

# Hereford College of Arts

**Finance and General Purposes Committee**  
**to be held on Thursday 26 September 2013 commencing at 5.30 pm**  
**in T206, Hereford College of Arts, Folly Lane, Hereford**

## AGENDA

1. Apologies for absence
2. Declaration of Interests  
*Aim: To declare any interests during the meeting*
3. Minutes of the last meeting held on 27 June 2013
  - I. Approval of the Minutes
  - II. Matters arising from the Minutes*Aim: To approve minutes and note matters arising*
4. Finance Report
  - I. Monthly Management Accounts: July 2013
  - II. Financial update on funding, enrolments and current risks
  - III. Treasury Management Annual Report 2012/13*Aim: To discuss the above presented by the Finance Director and recommend item to the Board to approve*
5. College Road Campus update  
*Aim: To note verbal update from the Principal*
6. Health and Safety  
*Aim: To note the report presented by the Estates Manager*
7. Personnel Report  
*Aim: To note the report presented by the Finance Director*
8. Complaints Report including any incidents of Whistleblowing 2012/13  
*Aim: To note the report presented by the Principal*
9. Any other business
10. Date and time of next meetings  
**Thursday 28 November 2013 commencing at 4.00pm** (joint meeting with Audit Committee to discuss Financial Statements followed by F&GP Committee at 5pm)

# Hereford College of Arts

## Minutes of the Meeting of the Finance and General Purposes Committee held on Thursday 26 September 2013

**Present: -** Mrs Lynn Forrester-Walker (Chair)  
Mr Richard Heatly  
Professor Dan Howard  
Mr Scott Rolfe

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

The meeting was quorate as there were four Members present. The Chair welcomed Professor Howard to the Committee.

|   | <b>Action</b> |
|---|---------------|
| <b>1. Apologies for Absence</b><br>Dr Paul Hartley and Dr Michael Lafferty.   |               |
| <b>2. Declaration of Interests</b><br>None declared.  |               |
| <b>3.I. Minutes of the Last Meeting</b><br>The Chair signed the minutes of the last meeting held on 27 June 2013 as an accurate record.   |               |
| <b>3.II. Matters arising from the Minutes of the Last Meeting</b>   |               |
| A. <i>Minute 3.II. A:</i> Agreed to carry forward investigating outsourcing payroll in March 2014 following meetings with the current provider.   | C/F 03/14     |
| B. <i>Minute 3.II.B:</i> The Finance Director would calculate funding using SFA/EFA software then discuss in-year funding allocation with EFA as appropriate.   | T Williams    |
| C. <i>Minute 8.II:</i> The Finance Director had an example of a course costing model and would use this as a possible basis for an initial report at the next meeting.  | T Williams    |
| <u>The Committee agreed: -</u>  |               |
| • To approve the minutes of the last meeting.   |               |
| <b>4. Finance Report:</b><br>The Finance Director presented the reports.  |               |
| <b>I. Monthly Management Accounts: July 2013</b><br>These were noted showing that there were no significant financial risks or material changes. Questions were invited.  |               |
| A. What would the impact be on the financial rating following the decrease of the cash balance from £2.5M to £1M after March 2014. The gearing ratio and current asset ratio would still remain outstanding. The cash based performance indicator, however, was the one that would affect the Colleges overall grading and this was not significantly affected by the decrease in the cash balances. Members were reminded that financial forecasts to 2014/15 assumed £1M bank balance and identified risks. There was uncertainty if the budget |               |

allocation for the CRC project would be spent in full. It was also anticipated that in the longer term, CRC would increase HE enrolments.

- B. A Member asked if the significant drop in cash in April 2014 to only two month's cash in the bank was acceptable. The Finance Director stated that this was acceptable. The College would still have £1M cash in bank.
- C. Capital expenditure had not hit the forecast and as anticipated a large portion of the CRC refurbishment (£226,000) had rolled forward to 2013/14. Members wanted assurance that the project would not exceed budget. A higher level of contingency was allocated in the Financial Plan.
- D. Several costs had exceeded the budget in the year to July 2013. Assurance was requested that potential reoccurring costs were included in 2013/14 budget. Some costs attracted matched income, such as the cost of buses. It was possible to allocate some residential bursaries support funding to transport, subject to funding guidelines. Herefordshire Council subsidises transport for 16-18 students. There is a possibility that this will be removed or the parental contribution significantly increased, which would create a risk to the College as transport costs to students would be increased.

## II. Financial update on funding, enrolments and current risks

FE and HE enrolments will have a significant impact on the out-turn of the College. Data Services will provide funding software on behalf of EFA and SFA at the end of October. This will give an accurate calculation of funding. In summary: -

*Education Funding Agency (EFA) 16-18:* Target exceeded with 358 students enrolled against a target of 307. Lagged funding would increase next year's funding by approximately £239,000. The Finance Director would seek additional funding from EFA this year.

*Skills Funding Agency (SFA) 19+:* This funding stream was difficult to calculate as income is based on funded qualifications, and some students pay tuition fees. Funding rules for 19-24 students on the Contact Course have changed with those in receipt of a Learning Disability Assessment now funded by EFA. This means income will be generated under EFA rules and paid the following year under lagged funding and less SFA funding generated this year and potentially money clawed back in-year. Once the initial funding returns had been completed the issue would be raised with the EFA and SFA. There is a potential risk that less funding could be generated than under SFA funding.

*24+ Advanced Learning Loans:* This is the first year of the introduction of loans which will affect students on the Portfolio course. There has been positive uptake to date, with 13 loan applications and 4 yet to apply; one student had withdrawn.

*HE enrolments:* There were 157 full time firm acceptances; subject to enrolments, there could be 120 year one students who would count towards the SNC. This would also create additional income of £254,000 above budget subject to enrolment. Subsequent to the report, there had been one

deferral and one withdrawal. The impact of recruitment on next year's SNC is unknown. The in-year retention rate was requested, this is 85%. There were potentially more year 2 and 3 students. This was partly driven by increased Top Up numbers and improved retention of students.

*Additional costs:* There would be some additional costs resulting from increased enrolments. These would include staffing to deliver additional FE groups, delivery of GCSE English and maths and exam fees.

*College Road Campus:* The major risk would be if the project exceeds budget. The project was being managed and the Finance Director did not anticipate an overspend. Members requested a table giving comparisons of the original budget against actual spend.

T Williams

### III. Treasury Management Annual Report 2012/13

The treasury management report is a requirement in the treasury management policy. This evidenced the College's healthy financial position during 2012/13, outlining the cash balance, fixed assets, investments and interest earned in the year.

Members noted that the Guaranteed Investment Account with the Co-operative Bank contravened the College's financial regulations. (This had been reported to the Committee and Board when approving the investment). The regulations state that the College should only invest in a Fitch rated AA UK bank. Currently no UK banks have an AA rating; the Co-operative Bank has a BB rating. Members suggested that the Finance Director review this in the financial regulations during the year.

T Williams

There was further discussion on the shortage of student accommodation and option to consider investing in this area in the medium term. The Principal had previously had discussions with developers and housing associations. International student recruitment would support the requirement for student accommodation. This should be pursued further with any proposals presented to the Committee. There was an option to consider borrowing to fund such a project.

R Heatly

#### The Committee agreed: -

- To note the management accounts to July 2013
- To note the financial update which would be updated and presented to the Board for information
- To recommend that the Board endorse the treasury management report 2012/13
- To thank the Finance Director for preparing comprehensive reports

### 5. College Road Campus

The Principal reported that phase 1 was near completion with no major issues. The main building was completed just after the handover date of 13 September. IT and telephones are being installed for completion by 11 October.

The whole project had originally been tendered as a single contract.

Subsequently, the project had been divided into two phases so that it progressed quickly, in order to ensure completion of the main building at the start of term while cost savings to Phase 2 were explored. It was proposed that Phase 2 should not be tendered separately as the original overall cost plan would be taken forward on an open book basis within an overall revised budget which had been approved by the Board. The Phase 1 contract had been awarded to GP Thomas Ltd, and these contractors would also be used for phase 2 as their responsiveness and flexibility, openness in dealing with variations, quality of work and overall price, were good in relation to Phase 1 to date. This avoided time delays as GP Thomas was already working on site and could commence the project immediately, with completion of the library and workshops by the start of term in January. The Principal and Finance Director had kept the Chair of the F&GP Committee continually informed of proposals throughout the project.

The Board meeting in October would be held at CRC, commencing with a tour. Effective marketing was continuing with discussion with RNC about signage. A Member enquired if College Road Campus should be given an alternative name. Once a secure completion date was available for the whole project an official opening would be arranged with a Fellow invited to open the campus.

The Committee agreed: -

- To note the report
- That Phase 2 of the building works at CRC should go ahead as part of a single tender action on the basis that it would be a continuation of current work, quality and price.

## 6. **Health and Safety Report**

There had been 24 incidents for the year with two incidents resulting in a visit to hospital.

Health and safety procedures were being embedded at College Road Campus. An example included arrangements for late night opening which were being finalised. Swipe cards would be installed and used for entry. The College had employed a cleaner / maintenance person to work at CRC. Members suggested investigating other shared services with RNC in the future.

It was questioned if the College arranged for an external audit of health and safety. The College insurers have previously undertaken health and safety audits and this including liability and the College insurer Allianz had arranged a site visit on 21<sup>st</sup> November. An independent audit would ensure the College complies with statutory requirements and risk management, embed systems and identify actions. There would be a different ethos at the CRC campus with adult learners. SMT would consider further.

The Committee agreed: -

- To note the report
- SMT would consider if an independent health and safety audit should be commissioned at CRC

## 7. **Personnel Report**

The Committee agreed: -

- To note the personnel report

R Heatly

R Heatly

8. **Complaints Report including of Whistleblowing 2012/13**  
The Committee agreed: -
  - To note the report showing five complaints which had been resolved and noted that there were no incidents of whistleblowing
9. **Any Other Business**  
No items.
10. **Date and Time of Next Meeting**  
The next meeting was arranged for Thursday 28 November 2013 commencing at 4.00pm. (Joint meeting with Audit Committee to discuss Financial Statements followed by F&GP Committee at 5pm)