

MINUTES

Finance & Resources Committee No 8

Date: *24/11/2015 (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 (Vice Chairman), Ian Douglass (Chairman), Sarah Ellis (Co-opted Member) and Stuart Heys*

Attending: *John Wherry (Deputy Principal) and Paula Lister (Deputy Principal)*

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

Guests: *Dale Thorpe (External Auditor)*

Apologies: *Ian Higginbotham*

Public Minutes

Item number:
(and category)

Item description:

89.15

Decision

Attendance of College Management Staff and External Auditors

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.

Finance & Resources Committee warmly welcomed the Deputy Principal Finance & Corporate Services, Paula Lister and Co-opted Committee Member, Sarah Ellis who were attending their first meeting of the Finance & Resources Committee. A warm welcome was also extended to Dale Thorpe, Audit Partner from the external Auditors who presented the Financial Statements Auditors Report and Financial Statements for the year ended 31 July 2015.

Resolved:

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

90.15

Record

Apologies for Absence

Apologies were received from Stuart Heys. Ian Higginbotham had given apologies for the earliest part of the meeting and arrived part way through the discussions for minute 94.15 at 6.25pm.

91.15

Decision

Public Minutes of the Previous Meeting

The public minutes of the Finance & Resources Committee meetings held on 8 and 29 September 2015 were agreed and signed as true and correct records of the meetings.

92.15

Record

Declarations of Interest

There were no declarations of interest made in respect of items on the public agenda.

93.15

Consultation

Strategic Plan Report

Members gave consideration to the Strategic Plan Report for the Finance & Resources Committee and asked questions of Management:

The high 2015 / 2016 target for FE recruitment 16-18 year olds reflected the increased allocation following the funding formula changes from the previous year. As previously documented, though College would not achieve the numbers, there was no claw back on funds in year but in accordance with lagged funding methodology there would be a funding reduction for 2016 / 2017.

Disappointingly recruitment was down on last year's figures, partly explained by the falling 16-18 population which was expected to continue for the next two years. The data return was due to be submitted which would confirm numbers following the 42 probationary period. The performance or withdrawals of remaining students after this period would affect success rates. The shortfall appeared to be across the Board though recruitment to Croxteth Equine had been below expectations.

For Apprenticeship there had been an issue with delayed withdrawals and recruitment was just missing target. The department had recently achieved external success with Myerscough trained students winning three prestigious awards in the sector, Groundsman of the year, Horse Racing Course of the Year and a Greenkeeping award, being the only College to have achieved the triple in the same year. Contracts had recently been signed for the College to deliver training for several new employers within the landscape gardening industry and for housing associations.

The financial key performance indicator targets were at or above target with the exception of Myerscough Ventures which was discussed later in the meeting.

Resolved

That the Strategic Plan Progress Report be received.

94.15

Financial Statements Auditors Report and Financial Statements for the Year Ended 31 July 2015 and External Audit Findings Report

Decision

The Audit Findings Report for the year ended 31 July 2015 The document was provided for members' information and had been considered and commended to Corporation by the Audit Committee at their meeting on 3 November 2015. Finance & Resources Committee was pleased to note that there were no matters that were material to the accounts. There had been a potential issue concerning apprenticeship funding due to an over-claim but this was not material to the accounts. Management had identified the issue and thoroughly

investigated it through internal audit and own procedures and had followed external advice.

The external audit representative, Dale Thorpe went through the Findings Report for the benefit of the Committee who noted the agreed amendments prior to submission to Corporation. There were three reclassifications required to the accounts which were all balance sheet re-classifications. All had previously been identified by management and there was no impact on the Income & Expenditure report.

The draft Annual Accounts and Members Report for the year ended 31 July 2015 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 external audit representative talked through the document with members discussing matters and asking questions throughout.

The format was the same as previous years with the College having prepared the Operating and Financial Review and the Statement of the Responsibilities of the Corporation.

The new statement concerning the College's regularity, propriety and compliance with the funding bodies terms and conditions was noted and would be signed by the Chair of Corporation and the Principal.

The auditors would sign the opinion on the financial statements: 'In our opinion the financial statements; give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's surplus of income over expenditure for the year then ended; and have been properly prepared in accordance with United Kingdom Generally Accepted accounting Practice'.

Consideration to the accounts was detailed and took into account the wider picture. Members noted a healthy surplus, stable income and a slight drop in funding body grants which had been offset by tuition fees. It was noted many Colleges were recording losses. Depreciation was significant and as members were aware was set to increase as the capital plan progressed. The increase in pension deficit had risen caused by an actuarial assumption change. This was beyond the control of the College and did not amount to an actual charge. In the long term the College could give consideration to the mix and demographic of the staff base. In comparison to other Colleges, 'other income' (non primary source income) provided a significant contribution. Management would review to ensure continued compliance with Corporation taxation

legislation. Members noted policy around depreciation and that each asset be considered on an individual basis.

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

The Auditor commented that the audit had been a smooth process and commended the College's preparations and quality of work with information produced to a high standard. In turn Management passed thanks to 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 15 December 2015 when the accounts would be presented for final approval by the Chair of Finance & Resources Committee.

Resolved:

That the audited Annual Accounts and Members Report for the year ended 31 July 2015 be commended to the Corporation for approval.

95.15

Decision

Student Association Annual Accounts for the Year Ended 31 July 2015

Consideration was given to the above Accounts for the year ended 31 July 2015. The MSU receives £9,000 from College funds for each academic year.

The cumulative funds as at 31 July 2015 were £13,386. Income was in excess of expenditure resulting in a small surplus being taken to reserves.

The accounts showed the association remained solvent. The Committee expressed satisfaction with the accounts.

Resolved:

That the Myerscough Student Union Audited Annual Accounts for the year ending 31 July 2015 be approved.

96.15

Decision

Financial Position Statement for the Period Ended 31 October 2015

The results for the period ending 31 October 2015 showed the College generating a surplus which equated to 18.1% as a percentage of income.

The balance sheet remained healthy with cash balances of £6.2 million and cash days of 76.

The Committee made reference to various aspects of the report. It was a positive start to the year. The first formal count of students recruited was due to be submitted which would provide a performance measure. Recruitment of 16-18 year olds was down and below target. There was no impact to funds in year but through lagged funding methodology College would receive a lower allocation for year 2016 / 2017. There may be some indication of allocation by the end of the calendar year with final figures expected to be announced in March 2016.

Ventures was 10% behind profile, discussed later in the meeting at minute 99.15.

The amount and purpose of the College Strategic Investment Fund was explained.

Strong financial performance has become the norm at Myerscough. Though the balance sheet was currently strong and initial performance good the overall scenario was more challenging than previous years. Finance & Resources Committee pledged to remain aware of the external climate and political landscape in their monitoring decision making.

Resolved:

That the Financial Position Statement for the period ended 31 October 2015 be received.

**97.15
Decision**

Investment Funds including Interest to 31 October 2015.

Consideration was given to the report on investments for the period ended 31 October 2015. Total cumulative interest received on cash balances at the bank amounted to £5,670. The total cash invested at the bank amounted to £6,089,031.

Members discussed the returns to consider if there were more lucrative options but overall interest rates remained low.

Resolved:

That the statement detailing investment funds including interest to 31 October 2015 be received as submitted.

98.15

Decision

Capital and Revenue Cash Flow for the Period Ended 31 October 2015

Consideration was given to the Capital and Revenue Cash Flow for the period ending 31 October 2015 which was in line with expectations.

The actual balance at the bank at 31 October 2015 was £6.18m against a forecast position of £6.09m.

At this stage capital expenditure was profiled over 12 months in line with project profiles 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 2015 be received as submitted.

99.15

Decision

Myerscough Ventures Report for the Period Ended 31 October 2015

Consideration was given to the Myerscough Ventures Financial Performance Report for the period ended 31 October 2015.

At the end of the first three months the income contribution from Myerscough Ventures was 10% below profile providing a total contribution of £367k. With inclusion of the Farm, which was not part of Ventures but was routinely reported at this part of the meeting, the total was £380k. The major variances were in three areas, Residential, Equine Operations and Sports and Golf Academy.

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

Equine Operations - The lower income was mainly due to a change in practice with much of the provision at Lodge Livery being reserved for students' own horses as an incentive tool to add to the Myerscough offer. The take up by Myerscough students was higher than expected achieving a lower level of income because of student discount. Takings at the tac shop were also down.

Sports and Golf Academy - HE students had been offered free membership as part of College recruitment incentives and golf membership had decreased. The new Sports Hall facility was due for completion next April which would provide opportunity for income generating activities.

Residential Operations - unusually there were surplus bed spaces. Block course residential bookings were up which partially utilised the surplus. Members noted some dated accommodation at Myerscough. The new build residential development would provide more desirable accommodation and there were options to modify twin rooms to ensuite.

Catering Operations were ahead of target. The Committee noted the explanations and the focus on primary purpose of the College. Myerscough Ventures continued to make a positive contribution to the College.

Resolved:

That the financial performance report on Myerscough Ventures for the period ended 31 October 2015 be received.

100.15

Decision

Capital Expenditure Report for the Period Ended 31 October 2015

Total expenditure against the annual budget of £7,834k for 2015 / 2016 amounted to £1,245k at 31 October 2015.

There was a low level of expenditure at this stage.

The Committee expressed its continued satisfaction with the progress made on the capital projects and noted the report was inline with expectations with significant expenditure due to pass through the accounts as work on the Sportsturf project and new Sports Centre continued to schedule.

Resolved:

That the report on Capital Expenditure for the period ended 31 October 2015 be received as submitted.

101.15

Consultation

College Funding Update Further Education

Finance & Resources Committee gave consideration to the College Funding update.

The Education Funding Agency contract for 2015 / 2016 provides funding for 1767 students with a value of £10,456,695. The allocation had been increased due to changes to the funding formula for 2014 / 2015 and lagged funding. As Governors were aware College will not be able to recruit to targeted numbers but will retain the funding for this year but the allocation for 2016 / 2017 will be reduced.

There is growth in 'high needs' learners with 133 recruited against 100 funded places. Funds for the extra students in this category should be realised through a case by case negotiation process. College had applied

for funding for 140 'high needs' for year 2016 / 2017. It was clarified, 'high needs' learners are interspersed through all levels of learning in the College. Numbers in the Foundation Learning Area were limited according to the facility and course spaces which maintained a balanced student population.

The revised Skills Funding Agency allocation showed reduced funding for the adult skills budget but an increased allocation for 16-18 apprenticeships, according to government priorities and meaning potential for growth.

Resolved:

That the Funding update for Further Education be received.

102.15

Decision

Tuition Fees 2016 2017

To ensure compliance to the Consumer Protection Act, Myerscough College publishes the fees for Higher Education for 2016 / 2017 entry at the start of the applicant cycle.

The fee structure had already been outlined in the access agreement submitted in April 2015.

Fees showed an increase in line with the sector and part time fees were aligned with Uclan.

For new applicants:

Foundation Degrees and honours degrees were £9,000.

The module price for part time undergraduate courses was £900.

A Master degree was £6,000 with the module price for part time £625.

The module price for a part time teacher training course was £675.

Finance & Resources Committee noted the details of a welcome pack for new 2016 / 2017 Higher Education applicants which provided incentives to study at Myerscough. The pack had been part of the approved Office for Fair Access (OFFA) Agreement.

Resolved:

That the 2016 / 2017 tuition fees be endorsed.

103.15

Human Resources Statistics for the Period Ended 31 October 2015

Decision

The report contained analysis of staff turnover, breakdown analysis of leavers, staff stability index, staff sickness statistics and the Staff Survey Action Plan.

The way reports are generated continues to evolve to allow improved visibility for the Human Resources Team and senior managers.

Staff turnover had increased with promotion outside the College and increased workload cited as reasons for leaving. There was a more robust probationary monitoring process in place. College was attracting high quality applicants. In response to questions it was noted College continued to have difficulty retaining and recruiting to Motorsports largely due to attractive employment packages within the industry.

Sickness continued to be monitored, short term was within target and long term missing target. Human Resources continued to actively work with line managers to support management in this area.

Finance & Resources Committee noted a Staff Survey had been circulated in June 2015. The Action plan had been updated to a 'You said We did' format.

Resolved:

That the Human Resources Report be received.

104.15

Health and Safety Report for the period Ended 31 October 2015

Decision

Members gave consideration to the Health and Safety Report for the period ended 31 October 2015 which included a summary of key strengths, areas for improvement, actions taken and the impact, and further actions planned and expected impact.

Many staff had taken advantage of free flu injections offered at the College.

There was an increase in the number of accidents at the Centres, monitoring and analysis continue. Indications indicate the results were due to more vigilant reporting.

Analysis indicates under 18 females appear to be more accident prone, further statistical breakdown is underway to determine more specific trends.

Resolved:

That the Health and Safety Report for the period ended 31 October 2015 be received.

105.15

Myerscough College Financial Plan 2015-2017

Consultation

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 2014 / 2015 as 'Outstanding' and 'Good' for the current budget year 2015 / 2016.

Members noted this was in line with projections.

Resolved:

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

106.15

Terms of Reference

Decision

In line with the Code of Good Governance Finance & Resources Committee gave consideration to its Terms of Reference.

In response to questions it was confirmed that Safeguarding matters were documented in the Quality & Standards Committee Terms of Reference. The 'Prevent Duty' (to prevent people from being drawn into terrorism) was incorporated with the Safeguarding responsibilities and associated policies.

Resolved:

That the Finance & Resources Terms of Reference be agreed.

