

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

HELD ON MONDAY 26th JUNE 2017 IN ROOM 413, COPPER BUILDING AT 6.00 P.M.

Present: Will Baldwin, Jo Davis, Peter Freeman, Howard Kidd (Chair), Chris Newson, Mark Snape

In attendance: Jutta Knapp, James Moncrieff, Louise Pennington

F&GP16/36 Apologies and Welcomes

Apologies: Anthony Rogers

The meeting was quorate.

F&GP16/37 Minutes of the F & GP Committee Meeting held on 13th March 2017 (main and confidential)

The F & GP Committee main and confidential minutes were considered and approved by the Committee and the Chair authorised to sign them.

F&GP16/38 Matters Arising

The F & GP Committee actions completed or already on the agenda, were noted and the following additional comments made:

- Annual Report and Financial Statements – review future treatment of restricted reserves item of £39,000: Jutta Knapp reported that she had sought advice from a Charity expert and was awaiting his feedback which she would follow up. **ACTION: Jutta Knapp**
- Night Time Electricity Usage – as this was viewed as an operational matter, it was resolved to transfer the matter to SMT. **ACTION: Jutta Knapp**

F&GP16/39 Declaration of Interests

None declared.

F&P16/40 Management Accounts for the Nine Months to 30 April 2017

Jutta Knapp presented the Management Accounts to 30th April 2017 and the following points were highlighted or questioned:

- The increase in income this year (£549,000 – additional Students from Haywards Heath (£200,000 already allocated to this year's budget 2016/2017), CIF bid £323,000 of which £307,000 is in this year's budget and the balance of £16,000 in next year's budget) and its impact from both on the College's financial position was recognised, including enabling the College to commission extensive refurbishment work.
- Adult Education funding from SFA in respect of the College's 19+ ESOL (English for Speakers of Other Languages) will be less, as the amount earned this academic year is less than the funding granted; hence approximately £30,000 will be clawed back by the Education and Skills Funding Agency (ESFA, previously EFA and SFA which have merged).
- Income and Expenditure Account (page 12 of the papers: Predicted Outturn 2016/2017 (net cash inflow) is £238,000. It was noted that if the College had not received the various additional income given above, the financial position would have been more difficult and likely to have been closer to breakeven; the expenditure regarding the various planned works would also have had to be adjusted to reflect affordability. At this point reference was also made to the Premises Maintenance expenses of £593,000 within the I & E and also related sections of other meeting papers, including the Premises Update Report. Governors expressed their concern at the difficult financial position in which the College, along with others within the FE sector, had been placed

owing to the fact that EFA funding remained static (at £4,000 per full time Student) and was unlikely to improve for the next few years.

- In response to a question from the Committee regarding the funding for additional students, it was confirmed that this had been awarded on the basis of a one-off in year funding allocation taking into account the fact the Haywards Heath College closure.
- Cash Flow for the year to 31/7/18 (page 15 of the papers): The significant cash on deposit (£2M) was highlighted, reflecting a strong cash position. The cash on deposit will be reinvested on maturity.
- Variances (page 16) were noted.
- Bank borrowing (page 17) – The end of the loan arrangement in respect of the Student Services Centre on June 2016 was recorded and would be removed from future schedules. **ACTION: Jutta Knapp.** Outstanding Debt at the end of 2016/2017 is approximately £4.5M.

The Management Accounts will be included in the Corporation Meeting papers for information. **ACTION: Jutta Knapp/Louise Pennington**

F&GP16/41 Budget 2017/2018

The contents of the paper presented by Jutta Knapp, were noted by the Committee and the following points made:

- The list of assumptions made by SMT in preparing the budget and as detailed on page 19 of the papers, was highlighted including the ESFA funding for 2,689 Students, with a predicted additional 100 students planned who would be unfunded until the following year, reflecting the lagged funding allocation system and also the various staffing cost adjustments and new building implications including bank borrowing costs.
- Operating surplus is £112,000.
- The significant impact of the static ESFA funding regime for the sector, particularly post 2017/2018 was discussed again and the Committee focused on the Financial Targets given on page 22, noting that as these were becoming increasingly difficult to achieve, the targets should be reviewed (particularly the operating surplus as % of income and staff costs as % of income). The Principal reported on a meeting of S7 College Principals held earlier in the day and the discussions which arose regarding the problems driven by the difficult funding regime on key ratios, particularly focusing upon the aspects of financial forecasting in the longer term. The Committee discussed the concerns expressed and possible options available to draw attention to this. Other possibilities available to the College to relieve some of the pressure on finances were also raised including flexibility in student numbers (via building programme), staffing and class sizes. At this point Governors' responsibilities were emphasised particularly the requirement to ensure financial viability and solvency. The associated risks were also discussed in relation to investing in capital developments in order to increase numbers and income. The Committee also considered the significant Teaching staff costs and SMT explained that this was being managed carefully within the restrictions of the HR policies and pay bands and nationally agreed pay proposals etc. Governors were also advised that as the College had a low staff turnover, the overall pay bill was higher compared to many other Colleges, reflecting the fact that the College has more senior and experienced staff. It was agreed that more needed to be done to get the message across to the ESFA by Colleges generally, that the current financial regime was untenable going forward. The significant financial difficulties experienced within the Schools' sector, was also noted.
- The Committee's attention was drawn to the long-term financial scenarios for the College included in the premises update (F&GP16/43 below). Members agreed that this formed a useful basis and asked that it be drawn to the Corporation's attention. They also asked that it be refined to include other options under consideration for College development and that the sensitivity analysis be kept up to date. **ACTION: Will Baldwin/Jutta Knapp**

Noting the various comments made above, the Budget for 2017/2018 was recommended to Corporation for approval. **ACTION: Jutta Knapp**

F&GP16/42 Financial Forecast for the period 2017/2018 – 2018/2019

The paper was introduced by Jutta Knapp who reminded Governors that year 1 of the forecast reflected the current year's position, year 2 was the budget for 2017/2018 (previous item) and year 3, being the financial forecast for 2018/2019. The following items were recorded:

- Page 36 Financial Health Grades – for the three years ending 2017, 2018 and 2019 provide a “good”, “good” and “satisfactory” financial health grade respectively, noting that the ESFA’s automated calculation agreed with the College’s own self-assessment.
- Page 43 Schedule 3 of financial forecast: Statement of Comprehensive Income – the small deficit underlying operating position for 2018/2019 was recorded. The calculations include the new building costs estimated at this stage and also take into account that a further targeted increase in student numbers as a result of the new build would not be achieved until 2019/2020. Funding for this increase in numbers would not be received until 2020/2021 owing to the lagged funding regime. It was confirmed that the forecast position reflected the targets set out in the College’s Strategic plan.
- The forecast figures are reliant upon various key assumptions including, achieving building requirements/receiving grant support, achieving student number targets and acquiring appropriate bank loan arrangements (assumed 5% fixed at this stage).

Noting the various points made above, the financial forecast was recommended to Corporation for approval, also noting that once approved it was required to be submitted to the ESFA by the deadline of 31st July 2017. **ACTION:**

Jutta Knapp

F&GP16/43 Premises Update

The Committee considered the paper which was introduced by Jutta Knapp and the following points were noted:

- Governors were reminded that Corporation had given its approval at the last meeting to spending up to £600,000 (part of £8.7M overall proposed costs of the building project) towards professional fees/planning applications, which would take the College to approximately April 2018 and ending with the submission of formal planning.
- The Masterplan and programme have been submitted by the College’s Architects, HNW, to the Local Authority (LA) in respect of the pre-planning application stage and it is intended that a meeting is set up with an LA Planning adviser to hold initial discussions with the aim of securing a letter of support for the proposals; there would then be the option of including the letter in the College’s CIF bid in November 2017 to support the bid submission.
- Will Baldwin and Jutta Knapp have had a useful meeting with Gillian Churchill (Head of Capital Strategy for Education at the Council) to talk through the College’s proposals and no major concerns were raised by her.
- The various phase options were discussed, noting that phase 1 was dependent upon a successful CIF application, seeking £4M maximum on offer. The second option would focus upon phase 3 (new 2 storey development on the current netball/tennis courts), costing £4.3M to be funded by reserves (£300,000) and bank loan. There is no financial modelling yet for phase 3 and this will be prepared, should the CIF application be unsuccessful. The Committee also discussed the building provision in terms of square meterage to offset the current over-crowding issues, facilities available and student numbers.
- Other potential capital options were discussed including the Regional Growth Fund (bids due in July) and funding for 16-18 specialist maths providers in the City.
- HNW are working to progress the project at this initial stage, to ensure that any key work is addressed and in order that College is able to proceed if/when the outcome of the CIF application is known to avoid any delay in proceedings; this includes the appointment of consultants to complete certain aspects of the provisional stages including the various surveys (page 66 of papers).
- The College will need to appoint a Project Manager and a timetable for this is given on page 65. However Jutta Knapp explained that timing has slipped because the College will have to proceed via the OJEU process. Once confirmation has been received, Jutta Knapp will contact Howard Kidd and Mark Snape, who have agreed to join the interview panel with Will Baldwin and Jutta Knapp, to organise Panel meetings. Furthermore it was resolved that a Premises Group meeting should be scheduled for September/October 2017 and Louise

Pennington agreed to include a provisional date for the Premises Group within the proposed meeting dates for 2017/2018. **ACTION: Louise Pennington**

- Reference was made to the preliminary Project Programme on page 95 of the papers which takes the project through to completion in August/September 2019.
- Car parking provision – to replace the majority of lost car parking spaces in the bottom staff car park, the plans will propose that car parking spaces are included behind the Sports Centre if approved – overall this would mean a loss of about 10 spaces.
- It is intended that discussions will be held before the Summer break at an informal level, with the local neighbourhood representatives to explain the proposals. A more detailed presentation provided by the architects would then be held later this year with the neighbours. At this point Peter Freeman agreed to provide the contact details to Will Baldwin for the Prestonville Community Association. **ACTION: Peter Freeman**
- Noting that Corporation approval had already been given to take forward the initial stages of the project proposals to seek various professional works, up to the value of £600,000, it was agreed that the July Corporation meeting should be given an update of progress, and explicit approval for the various Phases of the Property Masterplan should be sought too, (subject to the CIF Bid approval and bank funding). **ACTION: Jutta Knapp/Will Baldwin**
- The Committee noted that formal Governor approval based on a sensitivity and risk analysis will be required for each phase of Masterplan implementation.
- The Committee also noted the progress of the modular Science Labs work and the College's re-branding project (page 67 of the papers).

F&GP16/44 Business Procedures

The changes tracked in the document were explained by Jutta Knapp and the Committee recommended these to Corporation namely:

- Section 7 Insurance: remove the requirement for the College insurance policies to be reviewed by this Committee (and revise terms of reference (TOR) accordingly)
- Section 9 Purchases: Limits of authority for F & GP Committee and Corporation to be amended to reflect that this matter would be incorporated into the overall budget for the year (NB current word states "over £50,001 but less than £100,000 – F & GP Committee/ above £100,001 – Corporation")
- Section 15 Charge Cards/Government Procurement Cards: delete second sentence. "The card is held in the safe in the Cashier's office and must only be used by the card holder within the Finance Office" and add "The card is held securely by them".
- Section 17 Personal Expenditure: Update to clarify reimbursement of expenditure – paragraph 3 add "Reasonable costs for overnight accommodation will be met by the College. The cost of an evening meal up to a maximum of £12 per person will also be reimbursed. It is College policy not to pay for alcohol and this cannot be included in any expenses claim." New fourth paragraph "Lunch costs if not included in the cost of a training day activity, will be reimbursed up to a maximum of £6 per person. As above, alcohol must not be claimed for." Paragraph 5 – delete first paragraph "Travel costs will be reimbursed at the lowest second class train fare for the journey which could have reasonably been obtained etc" and add "Travel costs will be reimbursed on completion of an expenses claims form with the relevant receipts attached. Consideration must be given to the cheapest option when booking public transport. If driving is the most effective cost option mileage will be paid at a rate of 40p per mile for the first 100 miles and then 25p per mile thereafter". Delete paragraph 6 "The costs of travel by car will be reimbursed at the rate of 40p per mile for the first 100 miles, and then at 25p per mile."
- Section 20 Funding Body Income: second paragraph replace "computer" with "finance" in the first sentence.
- Section 29 Cash and Investments: First paragraph – delete "and a current account with Barclays".

ACTION: Jutta Knapp/Louise Pennington

F&GP16/45 Joint User Agreement

The Committee considered the revised Joint User Agreement which was presented by Will Baldwin and Peter Freeman and agreed that the changes were in the best interest of the various parties to the agreement, also noting the history of the dispute in recent years and the Village Green initiative by the "Friends of the Field", the latter of whom are now also party to this agreement. It was noted that a copy of the previous agreement signed by the Chair of Governors at the time (John Lawrence) was on the College's website, with a black and white copy of the plan attached.

Referring to page 125 of the papers (page 2 of the agreement), Peter Freeman agreed to locate a copy of the plan showing the marked community and field areas as referred to in the document, so that it may be circulated to the Committee Members. **ACTION: Peter Freeman**

The document was recommended to Corporation for approval. **ACTION: Will Baldwin**

F&GP16/46 Summer Estates Work

Jutta Knapp summarised the work proposed which was endorsed by the Committee and recommended to Corporation for approval, noting that the costs had been included in the budget. **ACTION: Jutta Knapp**

F&GP16/47 Risk Assurance

The contents of the paper prepared by Will Baldwin and Jutta Knapp were noted by the Committee and it was explained that there were in fact three risks in the May 2017 Risk Register scoring 6 or 9 where the responsibility rests with the F & GP Committee, rather than two as stated on page 141. The Committee reviewed the risks and confirmed that they received adequate assurance from SMT that the risks were being managed and agreed that Jutta Knapp should report this to the next Audit Committee accordingly. **ACTION: Jutta Knapp**

F&GP16/48 IT Strategy

The Committee was reminded that the IT Strategy had been updated following an internal audit recommendation arising from an ILT health check carried out last year. Consequently the IT Co-Ordination Team had prepared the new Strategy and action plan (2016-2019), having consulted with SMT, CQT, Heads of Department and Support Staff Managers in the process. In response to a question regarding the new Data Protection Act requirements due to be implemented by May 2018, it was noted that all the College's policies would be reviewed and revised as necessary to meet the new requirements. Training was also being undertaken by the Data Protection Officer.

The content of the document was considered by the Committee and recommended to Corporation for approval. **ACTION: Jutta Knapp**

F&GP16/49 Health and Safety Update

The contents of the Update were noted by the Committee.

F&GP16/50 Committee Self-Assessment and Review of Terms of Reference

The Committee considered the various questions listed within the annual self-assessment form and agreed that there were no particular issues to raise, other than the fact that the meeting papers were too long. It was noted that this issue would be considered by the Task and Finish Group when it meets to discuss John Boyle's Governance Review Report.

The Committee agreed to recommend the Committee Terms of Reference to Corporation as unchanged.

F&GP16/51 Any Other Business

There was no other business.

F&GP16/52 Date of Next Meeting

To be advised.

Chair.....

Date.....