



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on Monday 19th June 2017 from 5.00pm.

Confirmed Minutes

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

In Attendance: Mr A Shaw

Clerk: Mrs C Coupland

1. **Apologies for Absence/ Declaration of Interest**

There were no apologies or declarations of interest to record.

2. **Minutes from Meeting held on 13th March 2017**

Resolved:

- **That the minutes be accepted as a correct record, subject to amendment of typographical errors.**

3. **Matters arising**

Property Strategy 5 yearly review:

It was noted that planned capital projects was made reference to within the executive summary for agenda item 4, however members asked for an update on decisions made regarding the relocation of the multi-faith room. Ms Williams informed the committee that the multi-faith room is to be relocated from the portakabin into the main building for the start of the new academic year and is to be re-branded as the multi-faith AFAN (all faiths and none) room. The multi-faith AFAN room is designed to be conducive to individual prayer, meditation and reflection. It is expected that the multi-faith AFAN room will be shared openly with anyone wishing to pray, think and reflect. Members agreed with the management's decision to not restrict the room to be used by any particular group or religious belief. Ms Williams informed the Committee that a communications strategy has been deployed to ensure that all staff and students (existing and new) are made aware of the changes.

Ms Williams also informed the Committee that at present no decision has been made as to the best use of the vacant portakabin going forward – a range of options are currently being explored by management.

H&S Mid Year Review:

The Clerk confirmed that the College's Disaster Recovery and Critical Incident Plan is currently under review by the Audit Committee. The significant updates proposed have been necessary to reflect recent nationally occurring events and associated amendments to internal procedures. The final version of the plan is to be re-submitted for consideration at the next Audit Committee Meeting.

Latest Management Accounts:

18 currently non-contributing eligible staff were due to be auto-enrolled back into the pension schemes from April 2017. Of these 10 are opting out again. Mr Shaw confirmed that he had met with all staff individually. Members were satisfied that all necessary steps had been taken by Mr Shaw to ensure that staff were fully informed as to the consequences of taking such action.

Financial Parameters:

Members noted that the review of efficiency gains in paying off some or all of the college's existing loans had been provided for agenda item 8.

4. Latest Management Accounts

Mr Shaw presented the management accounts for May 2017.

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 £2,495k, is £288k above budget. The reasons for the variance from the budget of £2,207k, mainly due to:

- The £173k extra underlying position as at 31 July 2016,
- Extra £4k surplus showing to date for 2016-17
- Extra £50k contingency allowed for 2016-17 (up to £150k), now not required.
- Extra £100k to Property strategy costs (up to be £190k), now not required.
- Extra £80k bursary funds spent in year now only expected to be £30k extra (£50k less)
- Staff costs being £60k lower, mainly due to £30k restructuring reserve not needed and teachers pay award of 1% being from January, not September.

The Committee was also informed that the Income and Expenditure account shows that the surplus is expected to be £57k above the budget of £20k. Mr Shaw also explained that £123k of contingencies still remains.

Mr Shaw confirmed that Student Enrolment numbers were 2431, which was on par with last year's figure. This then fell exactly to the 2350 target by day 42. However the student number figure from the February Individualised Learner Record (ILR) return showed 2348 students which is to be used as the lagged funding number for 2017-18 allocation basis. This is 6 less than the 2354 funded students for the current year (25k).

Members were advised that to counter balance this decrease there have been some positive effects on funding factors:

- With the student retention improving to 95.1% in 2015-16, this has increased funding for 2017-18 by £40k
- The course weighting factor increasing from 2.4 to 2.9% has increased funding by £47k
- The disadvantage factor for students, depending on their own locality, has increased from 4.2% to 4.45% (£20k)

Offset by:

- A decrease in the maths & English uplift factor from 37.2% of students to 32.5% following a re-base by the ESFA has decreased funding by £53k. For 2017-18 this is only half of the effect; in 2018-19 funding will reduce by a further £42k.

To further mitigate against the minimal increase in ESFA funding with the continued cost increases, the College will hopefully recruit around 30 Higher Education funded students through UCLAN at a net funded rate of around £4800 (£144k in total); 25 funded students will be allowed for 2017-18

Mr Shaw took this opportunity to also brief the Committee on the various minor capital projects are being explored for the summer 2017, including:

- some catering provider funded modifications to catering outlets
- providing a base for level 4/5 curriculum sport in and around rooms 919-21
- bringing the faith facility back into the main building, with a re-use of the existing 'prayer' facility
- some moving of staff office spaces
- some planned re-decorations and replacement floor coverings around the campus.
- some estates efficiency projects
- some other minor curriculum moves.

Resolved:

- **That the report be received.**

5. Annual Budget 2017/18b & Financial Forecast 2017-19

Mr Shaw presented his report to the committee. He advised members that this year, only a 2 year forecast is required again. Mr Shaw presented the forecast figures in the ESFA format as well as in the

College management accounts format. A commentary on the salient features was also provided including a sensitivity analysis.

Members took this opportunity to scrutinise the commentary on the salient features. Mr Shaw explained to the committee that the main driver of the financial forecast is the allowance for student numbers to be funded at 2348 for 2017-18 (being the 'lagged' actual numbers for 2016-17), with enrolled students to be maintained at this level thereafter. Ms Williams confirmed that the Senior Leadership Team is still working towards maintaining a balance between levels of study programme and a balance within Level 3 study programmes.

Members of the committee were mindful however that early discussions on the strategic plan 2017-2020 were to rebase the minimum Learner Number Target to 2276. Ms Williams and Mr Shaw explained that the Senior Leadership Team thought it sensible to now maintain student numbers at 2348 as the College is hopeful of meeting the funded student number based on the very buoyant applications for 2017-18 (currently 11% up on acceptances). The Senior Leadership Team is also mindful that with the demographic low point taking a maximum effect in 2017-18, estimated student numbers are anticipated to be between 2276 and 2350. Therefore to be working towards the reduced figure of 2276, as predicated earlier, will require more severe efficiencies to be made which are, in their opinion, no longer warranted. The Committee agreed that this is the most sensible approach to be taken but asked for the commentary to make clear the reasons for why the college is now working towards a funded number of 2348.

Mr Shaw also informed the Committee that the other assumptions are driven to meet the agreed financial parameters of maintaining £2.1million cash, expenditure to not exceed income for any year, and to just maintain 'Outstanding' financial health across the period.

Mr Shaw confirmed that HNC's financial commentary continues to be set to the ESFAs Financial Planning Checklist and provides detailed explanations of assumptions underpinning the financial plan to enable Governors and the Senior Leadership Team to take an informed view about the reasonableness of forecasts prior to approval.

The committee endorsed the major assumptions underlying the formulation of the financial forecast.

Resolved:

- **To recommend approval the 2 year financial forecast 2017-19 for forwarding onto the ESFA by 31 July 2017**
- **To assess the financial health of the College as 'Outstanding'**
- **To recommend approval of the annual budget for 2017-18, with:**

Income	£11,248k
Expenditure	£11,155k
Operating Surplus	£93k

Capital expenditure £825k (with £nil capital support)

6. Financial benchmarking Analysis

Mr Shaw provided the Committee with analysis comparing the College financial information against the other 89 sixth form colleges for the year ended 31st July 2016.

Mr Shaw referred to the major trends in the annual benchmarking data. It was noted that HNC compares favourably thus demonstrating how financially efficient the college continues to be.

Resolved:

- **That the reports be received**

7. Financial Regulations

Mr Shaw advised the committee that there are no proposed changes to the Regulations from the Senior Leadership Team or from the Internal and External Auditors.

Members were asked to note however that the Education Funding Agency (EFA) and Skills Funding Agency (SFA) have since combined into a single funding agency – The Education and Skills Funding Agency (ESFA) - which is now accountable for funding education and training for children, young people and adults. Any previous reference to the EFA has therefore been updated to reflect this change.

Resolved:

- **For the Corporation to note that there are no changes required to the Financial Regulations.**

8. Treasury Management Policy – Annual review.

The College's Treasury Management Policy sets out the strategy and framework for cash management, short and long term investment and borrowing by the college.

The committee took this opportunity to review the current borrowing arrangements with the college lenders and in particular the current loan breakage costs. Members agreed it appropriate to maintain the current loan position for it is not currently beneficial to the college to break the loan.

Resolved:

- **For the Corporation to note that annual review of the policy had been undertaken and no amendments were deemed necessary.**

9. Fees and Charges Policy – Annual Review

The Committee considered the revised Fees and Charges Policy 2017-18.

Members endorsed the amendments proposed to clarify that the Post level 3 course years are per year (not a one off payment) and to limit student printing to £12 per term (increased to £15 for students on high print courses).

Ms Pryce advised the Committee that staff and student printing is to be monitored on a monthly basis in an effort to encourage considerate usage of printing and photocopying. Ms Pryce explained that this approach has been deemed necessary given the escalating costs in particular associated with the Colleges 'bring your own device' provision.

It was also noted that printing costs are continually increasing for governance. It was therefore agreed appropriate to task the Search & Governance Committee to undertake a costs-benefit analysis on e-governance as an alternative method of distributing agendas and supporting papers.

Resolved:

- **To approve the changes to the Fees & Charges Policy**
- **For Search & Governance Committee to undertake cost – benefit analysis on e-governance.**

10. Business Travel and Expenses Policy – Annual Review

The Committee noted that the annual review had been undertaken and that no amendments were proposed. Members agreed it necessary for the policy to make clear the general expectation that all expenses are to be claimed within the same month that they are incurred as per the operational effectiveness point raised within the recent internal Assurance Review of the Payroll Arrangements. It was agreed to clarify that the expenses policy applied also to Governors.

Resolved:

- **To approve the Expenses policy for staff and Governors, subject to the agreed amendment.**
- **For the Clerk to distribute the policy to all Governors,**

11. Self Assessment of Committee Work/Business and annual review of terms of reference (attached)

The Committee reflected upon its work throughout the academic year and agreed that it is fully covering its terms of reference.

Members also considered how the Committee's work has impacted/ contributed to the overall work of Governing Body during this academic year and that of the leadership of the College. Members contributed their opinions for the Clerk to insert into the committee's self-assessment report which will be distributed to all Governors.

Resolved:

- **That the Committee has complied with its terms of reference**

12. **Any other Business.**

The Committee acknowledged receipt of the letter (dated 13.04.17) from Peter Lauener (Chief Executive of Education and Skills Funding Agency) reiterating the importance of strong financial management and governance.

Resolved:

- **That the letter be received.**

13. **Learner Impact Reflection**

The impact of discussions and scrutiny of the Committee's work in improving the outcomes and experience for all learners was considered and the following agreed:

- **Critical review of annual performance ensures that the Finance Committee has fulfilled its delegated responsibilities.**
- **Ability to financially support all elements of the Strategic Plan for the college**
- **Policy reviews enable the committee to be confident that the college is able to sustain services for students**
- **Annual review of the Financial regulations assures members that the college is able to fund all elements of student experience and outcome.**

14. **Determination of confidentiality**

For the Financial Forecast and Commentary to be determined as confidential until approved by the Corporation.

15. **Date of next meeting: to be agreed**