

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

HELD ON MONDAY 13th MARCH 2017 IN ROOM 413, COPPER BUILDING AT 6.00 P.M.

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

In attendance: Alison Cousens, Jutta Knapp, James Moncrieff, Louise Pennington

F&GP16/22 Apologies and Welcomes

Apologies: Jo Davis and Anthony Rogers

F&GP16/23 Minutes of the F & GP Committee Meeting held on 21st November 2016 (and minutes of Premises Group meeting on 25th January 2017 for noting).

The F & GP Committee minutes were considered and approved by the Committee and the contents of the Premises Group minutes were noted.

F&GP16/24 Matters Arising

The F & GP Committee actions completed or already on the agenda, were noted.

F&GP16/25 Declaration of Interests

None declared.

F&P16/26 Results for the First Six Months

Howard Kidd and Jutta Knapp highlighted various aspects from the paper as detailed below and Jutta Knapp also reported on recent revisions to the figures since the document had been circulated:

- Total EFA funding for 2016/2017 has been amended to £11,392M (2,684 Students), and income in respect of additional students following closure of Haywards Heath College.
- Total SFA funding for 2016/2017 is £51,535.
- Emphasis was placed on financial prudence in light of the fact that the funding rate will not change during the life of the current Government (until 2020), being £4,000 per student.
- Cash flow – indicates a good cash position.
- Variances – no significant variances to date.
- Page 13 Targets: Bank Covenants: Operating cashflow (before taxation and interest paid and payable to principal and interest paid and payable): target should be revised to read 110.0% equal or greater than.....**ACTION Jutta Knapp** Referring to the funding adjustments advised by the EFA – see next sub-item below, the targets will also have to be revised to reflect the unexpected additional in year funding and the consequential improved operating surplus position. At this point Howard Kidd emphasised the importance of the College achieving a reasonable surplus in order to manage the difficult financial climate for SFCs and that Governors and SMT must continue to monitor this carefully; Jutta Knapp also explained the process of liaising with the bank with regard to the cash position to ensure that they are kept up to date with changes in the College's financial situation and any implications regarding the College's bank covenants.
- Pages 14 and 15 Income and Expenditure Account: Since the paper was prepared the Predicted outturn (column 2016/2017) Surplus is £625,000 (compared to budgeted £233,000) instead of £287,000 owing to additional funding as described above. . Since the paper was prepared and issued, Jutta Knapp advised that the EFA had informed the College that funding in respect of the additional 134 students would be made in year (rather than usual lagged funding arrangement) which means that there will be an additional £138,000 funding above the

budgeted figure shown. Jutta Knapp also explained the link to the Premises Paper (item 16/28 below) and mentioned that with regard to the professional fees associated with the building proposals therein, the cost element of up to £250,000, had not yet been included in the figures. Regarding the cash flow summary (page 15), Howard Kidd reminded the Committee of the impact of those loans being paid off in the next few years. Reference was also made to page 19 of the papers, showing the bank borrowing breakdown.

- Net cash flow will become 376,000 rather than 38,000 however capital expenditure needs to be increased by 250,000 to take into account professional fees which may be incurred in relation to the new building - thus being the revised net predicted inflow to 116,000.

F&GP16/27 Funding for 2017/2018

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

- a) SFA funding allocation not yet issued, so will be included within the budget paper for the June F & GP Committee meeting.
- b) EFA funding: formula protection funding (FPF) allocation will reduce from £631,480 (16/17) to £425,553 (17/18), with further reduction wef 18/19. The additional funding in respect of the Haywards Heath Sixth Form students, will also be discontinued. Note was taken of the recent, post paper funding adjustments reported in item 16/26 above, the impact of which is also not included in this report; lagged funding in respect of all students will be imposed again for 2018/2019.
- c) Funding rate per student will remain unchanged at £4,000, despite the effects of inflation etc, hence the need to increase income via growth within confines of College premises.
- d) An additional growth in student numbers of between 80 – 100 students is projected from 1st September 2017.
- e) Although the College's historical retention levels are high, the potential impact on all FE Colleges arising from the effect on student retention at the end of year 1 and consequential impact on the funding methodology since the introduction of the linear A Levels, was discussed. It was thought that the SFCA was investigating the matter on behalf of the sector, but Will Baldwin agreed to contact the SFCA to confirm this. **ACTION: Will Baldwin.**

F&GP16/28 Premises Update – TRANSFERRED TO CONFIDENTIAL MINUTES

It was resolved that this item should be recorded in confidential minutes.

F&GP16/29 Health and Safety Update

The Committee noted the contents of the Update prepared by the College's Health and Safety Officer and in particular discussed the Accidents and Incidents on page 26, noting that the College's procedures had been followed and correctly reported.

F&GP16/30 SFCA Pay Settlement

Jutta Knapp presented the paper to Committee noting that the 1% pay increase was in line with the approved College budget for 2016/2017. She also added that discussions had been held with both the Chairs of HR Committee and Finance and General Purposes Committee to enable payments to be implemented in line with the budget, prior to this meeting.

The Committee recommended to Corporation the nationally agreed pay settlement for 2016/2017 in respect of both Support Staff (1% from 1st September) and Teaching Staff (1% from 1st January 2017), recording that HR Committee had endorsed the recommendation at its meeting last week, subject to F & GP Committee's agreement. **ACTION: Jutta Knapp**

F&GP16/31 Risk Assurance

Jutta Knapp presented the Risk Assurance paper to the Committee, noting that there had not been any changes to the key risks since last reported and reminding Governors that SMT reviewed the full risk register termly. It was reiterated that there were only two risk scoring 6 where the responsibility rests with the F & GP Committee – Failure to achieve planned Student numbers and Difficulties arising from insufficient appropriate accommodation.....

The Committee confirmed that there had been no change in the adequacy of the assurance given and Jutta Knapp agreed to report back to the Audit Committee accordingly. **ACTION: Jutta Knapp.**

F&GP16/32 Joint Consultative Study with Varndean College – TRANSFERRED TO CONFIDENTIAL MINUTES

It was resolved that this item should be transferred to confidential minutes.

F&GP16/33 Lettings Policy

The wording of the proposed new policy was considered and approved by the Committee which also endorsed the recommendation that further reviews and updates of the policy should be within the responsibility of the Principal/SMT. Jutta Knapp explained that prior to this proposal, the College's lettings procedures had been included in the Business Procedures' document but that since lettings have become more significant in the last few years, it has been recommended that a specific policy should be introduced. **ACTION: Jutta Knapp**

F&GP16/34 Any Other Business

Jutta Knapp informed the Committee that the EFA had issued confirmation to BHASVIC that having reviewed its financial statements and finance record, the self-assessed financial health grade of outstanding was correct in respect of the 2015/2016 year of account.

F&GP16/35 Date of Next Meeting

Wednesday 21st June 2017

Chair.....

Date.....