

MINUTES

Finance and Resources Committee No 11

Date: *04/07/2016 (Monday)*

Time: *16:15–18:00*

Venue: *Rural Business Centre*

Committee: *Finance and Resources*

Notes: *Light refreshments will be available from 4.00pm*

Present: *Ann Turner (Principal), Ian Douglass (Chairman), Ian Higginbotham, Richard Furnival (Co-opted Member), 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)*

Apologies: *Clare Platt (Vice Chairman)*

Public Minutes

Item number: Item description:
(and category)

- 53.16** ***Attendance of College Management Staff***
Decision Section 8.2 of the current Constitution and Terms of Reference for the Finance and Resources Committee states:
College management and/or consultants may attend meetings by invitation in an advisory capacity.
- Resolved:**
- That College Management staff attend the meeting.**
- 54.16** ***Apologies for Absence***
Record Apologies were received from Clare Platt
- 55.16** ***Declarations of Interest***
Record There were no declarations of interest made in respect of items on the public agenda.
- 56.16** ***College Dashboards***
Information The Skills Funding Agency (SFA) had circulated its second quality dashboards to Colleges. The dashboards showed information for three years and included benchmarking information for a number of key quality areas. The information was used to inform the SFAs intervention and early intervention teams. Finance & Resources Committee gave consideration to the finance and quality dashboards relating to Myerscough.
- The Finance dashboard provided information in a pictorial format. It confirmed College financial health was 'Good' (at the higher level of the band) for 2015 / 2016 and was expected to remain 'Good' for 2016 / 2017 in line with planned expectations and reflecting the commitment involved in delivering the Capital Development Plan. Members endorsed the College's aspirations for growth and provision of quality. A return to 'Outstanding' was expected in five years though this was difficult to predict exactly.
- The dashboard also showed cash based operating cost as a percentage of income, the ratio of current assets to current liabilities, staff cost as a percentage of income, borrowing as a percentage of income, the SFA and EFA income forecast and the whole College income breakdown.

Members noted the pattern of the quality dashboard which showed, funding breakdowns, Ofsted judgements, qualification achievement rates, learner and employer satisfaction, and success and destination / progression measures.

Members discussed the next years finances and the three year financial plan, discussed later in the meeting. Members wished to understand how to gauge sensitivity, for example, how would the figures need to look to meet 'Outstanding'? What set of achievements would we need to achieve? How would one action impact on another? There was a will to look at the collective rather than things in isolation. There followed a discussion and members noted that the pattern shown on both dashboards had been predicted robustly.

Quality & Standards Committee would also receive and consider the documents.

Resolved:

That the College Dashboard information be received

57.16

Decision

FRS 102 - the New FE / HE SORP - Reporting Standards

At the Finance and Resources Committee on 7 June 2016, minute 38.16 refers, additional information was requested in relation to the recommendations for accounting treatments under the new standards.

Finance & Resources Committee considered and discussed the additional information provided by the Deputy Principal Finance & Corporate Services.

Capital Grants

The College's external auditors RSM had stated that the majority of Colleges they represent were adopting the accruals methodology due to concerns around the potential for large year on year movements in the Income & Expenditure accounts.

Nat West bank had agreed to provide a letter of comfort to Governors regarding the potential impact on the loan covenants to provide assurance that if the change in accounting treatment did put the College in danger of breaching the covenants they would review this with the College and reset the covenants appropriately.

Asset Valuation

RSM had reported that a large proportion of FE sector clients were continuing with their current valuation policies, value at cost and

depreciate over time, for a variety of reasons. The main reason against the 'fair value' route being that providing valuations for specialist resources was subjective and may not deliver significant increases. Some Colleges were concerned that the impact of any increase would be an increased depreciation charge which would affect their financial position. The costs of providing such a valuation for Myerscough have proved difficult to ascertain but would not be insignificant because of the size and extent of the estate.

Members noted that there would be other changes as a result of the new SORP relating to the presentation of primary statements and additional disclosures. The College had already adopted the changes to reflect the cost of outstanding employee benefits e.g. holidays by adjusting the holiday year.

Finance & Resources Committee was satisfied with further explanations and assurances.

Resolved that Corporation be recommended to approve that College:

- i. **Continue with the existing policy in relation to the treatment in the accounts for the value of fixed assets.**
- ii. **Adopt the accruals model, in relation to the treatment of Government Grants.**

Strictly Confidential Minutes

Chairman: Ian Douglass

Signed:

Date: