

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES
COMMITTEE HELD ON MONDAY 17th NOVEMBER 2008
IN THE SPORTS CENTRE CAFÉ**

Present: Kate Blenkinsop, Nigel Fisher (observer), Peter Freeman, Rosa Friend, Howard Kidd (Chair) Chris Thomson, Chris Wellings, Sam Wolfe.

In Attendance: Anne Fielding Smith, Jutta Knapp, Louise Pennington, Chloe Tomlinson.

The Meeting was quorate.

F&GP08/27 Apologies and Welcomes

Kate Blenkinsop was welcomed to her first meeting.

There were no apologies.

The meeting was quorate.

F&GP08/28 Minutes of the Finance & General Purposes Committee held on 23rd June 2008

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

F&GP08/29 Minutes of the Premises Group: 17 June 2008, 22 July 2008, 9 September 2008, 14 October 2008 (Confidential papers)

The minutes were noted.

F&GP08/30 Matters Arising

Referring to item F&GP08/19 Budget, fourth paragraph on page 3 of the papers, it was noted that following the Chairs' Committee meeting last week, HK would be reviewing the financial targets and other key indicators with certain Governors (PF, Dominic Blythe) and that a report would then be brought to the next F & GP Committee meeting in March 2009.

ACTION: HK

F&GP08/31 Declaration of Interests

There were no interests declared.

F&GP08/32 Review of Terms of Reference (Finance & General Purposes Committee and Premises Group)

The Committee reviewed the terms of reference and it was resolved that the two new Purpose sub-items under 2) – g) to approve appointment of consultants and a revised h) to approve policy or decisions as set out in the Treasure Management Policy.

The revised terms of reference were recommended to Corporation for approval. **ACTION: LEP.**

The Premises Group terms of reference were recommended to Corporation for approval unchanged. **ACTION: LEP**

F&GP08/33 Annual Report and Financial Statements for the year ending 31st July 2008

JHK presented the report and financial statements to the Committee, which were supported by the attached External Auditors' Management Letter. The Committee noted that the management letter had been considered by the Audit Committee at its meeting on 6th November and that the Audit Committee had also considered the Report and Accounts in conjunction with the management letter. There were no significant audit issues identified by that Committee.

The following points were noted:

- a) The audit opinion confirms that the financial statements give a true and fair view and that they have been properly prepared. JHK reported that the Auditors had made one main recommendation which has been reported within the management accounts (F&GP08/35), regarding learner support reconciliation of funds. The recommendation has been accepted and actioned by the College.
- b) Page 43 of the papers (page 18 of the accounts), Statement of Historical Cost Surpluses and Deficits – gives the historical cost deficit for the year as (£35,000), against the budgeted figure of (£187,000). The main reasons for this outcome related to the budget for teaching staff costs being lower than anticipated (estimates were made in respect of salary costs for newly recruited staff who were appointed lower down the pay spine than predicted and certain posts were not required to be replaced owing to a re-absorption of teaching and learning within the current staffing levels.) There was also an adjustment in the National Insurance Contributions during the year which had an effect upon the budget deficit. Furthermore, additional LSC income totalling £40,000 was also received specifically to ensure that all teachers are qualified which not utilised as all teachers are BHASVIC are already qualified.
- c) Page 44 of the papers (page 19 of the accounts) balance sheet – attention was drawn to the entry iro the funding council deferred capital grant totalling £1,837,000 which relates to money received by the College in connection with the Capital project. Note 16 of the accounts gives details of the breakdown of the £1.8M entry. The Committee noted that although the grant relates to monies spent in respect of the Capital project, it will not be recognised as income in the accounts until the project has been completed at which point it will be released over the life of the asset i.e. 40 years. The associated costs will also be written off over the life of the asset as depreciation (also refer notes to the statements, on Tangible Fixed Assets – page 22 of the accounts). Following a query from PF regarding the treatment of the LSC grant, it was noted that the item was required to be treated as a capital item and should not be treated as a revenue item (within the Income and Expenditure Account). It was recorded that separate financials would be prepared in due course in order that the Corporation via the F & GP Committee and Premises Group, may track the progress of the Capital build.
- d) JHK drew the Committee's attention to the lower cash in hand/and at bank for the year to 31/7/08 compared to the previous year at the same time, also relating to the capital project costs.
- e) Page 44 of the papers, page 19 of the accounts – Reserves – JHK explained that

- the restricted reserve holdings had reduced from £47,000 last year to £33,000 this year as a result of the removal of the Charity - Three Shields Trust holding. This was as a result of the College writing to have this removed from the Charity Commission records, following an audit recommendation to have this removed from the balance sheet.
- f) PF queried the need to include a statement to note the machinery of government changes, Local Authority 14-19 partnership or the Accord and it was agreed that it would not be appropriate to include these details in the Annual Report and Financial Statements owing to the nature of the audience for this document.
 - g) Following a query from PF, JHK agreed to check that the Disability Discrimination Act details were up to date and to revise the report where necessary. **ACTION: JK**
 - h) Page 80 of the papers – External Audit Management Letter, gives the College's financial health as satisfactory for 2007/2008 (which compares to a financial health category B under the previous regime).

The Committee resolved to recommend the Report and Financial Statements for the year ended 31/7/08 to Corporation for approval. **ACTION: JHK/LEP**

F&GP08/34 Reconciliation of 2007/2008 outturn to budget

Refer to minute above.

F&GP08/35 Results for the first three months

JHK presented the paper to the Committee and it was noted that the LSC had confirmed the College's funding allocation for 2008/09 in July 2008, after the 2008/2009 budget had been approved by Corporation. Although the funding allocation is greater than that allocated in the budget, it is not proposed to amend the budget at present bearing in mind that there may be LSC clawback of funds if unearned relating to Employer and Adult Learners. Page 98 of the papers Income and expenditure account - Total fees and charges was budgeted at £50,000 at the 3 month stage, which compares to the actual position at 3 months of £62,000. This is the main variance at this early stage in the year. AFS advised that fees were outstanding in respect of another 40 students, which will boost income received in due course. JHK advised that the College had also received an additional £3,000 income from the LSC which had not been anticipated. The historical cost surplus for the 2008/2009 is £35,000 compared to the predicted outturn of £50,000.

CT reported upon the developments made at College towards achieving a ratio of staff costs to income at a proportion closer to the average for sixth form colleges, bearing in mind that BHASVIC's current ratio is 76%, whereas the LSC and PFA auditors recommend that it should be closer to 70%. He advised that since Easter this year, four papers had been issued to staff on the subject of the College's finances and the effect of the staff costs: income ratio. CT explained that the consultation with staff had proceeded well and that it was widely recognised that action would have to be taken to reduce the ratio, but reducing staff costs. The favoured route supported by SMT, combined with early indications of support received via the BHASVIC NUT representative, that staff costs should reduce over a 2 to 3 year period, making adjustments as a result of resignation/retirements and increasing staff contact time with students, which currently is the lowest within the sector. The aim would be to introduce appropriate measures with effect from September 2009. Therefore the College's financial position as a result of a reduction in staff costs, will experience a gradual improvement.

The Committee recommended the results for the first three months to Corporation for approval. **ACTION: JHK/LEP**

F&GP08/36 Capital Project - update

The contents of the paper summarising developments in the Capital Project since the last F & GP Committee meeting in June 2008, were noted by the Committee.

The main points highlighted were as follows:

- a) Completion of Section 106 outstanding with one minor issue regarding the £30,000 percentage for art contribution, to be resolved with the LA.
- b) Appointment of Preferred Contractor – The Committee resolved to recommend to Corporation that Millers be appointed as the preferred contractor for the project.
ACTION: JHK
- c) AiP was approved by the LSC in October 2007 and AiD submission is aimed for February 2009, subject to final contractor's procurement programme.
- d) Stage E cost plan forecasts that the project costs will be £43M compared to £32M at AiP; the LSC have been kept informed of the change and have confirmed their continued support for the project.
- e) VAT issue remains unresolved but there are on-going discussions between Deloitte (VAT consultants) and HMRC.
- f) The facility letter in respect of borrowing arrangements has been signed by the Chair and submitted to Barclays. The loan may not be drawn down until AiD approval has been achieved.
- g) Millers' presentation to staff and neighbours is due to take place on 2nd December and it was resolved that Governors could be invited to this. **ACTION: JHK/LEP**

F&GP08/37 Update on Environment Issues

JHK presented the paper to the Committee the contents of which were noted.

F&GP08/38 Health and Safety Policy

JHK introduced the policy to the Committee which noted the changes in italics within the document.

The policy was recommended to Corporation for approval. **ACTION: JHK/LEP**

F&GP08/39 Health and Safety Update

The contents of the update produced by Richard Tabor, the Health and Safety Officer, was noted and in particular both a Type 2 and Type 3 asbestos survey had now been completed. JHK reported that there were no significant issues and that following the second survey, some asbestos had been discovered in the roof area above room 151 in College house. It is intended that this would be removed by Millers during the Christmas holiday.

At this point Nigel Fisher left the meeting.

F& GP 08/40 Financial Memorandum

Part I and Part II of the Financial Memorandum were noted by the Committee.

F&GP08/41 Treasury Management Policy

JHK explained that it was proposed to replace the existing old Investment Policy (last reviewed in July 2000) with the Treasury Management Policy. The old policy wording was included on page 168 for information. The Committee noted that the policy was based on CIPFA guidance and that it had been adopted by most sixth form Colleges.

JHK confirmed that the F & GP Committee would receive an annual update on the College’s investments, with the management accounts.

The policy was recommended to Corporation for approval. **ACTION: JHK/LEP**

F&GP08/42 Review of Insurance Policies

The Committee considered the report, noting that the College’s business procedures require details of current policies to be reviewed every two years by F & GP Committee.

JHK confirmed that the College was part of the Hampshire consortium which enables preferential terms to be arranged on behalf of members. The insurance arrangements were last reviewed 2 years ago. The overall annual premium is approximately £40,000.

F&GP08/43 Any Other Business

a) Committee Training Needs

The Committee considered training needs and LEP reported that following discussions at last week’s Chairs’ Committee, a recommendation would be made to Corporation to introduce an Individual Governor self-assessment exercise during the summer term, which would include the identification of training needs.

F&GP08/44 Date of Next Meeting

3rd March 2009

**Louise Pennington
Clerk to the Corporation**

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