

# Hereford College of Arts

**Finance and General Purposes Committee**  
**to be held on Thursday 27 September 2012 commencing at 5.30 pm**  
**at the Media Centre, Bath Street, Hereford**

## (i) AGENDA

1. Apologies for absence
2. Declaration of Interests  
*Aim: To declare any interests during the meeting*
3. Minutes of the last meetings held on 21 June 2012 and 5 July 2012
  - I. Approval of the Minutes
  - II. Matters arising from the Minutes

*(a) Aim: To approve minutes and note matters arising*

*(b)*
4. Finance Report
  - I. Monthly Management Accounts: July 2012 (emailed to Governors 07/09/12)
  - II. Financial update 2012/13 and current risks
  - III. Financial Plan 2012/13 to 2014/15
  - IV. Treasury Management Annual Report 2011/12*Aim: To discuss the above presented by the Finance Director and recommend item IV to the Board to approve*
5. Accommodation
  - I. HE Accommodation
  - II. Accommodation Updates*Aim: To note the report prepared by the Principal*
6. Health and Safety  
*Aim: To note a report presented by the Estates Manager*
7. **B. Personnel Report**  
*Aim: To note the report presented by the Finance Director*
8.

*(i) Complaints Report 2011/12*

*Aim: To note the report presented by the Principal*
9. **C.**  
Committee's terms of reference  
*Aim: To review the proposed changes to the terms of reference for adoption*
10. Any other business

11. Date and time of next meetings  
**Thursday 29 November 2012 commencing at 5.30pm**

# Hereford College of Arts

## Minutes of the Meeting of the Finance and General Purposes Committee held on Thursday 27 September 2012

**Present: -** Mrs Lynn Forrester-Walker (Chair)  
Mr John de la Cour  
Mr Richard Heatly  
Dr Michael Lafferty  
Mr Scott Rolfe

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

The meeting was quorate as there were five Members present.

- |  | <b>Action</b> |
|--|---------------|
| <b>1. Apologies for Absence</b><br>Mr Francis Drasar and Phil Burrows, Estates Manager.  |               |
| <b>2. Declaration of Interests</b><br>There were no declarations of interest.  |               |
| <b>3.I. Minutes of the Last Meeting</b><br>The Chair signed the minutes of the last meetings held on 21 June and 7 July 2012 as accurate records.  |               |
| <b>3.II. Matters arising from the Minutes of the Last Meeting</b><br>A. Item 3.II. The Governors' Planning Day had proposed a brainstorming event for staff and students, Governors could be invited. It could be appropriate to appoint a Development Officer to progress actions.<br>B. Item 4.II. The Finance Director would prepare a summary report on the new funding methodology and assess impact on the College of these funding changes. |               |
| <u>The Committee agreed: -</u> <ul style="list-style-type: none"><li>• To approve the minutes of the last meeting.</li></ul>   |               |
| <b>4. Finance Report:</b><br><b>I. Monthly Management Accounts: 31 July 2012</b><br>Members noted the accounts showing that the College achieved a year-end surplus of £431,000 against a budgeted deficit of £16,000.<br><b>II. Financial Update 2012/13 and current risks</b><br>This focussed upon the College's core business of FE and HE   | T Williams    |

enrolments. Initial enrolment figures showed that 284 16-18 learners had enrolled against a target of 300. This would reduce next year's income by £86,000. 19+ enrolments appeared close to target. The first funding return and funding census dates had not been passed.

Late entry with an October enrolment was being promoted for level 2 and 3 courses. It was suggested to encourage the sixth form to promote HCA at exit interviews with students.

HE firm acceptances are 124 full time and 8 part time. This creates a significant long term risk that HEFCE could reduce the Student Number Control (SNC) next year as the College would not exceed 125 SNC counted students. Not all of the 124 full time acceptances would be counted for SNC purposes. The budget was prepared based on 110 enrolments and overall this would have a positive impact on HE income of £100,000.

The College has two international students and could have potential to grow this area. A consultant could be commissioned to increase overseas recruitment. Another option could be to contact local private colleges to utilise their international contacts to offer art foundation for international students progressing to HE. Dr Mike Lafferty had a potential contact for the Principal to pursue.

R Heatly

Preliminary work had commenced to update the College's website, but put on hold pending as a result of budget reductions. There was discussion on potential use of revenue and reserves to fund projects. It was acknowledged that it could potentially be detrimental to the College if some projects were not completed.

Once income was confirmed the College could commit to additional expenditure. The Finance Director would evaluate the budget and forecasts based on actual income and costs allocated for specific projects. This would identify if the College would exceed budgeted costs and require additional revenue to fund projects. In the event that the College moves to a deficit budget, this would be reported to the Board.

T Williams

### **III. Financial Plan 2012/13 and 2014/15**

Members noted the detailed version of the financial plan submitted to the Skills Funding Agency which supported the College budget which was approved by the Board in July 2012. This automatically calculated the College's financial health grade assessment as 'outstanding' from 2012-15.

The following points were discussed: -

- A. Staff costs were monitored by the performance indicator to ensure these remain within 65% of income.
- B. The new funding methodology for FE funding would impact on income over the next few years and would impact on income.
- C. The introduction of Auto-enrolment into the pension

scheme could increase the number of staff in the pension scheme and increase administration and financial costs to the College. The Finance Director would provide a report at the next meeting.

T Williams

- D. The Chair proposed that the financial plan should be presented to the Committee in July in future.

T Williams

#### **IV. Treasury Management Annual Report 2011/12**

The treasury management report was a requirement in the treasury management policy. This evidenced the College's healthy financial position during 2011/12, outlining the cash balance, fixed assets, investments and interest earned in the year.

The Chair proposed benchmarking to ascertain if the College is achieving maximum returns for its cash reserves. Investments were last reviewed two years ago. The Finance Director would review opportunities in March 2013 when current investments expire.

T Williams

#### The Committee agreed: -

- To note the management accounts to 31 July 2012
- To note the financial update 2012/13 and current risks
- To receive the financial plan 2012/13 to 2014/15
- To recommend that the Board endorse the treasury management report 2011/12.
- The Chair of the Committee was authorised to take Chair's action to approve additional unbudgeted expenditure on Marketing activity once an up dated forecast for 2012/13 had been prepared

#### **5. Accommodation**

- I. *HE Accommodation:* This had been discussed by Governors at the Planning Day held prior to the meeting. To progress, the Principal would continue to discuss potential lease options and costs with RNC for consideration and approval by the Board. A visit to RNC would be arranged for Governors before the next Board meeting.
- II. *Leased accommodation:* A lease renewal had been signed for the Higher Education Centre, with an option to reassign the lease. The Principal had discussed with the Media Centre landlord the possibility of surrendering that lease.
- III. *RNC Student accommodation:* RNC have halls of residence each providing c.35 student rooms. This could provide immediate short term accommodation for students.
- IV. *City centre student accommodation:* Negotiations are continuing with a property developer. Factors in the report, along with potential options available with RNC, made this proposition less favourable.

R Heatly

#### The Committee agreed: -

- To note the accommodation report
- It was essential to progress options with RNC quickly to allow sufficient time to obtain listed buildings planning permission, tender and complete any alterations to be operational by September 2013.
- The Board would be required to make a final decision on the lease at the Board meeting in December.
- The lease would be presented to the F&GP Committee to recommend to the Board for approval.
- The Chair of the Committee was authorised to take Chair's action to approve fees to prepare the lease in advance of meetings.

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

There had been a total of 28 accidents for the year to date, of which 4 had been taken to hospital. This was a decrease of 17% from the previous year.

There were no major issues of concern. The Estates Manager was working with staff to address housekeeping issues.

The Committee agreed: -

- To note the health and safety report
- To request the Estates Manager to clarify text in future reports

P Burrows

## 7. **Personnel Report**

The Finance Director presented the personnel report which evidenced staff changes, sickness, grievances and the staff profile showing a breakdown of staff by age, gender, ethnicity and staff with disabilities.

Between 1 June and 31 August, staff had incurred 256 days on sick leave. The percentage of sickness compared to total days of work was suggested as a consideration for future reports.

T Williams

There was discussion on the impact of the auto-enrol pension changes. SMT had discussed this and there was recognition that managing auto-enrol would be a substantial administrative task.

The Committee agreed: -

- To note the personnel report

## 8. **Complaints Report 2011/12**

The Committee agreed: -

- To note the report

## 9. **Committee's Terms of Reference**

The Committee agreed:-

- The revised terms of reference including an additional requirement in 1.3.3 to commission an independent review of senior postholder salaries no less than every five years. [This was recommended by the Search and Governance Committee]

**10. Any Other Business**

The Clerk proposed the next meeting be held on Monday 26 November commencing with a joint meeting with the Audit Committee. The Clerk would confirm subject to Members' availability.

L Watkins

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

The next meeting was arranged for Thursday 29 November 2012 commencing at 5.30pm. [tbc]

**Signed as a true record**

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

**Summary of F&GP Committee's business: 27 September 2012**

1. Ref 4.I. July management accounts. For information. Show a year end surplus of £431,000 against a budgeted surplus of £16,000.
2. Ref 4.II. Financial update 2012/13 and current risks. For information.
  - FE 16-18 recruitment was 284 against a target of 300, decreasing income in 2013/14 by £84,000.
  - HE firm acceptances are 124 full time and 8 part time, increasing income in 2012/13 by £100,000
  - The College will not achieve its SNC, and there is a risk HEFCE could reduce its SNC allocation next year
3. Ref 4.IV. Treasury Management Annual Report. For approval.
4. Ref 5. Accommodation. For information. Further discussion, this had been discussed at the Governors' Planning Day
5. Ref 6, 7, 8 – Health and Safety, Personnel and Complaints reports received. For information