

## **HARPER ADAMS UNIVERSITY COLLEGE**

### **Farm Strategy Committee**

#### **Terms of Reference**

##### **Constitution**

1. The Board of Governors has established a joint committee of the College Executive and the Board of Governors known as the Farm Strategy Committee.

##### **Membership**

2. Appointments to the Committee will be approved by the Board of Governors. There will be 9 members whose number shall include the Principal, the Farm Manager, 2 independent Governors, 4 representatives of users of College Farm facilities and other staff able to contribute to the strategic development of the College Farm. The Principal shall normally chair the Committee but, with the approval of the Board of Governors and the Principal, the chairman may be appointed from amongst the independent Governors or the Co-opted external members of the Committee. The Committee shall be able to co-opt up to 2 external members.
3. Appointments to the Farm Strategy Committee will be confirmed annually by the Board of Governors at its Annual General Meeting.

##### **Authority**

4. The Farm Strategy Committee shall have an advisory role in relation to the management and operation of the College Farm and its finances and associated farm enterprises.

##### **Duties**

5. The duties of the Farm Strategy Committee shall be:
  - a) To develop, and monitor, a long-term strategy for the development of the College Farm within the context of the University College's overall strategy
  - b) To formulate recommendations on College farm financial policy for consideration, where appropriate, by the Finance and General Purposes Committee
  - c) To advise the Farm Director (the Principal) on the management and operation of the College farm including associated farm activities
  - d) To ensure that the operation of the farm is consistent with the Governors' policy statement, 'The Purpose and Operation of the College Farm' (20.03.98) – copy attached
  - e) To monitor, and provide an annual report to the Audit Committee, on internal control arrangements that relate to key risks identified in the College's Risk Assessment and Action Plan, including compliance with relevant legislation, that have been delegated to the Committee by the Board of Governors

##### **Attendance at meetings**

6. The Director of Finance shall attend meetings of the Farm Strategy Committee.

7. The Farm Strategy Committee shall have the authority to invite any other person to attend specific meetings in a consultative capacity.

#### **Frequency of meetings**

8. Meetings shall normally be held at least three times each financial year. The Chairman of the Farm Strategy Committee may request an additional meeting if s/he considers it necessary.

#### **Reporting procedures**

9. Minutes of the meetings of the Committee will be submitted for consideration to the next available meeting of the Finance and General Purposes Committee. Special reports from the Farm Strategy Committee may be presented to the Finance and General Purposes Committee as required. Such reports should contain recommendations (costed where necessary) for the Finance and General Purposes Committee to consider.
10. The Farm Strategy Committee may present reports to the Board of Governors on non-financial matters that concern the operation of the College farm but potentially have a wider impact within the College.

#### **Clerking arrangements**

11. The Clerk to the Board of Governors will be the Clerk to the Farm Strategy Committee.

## **Farm Strategy Committee**

### **Membership 2010/2011**

#### **Members**

The Principal	-	Dr D G Llewellyn	(Chairman)
Farm Manager	-	Mr S Kirby	
2 representatives of the Board of Governors	-	Mrs M Ward	
		vacancy	
4 other members appointed by the Principal to include representatives of users of College Farm facilities	-	Dr K Chaney	
		Dr L Sinclair	
		Mr R Hooper	
		Professor P Mills	
Co-opted members (up to 2 appointments)	-	Mr C Gurney	
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#### **In Attendance**

Clerk to the Board of Governors	-	Dr C E Baxter	(Secretary)
Director of Finance	-	Mr P Rigg	
Management Accountant	-	Mrs S Furniss	
Poultry Unit Manager	-	TBC	

November 2010

## **GOVERNORS' POLICY ON THE PURPOSE AND OPERATION OF THE COLLEGE FARM**

### **1. PURPOSE**

The Governors are in agreement that it is essential to the unique position of Harper Adams to operate a commercial farm and that it desires a developing farm as part of its portfolio of businesses. The following guiding principles underpin this aim:

A well run farm operation which reflects best practice is important:

- .1 for the teaching of students including a particular emphasis on Honours undergraduate investigational projects;
- .2 to conduct academic research and to demonstrate the adoption of new technology, innovation and to disseminate good practice;
- .3 as a focus for debate and discussion for farmers, locally, regionally and nationally and to enhance the College's credibility with industry by involvement in commercially orientated research;
- .4 as a marketing (student recruitment) function;
- .5 as a free standing commercial entity within the College's range of businesses. [*Board meeting 14/3/97*].

### **2. EXTENDING THE AREA FARMED**

Governors will therefore consider any reasonable opportunity to extend the area farmed. This could be by means of rental, purchase or contract farming.

- .1 Any proposal will be subject to rigorous financial appraisal to establish its robustness.
- .2 The purpose of any increase in area farmed will be clearly identified as commercial, educational (including research), or investment.
- .3 In defining robustness in para 2.1 it should be understood that the activity driving the decision (commercial, educational or research) should be seen to justify the use of the asset in financial terms to achieve a yield from the use of the asset sufficient to finance it.
- .4 In the case of land purchase the capital payment will be from the Governors' funds.
- .5 A rental equivalent charge will be raised for these funds from the Farm (or other appropriate department) for access to the land.

### **3. RELATIONSHIP OF THE FARM BUSINESS WITH GOVERNORS' FUNDS**

- .1 The relationship of the College farm business with Governors' funds should be formalised by the establishment of a "landlord/tenant" agreement.

- .2 However, it is understood that there should be separate arrangements for consideration of investment in land from that in buildings and equipment.

### **Farm Buildings and Equipment**

- .3 Traditionally, capital investment in buildings and equipment have been paid for by the respective Farm Units and held in the appropriate unit account. The present method appears to be the most appropriate and will be reaffirmed in this policy. Any major development or investment would be subject to the same rigorous appraisal as undertaken for the purchase of land.

## **4. ESTIMATION OF RENTAL EQUIVALENT FOR THE USE OF LAND**

A robust and realistic approach will be taken on the estimation and appropriate rental equivalent for the Farm. This will be based on comparative rental figures for long term tenures operating commercially. Adjustment will need to be made for the fact that the capital for farm buildings has been paid for by the respective units.

There will also be a need to develop a system of evaluating the inconvenience factor associated with education and research and crediting the Farm for this (on a *quid pro quo* basis). The methodology adopted must not reduce the imperative of optimising rental income to the Governors' Funds from the Farm in a realistic way.

**Note 1** Governors must be alert to the possible implication that over commercialisation of the Farm (e.g. rental to College) could lead to a shift of functions from the Farm to the tuition/research accounts. These could become over burdened and thus lead to a rationalisation of activities and hence a reduced educational and research value to the College.

## **5. IMPLICATION FOR FARM ACCOUNTS**

All the functions required of the Farm noted above will be achieved via the central accounting function for the Farm.

**Note 2** One unit not referred to in the Strategic Plan because it is simply an administrative expedient is the Governors' Funds Account. This is the account which holds all the fixed assets and investments of the whole business. Broadly, the fixed assets break down into land, buildings, equipment and intangibles. The cash to pay for these assets is provided by the appropriate department - Tuition, Catering, Residence, Farm etc.

As the farming units hold their own asset accounts for farm buildings, plant and equipment, milk quota and investments, these assets (not investments) are depreciated in the Farm Accounts. Whereas for those assets held in the Governors' Funds Account, depreciation is charged in that account but then offset by:

- .1 Release from capital grant for items provided out of HEFCE capital funds.
- .2 Cash transferred from the other units as appropriate for use of the assets - equal to the depreciation on College funded assets.

## **6. ASSET MAINTENANCE AND REPLACEMENT POLICY**

The method of forecasting and providing for the long-term replacement and maintenance needs for farm based buildings, equipment and other assets whether provided for commercial, tuition or research purposes needs to be agreed.

A long term replacement schedule and provision is recommended. This would be consistent with HEFCE policy.

E. W. JONES  
EWJ/JME/17 February 1998  
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