

MINUTES

Finance and Resources Committee No 23

Date: *18/09/2018* Time: *18:00–20:00*
(*Tuesday*)

Venue: *Rural* Committee: *Finance and Resources*
Business
Centre

Notes: *Refreshments will be available from 5.30pm*

Present: *David Hall, Debbie Clayton, Ian Higginbotham (Chairman), John Morphet,
Martin Smith (Vice Chairman), Richard Furnival and Stuart Heys*

Attending: *John Wherry (Deputy Principal) and Richard Morris (Deputy Principal)*

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

Apologies: *Alison Robinson (Principal) and Sydney Barwick*

Item number: (and category)	Item description:	Queries:
<p>51.18 <i>Decision</i></p>	<p><i>Attendance of College Management Staff</i></p> <p>Section 8.2 of the current Constitution and Terms of Reference for the Finance and Resources Committee states:</p> <p>College Management and / or Consultants may attend meetings in an advisory capacity.</p> <p>Resolved:</p> <p>That College Management staff attend the meeting.</p>	
<p>52.18 <i>Record</i></p>	<p><i>Apologies for Absence</i></p> <p>Apologies were received from the Principal, Alison Robinson and Student Governor, Sydney Barwick.</p> <p>A welcome was extended to Staff Governor Debbie Clayton who was attending her first meeting of the Finance & Resources meeting.</p>	
<p>53.18 <i>Decision</i></p>	<p><i>Public Minutes of Previous Meeting</i></p> <p>The public minutes of meeting No 22 held on 19 June 2018 (published on the extra net) were signed and agreed as a true and correct record of the meeting.</p>	
<p>54.18 <i>Record</i></p>	<p><i>Declarations of Interest</i></p> <p>There were no declarations of interests made in respect of items on the public agenda.</p>	
<p>55.18 <i>Decision</i></p>	<p><i>Election of Chair and Vice Chair</i></p> <p>Members gave consideration to electing a Chair and Vice Chair of the Committee for the academic year and gave regard to the reduced funding and so challenges ahead for the College.</p> <p>The Committee decided to opt for continuity and following due process re-elected the current Chair to serve for a further year.</p> <p>The Chair did indicate he may step down during year.</p> <p>Resolved:</p> <ol style="list-style-type: none"> 1. That Ian Higginbotham be re-appointed Chair of Finance & Resources Committee for the academic year 2018/19 2. That Martin Smith be appointed Vice Chair of Finance & Resources Committee for the academic year 2018/19 	

56.18

Decision

Strategic Plan Progress Report.

The Financial Position Statement agenda item was brought forward in the meeting and this item was considered following those discussions.

Targets had been agreed at the previous Corporation meeting and reflected the previous years performance, College aspirations and the current landscape.

We will continue to build and enhance our brand and reputation for excellence within the land-based & sports sectors

A revised target for key performance indicator, 'Apprentices 16-18 and Adults income generated' was agreed as £3.16m and represented significant growth.

FE income generated had exceeded target though numbers were below. The agreed target for FE 16-18 numbers was set at 1600 just below the previous years target. The FE income target remained the same as last year.

HE targets were similar to last year with growth for part time to compensate for a decline in full time.

We will provide an outstanding teaching and learning experience

Capital Plan and Human Resources Key performance indicators remained fit for purpose.

We will deliver great value for money

The surplus before and after interest had fallen below target and this reduction was projected for 2018/19 with contribution from education set to fall 2% for the coming year to 50%. Ventures targets were unchanged.

The farm was expected to improve its performance.

Staff costs as a percentage of income were set to rise by 1.5% to 57%.

Financial health would remain 'Good'.

Recruitment figures were not finalised and the College was still recruiting. There had been fewer applicants but conversion rates were higher. Overall at this stage recruitment was similar to previous years. Further analysis would be provided to Quality & Standards Committee.

College has an audit of where applicants came from and does track back to source.

College continually looked into new initiatives and new products. There would be focus on reducing loss from withdrawals through offering alternative provision.

Members also received responses to questions around course margins and impact from competitors, eg new local provision in animal studies.

It was acknowledged that nationally demographics still indicated a downward trend.

Members also gave attention to meeting industry needs and strategies.

Resolved:

1. **That the Strategic Plan Progress Report be received.**
2. **That the revised target for apprenticeship income be agreed.**

<p>57.18 <i>Record</i></p>	<p><i>Strategic Plan Targets for 2018/2019</i></p> <p>This item was considered with the previous item.</p>	
<p>58.18 <i>Decision</i></p>	<p><i>Financial Position Statement for the Period Ended 31 July 2018</i></p> <p>The report informed the Committee of performance to date against budget and showed comparisons against the same period in the previous financial year.</p> <p>Members noted the financial statements would be subject to final adjustments.</p> <p>The forecast out-turn was a surplus of £860k, before exceptional costs of staff restructuring, FRS102 pension movements and surplus on fixed asset disposals.</p> <p>Overall income was £315k (1.0%) less than budget, though £526k (1.8%) ahead of last year. The key Income variances were that Education including sub-contract income was £127k (0.6%) less than budget and Apprenticeship and Skills including sub-contract income was £332k (11.2%) below budget.</p> <p>The College achieved an operating surplus in the year of £481k, compared to the budgeted surplus of £917k, being £438k (47.65) lower.</p> <p>There were some exceptional costs due to employee redundancy and payment in lieu of notice costs of £227k have been incurred in July in respect of 20 personnel exiting the business, as part of efficiency staffing reductions. Decommissioning of old accommodation block dating from 1930s.</p> <p>The balance sheet position remains strong. Cash balances in the year have increased from £4.86m to £6.18m.</p> <p>Members noted the variance to budget had occurred largely in the final quarter. They engaged in extensive debate to explore the reasons but also how improved or new data systems could support reporting and management functions.</p> <p>Investigations were being undertaken to identify within which areas of the College operation the overspend occurred and whether this was partly procurement in advance for 2018/2019 and could therefore be deducted from the 2018 /19 budgets.</p> <p>DPF&CS also reported that he was reviewing the structure within the finance unit and the Committee reiterated that he should include in the restructure the additional resources required to deliver the needs identified utilising interim appointments if required.</p> <p>The Committee also requested a review of the format of the financial reports to include a twelve month rolling cash flow position.</p> <p>Having regard to the above and following a detailed and extensive debate it was</p> <p>Resolved:</p> <p>That Corporation be requested to agree:</p>	

	<ol style="list-style-type: none"> 1. That the monies for the proposed website project be reassigned to part fund IT systems Investment 2. RSM be assigned to audit the College procurement and practice and approach seeking advice regarding best practice in the sector. 3. That the Committee agree: 4. The Finance Team structure be reviewed 5. Proposals be produced regarding data and finance systems to include costs, resources and an implementation programme 6. That a report be produced on the overspends of the 2017 /18 financial year 7. Review of the format of financial reports to include a 12 month rolling cash flow. 	
59.18 <i>Decision</i>	<p><i>Myerscough Ventures Report for the Period Ended 31 July 2018</i></p> <p>Ventures contribution was £57k (4.0%) below budget and £334k higher than last year. Residential numbers were up which also benefited other venture areas.</p> <p>The Farm was below budget by £99.824k due in the main to the adverse weather during the year</p> <p>Resolved:</p> <p>That the report be received.</p>	
60.18 <i>Decision</i>	<p><i>Capital Expenditure Report as at 31 July 2018</i></p> <p>Finance & Resources Committee gave consideration to the Capital Expenditure Report to 31 July 2018.</p> <p>The new Croxteth Animal studies and Equine Centre were the principal projects within the year, achieving practical completion in March 2018. Total expenditure in the year was £3.35m, and £625k less than budget.</p> <p>Members received clarification on equipment and vehicle expenditure.</p> <p>Resolved:</p> <p>That the Capital Expenditure Report 31 July 2018 be received.</p>	
61.18 <i>Decision</i>	<p><i>Pension Fund Valuation at 31 July 2018</i></p> <p>The pension contribution forecast linked to the deficit for the Local Government Pension scheme (Support Staff) was received in September 2017, and was included in the final accounts. This was an accounting adjustment and was not an actual payment. The forecast was £1.302M which had been recorded in the Financial Plan submitted to the ESFA. Notification had been received that the figure for 2017/2018 would be £1.254m a reduction of £48k. This adjustment had been made to the final accounts.</p> <p>In addition to the charge for the year; the actuaries reported an actuarial gain of £4.949m that results in the balance sheet provision / liability decreasing from</p>	

	<p>£13.756m to £10.061m which improves College net assets / reserves reported in the Statement of Financial Position.</p> <p>Resolved:</p> <p>That the report on the pension fund valuation be received.</p>	
<p>62.18 <i>Decision</i></p>	<p><i>Statutory Risk Register</i></p> <p>Corporation gave consideration to those elements of the statutory risk register applicable to the areas of operation of the Committee. The Committee felt the scoring relating to the risk concerning fraudulent activity be reviewed, recognising overspend in the 17/18 year and proposals to review procurement. Members requested a risk be added in relation to Pension Fund liabilities.</p> <p>Resolved:</p> <p>That the risk register be approved subject to actions completed.</p>	
<p>63.18 <i>Decision</i></p>	<p><i>Going Concern</i></p> <p>"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.</p> <p>Resolved:</p> <p>That Finance & Resources Committee recommended the assumption of 'Going Concern' in the preparation of the Colleges Financial Statements for 2017 / 2018.</p>	
<p>64.18 <i>Decision</i></p>	<p><i>Trade Debt Levels</i></p> <p>Finance & Resources Committee gave detailed consideration to the report on Trade Debt Levels.</p> <p>Members sought clarity on the levels of debt, different elements, timings and payment plans and how much of the debt referred to future provision.</p> <p>The Chair agreed to meet with the Deputy Principal to understand the report in greater detail and report back to the next meeting.</p> <p>Resolved:</p> <p>That the Annual Trade Debt Levels Report be received.</p>	
<p>65.18 <i>Decision</i></p>	<p><i>Overseas Visits Annual Report for the Year Ended 31 July 2018</i></p> <p>Finance & Resources Committee gave consideration to the Overseas Visits Annual Report for the Year ended 31 July 2018.</p> <p>The contributions from third parties resulted in a cost to the College of £8,228</p>	

	<p>for 25 overseas visits to the value of £162,499. The report indicated the level of student participation.</p> <p>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.</p> <p>The sign off process for overseas visits, which included Chair of Corporation, was confirmed.</p> <p>Resolved:</p> <p>That the Overseas Visits Annual Report for the Year Ended 31 July 2018 be received.</p>	
<p>66.18 <i>Decision</i></p>	<p><i>College Value for Money Policy Review</i></p> <p>Finance and Resources Committee gave consideration to the College Value for Money Policy Review.</p> <p>The report detailed processes in place to ensure best value was achieved on major expenditure.</p> <p>Best value was judged through formalised and scored procedures taking into account additional factors other than price.</p> <p>Finance & Resources Committee expressed satisfaction with the actions being taken.</p> <p>Resolved:</p> <p>That the College Value for Money Policy Review be agreed.</p>	
<p>67.18 <i>Decision</i></p>	<p><i>Self-Assessment of Compliance with the Regularity and Propriety Requirements</i></p> <p>The Committee noted the questionnaire and the responses provided by the College. The document is used as the basis for the Regularity Audit by the Independent Auditors. It is required to be signed by the Chair of Corporation and the Accounting Officer, in advance of the reporting of the audit, in compliance with the Post 16 Audit Code of Practice.</p> <p>Resolved:</p> <p>That the self-assessment of compliance with the regularity and propriety requirements document be received.</p>	
<p>68.18 <i>Decision</i></p>	<p><i>Chairs Action - Sub-Contracting Supply Chain Fees and Charges - Policy and Procedure</i></p> <p>The Chair of the Corporation and the Chair of the Committee had, acting under Chair's Action, agreed and signed the current edition of the above Policy and Procedure.</p>	

	<p>The Internal Auditors were currently conducting an audit of sub-contracting provision being completed on 12 September 2018. The policy was an omission from the documentation and required approval prior to completion of the audit.</p> <p>Resolved:</p> <p>That Finance & Resources committee endorsed the action of the Chairs in approving the document.</p>	
<p>69.18 <i>Decision</i></p>	<p><i>Review of the College Health and Safety Policy</i></p> <p>There were some amendments to the Health & Safety Policy to update contacts and job titles otherwise it was judged to remain fit for purpose.</p> <p>In response to questions it was clarified that the policy gave an overarching view and individual areas have codes of practice linked to industry standards which are embedded into risk assessments.</p> <p>Resolved:</p> <p>That the Health & Safety Policy be approved.</p>	
<p>70.18 <i>Decision</i></p>	<p><i>Annual Cycle of Business for 2018/2019</i></p> <p>Subcontracting had been built into the cycle and the document served as a reminder of date changes.</p> <p>Finance & Resources Committee agreed its Annual Cycle of Business for 2018/2019.</p> <p>Resolved:</p> <p>That the Annual Cycle of Business for 2018 / 19 be agreed.</p>	
<p>71.18 <i>Record</i></p>	<p><i>Date of Next Meeting</i></p> <p>The next meeting of the Committee would be held on Tuesday 4 December 2018 commencing at 6.00pm.</p>	