



FINANCE COMMITTEE
TERMS OF REFERENCE

MEMBERSHIP:

Governors	C Carter (Chair) J Ferguson Dr. P Phillips, Principal and Chief Executive Mark Canniford (Vice Chair) Gemma Day
In attendance	L Burlison, Clerk to the Corporation P Sloman, Director of Finance A Lloyd (Minute secretary)

DATE REVIEWED: **November 2017**



WESTON COLLEGE CORPORATION

FINANCE COMMITTEE

TERMS OF REFERENCE

1. AUTHORITY

- 1.1 This is not a statutory committee but has been established to assist the Corporation in meeting its responsibilities as outlined in the Instrument and Articles of Government (March 2012) in particular:

- 1.1.1 The effective use of resources, the solvency of the institution and the Corporation and safeguarding their assets.
- 1.1.2 Approving annual estimates of income and expenditure.
- 1.1.3 Setting a framework for the pay and conditions of service of all other staff (except holders of senior posts).

- 1.2 Extract from Financial Memorandum 2006 (para. 11-16) states:

- 1.2.1 The Corporation of the College is responsible for ensuring that the College's funds are used only in accordance with the Corporation's powers.
- 1.2.2 The Corporation has wide discretion over its use of the College funds and must ensure it uses its discretion reasonably.
- 1.2.3 The Corporation is ultimately responsible for the proper stewardship of College funds.
- 1.2.4 The Committee exercises both delegated executive authority on behalf of and an advisory function to the Corporation.

2. DELEGATED AUTHORITY

- 2.1 To approve the College's Fees Policies.
- 2.2 To review and agree Financial Performance Indicators (FPIs) for the Board on an annual basis.
- 2.3 To approve the method of allocation of Learner Support Funds.

- 2.4 To approve and monitor a Governors' Expenses Scheme.
- 2.5 To approve the Student Union Budget as submitted by the Student Union.
- 2.6 To receive reports on the Teachers Pension Scheme and the Local Government Pension Scheme and to approve any locally determined variations to the schemes including provisions for early retirement together with the financial effects of any individual case.
- 2.7 To approve the write off of bad debts where individual items are between £1,000 and £5000. Any bad debt in excess of this should be referred to the full Corporation. N.B. The Principal has delegated authority to write off individual debts of less than £1,000, which will be reported to the Committee.
- 2.8 To approve, review and monitor, as appropriate, matters such as:-

- (i) the financial methods of the College;
- (ii) the budgeting process;
- (iii) bids for capital equipment and minor works; *
- (iv) financing of capital projects (subject to above);
- (v) the internal controls of the College in conjunction with the Audit Committee;
- (vi) any delegated actions by the Principal or Chair of Corporation;
- (viii) any decisions or approvals required by the College's Financial Regulations including any waiver of Financial Regulations - the latter being reported to the Audit Committee;
- (ix) the results of internal and external benchmarking exercises, cost base reviews and "value for money" exercises;

* In connection with (iii) above, to approve a schedule of capital items costing £40,000 or more and less than £100,000. This schedule should include leased capital items where the total capital value of the leasing arrangement is in excess of £2,000. Full details of individual capital schemes costing £40,000 or more must be recommended to the Corporation for approval.

- 2.9 To take decisions (within the Committee's delegated limits) relating to capital projects where no meeting of the Capital Project Working Group has taken place (reference Point 8).

3. **MEMBERSHIP:** Principal and Chief Executive
4 Governors

In Attendance: Clerk to the Corporation
Finance Director
Minute Secretary

- 3.1 The Chair of the Finance Committee shall not be the Chair of the Corporation.
- 3.2 Members of the Audit Committee must not be members of the Finance

Committee.

- 3.3 If it is proposed that staff members are members of the Finance Committee, any potential conflict of interest matters should be explored before membership is confirmed.
- 3.4 A Vice Chair will be appointed to ensure that meetings can go ahead in the absence of the Chair.

4. QUORUM

The quorum for each meeting shall be 3 members.

5. MEETING CYCLE

Six meetings are currently scheduled per year. The Principal may also hold interim meetings if required with the Chair of Finance, the Clerk is in attendance.

6. DECLARATIONS OF INTEREST

Standing Orders relating to disclosure of interest apply to Committee meetings in the same way as they apply to Corporation meetings.

7. TERMS OF REFERENCE

The prime role of this Committee is to ensure that the College is best placed to maximise its income for both Capital and Revenue Expenditure in recognition of the needs of the College to be an Outstanding provider in both FE/HE activity.

- 7.1 To recommend to the Corporation the Weston College and Weston College Group Annual Revenue Budgets estimates of income and expenditure together with the relevant Balance Sheet and Cash Flow forecast prior to the relevant financial year. Monitoring against that budget on a monthly basis through the Management Accounts and ongoing projection of surplus. To achieve an annual surplus as agreed on an annual basis.
- 7.2 The Committee is to confirm to the Corporation the financial health category and status of the College. The Committee will simultaneously ensure that the College maximises its opportunities for Capital and curriculum investment.
- 7.3 To receive reports on the financial position of the College and to provide timely and comprehensive advice, information and recommendations to enable the Corporation to ensure its solvency and the safeguarding of its assets.

- 7.4 To recommend the College's Three year Financial Forecast to the Corporation and to the Funding Agencies for the forthcoming year. Information to be converted into the Weston College Management Accounts forecast.
- 7.5 To monitor and ensure at all times the effective and efficient use of resources within the institution and to make appropriate recommendations to the Corporation.
- 7.6 To make recommendations to the Corporation on all major policy or strategic issues with financial implications, including fundamental cost base reviews, as required.
- 7.7 To make recommendations to the Corporation wherever secured and unsecured borrowing or loans are required for short or long term purposes.
- 7.8 To scrutinise any reports on the lease of assets for more than one year or any agreement, contract or arrangement involving the acquisition or disposal of any interest in land or buildings and to provide relevant detailed information and make appropriate recommendations to the Corporation.
- 7.9 To recommend any contracts entered into with significant financial implications to the Corporation for approval.
- 7.10 To consider and recommend for the approval of the Corporation any revisions to the College's Financial Regulations and to continually monitor the effectiveness of the College's Financial Regulations and Procedures.
- 7.11 To work with management to agree and recommend for the approval of the Corporation the three year financial forecast and any mid-year update thereof.
- 7.12 To receive regular financial reports and statements, including management accounts, a summary statement of activity, cash flow profile, balance sheet, financial forecasts including a 12 months rolling cash flow forecast, schedule of staff numbers, faculty activity reports and debtors summary.
- 7.13 To regularly monitor the College's Medium Term (3 year) cash flow forecast.
- 7.14 To consider all urgent items of a financial nature referred by the Corporation where detailed investigations are required.
- 7.15 To receive the audited annual accounts of the Student Union.
- 7.16 To approve the Student Union Budget.

- 7.17 To receive an annual report on the College's insurance arrangements and termly reporting of claims/potential liabilities.
- 7.18 To receive financial reports relating to the College's Estate, as appropriate.
- 7.19 To receive financial reports on the outcomes of any tendering exercise and make appropriate recommendations to the Corporation.
- 7.20 To receive regular progress data reports on all College activities.
- 7.21 To receive regular reports of enrolments against funding allocation targets and ILR submissions.
- 7.22 To review periodically and to receive an annual report on the levels of travel and subsistence, overseas travel and any College credit card expenditure.
- 7.23 To receive regular reports and to monitor the College's performance by subsidiary company, faculty and non-academic division.
- 7.24 Establish Working Parties in response to individual circumstances, as and when these arise.
- 7.25 To ensure that the College operates within the financial covenants associated with any loans.
- 7.26. To monitor the financial implications of the College's Risk Management strategies in conjunction with the Audit Committee as necessary.
- 7.27. To consider any other items referred by the Corporation, its other Committees or by College management.
- 7.28 To monitor the financial aspect of the sponsorship agreement with the Multi-Academy Trust.

8. CAPITAL / REVENUE PROJECT WORKING GROUP

- 8.1 The Finance Committee will work with the Capital / Revenue Project Working Group to determine and monitor delivery of the College's accommodation strategy.

9. ADDITIONAL INFORMATION

- 9.1 Any land and buildings transactions, where the total cost exceeds £1,500,000 or 5% of annual turnover may require the consent of the relevant funding body.
- 9.2 Secured or unsecured borrowing/loans may require the prior written

consent of the relevant funding body.

**These Terms of Reference were approved by Corporation on 14th
December 2017**

FINANCE COMMITTEE

Ref:	Achieved By	Frequency
7.1	Recommendation of the Annual Budgets prior to the commencement of each financial year and monitoring against that budget on a monthly basis through the Management Accounts. To agree and achieve an annual surplus.	<ul style="list-style-type: none"> Recommendation of Annual Budget May/ July Monitoring of Management Accounts - at each meeting
7.2	Confirmation of the Financial Status to the Corporation on an annual basis.	<ul style="list-style-type: none"> Confirmation of Financial Status annually in July
7.3	Management Accounts showing monthly, year to date, and projected outcome. Information for surplus and cash balance.	<ul style="list-style-type: none"> Produced Monthly
7.4	Recommendation of the College's Three Year Financial Forecast to be submitted to the Funding Agencies for the forthcoming year. Information converted to Weston College Management Accounts forecast.	<ul style="list-style-type: none"> Three Year Financial Forecast approval - July
7.5	To receive monthly Management Accounts together with reports regarding staffing levels, capital and partner/franchising arrangements	<ul style="list-style-type: none"> Management Accounts - monthly. Staffing and capital - twice yearly Partnership and Franchise arrangements - termly
7.6	To consider the financial implication of all capital developments/college restructures or other major strategic issues	<ul style="list-style-type: none"> As presented
7.7	By report to the Finance Committee outlining the rationale, requirement and timing of borrowings or loans	<ul style="list-style-type: none"> As presented
7.8	An individual Report outlining the rationale, requirement and timing of any leases or disposals of interest in land	<ul style="list-style-type: none"> As presented
7.9	Contracts to be scrutinised prior to recommendation to the Corporation.	<ul style="list-style-type: none"> As presented
7.10	Review of the Financial Regulations and consideration of management proposals for changes.	<ul style="list-style-type: none"> Biennially

Ref:	Achieved By	Frequency
7.11	Review of the Three Year Financial Forecast and Commentary and any mid-year updates requested by the Funding Agencies before approval by the Corporation and prior to submission.	<ul style="list-style-type: none"> • Normally July each year
7.12	To receive monthly Management Reports in an agreed format, together with termly Faculty activity reports and debtors summary.	<ul style="list-style-type: none"> • Management Reports - monthly. • Faculty Activity reports - termly. • Debtors Summary - quarterly.
7.13	Consideration of the cash flow forecast as contained within the Three Year Financial Forecast. Bespoke and medium and long-term cash flow forecast in the event of any major capital developments	<ul style="list-style-type: none"> • Three Year Cash Forecast - annually, normally July. • Bespoke Cash Flow Forecast as requested
7.14	An appropriate response to individual situations as and when they arise.	<ul style="list-style-type: none"> • As requested
7.15	By receipt of audited Annual Accounts from the Student Union.	<ul style="list-style-type: none"> • Annually
7.16	By receipt of the Student Union Budget for the following year.	<ul style="list-style-type: none"> • Annually
7.17	Report of the College's proposals for insurance renewal and regular reports on claims and potential liabilities.	<ul style="list-style-type: none"> • Renewals - August each year. • Claims and potential liabilities - annually.
7.18	Individual Reports as requested by Management or the Finance Committee regarding the College's estate.	<ul style="list-style-type: none"> • As requested
7.19	Reports of tendering processes undertaken in accordance with the Financial Regulations from major contracts.	<ul style="list-style-type: none"> • As tendered
7.20	Reports detailing the actual and projected income, expenditure and contribution from the range of activities undertaken by the College including the Business Enterprise Centre.	<ul style="list-style-type: none"> • At least termly
7.21	Detailed Reports at the commencement of each academic year of enrolments and income per Faculty or Division against	<ul style="list-style-type: none"> • Detailed - September/ October • Against priority targets -

Ref:	Achieved By	Frequency
	target and monthly comparisons with funding allocation	monthly
7.22	To annually approve a Report for recommendation for changes to the College's travel and subsistence rates. To receive an Annual Report on overseas travel and the use of the College credit card.	<ul style="list-style-type: none"> Annual - normally July each year.
7.23	To receive an activity report detailing the level of contribution made from each subsidiary company, division and faculty within the College.	<ul style="list-style-type: none"> Termly
7.24	Establish Working Parties in response to individual circumstances, as and when these arise.	<ul style="list-style-type: none"> Currently monitoring Capital Project Working Group on monthly basis
7.25	Covenants to be confirmed and monitored within management accounts.	<ul style="list-style-type: none"> Management accounts received and scrutinised on a monthly basis
7.26	Monitor the financial implications of the College's Risk Management strategies in conjunction with the Audit Committee as necessary.	<ul style="list-style-type: none"> Annual review of the financial aspects of the College Risk Register.
7.27	Consider any other items referred by the Corporation, its other Committees or by College management.	<ul style="list-style-type: none"> As required.
7.28	Monitor the financial aspect of the sponsorship agreement with the Multi-Academy Trust.	<ul style="list-style-type: none"> Termly report from the MAT board.