



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on Tuesday 28th November 2017
from 5.00pm.

Confirmed Minutes

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

In attendance: Mr A Shaw, Ms S Compston and Ms A Ogsten (Wylie & Bisset).
(The Auditors joined the committee for agenda items 10 and 11 only)

Clerk: Mrs M Baxter

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 16th October 2017

Resolved:

- That the minutes of the meeting held on 16th October 2017 be accepted as a true record of the meeting

3. Matters arising

There were no matters arising.

4. Management Accounts to 31st October 2017

Mr Shaw presented the management accounts to October 2017.

The Committee was advised that all current targets are expected to be met by July 2018 and that the latest forecast cash position as at July 2018 of £2,270k is £1k above the budget. Variances from the budget of £2,269k, is mainly due to:

- the £160k extra underlying position as at 31 July 2017,
- less £94k to pay for the unexpected asbestos work in Summer 2017
- less the extra £30k for extra transport shuttle services to Huddersfield town centre and an extra 7 days of student contact days for 2017-18.
- Less an extra £35k of property strategy costs set aside for the current year

The Committee was also informed that the Income and Expenditure account shows that the operating surplus is expected to be £63k, being £30k below the budget of £93k, at the moment, due to the extra transport costs as above. Mr Shaw explained that £203k of contingencies is still remaining.

Mr Shaw confirmed that student numbers currently stand at 2400. This is 50 above funded target. This shall be the expected return to ESFA for the first Individualised Learner Record (ILR) return in early December to determine the lagged ESFA funding number for 2018-19, which may generate an extra £213k of lagged funding. The Committee also acknowledged that the College will hopefully recruit above the expected number of level 5 students. The extra 6 students (bringing

total number to 31), could generate an extra £29k from UCLAN. Total income could be £144k with a cash surplus of £4k after an initial capital outlay of £61k. For the second year in 2018-19 this could generate up to £240k of income. around 20 Higher Education funded students through UCLAN at a net funded rate of around £4,800 (£95k in total).

Mr Shaw advised the Committee that a draft forecast for 2018-20 will begin to be formulated based on; day 42 student numbers, the continuing non-increasing £4,000 per student, the 2016-17 retention factor and other funding factors. The Financial parameters for this forecast from 2017-18 were agreed at the Corporation Meeting in March 2017.

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

Based on the current management accounts forecast, the financial health is still expected to be maintained at just in the 'Outstanding' category to July 2018, even with absorbing a few unexpected additional costs. The Committee shall again revise the financial parameters at the next meeting in March 2018.

Resolved:

- **That the report be received**
- **That the Committee is to revise the Financial Parameters at its next meeting.**

5. Staff Pay Awards.

Mr Shaw spoke to his report highlighting the following:

- Pay awards have not yet been finalised.
- 1% pay award for all staff from September the 1st 2017 and a 1% pay award for 2018-19 has been assumed with extra for those lower in the pay scales.
- The 1% offer was initially rejected by unions and there has been mention of 2%. These negotiations are at a national level and are recommended rather than mandatory. Previously it has been usual to implement the recommendations however with no increased funding not all colleges will be able afford.
- 70% of the college teachers are at the top of the pay scale; they received an extra award when pay scales were restructured. A 2% award for pay scales 1-6 would be £10K while 2% for pay scales 1-9 would be £50K.
- There had been an increased threshold to encourage people into teaching and a higher top scale to retain staff but relatively the middle staff pay went down. Support staff are also a concern
- There is an introduction of £600 extra for each additional math or core maths student next year. However this is for additional student numbers from previous years and therefore will not likely equate to any money.
- Both finances and student numbers are healthy.
- The ESFA agree with the college findings that finances are outstanding.

Resolved:

- **Mr Shaw be thanked for his report**

6. Any Other Business

Education Funding and Skills Agency Letter – Assessment of Financial Plan 2017-19 and Financial Health.

All members received a copy of the letter sent to the College on 18th October 2017 from the EFSA confirming that they had received the College's latest financial plan for 2016/17 to 2018/19 and associated information.

The Committee noted that the ESFA 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 2016/17 (the latest outturn forecast year) and Outstanding for 2017/18 (the current budget year)

Members asked that a copy of the letter be made available to all Governors particularly due to the College Financial Dashboard Information provided by the ESFA which gives a high level overview of the Colleges financial performance.

Resolved:

- **That the letter be received.**
- **That the letter be shared with all Governors.**

7. Learner Impact Reflection

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

- **Ability to financially support elements of the strategic plan for the college.**
- **Ensuring the financial viability of the college to continue to provide outstanding outcomes and learning experiences for future students.**
- **Listening and responding to the Student Voice to ensure the continuous and ongoing improvement of the college.**
- **Assurance that the college remains compliant to the conditions of the Funding Agreement and that the college funds are used appropriately to benefit all learners.**
- **Scrutiny of management accounts and management information systems ensures the sustained financial viability of the college.**

8. Determination of Confidentiality

Resolved:

- **That no part of these minutes, agenda or related papers be excluded from the copy to be made available at the College, in accordance with the Freedom of Information Act.**

9. Date of next meeting

Resolved:

- **12th March 2018.**

10. Financial Statement and Members Report 31st July 2017

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

The Financial Statements were then 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 2017 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 2017.

It was also noted that the financial health category of the College had been maintained at 'Outstanding', which will be again reviewed by the ESFA, once the financial statements have been forwarded onto them by the end of December 2017. With a financial health score of 240 under the current methodology; this continues to be as per the minimum for this grade of 240, but Members were asked to note that the financial health score was lowered temporarily by 10 because of the £94k asbestos works completed in the summer.

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:

- **The Financial Statements and Members' Report to be recommended for approval by the Corporation and forwarded onto the ESFA by 31st December 2017.**

11. Final Audit Findings Report for the year ended 31 JULY 2017

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

The Final Audit Findings Report summarises Wylie & Bissett's key findings 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 2017.

Wylie & Bissett'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.

Members' were informed that:

- 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 (subject to the correct spelling of 'New Hey' in the address).**

The business of the Finance and the Resources Committee was concluded.