

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

HELD ON MONDAY 21st NOVEMBER 2016 IN ROOM 413, COPPER BUILDING AT 6.00 P.M.

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

In attendance: Jutta Knapp, James Moncrieff, Louise Pennington

F&GP16/01 Apologies and Welcomes

Welcomes: Mark Snape

F&GP16/02 Minutes of the Meeting held on 21st June 2016

The F & GP Committee minutes were considered and approved by the Committee.

F&GP16/03 Matters Arising

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

- Night Time Electricity Usage – to be deferred until next year owing to staff shortages – June 2017. **ACTION: Jutta Knapp**
- Risk Assurance IT review by Internal Assurance team – attached to Risk Assurance paper (refer page 201).
- PM Progress Report – BREEAM certificate outstanding **ACTION: Jutta Knapp**

F&GP16/04 Declaration of Interests

None declared.

F&P16/05 Annual Report and Financial Statements to 31st July 2016 Management Report and Annex (Audit findings Report for Information)

Howard Kidd and Jutta Knapp presented the Annual Report and Financial Statements to the Committee and made reference to the audit work carried out by RSM UK together with their Audit Findings Report which was enclosed for information and which will be considered at the Audit Committee later this week. The following points were highlighted:

- There were no significant issues identified by RSM UK during their audit work.
- The financial statements have been prepared under the new FRS102 and accompanying SORP, with comparative figures in respect of the previous year, being restated. This has meant changes in content and presentation within certain statements such as the balance sheet and cash flows and an explanation regarding the changes are included in the notes to the financial statements (refer page 40 of the meeting papers).
- Page 29 of the papers – new paragraph about Corporation Performance, has been added, being a new disclosure this year.
- The responsibilities of the Corporation on page 34 were highlighted and the Auditor's Report on page 35, confirming that the statements give a true and fair view of the College's financial position.
- Page 36 Statement of Comprehensive Income (new for this year) - Operating surplus of £438,000 for the year (previous year £532,000), being in excess of that budgeted of £98,000 with explanations included in item 16/06 Reconciliation of Outturn to Budget. The actuarial loss in respect of the LGPS (support staff) pension scheme is (£502,000) for the year.

- Page 37 Statement of Changes in Reserves shows where the adjustments in respect of FRS102 have been made including the loss arising from the pension actuarial adjustment.
- There is a cash inflow from operating activities of £1,144,000 and a decrease in cash/cash equivalents of £302,000.
- Noting the various changes to the accounts, it was queried whether the financial targets should be revised but it was noted that these were consistent within the sector.
- Page 38 Balance Sheet – FRS102 has also had an impact on the presentation of this too, noting that pension deficit was previously included within the reserves at the bottom of the balance sheet, but this is now included within the current assets. The deferred capital grant has also been move to the top half of the balance sheet (creditors amounts falling due after more than one year). The previous year's figures (2015) have also been restated for comparison purposes. Governors were reminded that the pension deficit would only be an issue for BHASVIC should it be wound up, although the Committee also discussed the potential impact should the College decide to academise.
- Page 39 Cash flow statement – revised format also noted.
- Page 40 onwards - accounting policies which explain the various financial statements and revisions arising from FRS102. The Corporation also has to approve, along with the Report and statements.
- The notes regarding staff pension valuations and treatment within the accounts on pages 53 – 55 were highlighted.
- An unqualified Regularity Audit report from Auditors on pages 61 and 62 was noted, regarding the audit of the College's activities to ensure that they are in accordance with the EFA's funding agreement.
- Audit Findings Report – reference was made to pages 71 and 72 detailing the Unadjusted and Adjusted Misstatements and (£78,000) in respect of IT Equipment adjustment was highlighted. Also referring to page 69 Audit Accounting and Regularity Issues identified during audit and regularity work regarding the Capital vs Revenue Expenditure commentary was noted.
- The two letters of representation were also considered and approved.

Noting the content of the Audit Findings Report, the Committee recommended the Annual Report and Financial Statements to Corporation for approval, together with the accounting policies and the two Letters of Representation and noting that the Chair and Principal would be required to sign these once approved.. **ACTION: Jutta Knapp**

16F&GP16/06 Reconciliation of Outturn to Budget for the Year ending 31/7/16

Taking into account the relevant points made in item 16/05 the Committee reviewed the variances between the budget for 2015/2016 and the actual outturn, noting that there were no variances causing concern to management.

F&GP16/07 Results for the First Three Months

Howard Kidd and Jutta Knapp highlighted the following key aspects from the report, the contents of which were noted:

- Page 93 Reconciliation of budget to outturn I & E account – impact of additional £200,000 approximately EFA in year funding in respect of ex-Haywards Heath students, where sixth form provision has been discontinued, has been included in the figures.
- Total EFA Funding for 16/17 is £10.855M iro 2,550 students. Also grant for £45,000 has been given iro Area Review Transition Grant (re academisation review consultancy work). SFA Funding for 19 + education is £51,535.
- Cash Flow (page 101) – reflects a reasonably strong position.
- Main variances are given on page 102, resulting in overall (£25,000) variance.
- I & E Account (pages 98 and 99) – budgeted total income and total expenditure is £12M and £11.78M respectively.
- Targets (page 97) – all favourable.

The Committee was reminded that the paper would be presented to Corporation for information.

ACTION: Jutta Knapp

F&GP16/08 Transition to New Teacher Pay Spine

The content of the paper presented by Will Baldwin was reviewed, noting that the HR Committee had recommended that it be approved, subject to F & GP Committee endorsement regarding the financial implications, being circa £60,000 pa additional cost, including impact of annual cost of living award the latter of which is nationally agreed via SFCA negotiations with the Unions.

The Committee recommended that the paper be approved by Corporation. **ACTION: Will Baldwin**

At this point Will Baldwin also recommended to the Committee that in relation to Support Staff who currently have to take 2 days of their holiday at Christmas when the College is shut, that in future when the College is shut, Support Staff do not have to take this within their holiday entitlement. Furthermore in respect of 2016/2017 staff will be given the option of taking the 2 "additional" days as recommended to Corporation for approval. **ACTION: Will Baldwin**

F&GP16/09 Property Masterplan and CIF Bid

The Committee was reminded that the property strategy had been approved by Corporation in July 2016 and that from this an updated property masterplan would be prepared by SMT for consideration by Governors this term. The contents of the masterplan, prepared by HNW Architects, were noted by the Committee, along with the CIF Bid for two modular science labs (which have already had Corporation approval at July Corporation 2016 Meeting – refer Summer Estates Item). The Committee discussed the overcrowding issue at BHASVIC, although noted the improvement in the Student Social space arising from the Copper Building, and continuing pressure upon staff workroom space etc.

The Committee endorsed the appointment of David Friend as Property Consultant in respect of the work arising from the Masterplan together with the associated costs (£12,400 to be met by the underspend on the Summer works 2016).

It was agreed that in the New Year a Premises Group meeting should be convened to take forward the Property Masterplan. **ACTION: Jutta Knapp/Louise Pennington**

It was resolved that the CIF Bid submission and the appointment of David Friend as Property Consultants (and costs) should be recommended to Corporation for approval. **ACTION: Jutta Knapp**

F&GP16/10 Bank Amendment Letter

The bank amendment letter in respect of a bank administrative error regarding the omission of repayment of capital on the College's £4.2M loan with Lloyds, has been issued and the Committee recommended its approval to Corporation and that Will Baldwin and Jutta Knapp be authorised to sign the letter on the College's behalf. **ACTION: Jutta Knapp**

F&GP16/11 Condition of Funding Agreement (SFCs)

The EFA's 2016/2017 Funding agreement was noted. Following a query from the Committee regarding the addition to the agreement this year of clause 2.7 "The SFC understands and agrees that the following costs are not eligible expenditure – payments that support activity intended to influence or attempt to influence parliament, government or political parties etc", Jutta Knapp agreed to liaise with the EFA to check that subscriptions to the AoC, SFCA etc would not be affected by this. **ACTION: Jutta Knapp**

F&GP16/12 EFA Assessment of Financial Plan

The Committee noted the EFA's verification of the College's self-assessment of its financial health as good for 2015/2016 and 2016/2017.

F&GP16/13 Restricted Funds

The Committee discussed the various options in respect of the prize funds donated to College over the year and currently held by COIF Charities Investment Fund. It was noted that these were not classified as restricted under FRS102 and hence are recorded within the College's general reserves.

In conclusion it was resolved that as the funds were not classified as restricted funds, SMT should be asked to make recommendations regarding the potential use of the funds for the benefit of Students, subject to Corporation agreement. **ACTION: Jutta Knapp**

F&GP16/14 Policies and Other Documents

a) Health and Safety

The Policy was recommended to Corporation for approval in respect of the minor housekeeping amendments highlighted in bold italics (revision to policy statement with the addition of the following wording to the end of the statement

"and to providing the structures, procedures, funding, personnel, time and equipment necessary at all levels and is committed to ensuring high standards of Health and Safety. It is the policy of the College to maintain these standards by continually reviewing its operations against developing legislation and codes of practice."

Subject to approval by Corporation, it was also resolved that the Chair be authorised to sign the revised Policy. **ACTION: Jutta Knapp**

b) Treasury Management Policy

The minor housekeeping amendments were recommended to Corporation for approval including increasing length of time monies can be on deposit from six months to one year. **ACTION: Jutta Knapp**

It was also agreed that the policies themselves did not need to be included in the Corporation meeting papers as the changes to the policies have been detailed in the minutes. **ACTION: Howard Kidd/Jutta Knapp/Louise Pennington**

F&GP16/15 Annual Report on Value for Money

The contents of the document were noted which is generated for the College's own use (in previous years this was submitted to the EFA).

F&GP16/16 Health and Safety Update

The details within the H & S Update were noted by the Committee, including the accident report update and confirmation that the College's H & S procedures are up to date and effective, following slight revisions to working practices

F&GP16/17 Environment Update

The updated report was noted by the Committee.

F&GP16/18 Non Funding Body Income

The Committee reviewed the contents of the report and in particular noted the highlighted areas including the reduction in catering income and the associated issues, whilst lettings and evening language income have both improved. Overall non funding body income of £80,945 was recorded being a small but increasing percentage of the College's overall income.

F&GP16/19 Risk Assurance

The Committee considered the risks with assigned responsibility to the F & GP Committee and also endorsed the revised risk register format in respect of all risks (F & GP Committee all risks – pages on 198 – 200).

Adequacy of assurance was given to the Audit Committee in respect of the 2 high scoring risks (scoring 6) – page 197, that there were appropriate levels of control in place with adequate information being provided to the Committee. (risks: Failure to achieve planned student numbers resulting in uncertain financial viability and Difficulties arising from insufficient appropriate accommodation including fit for purpose teaching space). **ACTION: Jutta Knapp**

F&GP16/20 Any Other Business

At this point a brief update was given to those Committee members who were not full Governors, in respect of the academisation discussions held at recent Corporation meetings (Governance Committee and Special Corporation) including implications and uncertainties regarding the College's bank loan arrangements. It was noted that Jutta Knapp was in discussion with the bank which to date had advised that there were no facilities in place to provide loan arrangements to academies.

There was no other business.

F&GP16/21 Date of Next Meeting

Monday 13th March 2017

Chair.....

Date.....