



Minutes of the Meeting of the Finance and General Purposes Committee
held on Monday 21 November 2022

Present: - Mervyn Jones (Chair)
 Abigail Appleton (Principal)
 Professor Robin Baker OBE
 Clive Hodgeman

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

The meeting was quorate as there were four Governors present.

1. Apologies for Absence

Apologies were received from Peta Darnley.

2. Declaration of Interests

There were no declarations of interest.

3. Minutes of the Last Meeting

Governors agreed that the Chair should sign the minutes and confidential minute of the last meeting held on 26 September 2022 as true records.

Matters arising from the Minutes

- I. The costs to replace the café floor at CRC was c£100K; this project was complete and the café has reopened.
- II. The staff survey had not been split by campus which would mean that some staff could be identified.
- III. An external pay review is being commissioned.
- IV. A course costings procedure is being developed which will build on guidance by the FE Commissioner once published. **ACTION: PRINCIPAL**

The Committee agreed: -

- To approve the minutes of the last meeting

4. Financial Statements for the year ending 31 July 2022

The Finance Director explained that financial statements are prepared in a standardised model. Financial information may change slightly before final sign off. The Strategic Report still needed to be finalised and there would be some other amendments to the text.

The consolidated statement of comprehensive income showed total income of £6.1M and expenditure of £6.7M. There was a deficit of £589K and an actuarial gain of £2.2M. This tallied with the management accounts 31 July 2022. The actuarial gain to the pension scheme was caused by the change to the discount rate.

The Committee agreed: -

- The section on Brexit should be removed
- Information on inflation and utility costs should be added
- The 'looking forward' section should incorporate reference to reclassification of Colleges by ONS once the decision is made

ACTION: FINANCE DIRECTOR

5. Finance Report

- I. ESFA financial health letter and dashboard was based on the College's CFFR return which is used to moderate the College's financial health. This showed 'requires improvement' for 2021/22 and 2022/23; however, based on the final set of accounts for 2021/22 it was anticipated that the Finance Record would show the outturn as 'good'. The dashboard was a summary of previous finance records and College Financial Forecast Returns (CFFR).
- II. Management accounts to 30 September 2022 had been discussed at the October Board meeting. The ESFA main allocation and OfS grant are marginally lower. The FRS102 pension adjustment had positively impacted on staff costs based on lower discount rates, this is a non-cash item. The Finance Director summarised variances to budget and reasons. Utilities costs have increased substantially by £260K from £240K to £500K pa with uncertainty regarding the impact of the Autumn Statement and what support would be in place from April 2023. West Mercia Energy Consortium contracts are due for renewal from 1 April 2023 which are predicted to increase. The Committee were mindful that these needed to be monitored closely and, if necessary a cost saving exercise may be needed in the future. Energy costs to deliver the Artist Blacksmithing course particularly to operate to forge and purchase steel, were raised. The Principal responded that the College is having constructive discussion with HLNSC to ensure that the Artist Blacksmithing Course remains sustainable.

The triannual review of the LGPS has increased the employers rate from 17.9% to 19.7% and the annual lump sum payment will reduce from £50K to £25K. The College had allocated 18.3% in the budget.

The National Living Wage (NLW) will increase from £18,327 to £20,102 on 1 April 2023 for a full-time employee. An increase of 9.7%. 29 staff are currently on the NLW. This could increase 49 staff salaries when the NLW is implemented.

The Committee agreed: -

- To note the ESFA financial health letter and dashboard and that the College's financial health for 2021/22 should increase to 'good'
- To note the financial challenges facing the College, particularly increases to energy and inflation costs and that it is crucial that the Board ensure that the College remains sustainable
- To note the changes from the triannual review of the LGPS
- To note the impact on the increase in the NLW

6. This item was deemed confidential

7. **Premises and Accommodation Report**

A written report had been issued to the Committee summarising progress. The Stronger Towns Deal contract will be signed imminently. The Principal will be transparent with Herefordshire Council on reporting progress of the fund grant and the College's approach throughout the project.

The Principal had a useful preliminary discussion with a Governor regarding developing an estates strategy. The Principal will prepare a brief for suppliers and circulate to the Committee for feedback. **ACTION: PRINCIPAL**

The College is waiting for Herefordshire Council to respond to the lease.

8. **Annual Reports 2021/22**

- I. The Health and Safety Report was noted with a question if trends are identified'; these will be categorised in future to ascertain location, times and incidents. Benchmarking data with colleges on Folly Lane would be pursued. **ACTION: PRINCIPAL**
- II. The Sustainability Report and Action Plan evidenced progress made by the College's Sustainability Committee comprising of staff and students. Progress is being tracked against the FE roadmap. Sustainability is embedded in the curriculum. The College is not yet able to join the NUS environmental campaign until it has assessed its scope 2 emissions. A dedicated budget has been allocated to sustainability to progress on the FE roadmap. Some areas could be addressed quickly with quick returns. Options are being reviewed for lighting costs and waste recycling. Carbon literacy training is provided for staff, students and Governors.
- III. The Treasury Management Report was noted with a suggestion to investigate investing in bonds to increase interest earned. The College does not have any debt or loans. A loan for capital development could be viable to create financial returns e.g. energy costs. Grants could leverage returns and should not be constrained by cash.
- IV. The HCA People Report was noted with a proposal to develop staff development at a strategic level. Succession planning and a staff development strategy was required. Staff turnover is above sector average but comparable with 2019/20. The external pay review will be beneficial. The College needs to consider a pay premium for scarce skills.

- V. Staff induction needed to be improved in some areas. There was a suggestion to consider breaking down absences to identify any trends.

The Committee agreed: -

- To note the annual reports which will be presented to the Board

9. Policies

The Committee agreed to approve: -

- Financial Regulations
- Treasury Management Policy

[Post meeting the Chair proposed the Committee should consider implications of the ONS change in reclassification of colleges as public bodies]

10. Any other business

There were no items.

11. Date and time of next meeting

The next meeting was arranged for Monday 20 March 2023 commencing at 5.00 pm.

Signed as a true record

Chair **Date**