

## MINUTES

### *Finance and Resources Committee No. 10*

Date: *07/06/2016 (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), Ian Douglass (Chairman), Ian Higginbotham, Richard Furnival (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) and Sarah Ellis (Co-opted Member)*

## ***Public Minutes***

Item number:      Item description:  
(and category)

- 28.16**                    ***Attendance of College Management Staff***  
**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.
- Resolved:**
- That the attendance of College Management staff at the meeting be confirmed.**
- 29.16**                    ***Apologies for Absence***  
**Record**                    Apologies for absence were received from Clare Platt and Co-opted members Sarah Ellis and Richard Furnival. Stuart Heys left the meeting at 8pm after item 43.16 the Human Resources Report had been discussed
- 30.16**                    ***Public Minutes of Previous Meeting***  
**Decision**                The public minutes of meeting number 9 held on 23 February 2016 (published on the Extra Net) were signed and agreed as a true and correct record of the meeting.
- 31.16**                    ***Declarations of Interest***  
**Record**                    There were no declarations of interests received in respect of items on the public agenda.
- 32.16**                    ***Strategic Plan Progress Report***  
**Record**                    Finance & Resources Committee gave consideration to the Strategic Plan Progress Report which showed progress against key performance indicators against strategic plan statements.
- Targets were mostly met and exceeded concerning providing an ‘outstanding teaching and learning experience’ and delivering ‘great value for money’ The performance of Myerscough Ventures was behind projected returns and would not meet overall annual target. This matter was considered later in the agenda so members deferred their questions but did note that the major contributory factor to the shortfall was due

to unfilled bed spaces in the Residencies and implementation of the living wage.

The key performance indicators relating to the Strategic Aim, 'we will continue to enhance our brand and reputation for excellence within the land-based & sports sectors' related to recruitment targets and research income. Finance & Resources Committee asked questions and received explanations concerning the recruitment targets which were all behind target. It had been reported to the February meeting that College would not achieve the strong recruitment targets set for the year. Members had been aware that the FE target reflected the positive outcome of the funding methodology which had led to an increase in expected income. The recruitment shortfall would not impact on the overall delivery of the budget. The impact would be a reduction in funding by c£400k for academic year 2016 / 2017 for further Education.

Members noted the expectation of the shortfall for 16-18 FE but did ask for and received further detail around Adult Further Education, Higher Education and Apprenticeships.

The restructure and new staffing in Apprenticeship delivery was having positive impact. Currently most recruitment was from smaller and micro businesses with recruitment from larger organisations expected from April 2017 as the Apprenticeship levy would come into effect.

Members were satisfied with the explanations concerning receipt of funding for education delivery across FE, HE and Apprentices.

There followed an extended debate concerning the strategic direction of the College where members considered the viability of courses and a review of the long term plan and potential outcomes of the Area Review process. This would be considered further at a special meeting before Corporation to agree the Financial Forecast Plan projected over three years.

Members discussed the population demographics and urged proactive recruitment and attention to course structures, course delivery, destination data and links with industry. They noted new degree courses had been launched and three degree courses had been removed from the College offer. Demographics data showed a growth in national numbers of 16-18 year olds from year 2020 and beyond.

Finance & Resources Committee noted the College's financial strength. Management gave a brief overview of how the Education Funding Agency (EFA) allocations were decided and explained that the EFA had lessened the impact of changes in funding methodology to Colleges through a transition fund protection allocation. Members had

been mindful of the impact of the removal of this protection due in 2016 and over the previous years had taken careful note in their deliberations and decisions to ensure no negative impact to College when the protection payments ceased in year ending 31 July 2016. The funding allocation for 2016 / 2017 showed the College no longer received any transition fund protection and the impact threat no longer existed.

The Chair summarised the discussions and the Committee agreed that in their decisions they needed to find the right balance between protecting the long term interests of the organisation, the need to save for the students of tomorrow and the need to spend for the students of today.

**Resolved:**

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

**33.16**

***Decision***

***Financial Position Statement for Period Ending 30 April 2016***

Finance & Resources Committee gave consideration to the Financial Position Statement for the period ended 30 April 2016.

The College had generated a 8.6% surplus as a percentage of income Pre-FRS17 which was ahead of target to date. The balance sheet remained healthy with a current ratio of 1:1.36 and cash days of 55.

The Deputy Principal Finance and Funding answered Governor questions and supported discussions.

The financial KPIs were displayed along with the two loan covenants which were set and monitored by the bank. Key KPIs indicated targets were being met and exceeded apart from Myerscough Ventures which was discussed later in the agenda.

Turnover was behind target but ahead of the previous year with the surplus of 1.872m above both budget and the previous years performance. Overall the balance sheet was strong. A Cash balance graph was included to compare movements with the previous year.

Members asked some questions to gain understanding of the picture behind the figures and to ensure they were aware of any significant factors.

Although Educational income was ahead of last year it was below projection. College had been informed that the increases in HEFCE grant for direct students on specific highly resourced courses was lagged and monies would be reflected in the 2016 / 17 allocation. All first year

degree students were now Myerscough's own students though the degree was still validated by Uclan.

In Apprenticeship & Skills, 16-18 year olds were forecast to meet income targets and 19 plus were behind. The effects of the reconciliation of withdrawals, previously documented and minuted, was still visible on these roll on roll off courses. It was confirmed income was received on completion and was not assumed and released to management accounts in line with SFA monthly statements.

Members noted the income reduction from the previous year and noted larger employers would be likely to delay recruitment until the levy came into effect in April 2017. This could lead to increased demand from larger companies. The present situation had shown an increase in micro business engagement. The lack of clarity about the introduction of the apprenticeship levy was causing much concern amongst employers.

Direct pay costs were higher than the previous year but less than the budgeted amount. The figures included the impact of the pay award and living wage which had been implemented within the payroll budget for all ages of employees. Members noted the implications of the living wage on the differentials between pay bands and the impact to experienced workers who had been in College employment for some time.

College had needed to increase the numbers of inclusive learning staff in order to support learners in class, those with high needs, and across the spectrum of support requirements.

The outsourcing of the cleaning contract showed in the movements between pay and non pay.

Finance & Resources Committee requested more information on the shape of the debtors and creditors activity. The Chair would liaise with the DP Finance & Funding.

After due consideration the Committee concluded that the accounts continued to show that the College was in a sound financial position.

**Resolved:**

**That the Financial Position Statement for the period ended 30 April 2016 be received**

**34.16**                      ***Investment Fund Report***

***Decision***

The Finance and Resources Committee gave consideration to the Investment Fund Report including interest to 30 April 2016.

Total cumulative interest received on cash balances at the College's bank accounts amounted to £17,613. The total cash invested at the bank amounted to £4,321,018 at 30 April 2016.

Funds were invested in accordance with the Treasury Management Policy with the risk spread across accounts. In accordance with the Barclays banking requirements a balance of £1m was present at all times.

**Resolved:**

**That the Investment Report be received.**

**35.16**                      ***Capital and Revenue Cash Flow for Period Ending 30 April 2016***

***Consultation***

Finance & Resources Committee gave consideration to the Capital and Revenue Cash Flow for the period ending 30 April 2016.

Finance & Resources Committee noted the profiling of the capital expenditure within the projections.

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 report on the capital and revenue cash flow for the period ending 30 April 2016 be received as submitted.**

**36.16**                      ***Myerscough Ventures Report for Period Ending 30 April 2016***

***Decision***

Finance & Resources Committee gave consideration to the Commercial Activity Report for the period ended 30 April 2016.

It was proving to be a challenging year for Myerscough Ventures with most areas not meeting the ambitious targets.

Contribution excluding the Farm was £1,359,015 against a target of £1,518,742. With the inclusion of the Farm the contribution dropped to £1,294,308.

The key explanation was that empty bed spaces had impacted right across the areas. Also implementation of the living wage and other

increases to offset a narrowing pay differential for more experienced long standing employees had impacted more on Ventures than anywhere else in the College.

From a history of demand exceeding supply in residencies, this year there had been vacant bed spaces throughout the year with occupancy levels at 90%. Members recapped on previous discussions and were pleased to note there were various marketing strategies being considered. The strategies promoted take up on lower recruiting courses and utilisation of bursaries within agreed parameters.

Horticulture showed a negative contribution, though plant sales were picking up as the bedding plants season progressed. There was a proactive approach to increase footfall which included a gardening club tour initiative. Governor Stuart Heys had attended a tour. Finance & Resources Committee was pleased to note positive feedback had been received and the footfall through the café increased. The café income was declared under catering operations. Discussion did highlight that Governors suggested more could be done to improve the appearance and marketing of the Plant Centre.

**Resolved:**

**That the Myerscough Ventures report be received.**

**37.16**

***Decision***

***Capital Expenditure Report to 30 April 2016***

Finance & Resources Committee gave consideration to the Capital Expenditure Report to 30 April 2016

Total expenditure from the annual budget for 2015 / 2016 of £7,834k amounted to £4,458k at 30 April 2016.

The forecast outturn indicated the Capital Plan delivery was within the 3% tolerance level of the plan, actual figure being 0.96%. Projects were on schedule to be delivered to planned time frames.

Finance & Resources Committee expressed its satisfaction with the Capital Expenditure Report and progress being made.

**Resolved:**

**That the Capital Expenditure Report for the period to 30 April 2016 be received.**

38.16

**Information**

***FRS 102 - The New FE / HE SORP - Reporting Standards***

Finance and Resources Committee gave consideration to Management recommendations on the revised accounting and reporting procedures coming into effect for 2017 / 2018. A paper from the Deputy Principal Finance & Corporate Services which included the balance sheet from 31 July 2015 with original figures and restated figures had been circulated with the agenda along with the RSM paper 'Further Education F & HE SORP'.

Colleges were required to adopt the 2014 Standard of Accounting Practice (SORP) for the 31 July 2016 year end.

In this transition year there were two key areas where options were available and decisions required; valuation of fixed assets and government grants.

There followed extensive debate. The Deputy Principal Finance & Corporate Services supported discussions and answered questions.

**Valuation of fixed Assets**

The management proposal was that College should continue with the current procedure, value at cost and then depreciate over expected life of the asset.

Under FRS 102 there was an option to choose a 'fair value' as the deemed cost without the need to adopt a policy of revaluation.

Members debated the options at length taking into consideration cost of a valuation exercise and impacts of treatment on the accounts and on-going financial performance. Members deferred making the decision and requested more information prior to the Corporation meeting in July 2016.

Members also requested more information regarding the accounting treatment of leased land under FRS 102.

**Government Grants**

The management proposal was that College should continue with the current procedure, the accruals model which recognises revenue income as costs are incurred and defers income over the useful life of the asset.

Under FRS 102 there was a second option to consider, the performance model which recognises income when performance related conditions are met, usually at the end of the construction stage.

Indications were that most Colleges intended continuing with the accruals model. There was some change with this method in that the deferred capital grant would now be treated as a creditor and split between that due within one year and that due after more than one year.

This choice only applies to Government grants. Non-Government grants with performance conditions must be accounted for under the performance method.

It was confirmed the Local Education Partnership (LEP) funding was a Government grant.

Finance & Resources Committee requested that the bank be asked to provide assurance on covenants and wished to consider the matter further before making recommendation to Corporation.

The Clerk would make arrangements for a special meeting of the Finance & Resources Committee.

**Resolved:**

**That the decisions on The New FE / HE SORP - Reporting Standards be deferred to a future meeting of the Finance & Resources Committee prior to the July Corporation meeting whilst further information is obtained.**

**39.16**

**Decision**

***Student Bursary Fund Allocations 2016 / 2017***

Finance and Resources Committee gave consideration to the reports of the Deputy Principal, Finance & Corporate Services on the arrangements for scholarships and bursary funds for 2016 / 2017 including eligibility criteria:

1. FE Bursary Fund Policy 2016 / 2017;
2. FE Bursary Fund Application Form 2016 / 2017;
3. FE Bursary Continuing Application Form 2016 / 2017;
4. HE Bursary Fund Policy 2016 / 2017;
5. HE Bursary Fund Application Form 2016 / 2017
6. HE Duchy of Lancaster Application Form 2016 / 2017
7. Scholarship Application Form 2016 / 2017.

The funds served to support those from low income households to access education

**FE** - Members noted reductions to the EFA discretionary fund and free school meals fund. Both funds had been well used in previous years

College would monitor the situation. This year the SFA fund was provided as one figure rather than specifics.

Members asked questions around eligibility and distribution and how support was received whether monetary or goods and services e.g. travel and meals etc.

**HE** - A bursary pot was allocated within the budget and students paid in accordance with eligibility criteria. |The College carries the risk of any overpayments.

Members discussed poverty definitions and were informed less than £30k household income was widely defined as the FE Standard and less than £25k the HEFCE Standard.

### **Resolved**

**That Finance & Resources Committee endorse the Student Bursary Fund Allocations 2016 / 2017 policies and arrangements.**

- i. **FE Bursary Fund Policy 2016 / 2017;**
- ii. **FE Bursary Fund Application Form 2016 / 2017;**
- iii. **FE Bursary Continuing Application Form 2016 / 2017;**
- iv. **HE Bursary Fund Policy 2016 / 2017;**
- v. **HE Bursary Fund Application Form 2016 / 2017**
- vi. **HE Duchy of Lancaster Application Form 2016 / 2017**
- vii. **Scholarship Application Form 2016 / 2017.**

**40.16**

### ***Decision***

#### ***Myerscough College - Access Agreement 2017 / 2018***

The Finance and Resources Committee gave consideration to the College Access Agreement which sets out the tuition fees and financial support arrangements for students entering higher education programmes at Myerscough College that are contained in the direct contract with HEFCE from September 2017

Fees would remain as the previous year and in accordance with consumer legislation were published. However there was currently an opportunity to increase fees to £9250 in accordance with government policy.

Fees are per annum:

Foundation Degrees and Honours degrees £9,000 but potential to increase to £9,250

Module price for part time undergraduate course £900

Masters Degree (set by Uclan) £6,000

Module price for part time Masters course £625  
Module price for part time teacher training course £675

In line with the Office of Fair access, Access Agreement a 'welcome package' for new students was presented. Members noted the incentives for progression from FE to HE in the pack.

**Resolved:**

**That the fees be endorsed as presented but did indicate management should have discretion for a rise of £250 on fees should others do so inside the publication window.**

**41.16**  
**Information**

***College Funding 2016 / 2017 FE***

Finance & Resources Committee received the report on FE College Funding 2016 / 2017

There was a decrease to the funded numbers as expected and has been previously highlighted to the Committee. This translated to a total reduction of £420,021 after the impact of student numbers and removal of formula protection (£376k). The impact has been mitigated by the increase in cost weighting for land-based specialist courses and the proportion of learners on higher funding bands (those study programmes with a greater number of hours).

Finance & Resources Committee referred to earlier discussions and were pleased to note the formula / transitional protection which was £561k in 2014 / 2015 and £376k in 2015 / 2016 had now been absorbed into mainstream funding and would no longer have any impact on future funding allocations.

**Resolved:**

**That the College Funding 2016 / 2017 FE update be received.**

**42.16**  
**Information**

***Apprenticeship Levy***

Finance & Resources Committee gave consideration to the paper on future apprenticeship funding and the Apprenticeship Levy and its impact on Myerscough.

Reference to apprenticeships and the levy due to be introduced in 2017 had been made at various points throughout the meeting. For the 2016 / 2017 budget the levy due would be c£23,000 as it is introduced in April 2017. The full impact would be felt in year 2017 / 2018. The figure had been included in the current budget proposals.

The opportunity to access funds to train apprentices within Myerscough was also noted as an opportunity for growth and this levy should be fully utilised for staff training.

**Resolved:**

**That the report on the funding of Apprenticeships and the levy be received.**

**43.16**

**Decision**

***Human Resources Report for the Period Ending 30 April 2016***

Finance & Resources Committee was asked to give consideration to the Human Resources Report for the period ended 30 April 2016.

Staff Turnover was up, below the national benchmark, but up in all categories except catering. There was an increase amongst teaching staff citing stress and workload as a reason for leaving.

Finance & Resources Committee noted that there was an increase in the number of experienced staff leaving. Members commented on the investment in the person and asked if this should be considered a concern or was it offset by employing experienced staff from outside the organisation who would have accessed training in their other occupation. Management did indicate they would prefer to see the numbers lower. The College does see staff return to the College after a period working elsewhere.

Long term sickness was higher than desired, cases were monitored and managed.

A staff survey was issued in April 2016 and the results were now being analysed.

**Resolved:**

**That the Human Resources Report be received.**

**44.16**

**Decision**

***Health and Safety Report for the Period Ending 30 April 2016***

Finance & Resources Committee gave consideration to the Health and Safety Report for the period ended 30 April 2016 which provided an analysis of accident statistics over the period together with other Health and Safety activity including policy updates, staff training, wellbeing, auditing, safeguarding and inspections. An area Health & Safety Review Report for Motorsports was included with the papers.

There had been a reduction in accidents / incidents in the period in comparison with the previous year. Slips, trips and falls remained the

most reported accidents. There was one apprenticeship accident reported under RIDDOR.

Equine was the highest area for accidents. Investigations were due to take place to identify trends.

Finance & Resources Committee expressed satisfaction in the management of Health & Safety for the College.

**Resolved:**

**That the Health & Safety Report for the period ending 30 April 2016 be received.**

