

## Priestley College

Minutes of the Finance and General Purposes Committee meeting  
held at 4.30pm on Wednesday, 1 July 2015  
in the LRC.

<b>PRESENT:</b>	Mr R Haslam	Acting Chair
	Mr T Date	
	Mr M W Grant	Principal
	Mr G Hill	
	Mr P McMellon	Clerk
<b>ALSO IN ATTENDANCE:</b>	Mrs J McCann	Vice Principal (Resources)
	Mr D McGuire	Director of Finance

### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr A Cannell and Mr M Salmon.

### 2. DECLARATIONS OF INTEREST

Mr T Date declared that he had a personal interest in all/any matters which involved the College's dealings with Warrington Borough Council.

### 3. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 6 May 2015 were accepted as an accurate record and signed by the Chair.

### 4. MATTERS ARISING

#### Item 9(ii) – Sustainable Development Policy

Mrs J McCann (Vice Principal – Resources) reported that, having considered further the suggestion (that a more ambitious percentage improvement in electricity conservation might be set), she felt that, unless significant additional capital is invested, there was no realistic prospect of achieving more than the 1% target in the 2015/16 Action Plan.

### 5. EFA RESPONSE TO FINANCIAL RETURNS (2013-14)

The Committee received the letter dated 27 May 2015 from the Head of Assurance at the EFA. The letter confirmed that the EFA agreed with the College's 'Outstanding' financial health grade, and that there were no issues with the Financial Statements and Finance Record submitted by the College in December 2014.

### 6. FINANCE REPORTS – PERIODS 9-10 (2014/15)

Mr D McGuire (Director of Finance) presented the monthly reports for April and May (2014/15). He drew attention to the Period 10 (May) report and confirmed that the forecast year-end outturn (surplus of income over expenditure before Contingency) had increased to £385,000. He then explained how the outcome of the ongoing computer equipment tender might affect the outturn.

However, in general, the budget was being managed so as to bolster the College's financial position ahead of even more exacting challenges (see Item 7 below).

The Chair asked Mr McGuire to comment on the profiling of expenditure estimates against the previous year's pattern. Mr McGuire acknowledged that, with uncontrollable variances between years (he used the current year's Transport expenditure as an example), variances at Period/monthly level were likely to occur. However, the Cumulative profile served to iron out such variances to a great extent.

Mr McGuire noted that a key to abbreviations in Appendix 3 (WBC funded contracts) would be helpful.

In summary – and with the next agenda item in mind – it was agreed that the current budget is being well managed and that a satisfactory year-end outcome is essential, given the anticipated heightening of future financial challenges.

The Chair thanked Mr McGuire and confirmed that there were no current causes for concern.

**RESOLVED : That the Monthly Financial Reports for Periods 9 - 10 (2014/15) are accepted.**

## **7. BUDGET 2015/16 and FINANCIAL PLAN**

Mr D McGuire (Director of Finance) presented the draft 2015/16 Budget and Financial Plan (2014/15 – 2016/17) which had been distributed with the agenda. With regard to the draft 2015/16 budget, he drew particular attention to the following:

(i) All expenditure estimates had been compiled using a zero-based approach. This included a very detailed review of the Wages expenditure head.

(ii) For Income, the actual funding allocations (as notified by the EFA and SFA) had been used.

(iii) Setting the High ALS (Additional Learning Support) income was extremely difficult since this depended upon (a) actual student enrolment in September 2015 and (b) corresponding responses from local authorities. He explained that, although good working arrangements existed with Warrington BC, arrangements with other neighbouring local authorities did not operate as smoothly.

(iv) The estimated year-end surplus (after FRS 17 and lump sum pension was £75,000 (assuming all Contingencies spent). This would allow the College to remain as 'Outstanding' in financial terms.

The Chair reported on his discussions with Mr A Cannell (Chair of F&GP Committee) in anticipation of the latter's unavoidable absence from the meeting. The Committee noted this and discussed the proposed estimates and the likelihood of successful managed of expenditure controls. Mr McGuire was asked to explain the key assumptions which lay behind a number of the expenditure estimates.

Mr McGuire then drew attention to the Financial Plan. He explained the key assumptions, particularly with respect to student numbers and EFA income. He confirmed that expenditure relating to NI contributions and teachers' pension contributions had been factored into the Plan. He also confirmed that the assumption with regard to funding agency formula protection was that 2016/17 would see the end of such protection with a consequent loss of £450,000. These translated into significant deteriorations in the College's Financial Health status and in the College's record of avoiding year-end deficits.

The Committee asked College Management to comment on a number of 'worst case' scenarios, including student recruitment/retention shortfalls.

The Principal outlined the actions already being taken or prepared in the light of the developing financial picture. He confirmed that the assumptions in the Financial Plan were as realistic as could be made at this time and were reflective of the government's disposition towards the sector. He confirmed that there was clear recognition of the potential detriment and disadvantages which

a deficit budget (in 2016/17) would pose, and obviously he would lead College Management in seeking to neutralise such consequences. He outlined a series of measures, including reviews of the delivery of the core teaching service, which were currently under consideration. He expected that these would be effective in allowing the College to manage and survive the financial challenges, but it would be unrealistic to suppose that this could be achieved without impairment to the outstanding level of service traditionally associated with the College. He reminded the Committee that systematic cost-cutting and pursuit of better value for money already characterised recent years at the College.

The Principal confirmed that there would continue to be detailed involvement of, and reports to, the Committee on his endeavours to protect the College's financial health and status.

The Committee then discussed the consequences of deterioration in Financial Health rating, and the factors, figures and margins which would determine categorisation.

Notwithstanding the actions which College Management were proposing in order to manage the College's finances during the period of the Financial Plan, it was agreed that it would be most appropriate for the Plan as now presented to be recommended to the Governing Body for acceptance and thereafter for presentation to the EFA.

**RESOLVED : The Governing Body is recommended to approve the draft Budget (2015/16) and Financial Plan**

**8. EFA's KEY FINANCIAL INDICATORS DASHBOARD**

The Committee examined the Dashboard produced by the EFA.

The Chair drew attention to the 'Staff Cost as a % of Income' comparison with the sector. The Committee then considered at length the range of different factors which might account for the variation between different colleges in the sector, and the extent to which any of these pointed to issues at Priestley College. The Principal suggested that, whilst this data offered a useful source of comparable information, it was difficult to conclude that the College's reported profile indicated any indefensible variation. In any event, the College's track record in terms of overall financial health and consistent quality of service to students/community suggested that, in broader terms, this one indicator should not give undue concern.

The Chair asked College Management to confirm that there were no concerns regarding the accuracy or fairness of the data as presented by the EFA. Mr D McGuire confirmed that there were, indeed, no such concerns and that the Dashboard offered a helpful source of comparative data.

**9. FE SECTOR ACCOUNTING ARRANGEMENTS**

Mr D McGuire presented the agenda paper which provided details on accounting decisions which colleges in the sector would need to take in due course.

He reported on measures already taken in anticipation of the expected development and he confirmed that discussions with the College's bank had been scheduled for the summer.

Mr McGuire asked the Committee to reflect on the options as reported, and on their advantages and disadvantages. The Committee considered how the sector may be treated, in accounting terms, in coming years.

He confirmed that, at the Committee's next meeting (September 2015), he expected to be in a position to present clearer recommendations for consideration.

The Committee noted and entirely concurred with the reported interest and involvement of the College's Audit Committee. It was readily accepted that input from that Committee would be appropriate and helpful. Such input was likely to be most beneficial at the September meeting of the F&GP Committee and it was agreed that the Clerk should facilitate this.

**10. FEE POLICY**

Mrs J McCann presented the draft of the Fee Policy proposed for 2015/16. She drew attention to an additional change which would see removal of the payment by instalment option. She also advised that, in future, reviews of this Policy would be brought forward to earlier in the academic year to allow more accurate information to be made available to prospective students.

Mr T Date asked about the formal arrangements for dealing with any complaints or appeals which might arise (eg., in respect of use of discretionary powers) in the implementation of this Policy. He noted and accepted the arrangement whereby the College’s general Complaints Procedure could be invoked in such circumstances. It was agreed that this should be stated in the Policy

**RESOLVED : That the Fee Policy for 2015/16 as amended (and including the ‘appeals’ provision) is approved.**

**11. DATE OF NEXT MEETING**

It was agreed that the provisional date for the next meeting will be 4.30pm on Wednesday, 23 September 2015.

PMcMellon  
2 July 2015

*Accepted as accurate and signed by the Chair*

*Signature .....*

*Date .....*