

Finance and General Purposes Committee
to be held on Monday 30 November 2015 commencing at 5.30 pm
in A10, Hereford College of Arts, College Road Campus, Hereford

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 29 June 2015
 - I. Approval of the Minutes
 - II. Matters arising from the Minutes*Aim: To approve minutes and note matters arising*
4. Financial Statements for year ending 31 July 2015
 - I. Annual Report and Financial Statements
 - II. Letter of Representation*Aim: To receive and recommend that the Board endorse the financial statements prepared by KPMG*
5. Finance Report
 - I. Management Accounts to 31 October 2015 and current risks
 - II. Annual Treasury Management Report 2013/14 (for presentation to the Board)
 - III. He Tuition Fees 2017/18 (for recommendation to the Board)
 - IV. Verbal report and discussion on staffing*Aim: To note reports presented by the Finance Director and recommend to the Board for approval as appropriate*
6. Health and Safety Report
Aim: To note a report prepared by the Estates Manager and presented by the Finance Director
7. Personnel Report
 - I. Annual Staff Survey Summary 2015*Aim: To note the report presented by the Principal*
8. Annual Complaints Report 2014/15
Aim: To note the report presented by the Principal
9. Any other business
10. Date and time of next meetings
Monday 14 March 2016 commencing at 5.30pm

Hereford College of Arts

Minutes of the Meeting of the Finance and General Purposes Committee held on Monday 30 November 2015

Present: - Mrs Lynn Forrester-Walker (Chair)
Ms Abigail Appleton
Professor Dan Howard

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

The meeting was quorate as there were three Members present.

Action

1. Apologies for Absence
Mr Scott Rolfe.

2. Declaration of Interests
None declared.

3.I. Minutes of the Last Meeting
The Chair signed the minutes of the last meeting held on 29 June 2015 as a true and accurate record.

3.II. Matters arising from the Minutes of the Last Meeting
All matters would be covered on the agenda.

The Committee agreed: -

- To approve the minutes of the last meeting.

4. Financial Statements for the year ending 31 July 2015

III. Annual Report and Financial Statements: The Auditors had presented the Management Letter to the Audit Committee which concluded that Hereford College of Arts had an unqualified audit opinion and was operating as a going concern. There were no major issues arising from the Management Letter.

The Finance Director drew Members' attention to the reconciliation of the management accounts surplus to the financial statements. This showed adjustments to the FRS 17 pension cost and revaluation reserve write off. This is a reconciliation against Income and Expenditure Account. The actuarial loss in respect of the pension scheme is to write off £250,000 for pension liability, (the discount rate has been changed by actuary). This is not deducted from the accounts.

A definition of the revaluation reserve was requested. These are assets at Folly Lane, i.e. buildings which were transferred to the College at zero cost from the Local Authority when the College was incorporated, but have an actual value. This is a fixed asset; the credit is the revaluation reserve, (double

entry accounts require a credit against each debit listed to balance accounts). The revaluation reserve is a notional sum designed to recognise the asset on the balance sheet which was given to the College. The revaluation reserve changes as it is depreciated year on year.

Cash had decreased by £47,000 compared to the previous year; however, fixed assets had increased by £212,000. Cash operating activities remained positive. The deficit was driven by non-cash items and depreciation on buildings.

- IV. Letter of Representation: This was based on a standard model and agreed.

The Committee agreed: -

- To recommend that the Board approve the Financial Statements for the year ended 31 July 2015
- To recommend the Chair of the Corporation sign the letter of representation

5. Finance Report

- V. Management Accounts to 31 October 2015 and current risks:
- A. The College is ahead of budget showing a small surplus of £3,000 against a budgeted deficit of £19,000. Reasons for the improved position were provided in the accounts.
 - B. Income from additional HE enrolments would be recorded in November's monthly accounts.
 - C. Clawback was not anticipated by SFA or EFA this year. A shortfall of £50,000 was expected next year based on EFA student recruitment which is paid using lagged funding.
 - D. Non-pay costs included additional marketing spend, this would be netted off against increased HE income.
 - E. Supply teachers had been used this year for a short period of time to deliver GCSE English and maths. A Member asked if the reduction in staffing costs compared to budget was a permanent saving. This was uncertain; an FTE analysis prepared for the Area Review would identify this.
- VI. Annual Treasury Management Report 2014/15: This is a requirement in the Treasury Management Policy. It evidenced the College's healthy financial position during 2014/15, outlining the cash balance, fixed asset investments and interest earned in the year. The College had a healthy cash balance during 2014/15 which the Finance Director anticipated would remain in 2015/16.
- VII. HE Tuition Fees 2017/18: proposals to increase tuition fees must be made over one year prior to the start of the academic year and be approved by the Office for Fair Access (OFFA). It was proposed that the agreement prepared in June 2016 for entry in October 2017 increase the tuition fee for all courses to £9,000. Even if the Board approve the increase in tuition fees, these could be decreased without the consent of OFFA. It was noted that an increase would generate additional income and place the College in line with APSCAD colleges' tuition fees.

- VIII. Verbal report and discussion on staffing
In light of the Area Review it would be timely for management to plan the College's structure and its staffing requirements for the future.

The Committee agreed: -

- To note the management accounts to 31 October 2015
- To recommend the Board approve the treasury management annual report 2014/15
- To recommend that the Board approve to increase HE tuition fees 2017/18

6. Health and Safety Report

The Finance Director presented the report outlining a summary of accidents during the summer term, (1 accident with no time lost and 34 minor injuries), inspection of CRC by the Fire Brigade, safe removal of asbestos and legionella risk assessment reviews on the three sites. A Member asked if these would incur costs noting that these were minor issues.

A fire evacuation drill at CRC identified some areas in the building had not been checked by fire wardens. This had been accelerated as some fire wardens were either off site or elsewhere in the building. It was confirmed that there are sufficient fire wardens, (all Course Leaders are fire wardens). This issue was being resolved as high priority with a proposal for cover presented to HE staff who have ideas for an alternative plan to address.

The Committee agreed: -

- To note the health and safety report

7. Personnel Report

- I. Annual Staff Survey Summary 2015: This was carried out in May 2015 using a new format led by York College allowing HCA to benchmark results against other colleges. Overall HCA's outcomes compare well to other colleges and were above average in all sections of the survey. Some specific questions showed a lower outcome for HCA, predominantly lack of progression, communication, resources, teamwork and welfare. An action plan had been devised to explore issues in more detail with staff workshops arranged so that staff can contribute positive suggestions for improvement. In addition, a new group has been established consisting of line managers bringing FE and HE managers together. The Principal had explained to staff that progression would not be addressed in workshops, particularly in financially challenging times. Alternative options to implement non-financial rewards, such as vouchers to staff would be considered. Feedback from the workshops would be collated and given to staff in January.
- II. Personnel Report: The Chair commented that it was easier to compare staff changes presented in the table. During the period 1 June to 31 October 2015 there were 194.25 days of sickness reported with two members of staff on long term sick leave. Changes to sickness reporting had not been implemented in time to report to the meeting which require a

change to the way absence is recorded and reported. This will be implemented for the next meeting.

The Committee agreed: -

- To note the annual staff survey summary 2015 which would be presented to the Board for information and progress reported to the Committee
- To note the personnel report

8. Annual Complaints Report 2014/15

The Committee agreed: -

- To note the report showing that there had been three complaints, one of which was ongoing. There were no incidents of whistleblowing.

9. Any Other Business

The Search and Governance Committee had discussed vacancies on the Committee and are actively seeking to fill these.

10. Date and Time of Next Meeting

The next meeting was arranged for Monday 14 March 2016 commencing at 5.30pm.