



MINUTES OF THE OF MEETING OF THE FINANCE COMMITTEE HELD 20 NOVEMBER 2015

Present:	Mr P Dubrow	-Chair
	Mr C Porter	
	Mr N Coffin	
In attendance	Mr J Allen	- Clerk
	Mr M Lumsdon-Taylor	- Group Director Finance & Resources
	Ms L Brown	- Group Vice Principal
	Ms P Powditch	- Assistant Director of Finance
	Mr D Blythe	- RSM

The meeting commenced at 11.25

WELCOME, APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

1. Apologies were received from Mr P Hannan and Mr G Cutress. There were no declared interests against any agenda item.

MINUTES

2. It was **RESOLVED** that the minutes of the Part I meeting of the Committee held 18 June 2015 be approved as a correct record and signed by the Chair.

3. It was **RESOLVED** that the confidential minutes of the Part III meeting of the Committee held 18 June 2015 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

4. The '*Summary Action List*' was received. The Committee noted advice received from the independent review of the College's past VAT payments that there was very little opportunity to seek any VAT rebate. It was agreed to close this action point. It was confirmed the action point on revising the monitoring framework had been completed and was an agenda item. The remaining action point, the categories for staff leavers, was also an agenda item.

5. There were no matters arising from the minutes and it was **RESOLVED** to note the '*Summary Action List*'.

PERFORMANCE REPORT

6. The College '*Performance Report*' for up to Period 2 was received. The report covered the following:

- College Operations to date

- Income & Expenditure Account & balance Sheet
- Cash flow actual to date
- Capital expenditure to date
- Projections to 31 July 2016
 - Income and Expenditure projection
 - Capital budget projections
 - Cash flow projections
- Performance Indicators and Risk Assessment
- Appendices
 - Headline management accounts to 31 October 2014
 - Detailed cash flows including projections to 31 July 2016
 - Headline capital reports including projections to 31 July 2016
 - Detailed Year-end projections to 31 July 2016
 - Supplier Payment Analysis
 - College Benchmarks
 - Hadlow Rural Community School Income & Expenditure projections to 31 July 2016

7. The following key points were noted:

- (i) The College is showing a £60,000 profit for the period
- (ii) College cash flow remains ahead of planned budget.
- (iii) Revenue capital spend is in line with the agreed budget.
- (iv) Total borrowing stands at 28% of College turnover. The College's present fiscal rule is not to borrow above 30% global.
- (v) The forecast College year-end surplus is £376,000 against the budget of £376,000 and there are no reasons to move from the original budget at this stage, as recruitment numbers have held up well.
- (vi) Commercial arms show a net profit of £21,000 against £40,000 budget and reasons for the variances were outlined in the report.
- (vii) All 5 key financial performance indicators were achieved as at 30 September 2015 and are forecast is for these all to be achieved at year-end.

8. As resolved by the Board, the Committee is required to monitor the financial performance of the Hadlow Rural Community School (HRCS) at each meeting. The Board at its meeting in July set the target for HRCS to achieve a breakeven position at year end. The Committee reviewed the appendice that showed current income and expenditure forecasts. The year-end target set by the Board is on target to be met but there still is a considerable amount of work to be done to achieve this.

9. In terms of monitoring the financial performance of HRCS in between meetings of the Committee, it was **AGREED** for the Group Director of Finance to make available each month to the Chair of the Committee the Income and Expenditure spreadsheet and to provide an explanation on any variance greater than 5% on any income/expenditure line.

10. It was **RESOLVED** to note the Performance Report.

11. There took place a detailed discussion on the likely impact of the Comprehensive Spending Review (CSR) that is due to be announced on 25 November. The Group Director of Finance stated that the impact could be significant, especially for adult provision. The Executive are already in the process of carrying out the modelling of different funding cut scenarios and the likely impact on the

delivery of the curriculum. Significant changes to the curriculum may be required depending on the CSR announcements.

12. Once the CSR details have been announced, the Executive will review the impact and the Group Director of Finance will present a pre-budget statement at the next meeting of the Committee.

FINANCIAL STATEMENT AND YEAR END ACCOUNTS 31 JULY 2015

13. The '*Financial Statements and Year End Accounts 31 July 2015*' were received. In attendance was Mr D Blythe (RSM). Attached to the accounts were the '*Audit Findings Report*' and '*Letters of Representation*' that will be considered by the Audit Committee. Also made available were the year-end accounts for the Students Union.

14. The Group Director of Finance commented that the audit went well. However there were some internal issues on the processes required to support the preparation of the accounts. With the announced retirement of the Head of Finance at West Kent & Ashford College, this gave the opportunity to conduct a full review of the finance function within the Hadlow Group. The outcomes of the review to be made available to the Committee.

15. The Financial Statements confirmed a surplus of £259k.

16. It was confirmed that the College would retain a 'Good' SFA financial health assessment at 31 July 2015.

17. The '*Audit Findings Report*' confirmed an unqualified opinion on both the financial statements and regularity audit with no control issues identified.

18. The Committee reviewed the Accounting Policy outlined in the Financial Statements. It was noted there were proposed changes to the Accounting Policy from 01 August 2016 based on FRS102, and it was agreed to receive an update on this at the next meeting.

19. It was **RESOLVED**

- (i) To recommend that the Board at its meeting on 10 December 2015 approve the College's '*Financial Statement and Year End Accounts 31 July 2015*';
- (ii) To note the '*Audit Findings Report*' from RSM
- (iii) To note the College's Accounting Policy; and
- (iv) To note the year-end accounts for the Student Union.

20. The '*Audit Findings Report*' noted the continuing carrying forward of a debt of £612,000 due from Marpaul which becomes payable once Marpaul complete the building of new homes on the College's previous Maidstone site and become entitled to HCA grants. The Group Director of Finance confirmed he attended a meeting with HCA on 13 November where HCA indicated possible payment of the grants due to a change in government policy. Therefore there is more optimism that the College will receive payment against the debt, either full payment or part payment. It was **AGREED** to keep the Committee updated on this.

(The auditor from RSM left the meeting at this point)

CAPITAL PORTFOLIO UPDATE

21. The College paper '*Capital Portfolio Update Report*' was received. The report provided the Committee with a progress update on internal and external capital projects.

22. It was noted that there were no resolutions for the Committee to consider.

23. The report provided the Committee with an update on the Betteshanger Project. It was noted the formation of a Betteshanger Board and that three governors have been invited to be Board members.

24. It was **RESOLVED** to note the report.

ANNUAL HUMAN RESOURCE REPORT

(Ms J Salzer, Group Director of HR, was in attendance for this agenda item)

25. The College report '*Annual HR Report 2014/15*' was received. The report provided a detailed commentary on:

- Context and changes in Human Resources delivery
- Staff turnover
- Staff profile – age, gender, ethnicity, disability and length of service
- Absence
- Staff disputes
- Benchmarking Data
- Future Developments & Initiatives

26. The Committee noted the following key points:

- (i) Staff turnover was at 20.7% compared with 20.6% for the same period last year. The current turnover is above the sector average of 17.9% confirmed in published data from the Association of College and above the South East Sector data of 19.4%. There were 31 leavers in curriculum and 35 in support roles. The majority of leavers in support roles were on part-time contracts.
- (ii) The staff absence rate was confirmed at 6.9 working days per employee, an increase of 1.5 days on 2013/14. Although an increase, the figure of 6.9 is below the national average of 7.4 quoted by CIPD and the public sector average of 8.2 days.
- (iii) There were no Employment Tribunal disputes during 2014/15.

27. It was **RESOLVED** to note the report and the Committee thanked the Group Director of HR for the thoroughness of the report.

(Ms J Salzer left the meeting at this point)

TENDERS

28. The College termly report '*Tenders*' was received. The Committee received details of all tender outcomes with confirmation that the College's Financial Regulations were followed.

29. It was **RESOLVED** to note the report.

HEALTH & SAFETY

30. The Committee received and **NOTED** the Health & Safety Termly Report and the summary of the College's access audit conducted this month.

MONITORING OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

31. The College report '*Monitoring of College Performance*' was received (copy attached to the signed minutes). The Committee is responsible for making assessments in the two areas of finance & estates; and staff & human resources.

32. Against the 14 agreed performance indicators for the area of finance & estates, one 'Amber' assessment was recorded against debtor days. All other assessments were confirmed as 'Green'. It was **AGREED** to inform the Board of a 'Green' assessment (No concern/No risk) against finance and estates.

33. Against the 9 agreed performance indicators of the area of staff & human resources, 'Amber' assessments were recorded against current staff turnover and current staff vacancies. As turnover and vacancies can impact on the delivery of the curriculum and be detrimental to the student experience with having to arrange cover and or use of agency staff, it was **AGREED** to inform the Board of an 'Amber' assessment (Some concern/Some risk) against staff and human resources.

34. It was **RESOLVED** to inform the Board of the following assessments:

Finance & Estates	No Risk/No Concern
Staff & Human resources	Some Risk/Some Concern

ANY OTHER BUSINESS

35. There was no other business.

DATE OF NEXT MEETING

36. Thursday 26 February 2016 @ 13.15

The meeting closed at 11.40

Signed: _____ Date: _____
(Chair)

CURRENT FC&R SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	REVIEW DATE
9	In terms of monitoring the financial performance of HRCS in between meetings of the Committee, it was AGREED for the Group Director of Finance to make available each month to the Chair of the Committee the	26/2/16

	Income and Expenditure spreadsheet and to provide an explanation on any variance greater than 5% on any income/expenditure line.	
12	To present a pre-budget statement at the next meeting of the Committee	26/2/16
14	A review of the finance function within the Hadlow Group to be conducted and the outcomes of the review to be made available at the next meeting of the Committee.	26/2/16
18	FRS102 Briefing at the next meeting	26/2/16
20	Debt of £612,000 due from Marpaul when Marpaul become entitled to HCA grants – to keep the Committee informed on developments	26/2/16