



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on Monday 16th March 2017 from 5.00pm at Huddersfield New College.

Confirmed Minutes.

Present: Mr J Dawson, Mr P Cropper and Ms A Williams (attendance: 60%)
In attendance: Mr A Shaw and Mr Hirst for agenda item 4 only.
Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Apologies were submitted by Ms T Wright and Ms J Pryce.

No declarations of interest were recorded.

2. Minutes from Meeting held on 28th November 2016

Resolved

- That the minutes be accepted as correct record, subject to agreed amendments.

3. Matters arising

Property Strategy 5 yearly Review.

Mr Shaw presented the proposed review process to be taken by the college with a view to providing an updated property strategy to the committee in 12 months' time. Members acknowledged that a number of elements are to feed into the property strategy in particular the college strategic plan which is currently under review and to be resubmitted to the Corporation at its next meeting. All present agreed that the strategic ambition should however be better reflected within the plan so as to support the college in bolstering its resilience going forward.

The immediate projects necessary for completion by August 2017 were reviewed by the Committee. Members agreed it appropriate to undertake a 'one off' staff relocation programme during the summer in readiness for the start of the new academic year rather than undertaking a series of smaller moves thus easing the impact of upheaval on staff. The moves are required to bring curriculum areas together within the campus and to also create a dedicated area for level 4/5 sport.

Members also welcomed the news that the Caterers – Taylor Shaw – are to fund the remodelling of the main dining area shop and deli bar and reorganise seating areas with new furniture to create extra seating spaces.

Discussions moved to the relocation of the multi-faith room. The multi-faith space is currently sited in a stand-alone portakabin. However, the Senior Leadership Team wish to move the faith facility into the main building – consideration is also being given as to whether it remains a dedicated faith space or whether it becomes a combined area and used also as a reflective quiet space for staff wellbeing and mindfulness thus better accommodating all groups – believers and non-believers. Members agreed that the multi-use space was worth exploring further and welcomed an update on progress in thinking at the next committee meeting.

Resolved:

That the report be received

4. H&S Mid-Year Review

The Health and Safety report prepared by Mr Hirst was considered by the committee.

Members agreed that it provided a comprehensive review of the matters arising mid-year in relation to the college's health and safety performance.

It was noted that to date no accidents have been reported under RIDDOR since the last report in October 2016.

Governors noted from the accident analysis that a high proportion of accidents recorded continue to happen outside of college (non-college activities) or classified as 'other' within the accident analysis data. Mr Hirst explained that the incidents listed as 'other' are actually for non-first aid issues – for example period pains, sore throat, cough, anxiety. Mr Hirst stated that he intends to remind staff and students, via awareness training, that First aid is the assistance given to any person suffering a sudden illness or injury, with care provided to preserve life, prevent the condition from worsening, and/or promote recovery.

Mr Hirst confirmed that from the First Aid Report there has been 1 safeguarding referral. This matter was referred to the Director of Safeguarding – Colin Knightly.

Governors were satisfied with the monthly site audits taking place by caretakers and health and safety manager covering all sections of the premises. The Committee also acknowledged the breadth of health and safety training opportunities already available at college, however it was agreed necessary for the college to develop an evacuation / containment plan (a lockdown protocol) to be followed in an emergency that involves confining students and staff in buildings after a violent threat or attack. Furthermore, it was recognised that as per safeguarding policies and procedures, all visitors are asked to sign in at reception and details of those visiting are logged onto CEDAR. Members were keen to know however what process is to be used for determining the suitability of the individual (and/or their organisation) that is visiting the college. The Committee were mindful that the Prevent Duty makes it very clear that the college has a responsibility to exercise their duty of care and to protect the welfare of students so as to ensure that they are not being exposed to terrorist & extremist influences or prejudiced views. Mr Hirst agreed to take these matters to the Prevent Sub-Group for further discussion and appropriate action.

Resolved:

- **That the report be received.**
- **For the Prevent sub-group to consider (and action) the two issues raised; i) Lockdown protocol and ii) suitability checks for individual / organisations visiting the college.**

5. Latest Management Accounts

Mr Shaw presented the management accounts to February 2017.

The Committee was advised that all current targets are expected to be met by July 2017 with student recruitment expected to be exactly as per 2350 target. The latest forecast cash position as at July 2017 of £2,237k is £30k above budget. Variances from the budget of £2,207k were considered by members.

The Committee was also informed that the Income and Expenditure account shows that the surplus is expected to be £7k above the budget of £20k.

Mr Shaw confirmed that student retention is still holding up after a positive enrolment. The target of 2350 for day 42 has been met. The student number figure from the February Individualised Learner Record (ILR) return showed 2348 students to be then used as the lagged funding number for the 2017-18 allocation basis. This is currently 6 students less than the 2354 funded for the current year (£25k). Mr Shaw explained that the difference of 2 from the target number is due to two students who had not been included on level 2 Maths or

English. Members were informed that one is being queried with the EFA as standard GCSE Maths/English was not appropriate for this student and an alternative support programme had been provided. Mr Shaw also explained to the committee that to counter balance the expected decrease of the lagged funding number there have been some positive effects on funding factors. (as listed within agenda item 6). Members were advised that a draft forecast for 2017-18, will be based on the Day 42 student number and the latest EFA funding factors.

Mr Shaw confirmed that the results of the triannual review of the West Yorkshire Pension Fund (for 89 support staff members) have been received. The college's share of the scheme is 96% funded; with the deficit to be recouped by increasing employers' contributions by around £1,500 per year from April 2017 across 22 years. The Teachers' Pension Scheme for the 115 teacher members is planned for the employer rate to increase from 16.48% to possibly 18-19% by 2019. If that still goes ahead that would cost the college an extra £65k-£110k per year. Mr Shaw confirmed that 22 currently non-contributing eligible staff are due to be auto-enrolled back into the pension schemes from June 2017. If all continue this will add a further £74k per year cost for the College, however for budgeting purposes it has been assumed that half will opt back out again i.e leaving an extra cost of £37k per year. The Committee asked for all staff planning to opt out of the pension scheme to first attend an internal pension briefing so that the college could be assured that it had taken all necessary steps to ensure that each individual staff member was fully informed of the consequences in making this decision.

Resolved:

- That the report be received.
- For Mr Shaw to organise and deliver staff pension briefings as and when necessary.

6. Funding Allocation

Members were advised that the student numbers as at Day 42 was 2348 and will form the basis for 2017-18 funding. Mr Shaw also notified the Committee of the EFA funding allocation for 2017-18 – which is 95% of the annual College funding. The EFA Allocation Statement confirms the following:

- Programme funding of £10,077,594 for 2017/18 for 2348 students
- EFA High Needs funding of £318,000 for 53 students
- Student Financial Support funding of £371,658 for distribution to students with financial hardship, being £241,868 for Student Bursary funds (2016/17: £249,887) and £129,790 for Free Meals (2016/17: £130,156)

Mr Shaw explained that comparison between 2017-18 funding and that of the current year 2016-17 shows that the increased £37k funding for next year is mainly due to:

- Improving retention in 2015-16 to 95.1% (£40k)
- Improving course weighting factor 2.4% to 2.9% (£47k)
- Improving disadvantage factor 4.2% to 4.45% (£20k)
- Extra high needs funded student 52 to 53 (£6k)

Offset by:

- 6 less funded students from 2354 to 2348 (-£25k). As per the management accounts the decrease from the current student number of 2350 to 2348 needs some further query with the EFA for the non funding of 2 students currently not logged as following maths or English level 2 courses, where due
- Worsening maths/ English uplift factor (£53k), then further £42k decrease in 18-19.

Mr Shaw confirmed that the EFA funding now forms the basis for the 2017-19 financial plan.

Resolved:

- That the report be received.

7. Financial Parameters 2017-19

The Committee was asked to consider the financial parameters for the next financial planning period 2017-19, in light of the current external environment, the changing college situation and the planned strategic direction of the college going forward.

Mr Shaw reminded the committee that financial parameters are reviewed annually in advance of finalising the draft financial forecast in June. Members were considerate that over the last few years there have been continued reductions in government funding and additional costs to absorb, together with inflationary pressures on staff, pensions, taxes and other costs. Other funding and extra cost pressures also need to be taken into account from 2017-18, being:

- The demographic low point of 2017-18 may result in a shortfall in enrolments for the year. As a result, the minimum expectation student number has been set to 2276 from then onwards resulting in a £367k reduction in lagged EFA funding from 2018-19
- Other adverse EFA funding factors: from 2018-19 an extra £42k reduction in maths/ English uplift has been allowed
- Extra teachers pensions costs from Aug 2019: the scheme is being reviewed and contributions may increase from 16.48% to 18-19%, at an extra cost of £65k to 110k per year
- Extra WYPF pension costs of £15k per year from 2017-18
- Extra pension costs from staff re-enrolling into schemes. (50% of potential extra cost of £75k has been allowed, £37k)
- Full year apprenticeship costs of £15k per year from 2017-18
- 1% pay award allowed (£75k extra)
- Scale progressions (£80k extra)
- Other inflationary effects on costs

Extracts from the draft forecast presented to the committee also considered the effect on the financial targets over the next planning period 2017-19. This has a number of major assumptions:

- The EFA income increases slightly as above (£37k more)
- HEFCE funding introduced in 2017-18 (£95k more)
- Staff costs decrease from 2016-17k (£21k less), including:
 - Scale progressions (£80k)
 - 1% pay award (£75k)
 - WYPF pension cost extra in 2017-18 (£15k)
 - Auto-enrolment into pension schemes (£37k)
 - Apprenticeship levy extra cost (£10k)
 - Offset by staff change reductions (£238k)
- Other costs and income to remain the same with any inflationary increases to be absorbed by efficiencies and reducing student numbers.
- Some capital replacement/ upgrade budgets for ILT, property, & equipment to be maintained at £510,000.
- Contingencies including £104k absence cover, £30k restructuring, £75k pay award, and £100k general contingency.

To inform discussions, members were mindful that the Strategic plan going forward is based on the minimum expectation student number target of 2276 for 2017-18, maintaining a 60/40 split between students on predominantly vocational and academic courses, and maintaining the same share of the available student cohorts. Members also acknowledged that the college should try to maintain 'outstanding' financial health but should there need to be a drop to 'good' – it would be expected to return to Outstanding over time.

Given the draft financial forecast, as presented by Mr Shaw, Members were of the opinion that for the period 2017-19, the parameters as set by the Corporation in April 2016 should still remain:

- To just maintain 'Outstanding' financial health
- To just generate an Operating Surplus
- To maintain Cash at above £2.1million, but allow this to reduce to £1.4million for agreed required potential major developments.

Mr Shaw informed the Committee that a financial return for the period of 2017-19 will be required to be submitted to the EFA by 31 July. Mr Shaw confirmed that he is to continue to develop the financial plan for 2017-19 around the proposed parameters and the previous financial modelling based upon the minimum expectation student number target of 2276 16 – 19 year olds and 20 HEFCE funded students.

Members were of the opinion that there may be efficiency gains in paying off some or all of the college's existing loans – Mr Shaw agreed to consider this by revisiting the treasury management policy; which is already subject to an annual review at the committee's next meeting.

Resolved:

- **To recommend to the Corporation that the existing financial parameters are maintained for the period 2017-19:**
 - *To just maintain 'Outstanding' financial health*
 - *To just generate an Operating Surplus*
 - *To maintain Cash at above £2.1million, but allow this to reduce to £1.4million for agreed required potential major developments.*
- **For Mr Shaw to review the efficiency gains in paying off some or all of the college's existing loans and to report back on findings at the next committee meeting.**

8. BAF assurance Reviews

The Committee was confident in the different levels of assurances identified for the two risks presented therefore no change was proposed to the overall green assurance levels already assigned to these particular risks.

From discussions, however the committee was of the opinion that the two separate risks were very much linked and should therefore be merged; with the combined risk being redefined as necessary. It was also recognised that key strategic risks within the college risk register needed to be fully reviewed and updated in light of the new strategic plan so as to satisfy the Senior Leadership Team (and ultimately the Governors) that the right risks are being focused on and managed going forward. It was agreed for the Clerk to liaise with the Senior Leadership Team and the Risk Management Group to address this.

Resolved:

- **To assign green overall assurance to the risks**
- **For the Clerk to update the Master BAF**
- **For the Clerk to liaise with the Senior Leadership Team and Risk Management Group to determine the timeframe for the risk register review.**

10. Any other Business.

HNC Financial Statements Letter from EFA.

Members were informed that the college had received a letter from the Education Funding Agency (EFA) confirming receipt of the college's audited financial statements, finance record and assurance returns for the year ending 31 July 2016 (2015/16).

The letter also confirmed that the results of their assessment are:

Financial Health

Following their review of the college's financial plan for the years ending 31 July 2016 (2015/16) to 31 July 2018 (2017/18) and a review of the college's audited financial statements and finance record, the EFA confirm the colleges Outstanding financial health grade.

Underlying Financial Health

Following a review of the college's financial plan 2015/16 to 2017/18, the EFA concluded that the college's underlying financial health grade was also Outstanding.

Financial Control

Following a review of the college's audited financial statements, financial statements management letter, and the annual report of the audit committee, the EFA has no significant concerns with regard to the college's financial control arrangements.

Annual Report and Financial Statements

The letter also took this opportunity to remind colleges that annual reports and financial statements must be published via their website. Colleges should also retain at least two years of annual reports and financial statements on their website. The Clerk confirmed that HNC's annual reports and financial statements for 2015/16 and 2014/15 are published on the governance section of the colleges website.

Resolved:

- **That the letter be received.**

11. Learner Impact Reflection

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

Resolved:

- **Scrutiny of management accounts and assurance testing ensure the sustained financial viability of the college.**
- **The Committee has agreed to viable redevelopment opportunities for the campus in order to strengthen the teaching and learning experience.**
- **Opportunity to review health and safety data and analysis assures governors that staff, student and visitors are physically safe in and around the campus.**
- **Ability to financially support all elements of the strategic plan for the college, potentially impacting on all areas of student learning, experience and outcome**
- **Assurance received that the College continues to be a safe and secure place for students to attend and learn.**

11. Determination of confidentiality

The supporting papers for agenda item 8 were deemed to be confidential.

- 13. Date of next meeting: Monday 19th June 2017 at 5pm.**