



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION
Finance & Resources Committee held on Monday 28th November 2016 from 5.00pm.

Confirmed Minutes

Present: Mr J Dawson, Ms T Wright, Ms J Pryce, Mr P Cropper and Ms A Williams (100%)

In attendance: Mr A Shaw and Mr D Scott (Wylie & Bisset) and Mr A McCulloch (Tiaa).
(The Auditors joined the committee for agenda items 11 and 12 only)

Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest.

There were no apologies received.

There were no declarations of interest to record.

2. Minutes from Meeting held on 17th October 2016

Resolved:
That the minutes be accepted as a correct record

3. Matters arising

Year end Management Accounts – July 2016

Mr Shaw advised the Committee that the employer contribution for the WYPF had not yet been confirmed.

It was noted that the triannual review of the WYPF (for 88 support staff members) are due shortly. Early indications are that the average employer contribution may increase by around 2%, but this will fluctuate depending on the profile of staff, sickness and early retirement history etc. This would mean an extra annual cost to the College of around £25k. Members noted that the better Stock Market performance and some relaxation of mortality assumptions are current mitigations but should rates increase by half the amount this would be an extra £100k cost per year for an employer rate of 21.75%. Mr Shaw explained however that with any increase to employer rates, the College would have an opportunity to negotiate the agreed rate.

Mr Shaw confirmed to Members that he is preparing a Horizon Scanning Report on Pension related matters for the next Corporation meeting on 8th December 2016.

4. Education Funding Agency Letter – Assessment of Financial Plan 2016-18 and Financial Health.

All members received a copy of the letter sent to the College on 11th November 2016 from the EFA confirming that they had received the College's latest financial plan for 2015/16 to 2017/18 and associated information.

The Committee noted that the EFA has subsequently concluded that, as per the Corporation's own assessment, the appropriate financial health grade, based on the College's financial plan, is indeed Outstanding for 2015/16 (the latest outturn forecast year) and Outstanding for 2016/17 (the current budget year)

The Clerk confirmed to members that a copy of the letter had also been forwarded onto the Chair of the Corporation.

Resolved:

- **That the letter be received.**

5. Management Accounts to 31st October 2016

Mr Shaw presented the management accounts to October 2016.

The Committee was advised that all current targets are expected to be met by July 2017 and that the latest forecast cash position as at July 2017 of £2,234k is £27k above the budget. Variances from the budget of £2,207k were considered by members, these were:

- the £173 extra underlying position as at 31 July 2017,
- Extra £4k surplus showing to date for 2016-17
- Extra £50k contingency allowed for 2016-17 (up to £150k)
- Extra £100k to property strategy costs (up to £190k)

The Committee was also informed that the Income and Expenditure account shows that the operating surplus is expected to be £4k above the budget of £20k due to the above factors. Mr Shaw explained that £339k of contingencies still remains.

Ms Pryce confirmed that student recruitment for Day 42 is exactly 2350 and has therefore met the target. This shall be the confirmed return to EFA for the first Individualised Learner Record (ILR) return in early December to determine the lagged EFA funding number for 2017-18. The Committee also acknowledged that the College will hopefully recruit around 20 Higher Education funded students through UCLAN at a net funded rate of around £4,800 (£95k in total).

Mr Shaw also drew members attention to the Retention Factor from 2015-16 of 97.8% which will generate around £60k more funding in 2017-18. However Members were informed that recalculating disadvantage funding for Colleges reduce the 2017-18 funding. Mr Shaw explained that there is uncertainty as to whether this will be implemented from 2017-18 or later; if implemented this would be a reduction in funding of around £95k per year, The College is still unsure of some of the other factors contributing to next year's funding, this should be clarified January 2 017.

Mr Shaw advised the Committee that a draft forecast for 2017-18 will begin to be formulated based on Day 42 student number (2350) at £4,000 per student, the 2015-16 retention factor, revised disadvantage rates and other EFA funding factors once they become clear. The Financial parameters for this forecast from 2016-17 were agreed at the Corporation Meeting in March 2016 as:

- To just maintain 'Outstanding' financial health
- To just generate an Operating surplus
- To maintain cash levels at above £2.1million, but to allow to reduce to £1.4million with agreed capital developments.

The Committee shall revise the financial parameters at the next meeting in March 2017.

Mr Shaw informed the Committee that the college is to develop some mid-term property strategies during the year. Members were also advised that the College's property strategy is due again for review – Mr Kennedy (Deputy Principal) is developing the curriculum vision for the next 5 years which once completed will inform the Property Strategy and financial planning to ensure that future curriculum plans can be accommodated and are affordable. Furthermore, a number of catering facility options are being considered which will be fully funded by Taylor Shaw. Options are currently being consulted through the Student Union – it is hoped that catering developments will improve on site facilities, reduce queuing times and increase student access. The next meeting with the Caterers on 7th December will initiate first thoughts and timescales for implementation.

Resolved:

- **That the report be received**
- **That the Committee is to revise the Financial Parameters at its next meeting.**
- **For the Committee to review the updated Property Strategy once available.**

6. BAF Assurance Review - Failure to provide timely and accurate management information to the EFA/DfE or other funding/education agencies leading to inaccurate learner data and misrepresentation.

The Committee remains confident in the different levels of assurances identified within the BAF for the risk, as presented by Ms Pryce.

From discussions, the Committee agreed that the assurance report was robust and clearly demonstrated outstanding data management which is timely and accurate. Furthermore, it was agreed that an overall green assurance level shall be again assigned to this particular risk.

Resolved:

- **To assign Green overall assurance to the risk**
- **For the Clerk to update the Master BAF**

7. Any Other Business

There was no other business.

8. Learner Impact Reflection

The impact of discussions and scrutiny of the committees work in improving the outcomes and experience of all learners was considered and the following agreed:

- **Scrutiny of management accounts and management information systems ensures the sustained financial viability of the college.**

9. Determination of Confidentiality

No items were deemed confidential.

10. Date of next meeting: 13th March 2017 at 5pm.

11. Financial Statement and Members Report 31st July 2016

(Joint agenda item with the Audit Committee; item chaired by Mr A Nelson).

The Financial Statements were considered in detail. As a result of work undertaken, unqualified audit opinions were received from Wylie & Bissett showing that:

In relation to the financial statements, they

- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's results for the year then ended and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

And that

- proper accounting records have been kept;
- the financial statements are in agreement with the accounting records.

In relation to Regularity, Wylie & Bissett's reasonable assurance engagement with the College was undertaken in accordance with the Joint Audit Code of practice, the Regularity Framework and their engagement letter. It is the opinion of the Auditors that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2016.

It was also noted that the financial health category of the College had been maintained at 'Outstanding', which will be again reviewed by the EFA, once the financial statements have been forwarded onto them by the end of December 2016. With a financial health score of 270 under the current methodology; this is comfortably above the minimum for the outstanding grade of 240.

Members were advised that the statements have been modified to reflect the new Statement of Recommended Practice for Further and Higher Education 2015 and FRS 102.

Based on the discussions had around the Annual Report and the Financial Statements, members agreed that:

- The Corporation can be assured that the College has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.
- The Corporation believes that it is able to identify any material irregular or improper use of its funds by the college, or non-compliance with the Education Funding Agency's terms and conditions of funding under the college's funding agreement.
- The Corporation is to consider that the College has adequate resources to continue in operational existence for the foreseeable future.

Resolved:

- **To record the Committee's thanks to Mr Shaw and his Team for the quality of their work, as endorsed by the External Auditors.**
- **To recommend the Financial Statements and Members' Report for approval by the Corporation.**
- **To forward the Financial Statements and Members' Report to the EFA following approval by the Corporation.**

12. Final Audit Findings Report for the year ended 31 JULY 2015

(Joint agenda item with the Audit Committee; item chaired by Mr A Nelson)

The Final Audit Findings Report summarises Wylie & Bissett's key findings, as presented by Mr Douglas Scott, in connection with the audit of the financial statements of the College and the regularity audit of the College in respect of the year ended 31st July 2016.

Wylie & Bisset's External Audit Report therefore issues an unqualified opinion on the accounts of Huddersfield New College for the year and also undertakes an overall review of the governance arrangements and process of internal control at the College.

Mr Scott drew the following items to Member's attention prior to the approval of the financial statements:

- There were no audit and accounting issues identified during the audit of the College.
- There were no matters of impropriety identified during the course of the audit of the College.
- HNC has strong systems in place to comply with governance requirements
- There were no overall recommendations made to college management
- That the accounting policies adopted by the College are appropriate for the circumstances of the College and consistent with the FE sector.

Members were therefore satisfied that the audit approach adopted had provided them with the required confidence that a thorough and robust audit had been carried out.

Resolved:

- **To record the Committee's thanks to Mr Shaw and his Team for the quality of their work, as endorsed by the External Auditors.**
- **That the Final Audit Findings Report be recommended for approval by the Corporation, subject to the agreed amendment.**
- **That the letter of representation be recommended for approval by the Corporation and signed by the Chair and the Principal.**

The business of the Finance and the Resources Committee was concluded and members left the meeting.