

MINUTES

Finance and Resources Committee No 21

Date: *20/02/2018 (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 Higginbotham (Chairman), Martin Smith, Richard Furnival, Sarah Burdaky and Stuart Heys*

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

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

Public Minutes

| Item number: (and category) | Item description: | Queries: |
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01.18 *Attendance of College Management Staff*
Decision

The Chair welcomed staff and Governors to the meeting.

It was the last meeting of this Committee for Ann Turner, previously Director of Finance and now retiring Principal & Chief Executive. In her capacity as a Governor she was also a member of the Finance & Resources Committee. On behalf of Members, the Chair expressed appreciation of her expertise and dedication to the College and the Board and commented on the long history of accurate financial forecasts presented to the Board.

Sarah Burdaky was also attending her last meeting of the Committee and in turn she was thanked for her contributions, in particular regarding Human Resources matters. Members wished her well in her new ventures.

Martin Smith, new to the Board, was welcomed to his first meeting.

Richard Morris was attending his first meeting since taking post as Deputy Principal Finance & Corporate Services. At the close of the meeting members thanked him and made mention of the quality of his contributions, responses, knowledge, and engagement in discussions to support member debate and decision making.

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:

1. **That College Management Staff attend the meeting.**
2. **That the changes in Committee membership and staffing be noted**

02.18 *Apologies for Absence*
Record

All Committee members were present at the meeting

03.18 *Public Minutes of Previous Meeting*

Decision

The public minutes of the Finance & Resources Committee meeting number 20 held on 21 November 2017 (published on the extranet) were signed and agreed as a true and correct record.

04.18 *Declarations of Interest*

Record

There were no declarations of interest received in respect of the items on the public agenda.

05.18 *Appointment of Vice Chair*

Decision

Clare Platt had retired from the Board leaving the position, Vice Chair of Finance & Resources Committee vacant.

Following due process a Vice Chair for the meeting was elected.

A Vice Chair for the remainder of the academic year 2017 / 2018 would be appointed at the next meeting.

Resolved:

That Sarah Burdaky be appointed Vice Chair of Finance & Resources Committee with immediate effect until her departure from the Board on 31 March 2018.

06.18 *Strategic Plan Progress Report*

Decision

Members gave consideration to the Strategic Plan Report for the Finance & Resources Committee and asked questions of Management.

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

FE 16- 18 recruitment was on target in terms of numbers and income generated.

Adult classroom based activity was below the income target largely due to reluctance of the over 24 age bracket to take out student loans for FE courses.

HE recruitment had not met target though explanations confirmed recruitment of first year students was ahead of the previous year. Members noted the HE income generated was ahead of projections. Members received an explanation on fee structure, which varied according to study programme.

Apprenticeship recruitment was ahead with trends indicating growth. 16 - 18 income generated was below target due to timing of

start and end dates on these roll on roll off programmes. Members were assured income would be secured as there were indications of growth at a time when other providers were reporting reduced numbers. Members noted the income generated was not directly comparable to the previous year due to differing funding formulae as reduction in funding for frameworks.

It was confirmed that at this stage the area was on track to meet its targets for timely completions which would be significantly ahead of published national averages.

Research income was behind target at this stage although much income is received later in the year. The AoC Scholarship programme would end in April 2018.

We will provide an outstanding teaching and learning experience.

Key performance indicators around student feedback and delivery of the capital plan were being met.

Finance & Resources Committee acknowledged the positive student feedback from the Induction surveys.

We will deliver great value for money.

The financial key performance indicator statistics showed College to be performing close to or above target.

Resolved:

That the Strategic Plan Progress Report be received.

07.18 *Financial Position Statement for the Period Ended 31 January*
Decision **2018**

Consideration was given to the Financial Position Statement for the six months ended 31 January 2018. The surplus as a percentage of income (pre FRS17) was 3.4% (3.4% January 2017) and the balance sheet remained healthy. There was a current ratio of 1:1.25 and cash days of 61.

Overall income to date was behind target by £208k (1.4%) though ahead of last year by £856k (6%).

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

Education was £150k (0.9%) behind target but £762k ahead of the same point last year.

The main reasons being due to low recruitment of the adults, 19 plus learners due to low take up of student FE loans.

The short courses element of apprenticeships was 51k behind budget. Actions were being taken to increase provision supported by a staffing restructure.

Myerscough Ventures was performing ahead of projection. Members referred to their monitoring and discussions over the previous academic year for this area, in particular linked to previous lower take up of residential accommodation. Members were pleased to note new strategies had yielded results with near full occupancy which in turn resulted in increased spend in other elements of Myerscough Ventures. Members received a verbal update on the revisions to residential accommodation which, in essence, meant there were slightly fewer spaces but more options to attract occupancy. This mix included availability for those attending short term block release courses.

Members noted the report on investments was incorporated and that interest rates remained low. Members concurred with the decisions to invest with Barclays in a 95 day notice account and conversion of the Lloyds account to 95 day notice during the quarter to increase returns.

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

Finance & Resources Committee noted rigorous processes around staff recruitment and that direct pay costs were 3.6% less than budget and lower than the previous year. Members were, however, mindful that staff costs would rise for the second half of the year following the agreed pay award, which would be back dated to January 2018. Members commented on their appreciation of the staff and desire to maintain a high quality team. They looked for evidence of investment in staff and noted retention of the Advanced Teaching Practitioners (ATPs) at Myerscough, where many other FE institutions had disbanded this scheme as an efficiency saving. This and other staff investment could be quantified through relevant key performance indicators discussed at Quality & Standards Committee and brought through to the full Board at Corporation meetings. Members were reminded that the agendas, papers and minutes of all meetings were available to view on the Governor Extranet regardless of Committee membership.

Finance & Resources Committee noted good performance in controlling costs and achievement of a surplus despite income being behind targeted levels.

Members expressed their appreciation of timely data allowing them access to the most up to date reports possible. The DP Finance & Corporate Services in turn acknowledged the expertise of the

Director of Finance and extended team.

Resolved:

That the Financial Position Statement for the period ending 31 January 2018 be received and approved as submitted.

08.18 *Myerscough Ventures Report for Period Ending 31 January 2018*
Decision

Consideration was given to the Myerscough Ventures Financial Performance Report for the period ended 31 January 2018 and to the Farm Monitoring Report presented at the request of the Committee.

At the end of the period the income contribution from Myerscough Ventures provides a total contribution of £670k, ahead of profile by 20k (1.2%). 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 £662.5k.

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.

Sports and Golf Academy - Performance was to plan.

Residential Operations - Performance was ahead of target with increased occupancy on the previous year and good retention of residential students. Management would look at introducing a Key Performance Indicator regarding occupancy which would need to take into account the various packages on offer.

Catering Operations - Performance was ahead of target. Revenue ideas implemented by the new Catering Manager had started to yield returns.

Horticulture - The area was performing behind target. The impact of promotional activities was being monitored.

Stumble Inn - The area was ahead of target. There was increased student numbers and significant income from external bookings.

Events - The area was slightly behind target, Easter bookings were in place and summer bookings being negotiated and confirmed.

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. Though falling below target by around £12k, performance was significantly up in comparison to the previous year. The Action Plan was favourably received with members thanking the DP Resources for bringing it to their attention. Members noted the predicted year end may be achievable dependent on market conditions and weather variables.

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.**

09.18 *Capital Expenditure Report for the Period Ended 31 January 2018*

Decision

Total expenditure against the annual budget of £3,978k for 2017 / 2018 amounted to £1,922k at 31 January 2018.

A spend on 3 vehicle purchases would be offset by an underspend on general equipment.

Finance & Resources Committee received an update on reinvestment of a VAT saving on the Croxteth development. Members referred to the successful acquisition of the 99 year lease and from responses to their questions received assurance on full compliance with usage criteria of the building with respect to the VAT saving.

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 2018 be received.

10.18 *Strategic Risk Register*

Decision

Finance & Resources Committee gave consideration to the financial and college resource risks.

Members noted the risk registers were live documents and a standard agenda item at the weekly meeting of the Executive.

Changes were highlighted.

The risk referring to High Needs Funding received scrutiny as members sought clarification on the appeal for funding for additional

learners for 2018 / 19 so allowing growth in this area of provision as reflected in the 2017 / 18 over recruitment. The College is required to meet its obligations to students who have an EHCP Education and Health Care Learning Plan, meet entry requirements and indicate Myerscough as their preferred choice. Members recalled and received explanations around the funding elements for these learners and noted the ESFA support for the Colleges appeal to Lancashire County Council for further funds.

Members discussed the Food Farming Innovation and Technology (FFIT) Centre under the risk 'Failure to attract levels of income from all other external forecasts'. They received details of occupancy which related to both internal and external use. They requested, for a future meeting, a breakdown to illustrate that usage that was directly related to the purpose of the building. With the breakdown they requested further information regarding the marketing of the building linked to a return on investment. It was pleasing to hear the facilities had attracted media publicity and high profile visits that placed Myerscough at the forefront of research conversations and commercial activities in the livestock industry. Members wished to monitor developments.

Resolved:

That the Risk Registers relevant to the Finance & Resources Committee and associated actions be agreed.

11.18 *College Funding 2018 / 2019*

Record

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.

ESFA Update - The ESFA contract allocation for 2017 /18 provides funding for 1649 16 to 18 year old students with a value of £11,902,545.

In February 2018 the ESFA provided some components for the contract allocation for 2018 / 19 which showed decreases in the retention factor, programme cost weighting and economic Block 1 deprivation factor suggesting a significant reduction in funding for year 2018 / 19. Numbers and other elements were to be advised.

Included in the 2017 / 18 numbers were 182 'High Needs Learners', (increased from 140 in 2016 / 17). As in previous years College applied for growth and the allocation was increased to 192 which is below actual recruitment of 207 for 2017 / 18. Members noted an appeal was underway to increase the allocation, according to ESFA rules, which requires growth to be acknowledged for students from local authorities other than Lancashire to reflect the Myerscough

student intake. Members had picked up this issue and engaged in some discussion earlier in the meeting as they discussed the risk registers.

College had commenced a series of Strategic Planning Group meetings to identify efficiency savings to match the expected reductions in ESFA FE grants for 2018 // 19.

Resolved:

That the College Funding Update for 2018 / 2019 be received.

12.18 Tuition Fees 2018 / 2019

Decision

Finance & Resources Committee gave consideration to the proposed Further Education Tuition Fees for 2018 / 2019 for those students not entitled to grant funding which included adult learners, overseas students and students expected by the ESFA to co-fund their course fee.

Members noted the different criteria and agreed to inflationary increases:

Fulltime co-funded learners 2018 / 19 fees would rise to £1,335 a 2.9% increase.

Overseas students (Including IOM) 2018 /19 fees would rise to £6,285 a 3% increase.

Students eligible to apply for an Adult Learner Loan

Myerscough currently charges between £2,573 to £10,800 for courses dependant on the number of modules and subject.

Myerscough charges fees at the maximum level for the majority of its courses and in the event of an increase in Adult Learner Loan limits the college will seek to increase fees to keep course fees at the maximum level

For those courses charged below maximum an increase of 3% is recommended:

C&G Level 3 Diploma in Vet Nursing 2018 /19 Fee £9,785

C&G Animal, Equine, Agric, Land & Wildlife and BTEc

Agricultural Engineering 2018 / 19 fee £11,120 a 3% increase.

In compliance with Consumer Protection Legislation, College tuition fees are published in advance of enrolment.

Resolved:

That the fees be commended to Corporation for approval.

13.18 *Financial Regulations Annual Review*

Decision

Finance & Resources Committee gave consideration to the proposed amendments to the Financial Regulations which largely related to changes of updated OJEU financial limits, updated roles within the year, increase in thresholds for formal tenders and an additional section in respect of expenditure incurred in respect of a Disaster Recovery / Business Continuity Event.

Proposal 7.2.3 to read 'primary and secondary budget holders may issue orders for individual items not exceeding £1.000 from approved suppliers'.

Correction of typography errors for procurement thresholds regarding 7.3.4; to confirm the revision will be that formal tenders for purchases of individual items in excess of £15,000 are required.

Resolved:

That the amendments to the Financial Regulations be endorsed subject to the amendments documented.

14.18 *Policy on Sub Contracting - Review*

Decision

Finance & Resources Committee gave consideration to the Subcontractor Policy & Procedures.

Members noted the updates related to changes in titles and as the document was scrutinised a further two of these amendments were noted.

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.

Resolved:

That the Subcontractor Policy & Procedures be approved.

15.18 *Sustainability Annual Report 2016 - 2017*

Decision

Finance & Resources Committee gave consideration to the ninth Sustainability Annual Report which related to the year 2016 - 2017.

Sustainability decision making involves an analysis of the economic, environmental and social consequences of actions taken before implementation. Myerscough College has become a more sustainable College by many individuals doing lots of small actions as well as by major capital investments. Sustainability is considered at strategic level in making decisions about how the College operates.

Electricity and water consumption were significantly reduced and monitoring was much improved.

Actions to reduce gas consumption required further implementation and attention would be given to improved monitoring of outlying water meters.

'Invest to Save' projects would be considered subject to available funds and cost criteria.

Optimisation of building energy management systems and associated awareness raising should lead to reduced gas consumption.

Overall members noted a successful project, now in its tenth year, where the carbon footprint was reducing despite the considerable growth of the Campus. Members thanked the DP Resources for an inspiring report which clearly indicated good management in this area and a great deal of progress made with behaviours and strategies embedded throughout the organisation and taken into consideration in new builds and at the Centres.

Resolved:

That the Annual Sustainability Report be received.

16.18 *Human Resources Report for the Period Ended 31 January 2018*
Decision

Finance & Resources Committee gave consideration to the Human Resources Report for the period ended 31 January 2018.

Overall staff turnover at 14.24% was below national average but showed a percentage increase over the last quarter. Of the staff categories support staff showed the highest turnover. There were still some areas College was having difficulty to recruit to.

The Stability Index had dropped to 69.36%. The general benchmark is quoted as being in the region of 75% to 85%.

Members discussed staff turnover and retention of skills. Level of pay continued to be cited as a key reason for leaving, though Myerscough salaries were comparable to other FE Colleges and salary was given careful consideration on appointment.

Overall staff sickness statistics were ahead of target. In comparison with figures documented for the same period last year (1.2.16 to

31.1.17) the overall sick pay total had reduced by £23,726. HR continued to support line managers through training activities and analysis of data.

The recruitment and selection process was under review to strengthen safeguarding elements.

Management analysed below headline figures to look for trends, find good practice and act on concerns.

Resolved:

That the Human Resources Report be received.

17.18 *Health and Safety Report for the Period Ended 31 January 2018*
Decision

Finance & Resources Committee gave consideration to the report on Health and Safety as at 31 January 2018.

There was an increase in reported accidents at 117 compared to the same period a year ago where 87 accidents were reported. Year on year comparisons continues to highlight Equine as being the area with most accidents. Croxteth is showing an increase again with most being related to Equine. The increase in numbers is considered to be a result of greater awareness and encouragement to use the reporting systems.

The statistics again showed that non residential females under 18 are more likely to have an accident.

There had been four RIDDOR reportable accidents, none of which required further investigation.

The reporting of near misses is encouraged as a tool to raise awareness and put in place measures to minimise risk of harm. Six had been reported in this period.

Members noted ten Health and Safety audits had been carried out across the Centres over the past calendar year with areas scoring 'Fair' (4) or 'Good' (5) on a 6 point scale. The Committee questioned the scale and asked for clarification on this new audit initiative. Once all areas had been audited, the scale and processes would be reviewed with areas expected to rise up the scale on the second round of audits.

Health & Safety related actions that had been raised following the recent Ofsted Inspection of Residential Accommodation were being acted on and embedded into systems

Staff wellbeing initiatives had received positive feedback.

Areas for improvement included completion of work placement approval documentation and work around safeguarding risk assessments

Members requested that they be updated on insurance claims resulting from accidents and that this be a part of the regular reporting.

Resolved:

That the Health & Safety Report be received.

Signed:

Date: