

# Hereford College of Arts

**Finance and General Purposes Committee**  
**to be held on Monday 1 December 2014 commencing at 5.30 pm**  
**in A7, 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 26 June 2014
  - I. Approval of the Minutes
  - II. Matters arising from the Minutes*Aim: To approve minutes and note matters arising*
4. Senior Postholders  
*Aim: To discuss action and any recommendations to the Board following resignation of Assistant Principal*
5. Accommodation Report  
*Aim: To note report and SMT's conclusion presented by the Principal*
6. Financial Statements for year ending 31 July 2014
  - 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*
7. Finance Report
  - I. Management Accounts to 31 October 2014 and current risks
  - II. Annual Treasury Management Report 2013/14 (for presentation to the Board)
  - III. Revised Financial Regulations (for approval by the Board)*Aim: To note reports presented by the Finance Director and recommend to the Board for approval as appropriate*
8. Health and Safety Report  
*Aim: To note a report prepared by the Estates Manager and presented by the Finance Director*
9. Personnel Report including report on Pay and Progression Procedure  
*Aim: To note the report presented by the Finance Director*
10. Annual Complaints Report 2013/14  
*Aim: To note the report presented by the Principal*
11. Any other business
12. Date and time of next meetings  
**Monday 16 March 2015 commencing at 5.30pm**

# Hereford College of Arts

## Minutes of the Meeting of the Finance and General Purposes Committee held on Monday 1 December 2014

**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.

1. **Apologies for Absence**  
Dr Paul Hartley and Dr Mike Lafferty.
2. **Declaration of Interests**  
None declared.
- 3.I. **Minutes of the Last Meeting**  
The Chair signed the minutes of the last meeting held on 26 June 2014 as a true and accurate record.
- 3.II. **Matters arising from the Minutes of the Last Meeting**
  - I. Budget adjustments discussed by the Committee had been included in the 2014/15 budget.
  - II. The Task and Finish Group would analyse student recruitment by postcode as part of its remit.
  - III. The Finance Director had liaised with the Financial Statements Auditors to ensure FRS102 would be implemented satisfactorily.
  - IV. The last independent review of senior postholders' salaries was done in 2009. Members agreed that it was not timely to conduct an independent review.

The Committee agreed: -

- To approve the minutes of the last meeting.

4. **Senior Postholders**

The Assistant Principal had tendered her resignation. The Chair, Principal and Clerk had discussed removing the designated senior postholder status. This would be discussed at the Chairs' meeting with a recommendation to the Board. A different and new post could be created, reporting to the Principal, who could remain a member of the senior management team.

The Committee agreed: -

- To note and support the proposal which would be discussed by Committee Chairs

**Action**

D Howard

**5. Accommodation Report**

Members were invited to discuss the paper which had been prepared following concerns raised by a Governor after discussions at the last Board meeting. Management had discussed relocating the Foundation Course to CRC assessing costs and potential benefits concluding that no value would be added by relocating the Foundation Course.

Reservations about the front of the Foundation building had been highlighted previously with plans prepared by an architect to enhance the image and space. These would be forwarded to Members. Overall Members agreed that it is important to use all space effectively. The benefits of developing student living accommodation outweighed investment into the Foundation building.

R Heatly

The Committee agreed: -

- To note the report

**6. Financial Statements for year ending 31 July 2014**

III. Annual Report and Financial Statements: These incorporated the new strategic plan. 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.

A Member asked for an explanation of the revaluation reserve right-off in the balance sheet. This had resulted from the transfer of assets from local authorities to colleges at incorporation in 1993 for no financial cost. This was an accounting method that shows the valuation of buildings as a fixed asset and balancing against this asset is a revaluation reserve. Both the fixed asset and the revaluation reserve are depreciated at the same rate. Both are non-cash transactions.

The Finance Director presented the reconciliation of the management accounts surplus to the financial statements showing adjustments changed the operating deficit from £5,590 to £31,652.

The Finance Director was requested to ascertain if FE choices still existed.

T Williams

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 2014
- To recommend the Chair of the Corporation sign the letter of representation

**7. Finance Report**

IV. Management Accounts to 31 October 2014 and current risks:  
A. The financial position had improved in the month following late HE enrolments creating an increase in HE tuition fee

income.

- B. Variations against budget were outlined which were driven by student recruitment. FE recruitment had exceeded target this year and it was anticipated that FE funding would increase next year under the lagged funding methodology.
  - C. A cash based surplus of £5,000 was forecasted.
  - D. Key performance indicators predicted the year-end forecast of pay as a percentage of income at 67% against a target of 65.7%. This was because the cost base to deliver courses remained even if group sizes and income decreased. It was agreed that this indicator should be monitored closely. Management review all staff vacancies before reappointing. HE staffing costs operate around 59% in the HE sector, potential reasons for this were suggested.
  - E. The cash flow forecast was noted showing an improved position in April and July 2015 forecasting receipt of HE student loans.
- V. Annual Treasury Management Report 2013/14: The treasury management report is a requirement in the treasury management policy. This evidenced the College's healthy financial position during 2013/14, outlining the cash balance, fixed asset investments and interest earned in the year.

The Finance Director reported that he had invested the endowment fund with Herefordshire Community Foundation in September. By doing this the capital had been increased by 50%. This fund would generate income that could be used towards prize giving. There could be an option to use the fund for student bursaries and also as a vehicle to get more donations. The Finance Director, who is the listed trustee for the Brian Hatton Trust, would close the Brian Hatton Trust. The report was noted concluding that the College had a healthy cash balance during 2013/14 at £1.78M.

T Williams

- VI. Revised Financial Regulations: This was deferred to the next meeting. The Audit Committee had received the management letter which had recommended some low level recommendations with additional items to be added to the Financial Regulations.

The Committee agreed: -

- To note the management accounts to 31 October 2014
- To note the treasury management annual report 2013/14 which would be presented to the Board
- To note progress towards revising Financial Regulations

**8. Health and Safety Report**

There were no significant areas of concern with seven reported incidents of which five were injuries and two near misses. Since preparing the report, the College had received a personal injury claim which was outlined. The Finance Director had contacted the Insurers.

A Member asked when the insurers complete risk assessments. These are completed in May annually. The Finance Director would

T Williams

send policy headlines and liability levels to Members.

The Committee agreed: -

- To note the health and safety report

**9. Personnel Report**

Members requested an explanation of the number of staff joiners which appeared to be much larger than the number of staff leavers. Some new posts were identified but these were in areas where there was increased student enrolments. In future recruitment and retention would be presented in a format that would match joiners against leavers to clearly show changes. There was discussion about the purpose of the report agreeing it should identify any changes to posts and reasons staff leave so that trends could be detected.

T Williams/  
S Lloyd

Staff sickness appeared high; however, there were five members of staff on long-term sick leave. A Member asked if the College had a sickness management scheme to manage potential risk. The College does not have a scheme, but followed procedures including use of Occupational Health. The AoC sickness monitoring procedure would be considered for implementation. This would require consultation with staff and provision of training for line managers.

T Williams/  
S Lloyd/SMT

To address findings of the staff survey, particularly to improve communication, a proposal had been sent to staff for consultation to establish a group of elected staff representatives to meet regularly with management.

The single pay scale had been presented to the Joint Consultative Committee who requested an anonymised breakdown of staff numbers and the gender balance. The next step would be to embed a clear and transparent progression system. It would be important to link progression to appraisals and the strategic plan, with substantiated reasons for increases. It was anticipated that the proposal would increase staffing costs. The Finance Director would calculate potential costs based upon progression and migrating staff onto the pay and progression procedure. A suggestion was made to contact some colleges who were case studies in AoC's 'Pay Strategy in Further Education'. In conjunction with this, the Audit Committee had discussed an audit report on staff utilisation.

T Williams

The Committee agreed: -

- To note the personnel report

**10. Annual Complaints Report 2013/14**

The Committee agreed: -

- To note the report showing all complaints had been resolved. There were no incidents of whistleblowing.

**11. Any Other Business**

Lynn Forrester-Walker had made a Link Governor visit to find out about information, advice and guidance and was impressed with support for learners and systems embedded.

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

The next meeting was arranged for Monday 16 March 2015  
commencing at 5.30pm.

### **Summary of F&GP Committee's business**

Ref 4. For approval: Option to remove senior postholder of Assistant Principal was discussed which would be discussed with Committee Chairs with a recommendation to the Board

Ref 6: For approval: Members' Report and Financial Statements to 31 July 2014

Ref 7. I For information: Management accounts to 31/10/14 showed an increase in HE enrolments changing the forecast to a year-end cash based surplus of £5,000

Ref 7.II For information: Treasury Management Report 2013/14

Ref 8 and 9 For information: Health and Safety and Personnel Report including discussion on progress to introduce a single pay scale.

Ref 10 For information: Annual Complaints Report showed reports resolved and no incidents of whistleblowing