



## HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on Monday 28<sup>th</sup> March 2022 from 5.00pm.  
Via Teams

### Confirmed Minutes

**Present:** Mr J Dawson (Chair) , Ms Williams, Mr P Cropper, Mr T Hosker (80% attendance)  
**In attendance:** Mr J Flynn, Ms J Thomas and Mr M Smith-Connor  
**Clerk:** Mrs C Coupland

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

Apologies were received from Mr D Watson. There were no declarations of interest recorded.

#### 2. Minutes from Meeting held on 29th November 2021

##### Resolved:

- That the minutes be accepted as a correct record.

#### 3. Matters arising

##### *Financial Regulations:*

The Clerk confirmed that the recommended changes to the financial regulations had been approved by the Corporation at its meeting in December 2021.

##### *Final Audit Findings Report for the year ended 31st July 2021*

The Clerk confirmed that the Audit Findings Report had been received and approved by the Corporation and that the letter of representations had been duly signed by the Chair and the Principal.

##### *Financial Statement and Members Report 31st July 2021*

The Clerk confirmed that all required signed documents and financial returns had been submitted to the ESFA by the deadline of 31st December 2021 and that the financial statements and Members report had been published on the colleges website.

#### 4. Latest Management Accounts : January 2022

Mr Flynn presented the monthly management accounts for February 2022.

The Committee was advised that all current targets are expected to be met by July 2022. It was confirmed to the committee that the overall operating surplus to date is £588k compared to a budgeted surplus of £104k. The latest forecast surplus for July 2022 is to be £540k compared to a budgeted surplus of £179k; taking into account variances such as underspends against i) staff costs to date of £240k and ii) operating costs of £182k.

Members were advised that cash held as at 28th February was £3.681m (Cash as at 31st January 2022 was £4.179m); The forecasted cash position at 28th February was £2.795 m. Mr Flynn explained that the actual cash position reflects an improvement on the forecast (£0.886m) linked to the current ESFA funding profile, a healthy brought forward cash position from 2020/21, capital expenditure taking place later than expected and Household Support Fund income received from Kirklees. The committee was reminded that 'Cash' includes cash in hand, the main current account, short-term investments, the foreign currency account and other bank accounts but excludes the School Fund.

Mr Flynn confirmed to the committee that the management accounts for January 2022 were provided to the Bank timely to ensure continued compliance with the loan covenant.

Members were also advised that the student number target for 2022/23 stands at 2,763 (actual student number November 2021). The difference of 16 students (target for 2021/22 : 2,779 and actual for 2021/22: 2,763) represents an approximate reduction in programme income of £83,000 in 2022-23. This potential loss of income will be built into budget forecasts going

forward but will be offset by the increase in funding receivable per student as the National Funding Rate has been increased for 16-19 year olds.

The committee was advised that based on the current management accounts forecast, financial health is expected to remain as outstanding to July 2022.

The actual underspend as at February 2022 of £182k for Non-Pay expenditure was considered. It was explained that the variances observed at the end of February are linked to the timing of expenditure incurred to date and will therefore vary as the year progresses. The forecasted position (non-pay expenditure) to year-end is for expenditure overall to be broadly at the budgeted level.

The committee was also reminded that the college is currently in 3-year contracts for gas and electricity supplies. The contract end date for gas is 31st August 2022 and for electricity is 30<sup>th</sup> September 2022. Outcome of an initial market testing exercise conducted in January (before the Russian invasion of Ukraine) was considered and showed a potential increase in energy costs of £1-09k for the year. Mr Flynn confirmed that the increase in budget for 2022/23 can currently be accommodated, markets remain volatile and so the College will continue to monitor and will be seeking further contract figures shortly. The committee welcomed the update.

The committee asked to record their thanks to Mr Flynn for the continued timeliness of monthly management accounts. The quality of the commentaries was also noted as providing comprehensive assurance to the committee on the financial position of the college by clearly addressing key salient points, especially with regards to actual budget variances.

**Resolved:**

- **That the management accounts for February 2022 be received**

**5. Financial Key Performance Indicators: Update**

Mr Flynn reminded the committee that in October 2021, the Corporation had agreed a range of financial performance indicators by building upon existing internal KPIS, as per the strategic plan, and integrating recommended FE commissioner measures.

A copy of the current finance dashboard (February 2022) was considered the committee. Mr Flynn confirmed that the data on the dashboard for 2020/21 (last year) is from the Finance Record submitted to the ESFA in December 2021 with outturn data being used to calculate the financial health measures. Invoice payment data is being calculated monthly and reported quarterly.

The committee agreed that the dashboard allowed Governors to maintain effective oversight of the Colleges financial position though the year, at a glance, by tracking actual progress against performance/forecasts.

**Resolved:**

- **That the dashboard be received by the committee and shared wider with the Corporation.**
- **For all financial KPIS and financial parameters to continue to be reported to Governors on a quarterly basis via the dashboard**

**6. Financial Parameters and KPIS 2022/23**

The committee was asked to consider the financial parameters for the next financial year 2022/23, in light of the current external environment and the planned strategic direction of the college going forward.

Mr Flynn advised the committee that financial parameters are reviewed annually in advance of finalising the draft financial forecast in June and provide a framework, in addition to financial key performance indicators, for setting and monitoring revenue budget for the college.

From the committee's deliberations – it was agreed appropriate to recommend for the college to continue to maintain the three parameters as last approved by the corporation in April 2021:

- Operating expenditure does not exceed income for each period;
- Cash is maintained at a level of £2.1m and
- Financial health is maintained at 'Good' or 'Outstanding' category for the whole period.

Mr Flynn explained that he is currently researching as to what extent the cash held level (first determined in July 2017) is still appropriate given the need to continue to:

- Maintain the financial health of the College at 'Good' or 'Outstanding';
- Ensure the College continues to pass the 'Going Concern' test;
- Ensure that funding is applied to support those learners in College at any given time.

Mr Flynn advised the committee that this work will inform a revised reserves policy that will be brought to Governors at the next meeting (if appropriate). The Committee endorsed this approach.

**Resolved:**

- **To recommend to the Corporation that the existing financial parameters are maintained for the period 2022/23 to form the framework used by the college when setting and managing the revenue budget for the financial year.**

## **7. Board Assurance Framework review: Poor financial management, control and forecasting**

Mr Flynn reminded the committee that members had last reviewed this risk in October 2021 at which at point green assurance had been assigned. (After reviewing in March 2021, June 2021 when amber assurance was assigned).

It was noted that the college continues to receive management accounts, in line with the college's financial regulations. The management accounts for all of 2021/22 are available on Moodle for all Governors as well as emailed to all F&R Committee members.

The committee also acknowledged that the confirmed three year funding deal had secured some of the high external factors influencing longer term financial security. This could now be taken into account for forecasting and modelling purposes with cashflows spanning over more than 12 months to serve as an additional source of assurance for governors.

Time was also spent considering how the college is to manage threat of possible cyber attacks on financial systems in particular. Ms Thomas confirmed that a full IT disaster recovery plan is in place which includes all key college systems including MIS, finance and payroll systems. The committee was advised that the IT Disaster Recovery Plan had been presented to and considered by the Audit Committee at its last meeting. The committee was briefed on the staff training plan in place which also targets training on cyber security for high risk teams. Members were satisfied with the college's response.

After a full discussion the Committee reported to be satisfied that the actions being taken by the college to mitigate against the risk continue to be robust and effective, as demonstrated by the comprehensive assurance report. Members were also confident in the different levels of assurances identified. The committee therefore agreed that an overall green assurance level shall be re-assigned to this specific risk.

### **Resolved:**

- **For green assurance level to remain assigned to this risk.**
- **For the Clerk to update the Master BAF**

## **8. Significant Capital Schemes,: Update**

### Expansion build

Ms Thomas confirmed that the build is progressing but had incurred a 2 week delay since the client tender decision period commenced on 23/03/22; the delay is to enable tender returns to better achieve excellent BREEM ratings. The committee was advised that the initial timeframe had planned for 4 week cushion – this therefore should not detract from completion date.

Ms Thomas explained that the monthly returns, that are required by the Department for Education Post-16 Capacity Fund Team, have been submitted accurately, to cost and on a timely basis. Project meetings are ongoing with the architects (AHR) and the College.

The committee openly reflected on the possible implications of any increased costs to the programme given current national circumstances. All present were mindful that the initial expansion build costs were generous but further hikes are out of the college's control. It may therefore be necessary for the Property Strategy group, post tender opening, to revisit affordability of build specifications in order to best support deliverability of this project ensuring value for money.

### Capital Scheme Projects

Ms Thomas took this opportunity to appraise members on the status (including goal, timeframe and budget) of all remaining elements of the property strategy for 2021/22 to ensure that the college can accommodate the growth already experienced in student numbers. All projects support the new strategic objectives in the new Strategic Plan 2021-24.

Ms Thomas confirmed that all 2021/22 significant capital scheme projects were costed, affordable, and are shown as capital spend in the monthly management accounts and financial forecasts presented to SLT and the F & R committee. The investment had been made possible from increased student number recruitment resulting in in-year growth funding, operational savings (mainly Covid-19 related) in 2020/21, and has no impact on reserves.

The Committee was advised that the prioritised projects had been carefully considered by SLT as needed to support teaching and learning and improve the student experience. The proposed timeframes had also been taken into account as well as the impact on the capital project spend profile to ensure cash flow is not adversely affected. Ms Thomas confirmed that formal planning and consultations are underway. As they are individual projects, they are below the capital approval limit.

### **Resolved:**

- That the updates be received
- To continue to oversee the property strategy and its associated costs, on behalf of the corporation.
- For members of the sub-group to continue to support the senior leadership team with the tender process as per the financial regulations.

## 9. Health and Safety Mid-Year Report

Ms Thomas presented the report to the committee. She reminded members that the purpose of the report is to provide Governors with an oversight of Health and Safety activity and the required high level compliance testing in addition to the Standard level compliance testing.

Ms Thomas confirmed that there has been one reportable incident in the period September 2021 to March 2022. The committee was briefed on the known details of the incident, members were advised that no serious injury was sustained and that hospitalisation was not required. The Committee sought additional information at its next meeting to better understand how the risk arose and the level of investigations undertaken to date in order to inform risk assessments and help develop solutions to potential future risks as appropriate.

The committee noted that a total of 109 accidents have been reported to date. This is a significant increase compared to last year but this reflects the impact of COVID 19 and the restricted opening of the college in previous years.

### Resolved:

- That the mid year H&S report be received
- For Ms Thomas to provide additional information to the committee at its next meeting on the reported incident.

## 10. Any other Business.

There was no other business to be considered.

## 11. 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:

- Financial parameters contribute to the effective oversight of college financial performance by governors and other stakeholders and allow judgements and improvements to be made in terms of financial efficiency.
- Assurance received that the college is able to financially support all elements of the strategic plan for the college, potentially impacting on all areas of student learning, experience and outcome.
- The Committee agrees to the redevelopment opportunities for the campus in order to safely accommodate growth in student numbers so as to not impact on quality of teaching and learning experience.
- Provision of performance indicator information allows Governors to see how the College will be judged by the ESFA, FE Commissioner and other stakeholders, supports effective oversight of College financial performance and allows judgements and improvements to be made in terms of financial efficiency.
- The committee continues to focus, scrutinise, challenge and support the college leadership team in sustaining and improving (where necessary) campus compliance with health and safety requirements.
- The F&R Committee has fulfilled its delegated responsibilities.

## 12. Determination of confidentiality

It was determined that the supporting papers for agenda items 5 and 7 are to be determined as confidential.

14. Date of next meeting: 27<sup>th</sup> June 2022 from 5pm via Teams.