

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE HELD ON MONDAY 20th JUNE 2011 AT 18:00 IN THE SPORTS CENTRE CAFÉ

Present: , Tando Dwyer, Peter Freeman; Howard Kidd; Rod Mallinder; Jim Smithyes; Chris Thomson

In attendance: Alex White, Anne Fielding Smith, Jutta Knapp, Sally Bromley and Louise Pennington

F&GP11/14 Apologies and Welcomes

Kate Blenkinsop's apologies were noted.

Tando Dwyer, Alex White and Sally Bromley were welcomed to the meeting.

F&GP11/15 Minutes of the Meeting held on 7th March 2011

The Minutes were approved and signed by the Chair as a correct record, subject to the following change:

F&GP11/03 Matters Arising, reference 10/39 Delete: "in order to compare and benchmark temperature over the years and thereby adjust fuel levels required for heating etc" and replace with "to account properly for weather effects on energy consumption when comparing performance from one year to another".

Minutes from the Premises Group 9th May 2011

The contents of the minutes were noted.

F&GP11/16 Matters Arising

10/27 – investigate opportunities for generating energy supply savings via Council – response from Council remains outstanding. Jutta Knapp advised that a report regarding procurement opportunities would be brought to the next meeting. **ACTION: Jutta Knapp**

10/32 – AUDE toolkit for sustainable estate – Jutta Knapp agreed to re-examine this facility noting that although the guidelines were prepared in respect of the Higher Education sector, the guidelines would be useful for Further Education Colleges too. **ACTION: Jutta Knapp**

10/38 – Treasury Management Policy liaise with Mike Bewlock (Audit Committee co-optee) to compare policy wording with that in place for Brighton University – awaiting Michael Bewlock's response. **ACTION: Jutta Knapp.**

10/39 Update on environment issues – Jutta Knapp confirmed that benchmarking would be introduced for any future comparison purposes.

10/40 Recycling follow up – Jutta Knapp confirmed that further recycling processes had been introduced.

11/08 Update on Progress with Property Strategy Recommendations – Jutta Knapp confirmed that the revised property strategy would be presented to Committee at its Autumn Term meeting. **ACTION: Jutta Knapp**

F&GP11/17 Declaration of Interests

There were no declarations of interests.

F&GP11/18 Results for the First Nine Months

Jutta Knapp and Howard Kidd introduced the paper, the contents of which were noted and the following points highlighted:

- a) Page 11 financial targets – adverse variances include total student numbers (1,756 actual, compared to 1,800 budget); pay as percentage of income (actual 71.88%); Non-YPLA income as % of income (5.92% actual, compared to 10% budget);
- b) Page 12 Income and Expenditure account – An improvement in the figure was noted with the predicted outturn for 2010/2011 compared to budget for 9 months indicates a (£77,000) deficit on continuing operations. This compares with the predicted outturn 2010/2011 as at 6 months (reported at the last F & GP Committee meeting in March), of (£257,000) deficit on continuing operations. The figures reflect movement as a result of the YPLA's BCIF grant. Indications were that the final figures were likely to result in a small deficit. Receipt of £207,000 YPLA BCIF first tranche was noted together with the corresponding £109,000 BCIF recorded operating expense.
- c) Jutta Knapp advised that the College had received its proportion of the devolved formal capital grant which all Colleges are now entitled to receive to cover maintenance costs but it has not been included in the I & E figures as it is intended that this will be allowed to accrue for use next year) and has been agreed with the auditors.
- d) Page 13 Cash flow summary shows a predicted net cash inflow of £84,000.
- e) Page 14 Balance Sheet and page 16 variations from budget – the latter highlights all variances of 10% plus and include the following revenue items – Premises maintenance (-£235,000), Lettings income lower than expected (-£33,000), depreciation on Student Services Centre and telephone system not included in budget (-£53,000), deficit on disposal of assets (-£40,000), teachings staff contingency no longer needed (£40,000) and BCIF (£98,000). This gives an overall variance of (£219,000).
- f) Page 15 Cash Flow – this includes a separate record in respect of the projected BCIF cash flow. The significant variation between months was noted, particularly the low level (£12,000) forecast for March 2012 which reflects the YPLA's funding allocation. The figures in respect of the student services centre bank loan (refer last minutes) were noted (-£38,000 per quarter) and also the monies held by the College on deposit with the bank. It was also noted that retention monies of £22,000 were due to be paid in September 2012. Currently the College does not have a bank overdraft facility.

The Committee resolved to recommend the Results for the first 9 months to Corporation for approval. **ACTION: Jutta Knapp/Louise Pennington**

F&GP11/19 Budget 2011-2012

Jutta Knapp presented the budget 2011-2012 paper to the Committee, the contents of which were noted.

The YPLA funding has been reduced by in excess of £300,000 and as a result the College has reviewed every cost centre (including IT, capitation, staff development, OLC etc) and overall staff costs, carefully to ensure that a balanced budget is achievable. Jutta Knapp confirmed that this aspect of budgetary control would be monitored carefully each year and it was noted that SMT had considered every detail of the budget on a departmental level in order to address the significant effect of the reduced funding allocation upon the College. It was noted that the College would have to review its costs closely on an annual basis and perhaps investigate possible alternative study aspects which would reduce costs to the College. The Committee was reminded that the YPLA were offering some transitional relief over the next 3 years to assist Colleges in managing the fund cut.

Referring to page 18 Management summary bullet point 10 (the most significant medium term risk is the implication of the proposed YPLA funding cuts as well as any change to the recurrent funding methodology and significant increases in interest rates) – it was agreed that reference should also be made here to the inevitable increase in energy costs. It was noted that the College's utilities were fixed annually and renewable in the Summer. **ACTION: Jutta Knapp**

The budget 2011-2012 was recommended to Corporation for approval.

F & GP 11/20 Three Year Financial Forecast 2011/2012-2013/2014

The financial forecast paper was presented to the Committee by Jutta Knapp and the commentary, key ratings and forms were reviewed.

The Committee noted that the document entitled Financial Plan 2011 was issued by the YPLA in a prescribed format for Corporation approval and submission to the YPLA by 31st July 2011. The forecast document includes the key aspects of the College's strategic plan and the budget for 2011/2012.

The first page of the document, the Principal's Statement confirms the financial health grade for the year end 31st July in respect of the 4 years' reviewed, which is deemed to be satisfactory for 2011 and 2012 and good for 2013 and 2014.

The key assumptions which have been made in completing the financial forecast are given on page 25 of the management report and include, no additional bank borrowing, no increase in pay costs, a decrease in 16-18 funding of 3% pa from 2011/2012, growth in student numbers to 1,800 from 2012/2013 and no capital project.

Bearing in mind that Government funding is being reduced to the sector, the Committee were reminded that transitional protection was in place, although assumptions have had to be made regarding the amount of protection in place within the forecast period.

Following a suggestion by the Committee, it was agreed to add a further assumption regarding the funding formula going forward and adding this to the bullet points on page 25 i.e. that the College has assumed that this will be unchanged, although it was noted that this remains uncertain and that in fact the funding formulae was being reviewed by Government and would change but there are no details available yet. **ACTION: Jutta Knapp**

The Committee queried the assumption regarding capital project and any future property maintenance requirements, noting that the College's revised property strategy would not now be available until the Autumn Term. Some maintenance provision has been included in the financial forecast but it was agreed that this aspect should be reviewed at the same time as the Property Strategy is discussed either at the next Premises Group or Finance & General Purposes Committee. **ACTION: Jutta Knapp**

Page 56 Schedule 6 Key Assumptions – the narrative included within item 10 non-staff costs was noted, “no significant planned maintenance allowed for after the work on College House completed, partially funded by the BCIF. This will be required, particularly part of the roof on our main building, but this will be dependent upon sufficient savings being found elsewhere in order to meet the indicated reduced funding.”

Following a query, it was advised that the proposed new bursary scheme had not been separately identified within the forecast figures and Anne Fielding Smith confirmed that the administrative cost for managing the new scheme had been estimated at approximately £4,800 p.a.

Page 61 Borrowing as percentage of income graph, which shows the College' borrowing reducing from 2011 to 2015.

Page 62 Schedule 8 Efficiency Savings in relation to various procurement arrangements, totalling £62,000 for the 2011 year to 31st March. Following a request from the Committee, it was agreed that additional explanation should be added to the narrative box. **ACTION: Jutta Knapp**

The three year financial forecast was recommended to Corporation for approval, subject to the changes noted above. **ACTION: Jutta Knapp/Louise Pennington**

F&GP11/21 Sixth Form College Building Condition Improvement Fund

Jutta Knapp introduced the paper which updated the Committee on progress with the BCIF, noting that the Premises Group had already seen and approved the YPLA terms and conditions. The College has been allocated a BCIF grant of £459,316 compared to its bid of £1.2M. Although the outcome is disappointing, the College has submitted a revised Form A indicating that a greater proportion of the College's estate should in fact be classified as D (the lowest classification) in the hope that should there be any additional money, the College will be considered for this. The current project cost is £859,316 covering the work deemed a priority arising from the Conditions survey and having adjusted its original proposals in the light of the reduced grant allocation, the College has opted to complete all the outstanding maintenance works required on College House.

One of the requirements of the YPLA terms and conditions involved a report to be prepared by the Principal on risks and mitigation actions in respect of the works and this report is attached on page 71 which the Corporation noted. The Committee also noted that it would be receiving regular reports from the Principal on progress of the works funded under the BCIF.

The works were put out to tender and these details and recommendations are awaited from the College's Project Managers. It had been anticipated that these would be ready for consideration by this Committee and it was resolved that these should be sent electronically to the Committee members for consideration and comments/approvals reported back to Howard Kidd and Jutta Knapp in order that a recommendation be made to Corporation. It

was thought unlikely that the Committee would not follow the Project Managers' recommendations regarding their preferred contractor and as a result it was resolved that the decision should be delegated to Howard Kidd, Chris Thomson and Peter Freeman, so long as the tender analysis does not reveal any E & O issues or exceed the allocation allowed for the project **ACTION: Howard Kidd, Chris Thomson, Peter Freeman.** The decision would then be recommended to Corporation for endorsement. Jutta Knapp confirmed that the Project Managers would investigate value engineering options should the estimates be higher than the overall allocation. **ACTION: Jutta Knapp.** Jutta Knapp advised the Committee that three firms had submitted tenders and having taking into account price it was likely that two would be considered further. The Committee noted the short timeframe for appointing contractors in order to enable work to commence promptly in line with the YPLA terms and conditions.

The Committee also referred to the draft minutes of the last Premises Group's meeting on 6th May 2011 regarding the planned works and approvals given.

F&GP11/22 Summer Estates Work

The paper was presented to Committee by Jutta Knapp which detailed the 6 routine maintenance estates' work proposed for this summer excluding the BCIF work. The overall cost including VAT is £110,000 and it is anticipated that the financing for this will be generated from planned maintenance budget (£56,000), YPLA devolved formula capital allocation (£44,000) and Health and Safety budget (£10,000).

The Committee made reference to the Health and Safety report and in particular to the section regarding Fire and the formal inspection carried out by East Sussex Fire and Rescue Service and Appendix 2 (page 81) which although found no major breaches and enforcement requirements, did identify a number of deficiencies including fire door adjustments. The contents of appendix 2 Formal Inspection of the College were noted in detail and the written deficiencies highlighted – Fire Safety Policy should be available; electrical wiring test certificate is due; few fire doors need to be adjusted; the alarms should be tested weekly; the emergency lighting should be tested monthly; some holes in workshops need to be filled; training of staff should be recorded. Additionally a number of other items were observed and brought to the attention of the Health and Safety Officer, namely – cover on smoke detector; flammable materials by major fire exit; classroom doors onto fire exits were not all fire doors; classroom doors onto fire exit routes did not all have automatic closures; some classroom doors were being held open with temporary doorstops/left unlocked and left open when unattended/ fire risk assessment structure requires a more detailed record. It was noted that it had been recommended that consideration be given to using a new external risk assessment. The target dates per action were noted and Jutta Knapp explained that currently the Health and Safety Officer was preparing a schedule of priority in terms of work on fire doors/changing classroom doors to fire doors. Rod Mallinder emphasised the importance of dealing with this work and that the Committee should seek assurances that this is completed as a matter of urgency. Jutta Knapp agreed to review this matter and present an update on this at Corporation. **ACTION: Jutta Knapp**

Subject to the comment made above, the paper was recommended to Corporation for approval. **ACTION: Jutta Knapp/Louise Pennington**

F&GP11/23 YPLA Assessment of our Financial Health

The YPLA letter confirming its agreement with the College's financial health assessment as "outstanding" was noted.

F&GP11/24 Health and Safety Update

The contents of the paper were noted.

In addition to the points made in item 11/22, it was agreed and a timeframe for actions should be included. It was also confirmed that SMT would review the various risks and actions raised and report back to the next meeting. **ACTION: Jutta Knapp**

F&GP11/25 Business Procedures

The changes to the business procedures were considered and approved by the Committee re the new section 51 on lettings. Following a suggestion by the Committee it was resolved to update the reference to Senior Postholders reflecting Anne Fielding Smith's departure and to add a note regarding the cash machine (the latter within section 28). **ACTION: Jutta Knapp**

F&GP11/26 Review of Insurance

The paper updating the Committee on the College's current insurance arrangements was noted by the Committee.

F&GP11/27 Committee Self-Assessment and Review of Terms of Reference

The Committee reviewed the annual self-assessment and agreed that the Committee operated in a satisfactory manner. It was also agreed that no changes were necessary to the terms of reference.

F&GP11/28 Any Other Business

- a) Chris Thomson updated the Committee regarding development of part of the field with outdoor all weather pitches. Currently the field is used by BHASVIC, Cardinal Newman and Stanford Juniors. BHASVIC had been approached by three groups, two of whom remain under consideration. The College will be working closing with the LA and the other interested parties (Cardinal Newman and Stanford). The LA had raised a number of objections regarding the method of procurement and a list of assurances sought by the LA had been issued. BHASVIC is also seeking clarification on other aspects of the arrangements. Chris Thomson had been liaising with the other schools involved advising them that BHASVIC's intention is to work closely with them in order to achieve a satisfactory outcome for all interested parties. The Committee was reminded that there was a Joint User Agreement in place between the College, Cardinal Newman and Stanford Juniors.
- b) Anne Fielding Smith updated the Committee regarding the voluntary redundancy scheme and confirmed the following:
 - Support staff - It has not been possible to give voluntary redundancy to any support staff owing to their being a substantial amount of work remaining in all cases;
 - Teaching staff – 8 teachers applied for voluntary redundancy – 3 were granted it because the amount of available teaching in their subject areas had decreased significantly; one teacher was offered it, but declined; three applicants were turned down because there was no decrease in teaching in their subjects and no financial savings for the College; one of the unsuccessful candidates subsequently submitted their resignation; a second unsuccessful applicant was offered and accepted, a

permanent reduction in working hours; a third unsuccessful applicant was allowed to reduce their hours on a temporary basis for next year.

- Reduction in working hours for teachers – of the eleven teachers who applied to reduce their working hours on a permanent basis two had also applied for voluntary redundancy – one of these was granted this and the other has reduced their hours on a permanent basis; three have been given a temporary reduction in working hours, with other teachers taking on their work; for six other teachers it was not possible to agree to their requests, as there is no anticipated reduction in teaching in their subjects for 2011-2012.
 - Financial savings – overall for 2011/2012 the savings to the College is small at £18,000 as redundancy payments have been made. For 2012/2013 and beyond, the annual savings from this scheme are approximately £40,000.
- c) As this was Anne Fielding Smith's last meeting before her departure in August, the Committee recorded its thanks her for her work for the College.

F&GP11/29 Date of Next Meeting

To be advised

Chair.....

Date.....

