

**Minutes of the Meeting of the Finance and General Purposes Committee  
held on Monday 26 June 2017**

**Present: -** Mrs Lynn Forrester-Walker (Chair)  
Ms Abigail Appleton (Principal)  
Professor Daniel Howard  
Mr Mervyn Jones  
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>
<p><b>1. Apologies for Absence</b> Ms Kay Sandford-Beal.</p>	
<p><b>2. Declaration of Interests</b> None declared.</p>	
<p><b>3.I. Minutes of the Last Meeting</b> The Chair signed the minutes of the last meeting held on 13 March 2017 as a true and accurate record.</p>	
<p><b>3.II. Matters arising from the Minutes</b></p> <ul style="list-style-type: none"> <li>A. The Personnel Manager had been tasked to find the top scoring college from participants in the staff survey.</li> <li>B. Non-pay costs will be further sub-divided in the management accounts from next academic year.</li> <li>C. It was confirmed that all HE applicants had been given dates for interview.</li> <li>D. The staff:student ratio would be carried forward. Governors agreed that this linked to course profitability, part of the Committee's remit. This had been explored in detail a couple of years ago from the aspect of course contribution to overheads.</li> </ul>	T Williams
<p><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. Finance Report</b></p> <p>I. Management Accounts to 31 May 2017 and current risks: The Finance Director presented the accounts and highlighted key points with questions answered.</p> <p>At this stage in the year no major additional expenditure was anticipated with only positive changes predicted to the accounts. This could include £51,000 of additional HE income and £7,000 ESFA income which was not included in the May management accounts.</p> <p>Debtors were forecast to increase by £50,000 by the end of the</p>	

year and would be £90,000 higher than the end of last year. A Governor queried the increase. The Finance Director said there were no significant debtor issues causing this. The Finance Director anticipated that this increase, which would potentially be a lower figure at the year-end would increase cash.

The pension liability was increasing to £1,800,000 by the year-end; the Finance Director explained that this figure was forecast figure from Mercer's report from last year. This report is only received once a year and the actual figures would be received in September 2017.

- II. Student Applications 2017/18: These were presented in conjunction with the budget. There were slightly fewer HE firm acceptances and anticipated enrolments in 2017/18. This reflected national trends with an overall decline in applications to art and design courses. The Committee considered conversion rates and the number of applicants to be interviewed concluding that it would be prudent to set the budget forecasting 120 year 1 enrolments. Discussion progressed to course viability noting that there is combined delivery of some course modules. A Governor asked if there was another route for students as a year zero similar to foundation. The Textiles BA (Hons) was being revalidated for next year with input from the new Course Leader; this would make the course more distinct with a USP. A new Course Leader was being recruited for Contemporary Design Craft. The Head of Comms is planning targeted marketing activity and encouraging internal progression next year.

FE enrolment anticipates 25 fewer new students. The larger current Year 1 Art and Design cohort is anticipated to mitigate this as they progress to Year 2 of the Extended Diploma. Overall 400 enrolments are forecast. A Governor asked if Performing Arts Level 2 would be viable to offer as there were small numbers; this could be delivered with some shared classes.

- III. 2017/18 College Budget and Financial Forecast:  
The Board would be required to approve the budget for submission to ESFA by 31 July 2017.

A comprehensive commentary had been prepared to explain the budget, financial plan (which had been issued to Governors and was verbally outlined during the meeting) and assumptions. This included predicted HE and FE student numbers based on applications and progression.

The College's financial health grade assessment using ESFA software calculated that this was 'outstanding' in the current year to 31 July 2017 and 'good' in the following years. ESFA use EBITDA to assess a college's financial health. Financial ratios remained strong including liquidity ratios and EBITDA.

The statement of comprehensive income predicted a deficit for the year ended 31 July 2017 of £47,000 increasing to approximately £300,000 in 2017/18 and 2018/19. The balance sheet showed a decrease in fixed assets with the bank balance remaining healthy at over £2M. At this point no major

capital projects were planned.

Funding, income and expenditure forecasts showed a reduction in protection funding and ESFA funding. HE funding was based on firm acceptances and retention.

The staff budget had increased which included a new Well-Being Officer post to specifically support students and staff. The funding for the Scholarship Development Manager would finish in March 2018. It was assumed in the budget that this or a similar position would carry on after this date.

There was discussion about student numbers bearing in mind the 55% requirement of HE students in order to become an HEI. Course costings would identify course viability and minimum numbers required for courses. It would be crucial to have some bespoke courses with USPs which are permanently recruited to capacity. An effective costed marketing plan would drive recruitment. This would include launching new courses. The Principal was holding vision and strategy meetings with courses to discuss methods to increase recruitment and subsequent investment required. SLT were considering relocating the Foundation course to CRC which would free up the Foundation building for alternative use or sale. Details of access to the forges at Holme Lacy were being discussed with HLC as additional forges were required. The College could cost running its own facility.

A Governor had calculated that the budget showed an increase in staff costs by 9% and non-pay costs by 7.5%. In comparison revenue showed 3% growth. Further clarification on the structure and detail of provision was requested as Governors only had headlines. This would ensure Governors understand growth areas and reasons for increasing resources. The Board had agreed the vision; the next step would be an implementation plan and long term financial forecasts to embed the strategy. It could be timely to dedicate the next strategy meeting to this. The Finance Director was tasked to provide a breakdown of course costings and other metrics that would help to evaluate the effectiveness of courses. If necessary, additional resources should be bought in to ensure the Finance Director has sufficient time to prepare this.

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The Committee agreed to recommend the budget for approval; however, the forecast shows that the College does not have a long term future without future development. This would need to be addressed. The 5-year plan which would underpin the College's long term strategy would need to be revisited. In tandem with this, Governors agreed that it must remember that the College has fantastic buildings, achieved a silver award from TEF and has a healthy bank balance.

A Appleton/  
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- IV. Investment options for reserves: This proposed investment in the recruitment process, advancing the prospectus and outdoor progression college campaign. The Head of Comms had limited time allocated to additional late marketing around the clearing process as she had begun to prepare the prospectus.

A Governor commented that it is crucial to resource social media correctly with appropriate spend to drive this platform. An option could be to commission a social media and website specialist to ensure the College had the correct social media/digital strategy.

The Committee had discussed costs to purchase a new HR and payroll system several months ago. Providers had been explored with a request to approve c£25,000 costs in principle. This would also manage staff sickness and holiday booking. An attendance management package could be purchased which might create some efficiency. The payroll system would be implemented later in 2017/18. The Committee agreed that this was a sensible investment and should be pursued.

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- V. College Road Lease: The Finance Director was in discussion with RNC regarding options to extend lease beyond August .2023. RNC are considering proposals for the site and will continue to update the College.
- VI. Student Accommodation: The Principal and Finance Director would meet Herefordshire Council to discuss a site for potential accommodation which, if developed, would be managed by Herefordshire Council.

The Committee agreed: -

- To note the management accounts to 31 May 2017
- To recommend the Board approve the 2017/18 budget and financial forecast
- Additional work on course costings would be undertaken
- The College would review and update the 5 year plan and plans to improve enrolments to address the financial outlook of the College.
- To note investment options which SLT would pursue, and agree in principle a £25,000 spend for a new payroll system
- SLT could liaise with the Corporation Chair, Vice Chair and Committee Chairs to progress key issues as preparation for the strategy day in February
- To note the update on the College Road lease and student accommodation

**5. Health and Safety Report**

The Finance Director presented the report showing a summary of safety issues being addressed and the number of incidents. This was fewer in comparison with the previous year. A Governor suggested an online management system would flag up health and safety issues and could be explored in the future.

The Committee agreed: -

- To note the health and safety report

**6. Personnel Report**

The report outlined changes introduced to systems for sickness absence which was reported. Governors commented that the AoC College Workforce Survey provided useful information requesting comparisons between HCA and national data. It was requested that some of this information be used to benchmark the College as part of the annual

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report.

The Committee agreed: -

- To note the personnel report and AoC College Workforce Survey 2016

**7. Policies and Procedures**

- I. Financial Regulations: These had been amended. It was confirmed that the regulations are available for staff to access on the internet. The College Accountant works with budget holders to ensure that they follow the regulations.
- II. Treasury Management Policy: This had been amended to change the credit rating to BBB+ for any future banking relationships
- III. Health and Safety Policy and Organisation: Changes were proposed agreeing that that the Chair of the Corporation and Principal should sign off the health and safety policy statement annually as opposed to every three years.

The Committee agreed: -

- To recommend the Board approve the Financial Regulations, Treasury Management Policy and Health and Safety Policy Statement and Organisation

**8. Annual items for Committee**

- I. Election of Chair 2017/18: The Committee agreed to re-appoint Lynn Forrester-Walker as Chair; however, she might need to step down as Chair during the year as she had a new job which might prevent her from attending all meetings.
- II. Committee's self assessment: Members assessed the Committee's performance against its terms of reference. The Clerk had compiled evidence of effectiveness.
- III. Terms of reference: agreed subject to listing health and safety duties distinctly and any other changes proposed by the Clerk next year.

The Committee agreed: -

- To re-appoint Lynn Forrester-Walker as Chair of the Committee for 2017/18
- The Committee was effective and adequately met the requirements of its terms of reference
- An amendment to the terms of reference regarding health and safety

**9. Any Other Business**

The Chair thanked Professor Howard for his contribution to the Committee, everyone reiterated this.

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

The next meeting was arranged for Monday 27 November 2017 commencing at 5.00 pm.

**11. I. Minutes of the Last Meeting**

The Chair signed the minutes of the last meeting held on 13 March 2017 as a true and accurate record.

**II. Matters arising from the Confidential Minutes**

No matters arising

L Watkins