



## **NORTH SHROPSHIRE COLLEGE**

**MINUTES OF THE MEETING OF THE  
FINANCE & RESOURCES COMMITTEE  
held on THURSDAY 28 SEPTEMBER 2017  
in SB3 at the WALFORD CAMPUS**

**Present:**            **Mr T Trickett**                    **TT**            **Chair**  
                         **Mrs W Dakin**                    **JWD**  
                         **Mrs G Richards**                **GPR**           **Vice Chair**

*Attendance: 60%*

**In attendance:**   **Mr P Nangle**                    **PN**            **Deputy Principal**  
                         **Mr B Deed**                        **BD**            **Interim Finance Director**  
                         **Mrs C Thompson**                **CDT**           **Governance Advisor**  
                         **Ms K Roberts**                    **KR**            **Assistant Principal Curriculum (part)**  
                         **Mr R Aldis**                        **RA**            **Farm Manager (part)**

*The meeting opened at 14.00*

*The Chair noted that this was the first meeting of the Committee since it was disbanded in February 2016, and the governance structure changed to a Carver model. The minutes from that meeting had been signed off by the Board at the time. The College had now reverted to a sub-committee structure.*

<b>Item</b>	<b>Action</b>
<b>1. Apologies</b> Mr P Polowyj and Mr I Clinton, Principal.	
<b>2. Declarations of interest</b> None.	
<b>3. Farm report</b> Management presented their report and papers, including the David Hughes (DH) paper from earlier in the year, and the business plan,	

updated in some areas in response to the DH report. With some assumptions and actions noted in the report, the farm deficit for 2017/18 was forecast to be £201,196; in 2018/19 it would be £45,480, and for 2019/20 the deficit would be £52,114. Management posed the question whether the farm was for commercial or for student benefit. Governors confirmed it was for the latter.

Milk provided 80% of revenue. Yield had improved recently, given the full staffing now in place. Milk prices had increased over the budgeted level in the plan. A plan of land usage was presented and an update on current stock levels. The post Reaseheath-merger plan had been reversed, and the sheep flock of 300 would be maintained.

In response to a question about the current status of the farm overall, the Farm Manager said full staffing had only been in place for six weeks and but all was now in good order.

Management now had confidence in their systems and their forecasting. Governors asked if the increased production was due to increased yield or to a change in the calving pattern. The Farm Manager confirmed the pattern had been altered to have more calving in autumn. In response to a question about forecasting, it was confirmed it was done monthly, 18 months in advance. Price per litre had increased to 29 pence. Governors asked how the health of the herd had improved. This was significantly better, from a very low base.

Management had agreed a new contract with Muller, for 12 months on the futures market. They had agreed 20,000 litres per month to start. Governors noted this was a learning opportunity for students. The two different herds, robotic and traditional, were more costly to manage, but provided learning and experience for students. Governors noted that they had decided in 2012 to invest in the farm for the benefit of students, but physical facilities needed to have the staff, including lecturers, to back it up. The Assistant Principal Curriculum said new curriculum staff were in place and working closely with farm staff. At Learner Voice the previous day students had been very positive.

Governors agreed that a lot had improved under the current Farm Manager, following the previous decline, and thanked him for his hard work and commitment. Public perception was vitally important, especially among the farming community. Agricultural student numbers had stabilised at the same as the previous year, although it was the lowest demographic year for potential numbers.

Governors agreed that good standards in the classroom were key to the future success of the College. The Farm Manager said giving second year students a new facility or aspect each year was important,

although not necessarily at a significant cost. He highlighted that the new forage harvester had been a positive extra facility for students to gain skills on, and was one which other colleges did not allow. Governors agreed that students needed to learn practical skills that they would need in the workplace.

### **Farm report**

Governors noted that it was the Board that had commissioned the report. Management talked through the report. Governors asked a series of questions, and debated the issues. Costs were high for running the dairy owing to two herds. The farm had rented more land and was double cropping on some. They were doing some trial work with Wynnstay, which benefited students. Work was ongoing to minimise feed costs. Stock had improved in quality. Genomic testing had been done, and banded, top, middle, low, and the last group would be sold off.

There was a small flock of pedigree sheep to take to the shows with the students. The beef unit was a learning resource and would only ever be small. 70% of students were beef and sheep farmers so these resources were useful.

Governors suggested management ensured that staffing of the stand at shows was arranged more carefully, to ensure the right people were on hand to talk to potential students. Also marketing techniques needed to be used to attract people.

### **3 year plan**

More analysis had been carried out. 15% of agriculture student funding would be transferred to the farm. There was no standard accounting arrangement against which the farm could be benchmarked. The plan was reviewed monthly. Governors asked for a variance report at future meetings, with information to explain any variances.

**BD -  
ongoing**

*The Assistant Principal Curriculum and Farm Manager left the meeting.*

## **4. Management accounts and cash flow**

### **4.1 Financial reporting including July 2017 Management Accounts**

The position had deteriorated since the June Board, by £167k on an operating surplus basis, as pay and non-pay costs had been higher than anticipated. However since the papers had been issued the pension provision had turned out £10-15k better than forecast. The operating deficit was at £1.962m but once audited the interim Finance Director expected it to be slightly better.

The farm milk yield had been up over July whilst the nursery was down for the month and would be down over the summer. Some of the rooms had high occupancy. This year the Kinder Room had been the least occupied but it was the most profitable when occupied.

There was an application in for Exceptional Financial Support (EFS) of £2m.

Governors asked if there was progress on generating income via apprenticeships and in other income. Management said it was necessary to address the basics first. There were 260 apprentices on the books currently. The Deputy Principal explained the numbers that were over their end-date and who would be cleansed from the lists. 160 had end-dates from September 2017 onwards, and would roll-over. A project working group had been set up the previous day. The Deputy Principal explained how a rigorous process of management would be implemented to get the existing learners back on track. After this, the area could be grown with confidence. Replacement resources (for staff who had left and were off sick) were needed. Governors noted that apprenticeships had been an issue of concern for them over a number of years, and agreed that addressing the foundations first was the right priority.

The Business Development Manager was working on long-term plans. It was suggested that the focus for the time-being should be more short-term, to bring in extra revenue.

#### **4.2 Financial plan submitted to ESFA (Education & Skills Funding Agency)**

The forecast income had increased from that approved at the Board on 3 July, and a revised plan had, with Chair's Action approval, been submitted. This showed a £1.915m operating deficit, down from the approved £2.142m. The ESFA case conference in November expected to receive a revised forecast. The budget plan had been put together for NSC as a standalone college but some lines had come into clearer focus once it was certain the planned merger would not go ahead. Governors agreed that it was essential that any plans submitted were realistic and achievable. The interim Finance Director said that it was, but the budget that they had been presented with for 2015/16 had never been deliverable.

#### **5. 2017/18 enrolment update**

There was a lack of comparative information with the previous year as the MIS Director at that time had been off on long-term sick. The figures had been created from pulling data together from different sources. The profile was similar to 2015/16. The 16-18 enrolments were at 707,

whereas at census date in 2016 there had been 783 students. Some students would be expected to drop-out before the census date and the forecast number at that point was circa 670. This was fewer than the 702 in the financial plan for 2018/19 - a significant drop.

The Deputy Principal said a data day had been scheduled to ensure that the system matched reality.

**6. Insolvency regime briefing**

An Association of Colleges document expected the regime to be implemented during the second half of 2019. Governors, if they acted in good faith and in the best interests of the College, would not be directly affected. It was however unclear how EFS would be viewed within the arrangements. The Insolvency Regime had been introduced to succeed EFS. Since then there had been some backtracking. The interim Finance Director said there would be significant implications for colleges if one went into insolvency, and considered that the government might find alternative solutions.

**7. Risk Register**

The Register had not yet been updated. The interim Finance Director was working on it, and it would be substantially refreshed. The Insolvency Regime would be added, as would apprenticeships.

**8. Any Other Business**

There were no items under Any Other Business.

**9. Date of next meeting**

The next meeting will be held on Monday 27 November 2017 at 4.45pm in the Board Room at the Oswestry Campus. This would overlap with the Audit & Risk Management Committee to consider the Report & Accounts and the auditors' reports.

*The meeting finished at 16.20*

**Chair** ..... **Date** .....