

# Hereford College of Arts

## Minutes of the Meeting of the Finance and General Purposes Committee held on Thursday 10 May 2012

**Present: -** Mr Francis Drasar (Chair)  
Professor Gary Crossley  
Mr John de la Cour  
Mrs Lynn Forrester-Walker  
Mr Richard Heatly  
Dr Michael Lafferty

**In attendance: -** Mrs Linda Watkins (Clerk to the Governors)  
Mr Tim Williams (Finance Director)

The meeting was quorate as there were six Members present.

- |   | <b>Action</b> |
|---|---------------|
| <p><b>1. Apologies for Absence</b><br/>Phil Burrows, Estates Manager.</p>   |               |
| <p><b>2. Declaration of Interests</b><br/>There were no declarations of interest.</p>   |               |
| <p><b>3.I. Minutes of the Last Meeting</b><br/>The Chair signed the minutes of the last meeting held on 1 March 2012 as an accurate record.</p>   |               |
| <p><b>3.II. Matters arising from the Minutes of the Last Meeting</b><br/>There were no items.<br/><u>The Committee agreed: -</u></p> <ul style="list-style-type: none"><li>• To approve the minutes of the last meeting.</li></ul>  |               |
| <p><b>4. Health and Safety Report</b><br/>There were no major incidents during the period November 2011 to April 2012.</p> <p>The Chair asked what action had been taken to ensure a departmental safety meeting was held by Performing Arts. A new Theatre Manager had been appointed who would ensure safety meetings took place.<br/><u>The Committee agreed: -</u></p> <ul style="list-style-type: none"><li>• To note the health and safety report</li></ul>   |               |
| <p><b>5. Finance Report:</b></p> <p><b>I. Monthly Management Accounts: 31 March 2012</b></p> <ul style="list-style-type: none"><li>• The forecasted surplus for the year was £321,000. An increase of £131,000 on the previous month. The cause of this increase was driven mainly by the reversal of a budgeted provision for over recruitment of HE students of £93,000. This was not required and HEFCE had confirmed there was no hold-back of HE funding.</li><li>• £25,000 interest income received in March had been</li></ul> |               |

- budgeted but in April. This variance was a timing difference.
- Month against budget expenditure had increased to include consultant fees for Blackfriars and increased marketing; these were not included in the budget.
- Key financial ratios were noted which remained healthy calculating the College's financial health score with the Skills Funding Agency as 'outstanding'.

In discussion the following points were raised: -

Non-pay costs had steadily increased and were now £99,000 above budget. These were being monitored and the Finance Director anticipated them not increasing much more. Non-pay costs were being accrued to budget but forecasts and accruals were being reviewed to see if they were excessive and adjusted accordingly.

Variations for the Folly Lane extension had been agreed. There were some minor points outstanding and there was retention still retained by the College that could be set against this.

## **II. Financial Update 2011/12 and current risks**

There were no significant financial risks in the current year. Major risks for 2012/13 were funding and student recruitment and would be covered under the discussions relating to Budget Timetable.

## **III. Budget Timetable 2012/13**

A budget timetable was a requirement by the Skills Funding Agency. The budget needed to be submitted to the Agency by 31 July 2012. The Committee would discuss the draft budget at its next meeting before presenting it to the Board for approval in July. This was a tight timescale to turnaround the budget if there were any significant changes to the budget.

The Finance Director prepares the financial plan in the Skills Funding Agency format once figures are agreed; this would be reported to the Committee in September.

The Finance Director was asked to prepare different versions of the budget based on different levels of student recruitment and a sensitivity analysis. The Chair and Lynn Forrester-Walker agreed to meet the Finance Director in late May before the next F&GP Committee in June to discuss assumptions and impact on the College finances.

At next year's meeting to discuss the budget timetable it was proposed that an initial basic budget could be prepared to give the committee a gut feel for next year.

The funding allocation from the Young Peoples Learning Agency (YPLA) reflected the decrease in students in 2011/12 and a funding reduction of £497,000. The College had anticipated a decrease of £240,000. If 2012/13 new enrolments are at similar levels to this year, then the number of 16-18 students will decrease because the current second year is larger than the first year. This reduction would have an

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impact on 2013/14 funding.

HE funding allocation has decreased from £1,286,000 in 2011/12 to £866,000 in 2012/13. The decrease was driven by the increase in HE tuition fees. The Student Number Control(SNC) is 148. Enrolling less than 125 students would reduce funding in 2012/13 and impact upon the SNC in the following year. Recruitment to the SNC would not increase the cost base, other than validation fee costs or bursary costs; however, it would provide additional income during the year and have a positive effect on next year's budget. The Finance Director would prepare a sensitivity analysis for three student recruitment scenarios of 125, 137 and 148.

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Staffing costs account for 60% of the cost base. Staffing reductions would be necessary if the College recruits less FE students. It was anticipated that these could be addressed by natural wastage. From a financial perspective it would be more efficient to address these within the current financial year.

Accommodation costs assumed the College retain the same leased accommodation for the next three years despite exploring alternative options.

Members discussed the following: -

The College's HE bursary scheme, (which is part of the OFFA Access Agreement), and how this benefited students with fee waivers which are conditional on income.

The Education Maintenance Allowance (EMA) for 16-18 learners had been removed for students recruited in 2011. Withdrawal of EMA had not appeared to affected student numbers.

Validation fees with potential partner universities were discussed; these could be substantially higher than current fees.

Funding for a Development Officer had not been budgeted. The Principal proposed reviewing appointing a consultant to undertake this role as opposed to a new position.

The College would be sustainable in the short term even if it made an operating deficit. KPIs could change the financial grade assessed by the Skills Funding Agency. The 3-year financial plan would be useful to show the College's overall financial position and may assist in discussions with potential partners to discuss future developments.

It could be useful to understand at what minimum size the college would remain viable and some thought would be given to this in the longer term when learner funding became clearer.

The Committee agreed: -

- To note the management accounts to 31 March 2012
- To recommend the Board approve the Budget Timetable

**6. Accommodation**

The Principal updated Members on the following: -

- I. *HE Centre*: The landlords had agreed to extend the lease from August 2013 for a further 3 years with a 1 year break clause.
- II. *Blackfriars*: The Principal was discussing options of a pre-development lease with Herefordshire Council. Regional universities had visited the College for initial discussions about the possibility of forming partnerships.
- III. *Royal National College*: The Principal had discussion with RNC about collaborative initiatives. RNC were currently reviewing accommodation options which could provide an opportunity for the College. The Principal would continue to explore possibilities with RNC.
- IV. *Student accommodation*: Discussions were continuing with a developer in tandem with a Housing Association.

The Committee agreed: -

- To note the verbal accommodation report
- It was important to continue to explore options for accommodation and achieve the best option for the College

**7. Personnel Report**

Members noted the personnel report. Sickness showed 414.25 days between 1 February and 30 April. During this period, there were four members of staff on long-term absence, (4 weeks or more). Two of these have returned to work, one had been given notice. There was a substantial increase of sickness days which was being investigated further.

A member of staff had lodged a grievance which was being investigated.

The Committee agreed: -

- To note the personnel report

**8. Staff Survey and Analysis**

The Principal reported that an Independent Consultant would run focus groups for staff following the completion of the Health and Safety Executives' stress survey.

The Committee agreed:

- To note the update

**9. Any Other Business**

UCU had called their members to participate in a day of industrial action on 10 May 2012.

**10. Date and Time of Next Meeting**

The next meeting was arranged for Thursday 21 June 2012 commencing at 5.30pm.

**Signed as a true record**

**Chair .....** **Date .....**

### **Summary of F&GP Committee's business: 10 May 2012**

1. Ref 5.I. Management accounts to 31 March 2012 showed an improved forecasted surplus which has increased to £321,000 resulting from the reversal of a HE provision. [Information](#)
2. Ref 5.III. A reduction of £497,000 in FE funding allocation for the next year. [Information](#)
3. Ref 5.III. HE income for next year is critically dependent upon student recruitment. [Information](#)
4. Ref 5.III. Next year's budget will include a sensitivity analysis based on different levels of student recruitment. The F&GP Committee will review this before the budget is presented to the Board for approval in July 2012. [Information](#)
5. Ref 5.III. Budget Timetable 2012/13. [Approval](#)
6. Ref 6. There were no specific issues to report on accommodation. [Information](#)
7. Ref 7. Reasons for increase in staff sickness being investigated. [Information](#)