

MINUTES

Finance and Resources Committee No 25

Date: *05/03/2019*
(Tuesday)

Time:

18:00–20:00

Venue: *Rural Business*
Centre

Committee:

Finance and Resources

Notes: *Members are asked to use the voucher circulated with the notification of the meeting to obtain refreshments from Richmond's Restaurant prior to the meeting. Tea and Coffee will be available in the meeting room on the evening.*

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

Attending: *John Wherry (Deputy Principal), Richard Morris (Deputy Principal) and Steven Downham-Clarke (Vice Principal)*

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

Public Minutes

Item number: Item description:

01.00 *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 College Management Staff attend the meeting.

02.00 *Apologies for Absence*

Record

David Hall had sent apologies for absence but had been able to attend part of the meeting. He left after item 7.19 Myerscough Ventures Report.

03.00 *Public Minutes of Previous Meeting*

Decision

The public minutes of the Finance & Resources Committee meeting number 24 held on 4 December 2019 were signed and agreed as a true and correct record.

04.00 *Declarations of Interest*

Record

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

05.00 *Strategic Plan Progress Report*

Decision

The Committee gave consideration to the Strategic Plan Progress Report for the Finance and Resources Committee.

Performance was matched against key performance indicators below headline strategy statements.

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

Further Education had recruited to number and income targets. Higher Education had fallen below number targets and would fall short of income targets, though recruitment to year 1 programmes

was up on the previous year.

The adult classroom based activity was currently under budget but uptake was expected to increase.

Apprenticeship recruitment had levelled and it was expected the area would fall short of income targets. Corporation noted the nature of delivery for rail learners indicated favourable income for year three. The apprenticeship area had significant growth in the preceding years at a time of national decline.

We will provide an outstanding teaching and learning experience.

Responses to student surveys were positive, staff sickness absence was within agreed parameters as was capital plan activity.

We will deliver great value for money

Financial Health was "Good" and the balance sheet was strong. The contributions from the Farm and Ventures were down on predictions as was turnover and surplus before interest with a deficit after interest listed at £12k. The contribution from education was above target.

In their discussions members referred to the financial briefing session held on 28 February 2019 which included matters of strategy, and short and medium term activity.

Application process Apprenticeships - new templates had been produced and were in use.

Guided Learning Hours - Efficiencies in delivery and the course offer were built into the curriculum planning process. Savings had been generated for the forthcoming 2 years following the period course review 15 months ago.

The DP Finance & Corporate Services would look at published targets in view of the reduction in predicted outturn.

The budget process for the upcoming year starts with manager meetings from mid March.

Management were looking at the College course offer in new and imaginative ways building in a commercial view point to promote and repackage with a technical slant.

Resolved:

That the Strategic Plan Progress Report be received

06.00 Financial Position Statement for the period ended 31 January 2019

Decision

Members gave consideration to the Financial Position Statement Report to 31 January 2019. The report showed a deficit of 12k against a phased budget surplus of £287k.

The balance sheet remained healthy with a current ratio of 1:1.31 and cash days of 72.

Overall income to date was below profile by £559k. Financial Health was graded, 'Good'.

The DP Finance & Corporate Services responded to questions and provided detailed information on the accounts.

The key income variations were due to education income including subcontractors and Apprenticeship & Skills income including subcontractors falling below target by 3.6% and 14.4% and Ventures Income being 4.3% below target.

Members received explanations noting strategies to recruit to the full adult education budget and the issues in pulling in learner support income in respect to high needs funded learners.

Though missing target members noted that apprenticeship income was higher than the previous year and noted the ongoing system development to alleviate difficulties in claiming for English and maths and learning support delivery.

The Ventures income decline was largely due to fewer students choosing residential accommodation due to lower demand for twin bedded rooms.

Interest on investments remained low though marginally higher than the previous year. The report indicated compliance to the Treasury Management Policy.

The cash flow position was following forecast with the balance, at this stage, ahead of the previous year.

The debt repayment ratio was temporarily less than the minimum due to a timing issue and would exceed the minimum over the financial year.

Members discussed support costs and received information on the high number of Inclusive Learning staff. It was requested these be separated out as the rise of these costs caused distortion when analysing trends.

As Governors recognised from the Briefing event on 28 February financial performance remained challenging, though the forecast indicated achievement of a small surplus before the non-cash impact of FRS102 pensions.

Resolved:

That the Financial Position Statement for the period ended 31 January 2019 be received.

07.00 ***Myerscough Venture Report for the Period Ended 31 January 2019***
Decision

The Committee gave consideration to the Myerscough Ventures report for the period ending 31 January 2019, the Farm Report and Monitoring Plan and the Progress Report to the Lancashire Education Partnership (LEP) regarding the Food Farming Innovation and Technology Centre.

At the end of the period the income contribution from Myerscough Ventures provided a total contribution of £619k, behind profile by 47k. With inclusion of the Farm, which was not part of Ventures, but was routinely reported at this part of the meeting due to elements of commercial activity as well as its purpose as a teaching resource, the total was £531k, 92k below target.

Contributions to overheads were shown after the allocation of the direct costs associated with the activities.

Equine Operations - The area was slightly below budget at this stage, though future bookings were strong with expectations for income to rise.

Sports and Golf Academy - Performance was ahead of target linked to new initiatives.

Residential Operations - Performance was behind target with twin bedded rooms let as single occupancy. Occupancy was at 86% and for Block release accommodation 72%. A five year strategy was being developed to track demand and create planned cycles of capital repair spends.

Catering Operations - Performance was linked to residential occupancy and was below target. In addition, take up of the ESFA funded bursary for free school meals was down in spite of promotion campaigns. The team continued to make efficiencies without compromising quality. Members asked questions around performance at the various outlets and about strategy and initiatives. Poor performance of the Croxteth outlet was noted.

Horticulture - The area was performing ahead of target.

Stumble Inn - The area was ahead of target largely due to income from external bookings.

Events - The area was in-line with budget target and signed contracts to date indicated it would meet profile.

Myerscough Ventures continued to make a positive contribution to the College.

The Farm Action Plan provided Members with an insight into the operational management of this teaching resource which also had commercial and reputational aspects. The Farm was currently behind target by 44k.

Food Farming Innovation & Technology Centre (FFIT)

Members noted that direct external income generated in year from the activities at the FFIT was £7,855. In addition, the FFIT continued to be used effectively for curriculum activities, income generating short courses and use for some external partners where College was promoted to key stakeholders. The Report to the LEP indicated progress against target.

Resolved:

1. **That the financial performance report on Myerscough Ventures for the period ended 31 January 2018 be received.**
2. **That the Farm Action Plan be received.**

08.00 Capital Expenditure Report for the Period Ended 31 January 2019

Decision

Members gave consideration to the Capital Expenditure Report

Total expenditure against the annual budget of £1,566k for 2018 / 2019 amounted to £420k at 31 January 2019.

The Committee noted progress made on the capital projects and

that expenditure was within the agreed tolerance.

Resolved:

That the report on Capital Expenditure for the period ended 31 January 2019 be received.

09.00 Risk Register

Decision

Finance & Resources Committee gave consideration to the risks relevant to the Committee. Members noted the risk registers were live documents and a standard agenda item at the weekly meeting of the Executive.

A summary showed current residual risk scores and direction of trend from the previous report. Changes in the detailed registers were highlighted.

There were no new risks, three risks had reduced and three risks had increased. The increased risks linked directly to information provided at the Governors financial briefing event in February 2019.

Members discussed the changes and noted the risks linked to key discussions being presented in the various governance papers. The risk register reinforced awareness of matters and provided additional information on how the risks were being managed.

It was agreed that the Augar Review, the review of post 18 education, would be strengthened in the narrative.

Members were appreciative of the additional information examining potential risks of a no deal BREXIT going through on 29 March 2019.

Resolved:

That the Risk Register Report be received.

10.00 Financial Regulations Annual Review

Decision

The Committee gave consideration to the proposed amendments to the Financial Regulations.

The proposed regulations would require a further review and approval in order to implement the new procurement application software being purchased and implemented later in the year.

Changes to the Financial regulations included:

Payroll procedures - Recognition of the Authorisation to Recruit Panel A2R

Purchasing Processes - Implementation of proposals following the procurement internal audit. Measures would lead to an increase in circumstances requiring three quotes or formal tender and additional measures in the sign off of all invoices.

Minor changes made related to role titles and referencing.

Members agreed the changes and commented on the considerable work involved around procurement and restructure of the Finance team and processes.

Training to managers and staff would be rolled out and meetings were being held with budget holders. The new regulations would come into effect in the new financial year and after approval by Corporation.

Resolved:

That the Financial Regulations be commended to Corporation for approval as submitted.

11.00 College Funding

Decision

The College receives its funding for its main FE delivery via the Education & Skills Funding Agency (ESFA) for students aged 16-18, apprentices and funded adults.

The ESFA contract allocation for 2019 / 20 provides core funding for 1,636 full time equivalent students at funding of £9,409,504 a reduction in core funding of £488,928 excluding bursaries and High Needs funding.

The figures indicate a marked decrease in Disadvantage Block 2 funding in relation to delivery of English and maths. Investigation revealed an error in the ILR reporting due to complications in the recording of numerical versus alphabetical grades and poorly promoted modifications in the system from the ESFA. It was highly likely that Myerscough was not the only College affected. College had contacted the ESFA and AOC and was appealing that the tuition delivered be incorporated to determine funding. Members noted an excellent Data Manager and ILR Officer in post and made mention of balancing risk as staff efficiencies were made.

High Needs Funding at £1,524,000 was up on the previous year by £377k. This provided an allocation for 254 learners, an increase from the previous year. This was the first year the college would receive funding for all its High Needs Learners which would significantly reduce the huge administrative burden of applying for funds from local authorities at a reduced rate.

Principalship was working on both short and medium term measures to improve efficiency and attract additional students by expanding the curriculum offer.

The ESF bursary allocation rules, once received from the ESFA would inform the Colleges Bursary Policy and Procedure.

Resolved:

That the College Funding Report be received.

12.00 *Review of Policies on Sub Contracting*

Decision

The Committee gave consideration to the Sub-contracting Policy and Procedure including the template contract and service level agreement and the Procedure and Sub-Contractor Supply Chain Fees and Charges Policy and Procedure.

The policy aims to ensure all subcontracted provision is managed effectively and efficiently, whilst maintaining a focus on quality. The College recognises that effective subcontract arrangements provide communities with added value, whilst strengthening the College offer and widening impact.

Roles and responsibilities for the College and subcontractors are clearly defined and all subcontractors are required to agree and sign both a contract and service level Agreement

In compliance with ESFA funding rules the policy is reviewed each year by the Board.

Members noted the policy had been amended in section 2, specifically the updated title for Equality, Diversity and Inclusion Policy. There was an addition of four documents that were requested and considered prior to appointing subcontractors being Self-Assessment Report & Quality Improvement Plan, Sustainability /

Environmental Policy, Document Retention Policy, and Privacy notice.

There had been changes made to ensure compliance with the General Data Protection Regulations. The requirements were reflected in additions to the contract which mirrored the ESFA funding rules and recognised joint data controller responsibilities between Myerscough College and the ESFA.

Other additions included clarification over VAT and strengthening of termination rights.

Members sought clarity on the process of signing contracts and were satisfied with responses.

Resolved:

That the Policies on subcontracting and associated documents be commended to Corporation for approval as submitted.

13.00 ***Human Resources Report for the Period Ended 31 January 2019***
Decision

Finance & Resources Committee gave consideration to the Human Resources Report for the period ended 31 January 2019.

Overall staff turnover at 17.15% was in-line with the national average and had decreased from the last quarter. Management was the only category that had not decreased.

The Stability Index, which relates to leavers with long service had improved to 72.23%. The general benchmark is quoted as being in the region of 75% to 85%.

Level of pay continue to be a key reason in staff leaving employment at the College.

The HR team continue to advise line managers and compliance test.

Resolved:

That the Human Resources Report be received.

14.00 Health & Safety Report

Decision

Health and Safety Report for the Period Ended 31 January 2018

Finance & Resources Committee gave consideration to the report on Health and Safety as at 31 January 2019.

There was an increase in reported accidents compared to the same period a year ago. Year on year comparisons continued to highlight Equine as being the area with the most accidents.

The online accident report facility was reported as a strength evidenced by improved and increased reporting which resulted in overall accident data showing an increase. There had been 140 accidents and 11 near misses compared to 117 accidents and 6 near misses in the same period a year ago.

Health and safety training and the wellbeing programme were also reported as strengths.

Attention would be given to ensure Apprenticeships and Skills reported accidents and all Departments reported near misses. Attention was being given to the change in enforcement expectations for mild steel welding fume to ensure safety and compliance to standards.

There had been six RIDDOR reportable accidents. Data analysis again showed that females under 18 were most likely to have an accident. A planned targeted approach was under consideration to raise awareness.

Members received an updated on the five settled insurance claims and the six active ones resulting from accidents.

Resolved:

That the Health & Safety Report be received.

Signed:

Date: