**Preston’s College Minutes of the Resources Committee 30th November 2017**

**Present:**

Mr J Taylor (Chair)

Mr J Boydell

Mr M Mallam

Mr P Kennedy

Mr J Lee

Ms L Hornsby

Ms R Kay

Dr E H Smith

**Apologies**:

Mr S Browne

**In attendance:**

Mr S Nixon (Executive Director Resources)

Mr C Speight (Vice Principal Enterprise and Engagement)

Ms G Thornton (Head of HR)

Ms J Crowther (Clerk to the Corporation)

Ms H Cross (FEA Governance Specialist)

**ITEM 1 Welcome and Apologies:** The Chair welcomed Members and noted the apologies

**ITEM 2 Declarations of Interest:** No additional interests were declared

**ITEM 3 Minutes of the Meeting held on the 19th October:** The minutes were agreed as an accurate record.

**ITEM 4** **Management Accounts period 3:** Mr Nixon presented the Accounts and noted that at this point in the year the information became increasingly meaningful. He identified that some movement was now evident as recruitment patterns become clear, but broadly speaking the budget was on track, with most budget lines forecast to be delivered in line with the budget. He confirmed that whilst there were some potential pressures on achieving the budget, the overall financial position was on target. Areas of risk are:

**Adult skills income:** The early monitoring undertaken indicates that there may be some issues in achieving the contract. Adults do enrol throughout the year, and plans are in place to continue driving recruitment in year. The College was considering some additional Sub Contracting work, but in doing so, remained mindful of issues that were identified with subcontracting partners in the previous year.

**Apprenticeships:** Some issues had been noted at the start of the year indicating that the contract might not be fully delivered. There were some delays with starts, probably linked to changes with the introduction of the Levy. It had been reported nationally that this was an issue, with slower recruitment widely reported. There was some evidence that more numbers may have been recruited to lower financial value areas which assisted recruitment targets but financial targets may be harder to achieve. Governors supported the position that the apprenticeship income should continue to be carefully monitored.

**ESIF:** Mr Nixon confirmed that a risk mitigation factor had been introduced into the budget whereby the whole contract did not need to be delivered in order to meet projections and budget.

Members asked questions regarding the risk mitigation factor, and the recruitment of Apprenticeships and the effect on targets overall. It was confirmed that the College was broadly on target. Training 2000 remained a competitor, but this was no different to the position last year. It was confirmed that against national figures, which indicate that overall recruitment is down, the College is performing well.

**Resolved: The Period 3 Financial Position was noted.**

**ITEM 5 Annual Report and Financial Statements:** Mr Nixon confirmed that the draft outturn figures had been presented to the Audit Committee at the last meeting. The overall position in the accounts had not changed. The Audit Committee had also received the report from External Auditors providing the College with a clean audit opinion. The accounts confirm compliance with Bank Covenants. The audit work was now complete, subject to the Board signing off the Accounts at its forthcoming meeting.

Members noted that the income variation was significant. Mr Nixon advised that this was because the budget included all the ESIF work and the subsequent outturn underperformance from partners. In order to guard against large swings in the current year, the impact of the ESIF from other partners was being netted off in the management accounts to see a clearer picture of the college performance.

**Resolved: Annual Report and Financial Statements be approved for submission to the Board on the 14th December.**

**ITEM 6 Performance against KPIs**

Mr Nixon confirmed that 16-18 Learner Numbers would have an impact on funding allocations for 2018/19 because of lagged funding. Currently, the contract was for 1820 learners, and the College had previously noted that under recruitment may be in the region of 100 learners which may equate to £500K. Further advice was being sought from the ESFA as to whether continuing learners over 18 on Study Programmes could be included in learner numbers. If this was confirmed as permissible, the college would only be 85 below target and thus minimise the financial impact.

**Resolved: The current performance against KPIs was noted.**

**ITEM 7 Financial Covenants:** Mr Nixon confirmed that the introduction of Financial Reporting Standard (FRS) 102 had meant that the original covenants with Barclays Bank were no longer testable. This affected all Colleges in the sector with outstanding borrowing commitments. Mr Nixon confirmed that a new covenant was now proposed addressing the same considerations as previously, and the bank were supportive in ensuring that the change was neutral. Governors noted that this presented no major concerns.

In response to a question Mr Nixon outlined the major changes concerning deferred capital grants.

**Resolved: The revised letters of covenant be approved with a recommendation that they be presented to the Board on the 14th December 2017 to authorise the Chair and the Principal to sign the letters on behalf of the Corporation.**

**Date and time of next meeting: 5.30pm Thursday 8th March 2017**