



**MINUTES**  
**of the meeting of the Finance and Employment Committee**  
**held on Wednesday 29 November 2017**

Present: - Mr James Caird (Chair)  
Mr Richard Garnett  
Dr Alan Lavers  
Mrs Elizabeth Patrick  
Mr Ian Peake (Principal)

In Attendance: - Mrs Jo Ricketts (Deputy Principal)  
Mr Edward Gwillim (Director of Finance)  
Mrs Debra Baldwin (Director of Personnel)  
Mrs Linda Watkins (Clerk to the Corporation)

The meeting was quorate as five Members were present. The Chair welcomed Liz Patrick and Jo Ricketts to their first F&E Committee.

- |  | <b>Action</b> |
|--|---------------|
| <p>1. <b>Apologies for Absence</b><br/>No apologies.</p>   |               |
| <p>2. <b>Declaration of Interests</b><br/>No interests declared.</p>   |               |
| <p>3. <b>I. Minutes of the Last Meeting</b><br/>The Chair signed the minutes of the meeting held on 21 June 2017 as a true and accurate record.</p>  |               |
| <p><b>II. Matters Arising from the Minutes</b></p> <p>A. The Head of IT was testing the lone working app which is only compatible with I-phones before considering if this should be used in College.</p> <p>B. The portable welding equipment which had given a student an electric shock had been tested with no issues identified. Students are using alternative welding equipment.</p> <p>C. It had been decided that the College would remain with its current payroll provider. When other providers were investigated it became apparent that there would not be any benefits in changing. The current provider's HR modules would be investigated together with their newly developed payroll system.</p> <p>D. The College was paying the apprenticeship levy as an employer. There was a question about the impact of the levy on employers working with the College. This only</p> |               |

affects employers with a turnover of at least £3M and with over 50 employees. There had been some impact on the number of apprentices; this was a national issue.

#### 4. **Annual Employment Reports 2016/17**

The Director of Personnel presented the following reports: -

##### **I. Health and Safety Report**

- A. The Health and Safety Advisor was retiring at the end of January 2018.
- B. There had been 1 RIDDOR accident and 120 recorded accidents during the year. The Health and Safety Advisor was supporting Senior and Middle Managers to reduce accidents in their departments, particularly equine and catering.
- C. A Governor asked if the same managers conduct health and safety walks each year; this was confirmed which ensured consistency along with the Assistant Principal in the faculty.
- D. Hard copies of the health and safety 'red files' will be continued to mitigate risks if staff were not confident to record health and safety documents on Moodle.
- E. Personal emergency evacuation plans (PEEPs) were in place across all campuses for students and staff.
- F. Following a slight shortage in first aiders at Hereford Campus during the year it was confirmed that there are now sufficient first aiders on the rota.
- G. A suite of health and safety training was outlined with Smartlog used to provide some online training. This was cost effective and ensured all staff complete training relevant to their roles.
- H. Minutes of the Health and Safety Committee dated 11 October 2017 were noted with discussion about the extractor system in the carpentry workshop. This is being discussed with the suppliers.
- I. In relation to the health and safety statistics a Governor asked if strategies were implemented to address areas prone to higher accidents; this was confirmed.

##### **II. Staff Report**

- A. The College employed 384 FTE staff as at 31 July 2017, an increase of 6 compared to the same time last year.
- B. Information was presented on staff turnover, groups and profiles including breakdowns by age range, gender, ethnicity, length of service and staff with disabilities. The College had an older workforce with more staff in the categories above age 41 years. The potential impact was raised which was not anticipated to be an issue. Teaching staff frequently had careers in professional or trade skills before commencing work at the College. The gender profile showed that there were more female staff. A Governor asked how this would affect gender pay which would need to be published in April 2018. The College has the same pay scale for comparable roles regardless of gender. It was anticipated that AoC would collate data

- comparisons in the sector in due course.
- C. Ethnicity was reflective of the two counties with no significant changes since last year. The Director of Personnel regularly reviews recruitment by ethnicity.
  - D. The absence rate had increased this year as there had been several staff on long-term sick leave with an increase to 4.1% compared to 3.51%. This was also marginally above the sector rate of 3.89% published by AoC.
  - E. Updates were provided on key legislation including the Gender pay gap, the single record and IR35 regulations.

### **III. Staff Development Report**

- A. Allocation of £33,797 staff development budget was noted which provided for 2778 individual training records delivering 7655 hours.
- B. Training and development had been focused on meeting both individual and generic training needs.

#### The Committee agreed: -

- To note the positive annual reports for health and safety, staff and staff development presented by the Director of Personnel.

## **5. Members' report and financial statements for the year ended 31 July 2017**

The Director of Finance presented the draft report which had been prepared following the Casterbridge Model. Numerical data would not change materially and the year end reconciliation statements from ESFA which confirm funding had been forwarded to Mazars. The Audit Committee had received the management letter and recommended it to the Board for approval.

Keith St Peter Ltd had ceased trading on 31 May 2017. Separate accounts were provided to 31 July 2017 which would not be required thereafter. Assets would be transferred to the College by a dividend.

The financial statements confirmed that the College was a going concern and Mazars' opinion was to issue an unqualified opinion.

There was a detailed presentation of the financial statements with specific discussion about the statement of comprehensive income and pension deficit. The sale of Wilsley House was completed on 1 August 2017 which would be recognised as income in the year ended 31 July 2018. Questions followed which were duly answered with further explanation. These included the pension deficit, the lease of property at Ludlow College and depreciation of buildings at Hereford and Holme Lacy Campuses.

The EBITDA, current ratio and borrowing as a percentage of income was outlined with an overall score of 230 categorising the College's financial health as 'good'.

#### The Committee agreed: -

- To recommend that the Board approve the Members' Report and Financial Statements to 31 July 2017 for HLC and KSP Ltd (subject to minor adjustments) and authorise the Principal and Chair to sign

## **6. Finance Reports**

### **I. Management Accounts to 31 October 2017**

- Overall there was an operating surplus of £585,000 and a favourable variance of £725,000 in the first three months of the year.
- The RO4 ILR return will be completed imminently which will provide an accurate assessment of ESFA income. This had been estimated based on overall student numbers and apprenticeship starts to date.
- Contributions from faculties are running to budget.
- Financial objectives all exceeded targets and remained positive.
- £511,000 clawback to ESFA had been budgeted for January 2018.
- The balance sheet remained strong.
- Fee income is high compared to budget which was a timing difference and would even out during the year.
- Other income generating activities have decreased, largely driven by the shortfall in refectory income.
- Substantive pay was below budget at this early stage in the year.

### **II. Pound Farm Accounts to 31 July 2017**

- A breakdown of income and expenditure was presented showing an operating surplus for the year of £78,520 and a negative variance of just £12 compared to budget.
- Valuation of stock was undertaken by Brightwells.
- The level of general repairs was challenged; these were above budget and related to repair of an historic hut in the woods which was paid for by a specific grant..
- Overtime costs were £6,472 with a zero budget; the process to sign off overtime was explained.

### **III. Capital Projects Update**

There are currently no significant capital projects. The Director of Finance would report outcomes to the LEP which was a condition of the LEP funding received last year.

### **IV. Treasury Management Annual Report 2016/17**

This advised Members on activities for the year ended 31 July 2017. It covered treasury management activity during the year, investment arrangements and interest earned. The College had reduced its bank loan during year.

### **V. Financial Regulations**

Minor changes were outlined for approval.

### **VI. Sub-Contracting Policy 2017/18 (for Board approval)**

The Board would be required to approve the sub-contracting

policy and confirm approval of the level of sub-contracting £650,000 in the current financial year.

**VII. Riding for the Disabled (RDA)**

The Director of Finance gave an explanation of the site at Holme Lacy College using a map. He highlighted areas for development in the College's master plan and location of the RDA building. Governors considered the paper and issues raised and sought to identify a suitable site on the campus for RDA to relocate. This was challenging based on insufficient space when comparing the master plan, terrain of land and the river with Governors drawing the conclusion that a solution could be relocation off site. The College's solicitor would be instructed to give advice and propose options regarding a license or lease with RDA.

E Gwillim

**VIII. ESFA correspondence: College Plan 2017/19**

Members noted the correspondence and dashboard which was historical and based on this year's budget.

The College's dashboard would be presented to the Board for information.

**IX. ESFA correspondence dated 18 October 2017 re: College's financial plan**

Correspondence had been received in response to the financial performance in 2016/17 which was better than budget. The EBITDA score was one of the factors which moved colleges into early intervention.

The Committee agreed:

- To note the management accounts to 31 October 2017
- To note Pound Farm accounts showing a year-end operating surplus
- To recommend that the Board approve the Financial Regulations
- To recommend that the Board approve the sub-contracting policy
- The Director of Finance would instruct the College's Solicitor to provide advice regarding options for a license or lease with RDA
- To recommend the Treasury Management Annual Report 2015/16 to the Board
- To note ESFA correspondence regarding the College plan 2017/19

**7. Any other Business**

No items.

**8. Date and time of next meeting**

The next meeting was arranged for Wednesday 21 March 2018 commencing at 12.30 pm.

**Signed as a true record of proceedings**

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