



## HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on 27<sup>th</sup> November 2018 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 M Hirst (agenda item 4 only) and Mr A Hogg (Wylie & Bisset for agenda item 11 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 15th October 2018

**Resolved:**

**That the minutes be accepted as a correct record**

#### 3. Matters arising

*Health and safety:*

Ms Pryce confirmed that the Risk Management Sub-Group had met and reviewed the lessons learnt from the Dublin trip when students and staff were stranded in Ireland given disruptions to all flights due to the snow at that time. Ms Pryce confirmed that the colleges trips and visits policy had been updated to better clarify communication channels and roles and responsibilities of primary contacts in such instances going forward. The committee was satisfied and assured by the update received.

*Staff Pay Award.*

Mr Shaw advised the committee that there had been no further progress made in relation to negotiations with the 2018-19 pay awards for staff. Members were reminded that the pay award contingency is 2% (cost £140k) for all staff from 1 September for 2018-19.

#### 4. Health & Safety Report - November 2018

Mr Hirst presented the college's annual H&S report for year end 31 July 2018; given that he was absent for the last committee meeting when this report is usually received – data had been included for the new academic year also.

The Governors noted that the increase in accidents reported reflected the ongoing rigorous reporting. Mr Hirst explained that he reviews all First Aid incidents and meets with heads of departments for areas that have reported 3 or more similar incidents. Such meetings have enabled Mr Hirst to better understand any identified trends as well as to offer additional support if required.

It was noted by members that there had been a sharp rise of college incidents within the study centre; Mr Hirst explained that the Study Centre currently has 2 students that are experiencing non-epileptic seizures. This accounts for 18 of the 20 reported first aid attendances this academic year. Mr Hirst and Ms Lindley Director of Additional Learning Support have met with both students' parents to discuss a supportive way forward. Ongoing medical needs are also continuing to be met externally with Medical consultants.

Members acknowledged that the College continues to invest in health and safety as evidenced by the updates included within the report and the accident analysis. Assurance was also provided within Mr Hirst's report on the level and type of staff training undertaken throughout the academic year. Mr Hirst also explained that he had recently received expressions of interest from a number of staff to be trained as a first aiders.

Mr Hirst confirmed that Site Audits continue to take place on a monthly basis covering all sections of the premises; fire doors are now being included as part of the monthly audits and identified shortfalls actioned as high priority. As confirmed at the previous committee meeting the 'Health and Safety Issues of Concern Form' is now in use to allow for the recording and reporting of any persistent mis-use of fire doors which also tracks management action and resolution. Mr Hirst explained that since having introduced the issue of concern form; compliance from staff with regards to the appropriate use of fire doors is increasing and productive conversations are now being held between the estates team and heads of department where necessary. Mr Hirst however agreed to provide a full update to governors on this matter in his next report.

A recent Fire evacuation took place on the 26th October 2018. Timings from the evacuation, confirm that all College buildings were evacuated within 5 minutes. Feedback from the evacuation has however been absorbed and the fire evacuation plan has been updated.

Further fire evacuations have been planned for within the College Calendar for the remainder of the year. Members however asked when staff are to receive practice in lock-in procedures. It was agreed that such training should take place in the first instance at a time when no students are on the premises. It was resolved that the inset day planned for 3<sup>rd</sup> February 2019 would be an opportune time for such training and briefing; Mr Hirst was tasked with liaising with Ms Dean – Director of teaching and learning and wider CPD, to plan this into the staff training schedule for that day.

**Resolved:**

- **That the report be received**
- **For Mr Hirst to liaise with Ms Dean to plan for staff training in lock-in procedures.**

## **5. Management Accounts to 31st October 2018**

Mr Shaw presented the management accounts to October 2018.

The Committee was advised that all current targets are expected to be met by July 2019 and that the latest forecast cash position as at July 2019 of £2,240k, being £1k above budget. Variances from the budget of £2,239k, were considered by members, these were:

- the £100k extra underlying position as at 31 July 2018,
- less £25k extra transport costs for 2 extra services to Easter 2019 and £5k extra exam costs, with potential extra student numbers
- less £60k property strategy costs for Summer 2019, to add to the £100,000 for 2019-20 modelled in the 2018-20 financial forecast (although this may change with the full remodelling of the financial forecast for 2019-21, which will begin in November 2018)

The Committee was also informed that the Income and Expenditure account shows that the operating surplus is expected to be £30k below the budget at £121k due to the above factors.

Members were advised that the predicted student recruitment for Day 42 is currently in the region of 20 above previous year. The confirmed return to ESFA for the first Individualised Learner Record (ILR) return is due in early December; this will determine the lagged ESFA funding number for 2019-20.

In addition, Mr Shaw confirmed that the number of level 5 students are expected to be 9 new first years and 27 continuing into their second year. Each additional student above the 30 allowed would attract £4,800 each. Members were also informed that the first 1/3 payment from UCLAN was received in October 2018.

As announced in the Chancellor's budget on 29 October, one off funding was promised for schools. Mr Shaw explained that it is understood that Sixth Form Colleges are to be included alongside secondary schools for a one-off extra capital funding for around £50,000 for an average secondary. The average secondary is around 950 learners, the College should therefore receive at least this amount, which may be in this tax year before April 2019. No allowance has however been made yet for any income this year.

Mr Shaw confirmed that £94k of absence contingencies is remaining and that there is one staff member currently on long term sickness absence. To date £103,000 also remains from the increased general contingency of £110,000.

Mr Shaw advised the Committee that a draft forecast for 2019-21 will begin to be formulated based on Day 42 student number, continuing non-increasing £4,000 funding per student, and other factor upgrades as and when they become evident. Financial parameters for this forecast from 2018-20 were agreed at the Corporation Meeting in March 2018 as continuing:

- 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.

The financial parameters will be reviewed again in March 2019. As always, the main driver of the financial plan is student numbers.

**Resolved:**

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

## **6. Treasury Management Policy**

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.

Mr Shaw reminded the committee that this policy is part of the College's risk management arrangements to ensure the College has proper financial control, safeguards its assets and secures value for money.

Mr Shaw confirmed that the annual review had taken place and no amendments were being proposed. The Committee endorsed this decision.

**Resolved:**

- **To record that an annual review of the policy had taken place and no amendments were necessary.**

**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: Monday 11th March 2019 from 5pm**

**11. Financial Statement and Members Report 31<sup>st</sup> July 2018 and Final Audit Findings Report for the year ended 31 JULY 2018  
(joint agenda item with Audit Committee – Chaired by Mr Nelson – Chair of Audit)**

All members of both Committees introduced themselves.

Mr Shaw explained that the financial statement and members report had already been considered by the senior leadership team prior to submitting to the committees' for recommendation of approval to the corporation.

Mr Shaw confirmed that the financial statements continued to reflect the new Statement of Recommended Practice for Further and Higher Education 2015 and FRS 102.

Mr Shaw drew members' attention to the full compliance Corporate Governance statement, the unqualified audit opinion from the external auditors for the financial statements and findings from the regularity audit.

Mr Shaw explained that the modified Statement of Comprehensive Income clearly highlights the actuarial WYPF gain for the year of £329k, allowance for a holiday pay accrual of £3758k within creditors < 1 year and the re-designation of deferred grants as liabilities < 1 year (£168k) and > 1 year (£5212k). Mr Shaw confirmed that the members report supports the accounts, and gives a description of some of the key highlights in the figures, with a summary of the College achievements in the year. Members were advised that these follow set guidelines, but allow for some degree of flexibility.

Major variations in the figures from 2016-17 were also discussed and accepted by members as a true reflection of in-year progress updates, as provided by the Finance Committee at all corporation meetings.

Mr Hogg presented the Final Audit Findings Report which summarises Wylie & Bisset'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 2018.

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 Hogg 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. Members were satisfied that no points were again raised during the audit and that no changes were suggested to the financial statements.

As a result of work undertaken, unqualified audit opinions were received from Wylie & Bisset 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 2018 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 & Bisset's reasonable assurance engagement with the College was undertaken in accordance with the Post 16 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 2018.

Time was taken to consider and reflect upon the Statement of the Responsibilities of the Members of the Corporation. All present agreed that the corporation had executed its duties efficiently and effectively. Based on the discussions had around the Annual Report and the Financial Statements, members unanimously 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 for the quality of his work, as endorsed by the External Auditors.**

- To record the committee's thanks to the wider SLT and managers and staff across the College for their contributions to managing the finances of the college with such care.
- To recommend the Financial Statements and Members' Report for approval by the Corporation.
- To forward the Financial Statements and Members' Report to the ESFA following approval by the Corporation.
- 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.*