

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES
COMMITTEE HELD ON MONDAY 23rd JUNE 2008
IN THE SPORTS CENTRE CAFÉ**

Present: Dominic Blythe, Nigel Fisher (observer), Peter Freeman, Howard Kidd (Chair)
Chris Thomson, Chris Wellings.

In Attendance: Jutta Knapp, Louise Pennington, Sam Wolfe, Rosa Friend, Chloe Tomlinson.

The Meeting was quorate.

F&GP08/13 Apologies and Welcomes

Apologies were received from Anne Fielding Smith.

The meeting was quorate.

F&GP08/14 Training – Richard Tabor, Health and Safety Officer

Richard Tabor gave a presentation on Health and Safety legislation and circulated copies of his powerpoint presentation and two other leaflets entitled:

F&GP08/15 Declaration of Interests

None.

**F&GP08/16 Minutes of the Finance and General Purposes Committee held on 6th
March 2008**

The minutes were approved and signed by the Chair as a correct record of the meeting.

Minutes of the Premises Group held on 28th April 2008

The minutes of the meeting were noted and any actions recommended by Premises Group, endorsed by the Committee.

F&GP08/17 Matters Arising

Item F&GP08/07 g) Capital Project Update

HK advised the meeting that he, along with JHK and Dominic Blythe, had attended a presentation by the banks (Barclays, Lloyds TSB and Allied Irish) and that decision iro the preferred banker (Barclays) to provide the College with loan facilities for the capital project, had been unanimous. The Committee resolved therefore, that there was no merit in

Barclays providing a presentation to the F & GP Committee before confirming appointment.

F&GP08/18 Results for the first nine months

JHK introduced the paper to the Committee which noted the following:

- a) page 13 of the papers, impairment of assets (non cash) £101,000 at 9 month stage/£134,000 predicted outturn 07/08, i.e. the College buildings which will be demolished when the capital project progresses.
- b) Main variances given on page 17 of the papers, highlighted between forecast outturn and budget. Most significant variances with negative impact are the tuition fees (£40,000) re fewer students enrolling than anticipated, BHTA/NHS costs re vocational courses (£22,000) and the Cupola repairs (£17,580). The LSC also withdrew some income relating to the EMA administration costs, after the budget had been set (£17,000).
- c) I & E account deficit is (£376,000) and historical cost deficit for the year is (£208,000).
- d) Income generated from lettings has reduced by (£26,000) compared to the budgeted figure of £83,000 (page 13).
- e) Following a query from PF regarding premises running costs (page 13) – predicted outturn 2007/2008 £284,000 and budget 2007/2008 £190,000 – JHK agreed to review the files to explain the difference. **ACTION: JHK.**
- f) Page 16, cash flow forecast – it was noted within the capital section that it was unlikely, according to the Quantity Surveyor's predictions, that any significant constructions charges would not have to be paid until March 2009 (£350,000). JHK advised that pre-construction charges are likely to be in the region of £47,000, subject to appointment of preferred contractor. LSC Capital Funding of £676,000 is likely to be received in July 2008, subject to approval of the claim which JHK is aiming to submit this week in respect of funding for capital project fees incurred until the end of May 2008. PF queried whether it would be feasible to produce the cash position/against the loan graphically and JHK agreed to consider this. **ACTION: JHK.**

The paper was recommended to Corporation for approval **ACTION: JHK.**

F&GP08/19 Budget 2008-2009

JHK presented the paper to the Meeting and explained the budget setting process. It was noted that there had been some delay in the process this year, owing to uncertainty regarding the LSC funding for 2008/2009 arising from the introduction of a new funding methodology. The final LSC funding figures have still to be confirmed and a meeting has been scheduled to discuss this with the LSC on Wednesday 25th June. However JHK confirmed that the initial funding indications were unlikely to change significantly.

The current year outturn indicates an historic cost surplus of £35K; an improvement compared to last year. The Committee reiterated the need for the College to improve the surplus further, particularly bearing in mind the impact of the capital project, by either increasing income or reducing costs. CT advised that staff salaries as a percentage of the overall income were highlighted as a matter requiring attention by the PFA Audit, carried out pre-inspection, last year. The guidelines suggested that this percentage should be no

more than 70% of income and for 2008/2009 BHASVIC's figure is 74.8%. SMT has been considering ways to resolve this and in the first instance a paper has been issued to staff and discussed with the NUT regarding the College's income/expenditure position. The matter will be taken forward by SMT with the intention of introducing changes to take effect from September 2009.

JHK advised that following the recommendation by the PFA Auditors to review financial targets more frequently, a paper would be brought to the next F & GP Committee meeting and that this would take into account total pay expenditure compared to overall income.

Following a question from CW, JHK explained that there would be a small increase in income as a result of an increase in student numbers. She also confirmed that on-going costs would also reduce once the capital project has been completed e.g. removal of temporary classrooms (£70,000 pa), combined with reduced maintenance costs and improved efficiencies (heating bills etc). Further income may also be developed from increased lettings too (cost analysis still to be done on this).

Once the AID (application in detail) for the capital project, has been approved by the LSC who will also consider affordability, the College will have 95% cost certainty from the contractors (so long as the College does not change any of its agreed plans). LSC indications are that the College will be expected to reach borrowing levels of up to 40% of income for 2 or 3 years after project completion.

The paper was recommended to Corporation for approval. **ACTION: JHK**

F&GP08/20 3 Year Financial Forecast 2008-2011

JHK presented the forecast paper to the Committee and the following points were recorded:

- a) JHK reported that there were some minor discrepancies in the first two pages, which she would correct before submitting the final version to the LSC.
- b) Page 33 Table 1 Income and Expenditure Account, line 17 Historical cost surplus/(deficit) – the entry for 2009 should read £35,000 and not £57,000. Interest payable given in line 10, was also noted, bearing in mind the significant level of bank interest predicted as a result of the capital project.
- c) The forecast indicates that the College is a category C college for the current year, going into category B for the next three years. This seems to be reasonable taking into account the impact of the capital build.
- d) Referring to page 36 of the papers, table 4, ratio analysis, section 7, a and b, it was noted that no adjustment in staff costs had been given owing to the need to complete further analysis.

The paper was recommended to Corporation for approval. **ACTION: JHK**

F&GP08/21 Capital Project Bank Loan Facilities

JHK introduced the paper to the Committee. The contents of the paper were discussed and it was resolved to recommend to Corporation that the following be approved:

- 1) Appointment of Barclays Bank Plc to provide bank loan facilities, both in the short term during the development period, and in the long term a sum of £4.5m over a period of 20 years.
- 2) To approve the drawing down of up to £1.5m to assist with the payment of professional fees incurred up to submission of the Application in Detail.

The Committee noted that there was no additional risk for the College in approving 2), taking into account the fact that up to 86% of professional fees incurred by the College will be funded by the LSC. At present any outgoings relating to fees are being met by the College's overdraft arrangement with Lloyds Bank.

The facilities letter/direct debit mandate was also recommended for approval by Corporation.

ACTION: JHK

F&GP08/22 Health and Safety Update

The content of the report, presented by JHK was noted by the Committee and in particular the car park safety issue, which the College is addressing.

F&GP08/23 Summer Estates Work

The Summer Estates Works' paper was recommended for approval by the Corporation.

ACTION: JHK

F&GP08/24 Business Procedures

JHK presented the revised document to the Committee which was recommended to Corporation for approval, subject to a) below.

a) Section 30 page 101 Loans, Overdrafts and Leases – Following a query by DB, JHK agreed to review the wording in the final sentence regarding offers sought from reputable lenders, bearing in mind that factors other than a competitive interest rate, may be relevant.

ACTION: JHK.

b) Section 49 Contracts – JHK confirmed that with regard to authorisation for contracts over £100,000, that to date, no individual expenditure had yet reached this level in the capital project. It was noted that contractors over £100,000 required Corporation approval.

F&GP08/25 Any Other Business

There was no other business.

F&GP08/26 Date of Next Meeting

To be advised.

The Committee agreed that with regard to AID approvals needed next term, for example to approve the 10 year financial forecast, a Corporation Meeting in October 2008 should be

convened to approve this and that it would not be necessary to hold another F & GP Committee prior to this. **ACTION: PF/JHK/LEP**

Louise Pennington
Clerk to the Corporation

CHAIR..... DATE.....