with support from the DP Finance & Funding.

Post balance sheet events maybe updated at any point up to final approval at Corporation in December 2014.

During discussion it was concluded that the accounts presented a sound financial position and reflected the management accounts as presented throughout the year.

Income had dropped slightly in terms of activities but Finance & Resources Committee was satisfied with the result which was consistent to reporting throughout the year. Costs were consistent with the previous year. There had been some losses on the disposal of assets which was also consistent with the previous year and as per in year reports from management There was an in-year surplus of around half a million.

On the Balance Sheet fixed assets were up, current assets and stock was constant with debtors slightly up. Long term creditors were down.

The pension liability, FRS17 was down a little which reflected the Colleges liability. Finance & Resources Committee commented on this liability that was common to all in the sector and to what extent it could be considered 'real'. The cash flow projections take into account actual payments expected over the year. It was noted that should interest rates rise the deficit would reduce. The DP Finance & Funding pointed out where the pension liability was illustrated in the accounts.

Finance & Resources Committee referred to a report from the FE Commissioner which stated that 43% of Colleges were reporting an operating deficit for 2013 / 2014, largely due to falling income and rising costs. Finance & Resources Committee noted that Myerscough was more diverse than many colleges and that this placed the College in a favourable position.

The Committee concurred with the DP Finance and Funding's wish to thank the auditors, noting the professionalism of the team and constructive discussions. Members expressed satisfaction with the discussions and agreed an external audit representative would not be required to be in attendance at the Corporation meeting on 16 December 2014 when the accounts would be presented for final approval.

Resolved:

That the audited Annual Accounts and Members Report for the year ended 31 July 2014 be commended to the Corporation for approval.

57.14
Decision

Financial Position Statement for the Period ended 31 October 2014

The results for the period ending 31 October 2014 showed the College generating a surplus which equated to 17.1% as a percentage of income.

The balance sheet remained healthy with cash balances of £6.65 million, a current ratio of 1:1.26 and cash days of 83.45

The Committee made reference to various aspects of the report.

In response to a question two top priorities were identified where there were challenges. One being recruitment of Further Education students aged 16 to 18. College wished to utilise its delivery in preference to subcontracted provision which currently was supporting the College in maintaining and growing numbers. It was confirmed that the subcontractors were private companies which were appointed after a due diligence process and which have good community links. In the main 4 companies are being used. The companies take 85% of the income but use serves to protect income via lagged funding rules for the next year.

The second area was the conversion from applicant to enrolled student in a competitive arena.

There had been higher than expected recruitment of High Needs Learners defined as such through a requirement for individual support to the cost of at least £6k per student. The allocation had been 42 and College had recruited 92. This was a reflection of the 'Local Offer' becoming law, changes in policy in Local Authorities and the excellent facilities provided through the new Foundation Learning Centre. The College bid for 2015 / 2016 allocation has been increased to 120 which was supported by the local authorities. Following management action, funds were coming through from various local authorities. In response to the growth in this area new staff are being appointed including a Manager at Croxteth. It was noted existing students tend to stay at the College for a few years working their way through relevant courses. Myerscough was considered a lead in the county for this specialist provision. College was networking with College Fellow, Sal Cooke from JISC, whose specialism is IT in Foundation Learning.

Overall members noted a good start to the year, with performance in line to achieve strategic targets but noted the challenges within FE income and cost streams which management were dealing with.

Resolved:

That the Financial Position Statement for the period ended 31 October 2014 be received.

58.14 *Investment Funds Including Interest to 31 October 2014*

Decision Consideration was given to the report on investments for the period ended 31 October 2014.

Total cumulative interest received on cash balances at the bank amounted to £8,501 at 31 October 2014. The total cash invested at the bank amounted to £6,545,757. Returns were similar to previous due to continuation of the low base rate.

Resolved:

That the statement detailing investment funds including interest to 31 October 2014 be received as submitted.

59.14 *Capital and Revenue Cash Flow forecast for the Period Ending 31 October 2014*

Decision Consideration was given to the Capital and Revenue Cash Flow for the period ending 31 October 2014.

The actual balance at the bank at 31 October 2013 was £6.65m against a forecast position of £6.58m.

At this stage capital expenditure was profiled over 12 months which showed the Capital Plan was affordable in the time scale.

After due discussion the Committee concluded that the forecast continued to show that the College would maintain its financially sound position throughout the period.

Resolved:

That the statement detailing the capital and revenue cash flows for the period ending 31 October 2014 be received as submitted.

60.14 *Myerscough Ventures Report for the Period Ended 31 October 2014*

Decision Consideration was given to the Myerscough Ventures Financial Performance Report for the period ended 31 October 2014.

At the end of the first three months the income contribution from Myerscough Ventures was on profile providing a total contribution of £395k. With inclusion of the Farm, which was not part of Ventures but was routinely reported at this part of the meeting, the total was £373k.

Contributions to overheads was shown after the allocation of the direct costs associated with the activity.

The Committee commented on individual area performances.

The Farm was ahead of profile with costs closely monitored.

All areas were above or close to target.

Finance & Resources Committee enquired about 'Events' remembering that in the previous year some bookings had not converted to visits and companies had lost their deposits leaving the College unable to fill all the vacancies. The area was slightly behind profile but contracts were in place and additional bookings with non-returnable deposits had been taken.

The Committee expressed its satisfaction that Myerscough Ventures continued to make an excellent positive contribution to the College.

Resolved:

That the financial performance report on Myerscough Ventures for the period ended 31 October 2014 be received.

61.14
Decision

Capital Expenditure Report – 31 October 2014

Total expenditure against the annual budget of £6,529k for 2014 / 2015 amounted to £1,216k at 31 October 2014.

There was a low level of expenditure at this stage.

The Committee was updated on progress and noted that year end variations, all within agreed tolerances, informed a revised budget.

New projects in the plan were at the design phase at this point.

There was a discussion around construction costs in the context of the current climate. The DP Resources confirmed rising costs were being factored into plans.

The Committee expressed its continued satisfaction with the progress made on the capital projects.

Resolved:

That the report on Capital Expenditure for the period ended 31 October 2014 be received as submitted.

62.14 *Myerscough Student Union (MSU) Annual Accounts for the Year Ended 31 July 2014*

Decision Consideration was given to the above Accounts for the year ended 31 July 2014. The MSU receives £9,000 from College funds for each academic year.

The cumulative funds as at 31 July 2014 were £11,859 after a £956 operating loss in the year.

As noted in the previous year's minute the MSU had given consideration to investment of its funds and had decided on investing £10,750 in Disc Golf and kit which was of benefit to the student population.

The accounts showed the association remained solvent.

The Committee expressed satisfaction with the accounts and wished to pass on their congratulations for a good year in 2013 / 2014.

Resolved:

That the Myerscough Student Union Audited Annual Accounts for the year ending 31 July 2014 be approved.

63.14 *Financial Regulations – Interim Review*

Decision **Authority to incur Liabilities** Following discussions in early September to support Management, Finance and Resources Committee had suggested a review of the section of the financial regulations concerning authority to incur liabilities. Management judged that the current system remains 'fit for purpose' and ensured that significant commitments were not entered into without the knowledge of the Principal or Deputy Principal, Finance and Funding.

Low value payments and collections As part of the drive for efficiencies and to ensure tasks were delegated to the appropriate level within the organisation, Management proposed that the approval of low value payments and direct debit collections be delegated to the College Accountant / Senior Finance Officer, with specific detail as follows:

The College Accountant is able to authorise and process the following on-line transactions, once verified and input by the Senior Finance Officer:

Payment of Equine events judges expense claims <£100 by BACS

Collection of residential fees / gym and golf membership / livery fees / rent etc. by Direct Debit

In addition, providing the initial paperwork had been previously signed by, the Deputy Principal, Finance and Funding, the College Accountant be able to process the following BACS payments providing any greater than £500 have been countersigned by the Principal, Vice or Deputy Principal.

Computer / Cycle scheme invoices

Weekly Bursary payments to students <£100 each (once annual amount has been authorised) Quarterly payment to HMRC in respect of the Game Duty (providing the return has been signed as above)

Resolved:

That Finance & Resources Committee commend the above changes to the Financial Regulations to Corporation for approval.

64.14

Information

Skills Funding Agency – Financial Health

Finance & Resources Committee received the Skills Funding Agency letter which confirmed the appropriate assessment grade for the College's financial health for 2013 / 2014 as 'Outstanding' and 'Good' for the current budget year 2014 / 2015.

Members noted this was in line with projections.

Resolved:

That the Skills Funding Agency letter regarding the College's Financial Health be received.

65.14

Decision

Myerscough Ltd and Myerscoll Ltd Appointment of Director

Following the retirement of Governor Dick West the Committee was requested to endorse the appointment of Stephen Rigby as a Director of the dormant companies Myerscough Ltd and Myerscoll Ltd.

Resolved:

That the appointment of Stephen Rigby as a Director of the dormant companies Myerscough Ltd and Myerscoll Ltd be endorsed.

66.14

Decision

Human Resources Report for the period ending 31 October 2014

The report contained analysis of staff turnover, breakdown analysis of leavers, staff stability index, staff sickness statistics and the Staff Survey undertaken in the summer and benchmarked against 49 other colleges.

The way reports are generated has been changed to allow improved visibility for the HR Team and senior managers. Reports will continue to evolve.

The cost for sickness for 1 November 2013 to 31 October 2014 which comprised of Occupational Sick Pay and Statutory Sick Pay was £187,417.00. The College was looking at ways of reducing this through roll out of sickness absence training to Line Managers and increased use of occupational health advisors. At a more strategic level, senior management had raised the Sickness Absence Policy at the last Staff Forum with proposals to slow the rate of access to the policies full sickness leave entitlements for new starters.

Management had tried various strategies over a number of years to reduce the levels of sickness in the Household staff area. Strategies had not proved successful so management were exploring options for outsourcing the cleaning for the whole College, Preston Campus. This would generate some financial saving on the current cost and free up other staff time that was currently being dedicated to Residential Staff matters.

Finance & Resources Committee welcomed the initiative. It was confirmed staff were aware of the potential change which would not generate redundancies as staff could cross over to the new company under Transfer of Undertakings (Protection of Employment) regulations. Management reported on positive interactions with the potential companies regarding the Colleges specific needs. The DP Resources would update governors on developments at the Corporation meeting on 16 December 2014.

Finance & Resources Committee gave consideration to the initial findings of the Staff Survey which was benchmarked against 49 other colleges. These same findings had been submitted to the Staff Forum and further consultation meetings with staff were arranged.

Resolved:

- I. That Finance & Resources Committee endorse management action on exploring the outsourcing of Myerscough College, Preston Campus' cleaning arrangements.**
- II. That the Human Resources Report be received**

67.14

Health and Safety Report for the period ended 31 October 2014

Decision

Members gave consideration to the Health and Safety Report for the period ended 31 October 2014 which included a summary of key strengths, areas for improvement, actions taken and the impact, and further actions planned and expected impact.

There was a reduction in accidents relating to Slips Trips and Falls though this category remained the main cause of accidents or incidents at 30%. 86% of accidents or incidents were to students. Improved analysis and tracking of data had revealed that under18 females have more accidents. Overall analysis had not identified trends or particular hazards. As more data becomes available actions will be targeted at specific groups.

130 staff had taken advantage of the free flu injections.

Improvements in Legionella monitoring were planned in terms of reduced paperwork and improved reports.

It was planned to utilise a software package as a compliance maintenance platform for health & safety. The package also offered online training in some mandatory subjects.

In response to questions members were updated in relation to management around the asbestos registers and associated procedures. In response to further questions members were assured Myerscough has a student focused approach to health and safety and a good reputation externally.

Resolved:

That the Health and Safety Report for the period ended 31 October 2014 be received.

