

# WOKING COLLEGE

## MINUTES OF THE MEETING OF THE FINANCE & POLICY COMMITTEE HELD ON WEDNESDAY 15 NOVEMBER 2017

Mr J. Moffat\*- Chair

Miss S. Dhanjal  
Mr B. Freeman\*  
Dr. M. Mulheron\*  
Mr. T. Spraggs\*  
Mr R. Volo\*

\* Present

### In Attendance:

Ms K. Mercer - Finance Director  
Mrs H Meredith - Clerk to the Trustees

1.	<b>APOLOGIES FOR ABSENCE, QUORUM AND DECLARATION OF INTEREST</b>	<b>ACTION</b>
1.1	Apologies were received from Dr Mulheron in anticipation of arriving late and from Ms Dhanjal who was absent from the meeting. The Clerk confirmed that the meeting was quorate.	
1.2	There were no declarations of interest at the meeting.	
<b>2.</b>	<b>ELECTION OF VICE-CHAIR</b> <i>[This item was deferred to the end of the meeting until after the arrival of Dr Mulheron]</i>	
2.1	Mr Spraggs was proposed by Mr Volo and seconded by Dr Mulheron and was elected as Vice-chair of the Committee.	
<b>3.</b>	<b>MINUTES OF (PRE-ACADEMISATION) MINUTES OF THE MEETING OF 22 JUNE 2017</b>	
3.1	<u>Accuracy.</u> The Minutes, which had been presented to the July Corporation meeting, were accepted as an accurate record and were signed by the Chair.	
3.2	<u>Matters arising.</u> <u>Item 5.2 Five Year Planned Maintenance Report</u> The update on the Five year Maintenance Plan will be presented to the meeting of the SAT Board on 29 November.  <u>Item 9 Bids to Condition Improvement Fund</u> The Principal reported that the Appeal in relation to the CIF bid for funding for work on the roof was unsuccessful. The College has since arranged to carry out the most urgent work on the main building to prevent recurrent leaks (some of this currently underway) at a cost to the College of £12k. The College has submitted a bid for a 2018-19 grant for £400k to re-roof the Health and Social Care building and the Top Block with roofs intended to last for 30 years.	
<b>4.</b>	<b>REVIEW OF COMMITTEE TERMS OF REFERENCE</b>	
4.1	Members noted that as an Academy the College is required to have a Finance Committee but that as the College has income less than £10m, Woking College is not required to have an Audit Committee. Members were reminded that the SAT Board of Woking College following academisation decided to continue to have separate Audit and Finance Committees. Proposed Terms of Reference for the Finance Committee largely based on	

<p>4.2</p> <p>4.3</p>	<p>the previous Terms of Reference were prepared by the Clerk and discussed by the committee, noting that the committee's role is to advise the Academy Trust Board on the finances of the College – revenue and capital and other matters relating to employment, corporate policies and finance.</p> <p>The Chair asked about how the committee can ensure each year that it has carried out every duty listed particularly in relation to staffing terms and conditions. It was <b>agreed</b> that at the June meeting, when the draft budget is presented for approval the Principal could produce an Annual Report to assist with this, for example confirming that sick pay and maternity pay has been paid in accordance with the SFCA terms and conditions and that the budget allows for sufficient resources to allow the College to comply with its obligations under Health and Safety legislation.</p> <p>After discussion an amendment was agreed to the draft Terms of Reference and it was <b>agreed to recommend</b> the Terms of Reference as attached to these minutes as Appendix 1 to the Academy Trust Board for approval.</p>	<p><b>ACTION</b></p> <p>Principal</p>
<p>5.1.1</p> <p>5.1.2</p> <p>5.1.3</p> <p>5.1.4</p> <p>5.1.5</p>	<p><b>5. FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017</b></p> <p>The Finance Director reported on having attended the presentation by the auditors of the Financial Statements for the year ended 31 July 2017 at the Audit Committee meeting, which members of the Finance Committee can attend each year. The recommendation to the Academy Trust Board to approve and sign the Financial statements and the Letter of Representation as the successor body to the Corporation is the responsibility of the Audit Committee.</p> <p>The Financial Statements are for an extended 13 month period due to the transition from the previous 31<sup>st</sup> July year-end to a 31<sup>st</sup> August year-end as an academy. Several outstanding points were awaited from the auditors arising from the conversion to an academy including the issue of their new engagement letter and the letter of representation.</p> <p>Members were pleased to note that the college remains financially healthy and that the college will be given an unqualified Financial Statements Audit opinion and an unqualified Regularity Audit Opinion by the auditors. There were no significant issues that the auditors wished to draw to the attention of the Academy Trust Board.</p> <p>Members noted that following the academy conversion the College's 16/17 financial period spanned two funding allocations. Funding of 12.56% of the FE 17/18 allocation was received in August 2017 under the previous FE funding arrangements. The College's treatment to recognise only 8.33% (1/12<sup>th</sup>) of the funding was agreed by the auditors. The remainder was treated as a payment on account for 17/18 and will be included in the accounts for the year ending 31/8/18.</p> <p>Members noted that the College generated a surplus for the thirteen month period of £512k, prior to the £272k actuarial gain in respect of pension schemes. The improved result was driven mainly by the release of the £330k holiday pay accrual, and the increase in ESFA funding for August 2017 being more than the costs of August 2018. The College's new financial period end and holiday year end are now coterminous. Accordingly, the holiday pay accrual has been released in the 16/17 financial statements as there are no significant accrued staff benefits as 31 August 2017 and has been treated as a £330k reduction in staff costs, separately analysed for transparency in note 6 to the draft accounts.</p>	
<p>5.2</p>	<p><b>RECONCILIATION BETWEEN MANAGEMENT ACCOUNTS AND FINANCIAL ACCOUNTS</b></p> <p>The Finance Director presented a reconciliation of the management accounts to the financial accounts detailing the main adjustment as the release of holiday pay accrual as detailed above.</p>	

6.	<b>MANAGEMENT ACCOUNTS to OCTOBER 2017</b>	<b>ACTION</b>									
6.1	The Finance Director presented the October 2017 management accounts explaining that these are presented in a similar format to those used prior to conversion to an academy. The Finance Director explained that academy accounts do not include depreciation and release of deferred capital grants as these are dealt with in a capital account and not in the income and expenditure account. The committee <b>agreed</b> to review the ongoing presentation of the management accounts, next June.	Finance Committee									
6.2	The management accounts showed an operating surplus of £158K which is £32K better than the budgeted surplus to date mainly due to timing differences. However the forecast for the year has been reduced from £161K to £125K. This is mainly due to reduction in High Needs income. Members discussed a drop in High Needs funding from Surrey County Council for the current year which will have a negative variance on the forecast surplus for the year. Surrey County Council are also trying to re-open last year's funding and the ESFA may possibly seek a claw-back next year as actual High Needs number in 17/18 are lower than the funded numbers. Members asked about the impact of this change to funding on the College's Strategic Plan to be an inclusive College and the Principal confirmed that the College will always try to assist students who can be bettered by coming to the college but that the needs of these students have to be balanced with those of the other students .										
6.3	Members noted one positive variance that LGPS pension contributions have dropped by £18k as the College is deemed by the pension fund to be less risky as an Academy.										
6.4	Members noted that applying the solvency (Charity Commission Tests) the cash flow and cash days in hand demonstrated that the College can pay its debts as they fall due.										
6.5	The Finance Director will present a Reserves Policy to the next meeting for review.	Finance Director									
6.6	It was <b>agreed to recommend</b> the Management Accounts to October 2017 for approval to the Academy Trust Board.										
<b>7.</b>	<b>TWO YEAR FINANCIAL FORECAST 17/18 and 18/ 19</b>										
7.1	The Finance Director reported that the College (prior to conversion as an academy) was required to submit two year forecasts to the ESFA. Although academies do not have to submit two year forecasts it was <b>agreed</b> to retain the practice as a good financial management tool.										
7.2	The Finance Director reported that the two year forecasts approved at the June 2017 Finance and Policy Committee meeting have been revised downward, the major change being in 2018/19 due to 20 fewer students enrolling in September 2017, resulting in £92K reduction in income. The cash balance would however remain healthy at £1,528K after the assumption that £100K is spent on capital. The 2018/19 forecast will be reviewed in more detail as part of the budget process at the next meeting.										
7.3	<b>Forecast as at June 2017</b>										
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7.4	The Finance Director reported that there is no financial grading process for academies. Applying the EFSA grading scores for FE colleges based on the revised forecasts for 2017/18 and 2018/19 the College would still score as having Outstanding financial health.	<b>ACTION</b>
<b>8.</b>  8.1  8.2  8.3  8.4	<b>SCHEME OF DELEGATION</b>  The Clerk presented a draft Scheme of Delegation for recommendation to the Trust Board for approval explain that the Academy Trust Board may delegate operational matters to executive leaders and governance functions to committees or in some cases to individuals, subject to the terms of the Articles of Association. Members noted that Academies are required to publish a Scheme of Delegation on the Academy's website.  Members reviewed the draft scheme of delegation in detail and agreed some amendments to this.  <i><b>It was agreed to recommend the Scheme of Delegation for approval</b></i> by the Academy Trust Board and for annual review with the College's Financial Regulations.  There was then a further discussion in which it was agreed to ask the Trust Board to delegate to this Committee the approval of financial and human resources policies. If agreed, the Committee Terms of Reference and Scheme of Delegation would need to be amended to reflect this. It was agreed that the Principal and Clerk would prepare a list of which policies proposed for delegation for approval by this committee and which should be approved by the Board.	Principal/ Clerk
<b>9.</b>  9.1  9.2  9.3  9.4	<b>POLICIES FOR REVIEW</b>  <u><b>Disciplinary &amp; Capability Procedure</b></u> <u><b>Grievance Procedure.</b></u>  The Principal presented a reviewed Disciplinary & Capability Procedure based on a SFCFA model procedure which had been reviewed in consultation with the College's personnel consultants. The Principal also presented an updated Grievance procedure based on the College's existing Grievance Procedure.  After discussion it was agreed that Clause 11 of the draft Disciplinary & Capability Procedure should be revised to provide that if an appeal involves the dismissal of a member of staff a governors' committee will be formed (and that the Chair of the Academy Trust will not hold appeals on his / her own.)  In response to questions from Trustees the Principal <i><b>agreed</b></i> to check that the College Safeguarding Policy covers issues outside college activities such as staff other than engaged on college activities and students on work experience.  <i><b>It was agreed to recommend</b></i> the two Procedures for approval by the Academy Trust Board subject to making the alternation to Clause 11 re Appeals.	Principal
<b>10.</b>  10.1	<b>DATE AND TIME FOR NEXT MEETING</b>  The next meeting will take place on Wednesday 28 February 2018 at 6:30pm  The meeting closed at 7:50 p.m.  H M Meredith , Clerk to the Committee  Signed: .....Date:.....	

# TERMS OF REFERENCE FOR THE FINANCE & POLICY COMMITTEE

## BACKGROUND

- 1.1 The Finance and Planning Committee is a Committee of the Academy Trust Board and has no executive powers or operational responsibilities / duties.
- 1.2 The committee is responsible for exercising the duties of the Academy Trust Board in relation to monitoring and evaluating the deployment of resources so as to maximise the success of the College.
- 1.3 The role of the Committee is to ensure that public funds are used for the purpose approved by Parliament, and are properly accounted for in accordance with the rules laid down by the college's funding bodies. The committee is also responsible for exercising the duties of the Academy Trust Board in relation to setting the terms and conditions for all members of staff, currently based on the SFCA terms and conditions.

## AIM

- 2.1 This document sets out the terms of reference under which the members of the Finance & Policy Committee will carry out their duties.

## DUTIES

- 3.1 The members are to advise on the finances of the College either revenue or capital and such other matters relating to employment and certain corporate policies or finance as the Academy Trust Board may remit to them such as financial regulations / delegations / procedures or staffing policies.
- 3.2 In particular they are to review and make recommendations to the Academy Trust Board in relation to:
  - 3.2.1 The Academy's annual revenue and capital budgets which reflect the priorities in the Academy's Strategic Plan and ensure value for money ;
  - 3.2.2 Effective medium and longer-term budgeting and operational planning including assumptions about student numbers, income, staff, and premises developments;
  - 3.2.3 Overseeing budget monitoring through receiving reports on the financial position at each meeting and ensuring corrective action takes place when required;
  - 3.2.4 Ensuring that the requirements of the funding agreement with the Funding Body are fulfilled to maintain financial solvency;
  - 3.2.5 The deployment of financial resources within the College, including:
    - Budget monitoring throughout the year
    - Any staffing, operational or financial issues
    - Compliance with financial and staffing policies of the trust
    - Health and Safety compliance
    - Compliance with equalities and accessibility legislation
    - The approach to investing any surplus funds

- 3.2.6 Benchmarking of the financial performance of the College against other local Colleges and similar Colleges.
- 3.2.7 The tuition and other fees payable Policy.
- 3.2.8 Academy Trust financial policy.
- 3.2.9 The staffing framework and senior posts.
- 3.2.10 Rules for the conduct of staff.
- 3.2.11 Any other matters as directed by the Academy Trust Board

## **COMPOSITION**

- 4.1 The Finance & Policy Committee is to comprise a maximum of 6 members, the Principal and five other members. Members of the Finance & Policy Committee may not also serve on the Audit Committee.
- 4.2 The Finance and Policy Committee may co-opt advisers to attend meetings but must ensure that it maintains its independence when considering the appointment of members. Other members of the Academy Trust Board may attend Finance and Policy Committee meetings. These persons may speak and otherwise take part in the meeting on a consultative basis.
- 4.3 The Finance Director and other members of the Academy Trust staff may be invited to attend meetings, but will have no voting rights.
- 4.4 The Clerk to the Trustees is to act as Clerk to the Committee.
- 4.5 The quorum for a meeting is 3 members with a majority who are members of the Academy Trust Board.
- 4.6 The Committee shall at the first meeting of each academic year elect one member to act as Chair of the Committee and one to act as Vice-Chair of the Committee. No person may act as Chair unless they are also a member of the Trust Board.

## **FREQUENCY OF MEETINGS**

- 5.1 The Finance & Policy Committee is to meet at least once every term, normally two weeks preceding the meeting of the Academy Trust Board., or at any other times as directed by the Academy Trust Board or by the Committee Chair.

## **REPORTING**

- 6.1 The Chair of the Finance & Policy Committee is to report to the Academy Trust Board.

Reviewed November 2017  
Next review November 2018