

## MINUTES

### *Finance and Resources Committee No. 12*

Date: *06/09/2016 (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) and Ian Higginbotham*

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

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

Apologies: *Richard Furnival, Sarah Ellis and Stuart Heys*

## ***Public Minutes***

Item number:      Item description:  
(and category)

**65.16**                    ***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 in an advisory capacity.

**Resolved:**

**That College Management staff attend the meeting.**

**66.16**                    ***Apologies for Absence***  
**Record**                 Apologies for absence had been received from Richard Furnival, Sarah Ellis and Stuart Heys.

**67.16**                    ***Public Minutes of the Previous Meeting***  
**Decision**                The public minutes of the meeting held on 7 June 2016 and the special meeting held on 4 July 2016 (both published on the extra net) were signed and agreed as a true and correct record of the meeting.

**68.16**                    ***Declarations of Interest***  
**Record**                 There were no declarations of interest made in respect of items on the public agenda.

**69.16**                    ***Election of Chair and Vice Chair***  
**Decision**                Section 9 of the current Constitution and Terms of Reference for the Finance and Resources Committee states:

9.1     *The Committee shall have both a Chair and Vice Chair*  
9.2     *Both Chair and Vice Chair will be determined and appointed by the members of the Committee*  
9.3     *The Chair of the Corporation may not be appointed Chair of the Committee*  
9.4     *Both the Chair and Vice Chair shall serve for one year.*  
9.5     *The Chair and Vice Chair shall be eligible for re-election*

Following due process the previous Chair and Vice Chair were nominated to serve for a further one year with immediate effect.

**Resolved:**

- i. **That Ian Douglass be appointed Chair of Finance & Resources Committee**
- ii. **Clare Platt be appointed Vice Chair of Finance & Resources Committee.**

**70.16**

**Consultation**

***Strategic Plan Progress Report***

Finance & Resources Committee gave consideration to the final Strategic Plan report for the Committee for academic year 2015 / 2016 which showed performance against specific targets relating to recruitment, a range of feedback results, research and financial targets.

Recruitment as anticipated and highlighted throughout the year had fallen below target.

Survey responses and statistics to support the statement, 'We will provide an outstanding teaching and learning experience' showed positive trends and were on target.

Key financial targets were met apart from a shortfall from Myerscough Ventures largely due to unfilled bed spaces and implications of the living wage. The turnover was slightly below profile but surplus before interest and before tax on disposals had exceeded profile.

97% of FE students had responded they had knowledge of the importance of safeguarding and PREVENT. It was confirmed 14 -16 students and Apprentices were also asked this question but the national HE survey had not included a question on this.

Finance & Resources Committee was rigorous in its challenge cross checking the report with financial performance and directional trends seeking assurance that the shortfall in recruitment over the year was due to the reasons put forward:

- Demographics - falling 16-18 population
- FE target numbers being above the Colleges anticipated recruitment due to actual funding received.
- Numbers of apprentices completing beyond their timely end dates as the data cleansing exercise worked its way to completion as the College ensured the maximum number of starters completed their apprenticeships even if passed their planned end date and out of funding.

To add context, the three main funding contracts would be added to the report and management would report against income achieved to date.

Overall financial performance was strong which should support the challenge to maintain student numbers.

**Resolved:**

**That the Strategic Plan Progress Report be received.**

**71.16**

**Decision**

***Strategic Plan Targets for 2016 / 2017***

Finance & Resources Committee gave consideration to the proposed Strategic Plan Targets for 2016 / 2017.

The Committee received explanations concerning the recruitment targets noting a flat-line in HE and FE but growth in Apprentices. They were rigorous in their challenge seeking assurance that the numbers were achievable. Management had responded positively but did state that initial recruitment indicated meeting the full time Higher Education target would be a challenge. At this stage FE appeared to be up on last year but numbers could not be clarified until the term started and confirmed after the six week probationary period. College was still recruiting.

Finance & Resources Committee was pleased to note that Research income, as last year, had grown. A further increase was targeted, according to the agreed budget. The aspiration was for continued growth in this area.

The Committee considered the financial targets and noted the financial Health would remain 'Good'. The necessary approvals were in place to enable the College to continue the Capital Development programme. This was the second year College would record a grade of Good from its previous record of 'Outstanding' in the managed approach to deliver the Capital Plan and meet recruitment targets. Finance & Resources Committee discussed the current economic climate in terms of interest rate drops and requested Management look at options around Colleges current loans.

The number of active businesses was again projected to increase.

The report would be amended to include the key performance indicator, 'loan repayment cover'.

**Resolved:**

**That the Strategic Plan targets for 2016 / 2017 incorporating the inclusion of the loan repayment indicator be agreed.**

**72.16**

**Consultation**

***Financial Position Statement for the period ended 31 July 2016***

Consideration was given to the Financial Position Statement for the twelve months ended 31 July 2016.

The management accounts showed the College had generated a surplus of 1.37m which exceeded budget. The surplus as a percentage of income (Pre FRS17) was 4.8% which would ensure a surplus would be recorded after adjustments to the accounts from the FRS17 accounting charge. Income was down 3.67% on projections but ahead of last year.

Under education the income from HE numbers was down due to the HEFCE grant for direct student numbers being lagged. The DP Finance & Corporate Services was in negotiations with Uclan to secure this funding from them.

The balance sheet was healthy with the cash position remaining strong.

No uncertainties leading to significant doubt over Myerscough being a 'Going Concern' had been identified.

Apprentice & Skills income was short of target. Finance & Resources Committee was informed of significant new partnerships now in place.

Under Myerscough Ventures the shortfall in room occupancy was a concern and Finance & Resources Committee sought further information in view of the recent significant investment in that area. There were various initiatives to market the provision which included a change to eligibility criteria and bursary promotion. Management did also highlight consolidation of any empty spaces allowed an opportunity to convert twin rooms to the more desirable singles with en-suites. There was also an opportunity to explore potential use for conference delegates. It had been a difficult year for the farms with the fall in milk price resulting in projected revenue from milk being £70K down. Other costs had been controlled. A Director of Farming Innovation & Operations had been appointed who would take up his position in the new year following the retirement of the current Farm Manager. Members expressed their appreciation of Roger Leach's long service to the College.

In response to questions Finance & Resources Committee received explanations on the set up of the Strategic Investment Fund, a non recurrent fund for in year expenditure. It had been utilised to fund the Motorcycle Centre and website and intranet developments and other non-recurrent cost activities.

The outcome provided a score of 'Good' for financial health.

After due consideration the Committee concluded that the accounts continued to show the College was in a sound financial position and objectives had been achieved.

**Resolved:**

**That the Financial Position Statement for the period ended 31 July 2016 be accepted and approved as submitted subject to final accounting adjustments.**

**73.16**

**Consultation**

***Investment Funds including Interest to 31 July 2016***

Finance & Resources Committee gave consideration to the Investment Report.

Total cumulative interest received on cash balances at the bank amounted to £23,306 at 31 July 2016. The total cash invested at the bank amounted to £4,191,997 which included £50,743 invested in the Euro account held by College as lead partner in a Leonardo project. Monies from this account would be transferred to Partners and to the Colleges current account in line with funding claims.

Handelsbanken and Nat West had notified the College of an interest drop of 0.2%. The other banks were expected to follow. In view of the low returns the Deputy Principal Finance & Corporate Services would look at options around the loan agreements.

**Resolved:**

**That the statement detailing investment funds including interest to 31 July 2016 be received.**

**74.16**

**Consultation**

***Capital and Revenue Cash Flow for the period ended 31 July 2016***

Finance & Resources Committee gave consideration to the Capital and Revenue Cash Flow for the period ended 31 July 2016 which was in line with the Financial forecast and included the proposed capital developments.

Debtors were up as £500k was due to come into the accounts from an invoice raised in July to Lancashire LEP for FFIT expenditure to date with payment due in August.

**Resolved:**

**That the statement detailing the capital and revenue cash flows for the period ending 31 July 2016 be received.**

**75.16**

**Consultation**

***Myerscough Ventures Report to 31 July 2016***

Finance & Resources Committee gave consideration to the Myerscough Ventures Report for the twelve month period ending 31 July 2016.

The contribution excluding the Farm was £1,655,616. With inclusion of the Farm, the contribution dropped to £1,553,962.

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

All areas showed a positive contribution apart from the Farm, though incomes were below target.

Finance & Resources Committee extended their discussions from the previous item on the unfilled residential spaces which, along with the introduction of the living wage, had impacted on all areas.

**Resolved:**

**That the Financial Performance Report on Myerscough Ventures for the period ended 31 July 2016 be received.**

**76.16**

**Consultation**

***Capital Expenditure Reports***

Finance & Resources Committee noted that projects were being delivered within agreed parameters and within time frames. There was 0.96% variance between the total 2015 / 2016 budget and the forecast outturn.

After full discussion the Committee expressed its continued satisfaction with the progress made on the projects.

**Resolved:**

**That the Capital Expenditure Reports to 31 July 2016 be received.**

**77.16**

**Decision**

***Going Concern***

"Going Concern' is a fundamental accounting concept for the preparation of financial statements. Corporation was required to satisfy itself that it would be reasonable to prepare the College's financial statements on a 'Going Concern' basis.

Following consideration of the report the Committee concluded that no material uncertainties had been identified leading to significant doubt about 'Going Concern'. A statement to this effect would be included in the financial statements

**Resolved:**

**That Finance Committee recommended the assumption of 'Going Concern' in the preparation of the Colleges Financial Statements for 2015 / 2016.**

**78.16**

**Decision**

***Trade Debt Levels***

Finance & Resources Committee gave consideration to the report on Trade Debt Levels.

Commercial debt was higher than the previous year, £500k was due from the Lancashire Enterprise Partnership (LEP) and £63k was outstanding in relation to high needs funding from Councils. Student debt was higher by £235k. No one specific reason had been identified. Instalment plans were in place and in some cases over longer periods. Students were encouraged to pay up front but payment plan options were available.

In response to questions it was confirmed examination certificates were not held back in cases where debt existed.

**Resolved:**

**That the Annual Trade Debt Levels Report be received.**

**79.16**

**Decision**

***Overseas Visits Annual Report for the Year ended 31 July 2016***

Consideration was given to the Report on Overseas Visits for the Year Ended 31 July 2016.

The contributions from third parties resulted in a cost to the College of £5,405 for 22 overseas visits to the value of £137,229. The report indicated student participation.

Following due consideration Finance & Resources Committee agreed the overseas trips provided worthwhile opportunities and experiences for the students and for those involved in research and networking on an international level.

**Resolved:**

**That the Overseas Visits Annual Report for the Year Ended 31 July 2016 be received.**



**80.16**

***College Value for Money Policy Review***

***Consultation***

Finance & Resources Committee gave its annual consideration to the College Value for Money Policy Review and associated schedule of goods and services which included details of savings.

The report detailed processes in place to ensure best value was achieved on major expenditure heads.

It was confirmed 'best value' was judged through formalised and scored procedures taking into account additional factors other than price.

Finance & Resources Committee expressed satisfaction with the actions being taken.

**Resolved:**

**That the College Value for Money Policy Review be agreed.**

**81.16**

***Review of Health and Safety Policy***

***Decision***

The Health and Safety Policy and Procedure was presented to Finance & Resources Committee following management review. There had been no significant changes to the document.

Following discussion reference and linkage to Safeguarding and the PREVENT duty would be incorporated.

**Resolved:**

**That the Health & Safety Policy be approved subject to reference to Safeguarding and PREVENT.**

**82.16**

***Annual Cycle of Business 2016/2017***

***Decision***

Finance & Resources Committee gave consideration to its the Annual Cycle of Business.

**Resolved:**

**That the Annual Cycle of Business be approved.**

