



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on Monday 25th June 2018 from 5.00pm.

Confirmed Minutes

Present: Mr J Dawson, Ms A Williams, Ms J Pryce and Mr P Cropper
(80% attendance)

In Attendance: Mr A Shaw, Mr M Hirst (for agenda items 4 and 5 only)

Clerk: Mrs C Coupland

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

Apologies for absence was submitted by Ms T Wright

There were no declarations of interest to record.

2. **Minutes from Meeting held on 12th March 2018**

Resolved:

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

3. **Matters arising**

There were no matters arising.

4. **Health and Safety Report**

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 one accident had been reported under RIDDOR on 23.11.17. Mr Hirst confirmed that the college undertook a robust investigation, and it was deemed no follow up was necessary. The Committee asked for future reports to more thoroughly reflect the action taken by the college post accident. Mr Hirst agreed to this.

Governors noted that the accident analysis reported a significantly lower number of accidents recorded for this academic year in comparison to previous years. Mr Hirst explained that additional training undertaken and subsequent reviews have ensured that First Aiders now only report on genuine First Aid incidents. Mr Hirst advised the Committee that the 9 incidents recorded for the Study Centre relate to these students – all of whom require extra assistance.

Mr Hirst confirmed that from the First Aid Report there has been 3 safeguarding referral. These matters have been 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 available at the college.

Mr Hirst confirmed that an Assurance Review of Estate Management was undertaken by the college's internal auditors in February 2018. This review considered how the College monitors and meets its health and safety obligation in relation to its property estate. This included consideration of cyclical testing in line with regulation and guidance and how the monitoring arrangements provide assurance to senior management that effective practices are in place. Mr Hirst advised the committee that the overall assurance assessment assigned was reasonable assurance and three action points had been recommended and reported back to the Audit committee.

Mr Hirst briefed the committee on the progress made with all three recommendations.

- Recommendation : A Water Hygiene Risk Assessment to be carried out to confirm that the current testing regime is still applicable, with a two year review cycle applied for future reviews.**

Mr Hirst advised members that H2o was immediately contacted following the inspectors verbal feedback, and the required risk assessment had been undertaken and is to be reviewed every 2 years.
- Recommendation: All staff and students be reminded of the requirement to have Fire Doors closed when not in use with action taken against persistent offenders.**

Mr Hirst advised the committee that this has been a long standing problem encountered regularly. Email reminders and staff training and briefings continue to advise against unsafe practice. The issue has also been escalated to SLT. Ms Williams took this opportunity to inform Mr Hirst that for SLT to help and support the Estates team in tackling continued non-compliance – a clear communicated process for recording and reporting persistent offenders needs to be determined with sanctions for continued unsafe practice to be communicated to staff and Heads of Department. The committee endorsed this approach to be adopted with immediate effect.
- Recommendation: Portable appliance testing records be amended to record where an item was no longer in a room rather than being left blank.**

Mr Hirst confirmed that following inspection feedback head technician Mark Hamer adjusted the covering inspection records to contain the inspection feedback, and that this was in place on the day of the inspection.

The Committee welcomed the progress to date on the audit recommendations. Members asked for outcomes of all audits to be included within future Health and Safety reports submitted to the Committee. Mr Hirst agreed to this.

Mr Hirst advised the committee that for the last academic year there had been 115 organised trips – risk assessments had been completed for them all including 7 foreign trips. Ms Williams advised the committee that one foreign trip resulted in students and staff being stranded in Dublin given that flights were cancelled due to the snow. Although the outcome was positive and all returned home safe; learning points had been made. The committee therefore agreed with Ms Williams recommendation for a case study to be compiled by the Risk Management Group and to be presented to the Audit Committee at point of review of the College's Disaster Recovery and Critical incident Plan.

Resolved:

- **That the report be received.**
- **For Mr Hirst to determine process for recording unsafe fire door practice and to report continued non-compliance to the Vice Principal – Curriculum and Quality.**
- **For the Risk Management Group to undertake a formal review of the stranded students and staff in Dublin.**
- **For future health and safety reports to include i) comprehensive details of follow up on all accidents reportable under RIDDOR and ii) outcomes of all audits.**

5. Tender Reports 2018

Catering:

Mr Shaw advised the committee of the robust process undertaken by the college in awarding a contract for catering services. The Committee members had also received a report from Mr Wilkinson – the College's Catering Consultant - outlining the process, objectives and the key features of the successful bid. Scoring sheets for the 5 firms who were invited to tender were also shared with the committee. It was noted that staff, student and Governor representatives had all been involved in the tender presentations.

Based on the proposal, the college is now working with the preferred catering contractors, CH and Co Ltd with a view for them to commence a new 3 year contract from 1 August 2018, with further options to continue for up to a further 2 years.

The committee agreed that the catering tender process had been thorough and transparent. Members were hopeful that the successful contractor will be able to improve service to students and also raise catering staff morale and in turn customer service standards, should existing catering staff remain.

Summer Works:

Mr Shaw informed the committee that the College has just conducted a tender for the Summer 2018 capital project for:

- converting the workshop into 2 classrooms (alongside 2 other classrooms), work area and student hub for the relocated Maths department
- provide a new modern workshop area in the Multi Media building, adjacent to the Art department
- upgrade the Science department work areas to form a Maths & Science department
- convert the library into an expanded dining/ social space together with re-configured shop area with Starbucks coffee shop facility

Mr Shaw confirmed that he, Jonathan Dawson (Chair of F&R Committee), and Mark Hirst (Estates Director) opened the returned tenders with AHR architects Richard Brame and Katrin Dietrich on Thursday 21st March 2018. Budget building contract cost prices, as included in the Financial Forecast summary, are £364,547. Tenders were returned from 5 of the 6 firms tendered and the 2 lowest prices were received from Illingworth & Gregory and Evora Construction. The lowest price (with VAT on top) is £78,000 below the budget figure.

Mr Shaw advised the Committee that AHR are now conducting an adjudication of the tenders, and are to submit an adjudication report and breakdown sheets as soon as possible, so that the college can appoint a contractor.

The committee agreed it appropriate to appoint the lowest contractor, post adjudication, subject to confirmation that they are able to undertake the works during the specified timescales.

The Clerk confirmed that the Corporation had resolved at its last meeting for Mr Dawson, as Chair of Finance and Resources Committee, to be able to approve and appoint the contractor on the corporation's behalf. Members therefore asked for Mr Shaw to liaise with Mr Dawson immediately upon receiving the Architects adjudication reports; to enable the college to appoint as soon as possible so as not to delay commencement of works. The expected start date for works is Monday 16 July 2018.

Resolved:

- **That the catering report be received**
- **That the committee endorses the appointment of CH and Co Ltd as the college's catering contractors.**
- **That the update on the capital projects be received**
- **For Mr Dawson to approve and appoint the contractor for the summer works on the committees and corporations behalf.**

Mr Hirst left the meeting.

6. Latest Management Accounts

Mr Shaw presented the management accounts for May 2018.

The Committee was advised that all current targets are expected to be met by July 2018, with student recruitment 65 above the 2348 funded number. The latest forecast cash position for July 2018 is £2,482k, £213k above budget. The reasons for the variance from the budget of £2,269k, are mainly due to:

- £160k extra underlying position as at 31 July 2017,
- £32k extra bursary/ free school meal funds.
- £180k property strategy costs now expected in aug/sep 2018, not 2017-18
- 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 surplus is expected to be to be £63k, £30k below the budget of £93k, at the moment, £20k due to the extra transport costs as above, £10k extra staff absence cover costs & £18k extra redundancy costs and £20k due to extra non cash depreciation and lower deferred grants released, offset by £20k extra HEFCE funding with 4 more students above the 25 initial funded number, and £15k less exam fees.

Mr Shaw also explained that £73k of contingencies still remain. Members were informed that 2 staff are currently on long term sickness absence, with the absence cover contingency currently being £20k over budget. An extra £10k over budget has been allowed for the full year. In addition, £265k (now reduced to £85k) has been put on one side, which together with £235k (now increased to £415k) from 2018-19 budgets will allow for potential property developments:

- to create 4 extra teaching spaces by Sep 2019 (3 for Sep 2018) in the design, psychology and media areas, which will then allow regrouping of curriculum areas, including Sport, H&SC, Maths & Science, Performing arts & Media, and create a base for tutorial.

- In addition, central dining space will be expanded into the library, to help overcrowding in those areas, with the library function combining with the Guidance areas. Funding from the retendered catering service will support costs of these works, estimated to be around £100k

Mr Shaw confirmed that the main ESFA funded student number, was exceeded by 65 by the October 16 day-42 census date. This could generate an extra £268k of lagged funding for 2018-19. Mr Shaw explained to the committee that there are however a number of other factors which will offset the extra students for 2018-19 funding; being more lower funded 18+ students (-£50k), lower course weighting factor (-£46k), maths & English uplift (-£86k), less high needs students (-£36k), offset to a degree by better retention (+£53k) and other disadvantage factor (+£27k).

In addition, the expected number of level 5 students at 25 was exceeded. The extra 4 students to 29, will generate an extra £20k from UCLAN. Total income will be £140k with a cash surplus of £1k after an initial capital outlay of £61k. For its second year in 2018-19, this could generate similar income for an estimated 30 students, as most first years progress and a new smaller first year group is enrolled.

The Committee was informed that the extra 65 16-18 students have been able to be staffed within the agreed staffing budget of £7912k. Within this, the support staff pay award was agreed at an increase of 1% with slightly higher increases for lower scales 13 to 20. The teachers' pay award was then agreed by the end of February 2018 at an average increase of 1.13%, with those on lower scales receiving a 2% increase. The overall extra cost of pay awards is about £12k for teachers and £3k for support, which should be just absorbable in the staff budget.

Mr Shaw reminded the committee that there are still other cost increases due in the next few years in relation to staffing. For example, the Teachers Pension Scheme is being re-assessed for April 2019. The current employer contribution rate of 16.48% is likely to increase to between 18 and 19%, adding a further £60k - £100k cost per year for the College.

Within the budget for this year, there was an allowance of £12k for repayment of some of the strike day deductions to staff over the last 6 years, following a European court ruling over deduction methodology advised by the SFCA. Claims from staff were received over recent months and were re-imbursed through payroll at a cost of around £9k.

The Committee was also advised that the latest estimates include an increase of £38k, being:

- An extra £18k for voluntary restructuring, as 2 posts with a total annual cost of £80k have been removed with one off severance payments of £33k.
- An extra £10k for absence cover, as there have been a number of extra absences this year.
- An extra £10k for extra pay awards on staff bursary posts.

Time was taken by the committee to better understand each of the above points. Particular attention was given to the on-going SLT voluntary redundancy consultation, due to end Wednesday 27th June 2018. The Consultation has been unexpected but was prompted by the required restructuring and subsequent role reviews given the non-replacement of Vice Principal Student Support and Guidance. Ms Williams advised members that the College has taken appropriate professional advice when necessary and that the Chair of the Corporation has been informed of, and has approved, the action taken to date and the subsequent decisions made; especially with regards to the terms of the one voluntary redundancy payment made to date.

The Committee was also reminded that from 1 August 2018, the college will receive £125,750 funding with an aim to explore Tech levels from after 2020. A group will explore the feasibility (if any) of T levels at the college.

Resolved:

- **That the report be received.**

7. Annual Budget 2018/19 & Financial Forecast 2018-20

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 is the allowance for student numbers to be funded at 2413 for 2018-19 (being the 'lagged' actual numbers for 2017-18), with enrolled students to be maintained at this level thereafter (with the buoyancy of student applications for 2018-19, it was felt that the student

numbers enrolment estimate for next year should remain at the funded number of 2413, even with the demographic low point being for 2017-18 and 2018-19 cohorts).

Mr Shaw also informed the Committee that the other assumptions are also driven to meet the financial parameters for 2018-19 and 2019-2020 of maintaining £2.1million cash, expenditure to not exceed income for any year, and to just maintain 'Outstanding' financial health across the period.

The major year on year variances in the forecast were duly considered by the committee. In particular it was noted that staff costs are to increase by £93k in 2019 and by a further £88k for 2020, offset by the ongoing SLT restructure with non-replacement of Vice Principal Student Support and Guidance and re-assignment of HR functions as well as further staff restructuring within Art & Design and Media and IT departments. Members also acknowledged that the Senior Leadership Team had forecasted a 2% staff pay award over the two year period. Ms Williams however advised members that the Unions have initiated starter conversations with the SFCA for a possible 5% pay award. The committee reminded themselves that any proposed national pay award is not compulsory but rather a recommendation for board consideration to determine affordability.

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 approve the recommended financial parameters for the period 2018-2020:**
 - **To just maintain 'outstanding' financial health**
 - **To generate an Operating Surplus**
 - **To maintain Cash at above £2.1 million, but allow this to reduce to £1.4 million for agreed required potential major developments**
- **To approve the 2 year financial forecast 2018-20 for forwarding onto the ESFA by 31 July 2018**
- **To assess the financial health of the College as 'Outstanding'**
- **Approve the annual budget for 2018-19, with:**

Income	£11,584k
Expenditure	<u>£11,433k</u>
Operating Surplus	£151k

Capital expenditure £940k (with £100k capital support)

8. Financial benchmarking Analysis

Mr Shaw provided the Committee with analysis comparing the College financial information against the other 82 sixth form colleges for the year ended 31st July 2017.

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**

9. 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.

Resolved:

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

10. Fees and Charges Policy – Annual Review

The Committee considered the revised Fees and Charges Policy 2018-19.

Ms Pryce advised the committee that the amendments proposed were to clarify and make transparent all student charges applicable. All proposed charges have been checked against the 16 to 19 education: funding guidance. Members endorsed the amendments proposed to student charges and asked for the college to ensure that it continues to signpost the help available for students experiencing financial hardship.

Resolved:

- **To approve the changes to the Fees & Charges Policy**

11. Business Travel and Expenses Policy – Annual Review

The Committee noted that the annual review had been undertaken and that no amendments were proposed.

Resolved:

- **For the Corporation to note that there are no changes required to the Policy**
- **For the Clerk to distribute the policy to all Governors,**

12. Self Assessment of Committee Work/Business and annual review of terms of reference

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**

13. Any other Business.

The Committee acknowledged receipt of the letter (dated 14.03.18) from Jacqui Smillie, Deputy Director Provider Risk and Assurance for ESFA . The letter confirms that following a review of the college's financial plan submitted in July 2017 and the audited financial statements and finance record the ESFA concludes that the college's underlying financial health was Outstanding.

The committee also considered the college financial dashboard information compiled by the ESFA which incorporates various key performance indicators and measures. Members asked for the Clerk to circulate the dashboard to all governors – the committee asked however for governors to be informed that:

- only the audited data up to 2016/17 is reliable and comparable
- all learner numbers plotted from 2014/15 to 2017/18 are above recruitment target – the increase and decrease in the recruitment numbers mapped could be misinterpreted.
- the visual presentations are not to scale and again misleading

Resolved:

- **That the letter be received**
- **For the Clerk to circulate the Finance Dashboard March 2018 to all Governors.**

14. . 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.**

15. Determination of confidentiality

For the supporting papers for agenda item 5 to be determined as confidential

For the Financial Forecast and Commentary to be determined as confidential until approved by the Corporation. For information regarding staff restructuring to be determined as confidential until all staff have been notified of the outcome of the consultation.

15. Date of next meeting: to be agreed