



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE
HELD ON TUESDAY 28th NOVEMBER 2017 IN ROOM 413, COPPER BUILDING AT 6.00 P.M.**

Present: Will Baldwin (Principal), Jo Davis (co-opted Committee Member), Peter Freeman (Chair of Governors), Howard Kidd (Chair of F & GP Committee), Chris Newson (Governor), Anthony Rogers (co-opted Staff Committee Member), Mark Snape (co-opted Committee Member)

In attendance: Jutta Knapp, Louise Pennington

F&GP17/01 Apologies and Welcomes

Apologies: James Moncrieff.

The meeting was quorate.

F&GP17/02 Minutes of the F & GP Committee Meeting held on 26th June 2017

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

F&GP17/03 Matters Arising

Jutta Knapp confirmed that all actions had been completed.

F&GP17/04 Declaration of Interests

None declared.

F&P17/05 Annual Report and Financial Statements to 31st July 2017, Management Report and Annex (Audit Findings Report for Information).

Jutta Knapp and Howard Kidd presented the documents to the Committee and the following points were recorded:

- Audit Committee will consider the Audit Findings Report along with the financial statements at its meeting on 5th December meeting.
- Page 11 (paper front sheet)- the proposed revised financial targets were discussed which take account of the revisions in financial reporting e.g. FRS102 and also noting the connection to the new Strategic Plan. It was agreed to recommend these to Corporation for approval, whilst at the same time, retaining the operating surplus target. **ACTION: Jutta Knapp**
- The various pages of the Report and Financial Statements were reviewed and the clean audit report recorded. Page 33 "Notes to the financial statements" should be moved to follow the end of the financial statements. **ACTION: Jutta Knapp**
- Page 34 Profit and Loss account (income statement) – surplus before tax of £273K which was broadly in line with the budget figure of £233K. At this point the Committee was reminded that following the closure of Haywards Heath College, an additional £336K in year funding was received and was allocated to meet refurbishment costs within the main building (£300K). The new treatment of the College's pension liability recorded here, was also noted being £1.3M.
- Annual Operating surpluses – the Committee discussed the need for a reserves policy as the narrative in the Annual Report states that our aim is to increase our reserves which to date has not been set out in any College document. It was resolved that a policy should be drafted to confirm the College's reserves' position and reflecting the intention to generate reserves with the rationale to support this and additionally recorded that where reserves are deemed to be sufficient, to invest in the College's estates, whilst maintaining an operating surplus ("intention is to achieve an operating surplus over the life of the strategic plan, whilst using

existing reserves to invest in the College's estates for the benefit of students"). **ACTION: Jutta Knapp** Page 36 balance sheet – significant increase in cash at bank and investments compared to the previous year was noted (just under £1M) and in response to a query from the Committee, Jutta Knapp agreed to investigate this. **ACTION: Jutta**

- Notes to the financial statements – the various explanations were noted in particular in respect of the pension liabilities (LGPS) and at this point in response to a question, Jutta Knapp explained the two main pension schemes (Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS) – Support staff and the various implications and actuarial analysis carried out.
- Page 15 onwards "Operating and Financial Review" – the Committee noted that following a suggestion, WJB/JHK would revise the generic wording to include relevant information relating specifically to SFCs, whilst at the same time aiming not to duplicate information already included in the College SAR. **ACTION: WJB/JHK**
- Draft Audit Findings Report (page 64) Procurement procedures – the audit recommendation to document in detail the rationale behind the decision to appoint the architect iro building works without following the usual tender process, was discussed, noting that the intended architects had been appointed for previous capital works by the College following a tender process, but that time constraints and financial implications had resulted in the best value for money option. It was resolved that a written explanation should be prepared for the record. **ACTION: WJB/JHK**
- The Committee noted the good final outturn and sound ongoing financial position, despite the difficult funding environment.
- Once the Annual Report and Financial Statements are approved by Corporation and signed by the Chair and Principal, these will be submitted to the ESFA along with the Finance Record by the due date of 31 December 2017; the former document will also be uploaded to the website. The Committee recommended the Annual Report and Accounts to Corporation for approval, subject to the changes proposed above and any additional recommendations from the Audit Committee. **ACTION: Jutta Knapp**

F&GP17/06 Management Accounts to 31st October 2017

The Committee noted the contents of the executive summary and attached management accounts and more detailed explanation was provided to the Committee members, in respect of the two main variances (treatment of IT equipment reflecting FRS102 requirements and potential impact from a revised Support Staff evaluation scheme). Regarding the latter, the teaching pay spine revisions lead by the SFCA and reported via the HR Committee were noted and that the College had decided to review the Support Staff position in light of the fact that the College has been experiencing difficulty attracting candidates for support staff vacancies in recent years which has now become pronounced, combined with the fact that to date the SFCA has not initiated a support staff pay review, following the teaching staff pay initiative. Furthermore the College also intends to take into account where the College has not necessarily followed the SFCA support staff pay spine in all cases which it is entitled to do and is in the process of completing a remuneration modelling exercise. The outcome won't be a panacea, but the aim will be to improve the area's most requiring attention and hoping that an increase in application numbers per job vacancy is achieved, whilst at the same time, taking into account affordability. The potential impact upon the College's expenditure is likely to be in the region of £70,000 this year and this has been included in the financial documents; there will be a recurrent cost and details will be provided to the Committee at its next Meeting. **ACTION: WJB/JHK**

SMT is aiming to bring into place the improvements in April 2018, following consultation with the Unions, but there will be no entitlement to backdated calculations.

At this point for those Committee members who were unable to attend the recent Governors' Strategy Day, Peter Freeman gave an update on the various proposals including the merger of HR and F & GP Committees.

Page 67 of the meeting papers – reference was made to the comment relating to Lettings Income in the Draft Audit Findings Report, where the auditors have reminded the College to bear in mind different tax treatments depending upon whether additional services may be provided (e.g. catering) and would be classified as a trade and subject to tax, combined with the potential for the HMRC to revise their approach and introduce new taxation specifications which could impact the College's lettings income.

Howard Kidd highlighted the key aspects from the management accounts including cash flow and borrowing issues.



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

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F&GP17/07 Condition of Funding Agreement (ESFA)

The revised agreement was noted by the Committee which discussed whether to include this annually in future meetings. In conclusion it was resolved that only significant changes should be advised to the Committee. **ACTION: Jutta Knapp** However it was resolved that as the latest version of the funding Agreement was included in the Governors' Induction file and that Governors' attention should be drawn to this annually in the Start of year letter. **ACTION: Louise Pennington**

It was also resolved that the agreement would not be included in the Corporation papers for the December 2017 meeting, but made available on request. **ACTION: Jutta Knapp/Louise Pennington**

F&GP17/08 Premises Update (including Premises Group Recommendations and draft Minutes)

The Committee considered the paper which was introduced by Jutta Knapp, noting the contents therein and were also reminded about the paper presented at the last Premises Group meeting entitled Capital Bid Options (giving rationale and financial projections for each of the 3 options) and updated for the Governors' Strategy Day which the Principal tabled. The Principal summarised the main drivers detailed within the tabled paper and the optimum student numbers of 3,000 was also noted taking into account various issues such as demographics, future funding and other Colleges in the area.

Jutta Knapp updated the Committee on her discussions with the bank regarding potential borrowing requirements and confirmed that an initial positive response had been received although the bank will be reviewing borrowing options in more detail particularly with regard to our existing bank covenants.

In response to various questions from the Committee, Jutta Knapp confirmed that the financial calculations were robust although a further discussion was held regarding the staff pay rise allocation of 1% and any impact on the College's finances, should this be brought more into line with the continuing increase in inflation, taking into account the existing SFCA framework for pay negotiations and the likely Government position.

The Committee also discussed the impact of the CIF grant (bid due to be submitted on 14th December 2017 and outcome due in April 2018) and noted that the LEP bid had been unsuccessful. Regarding planning approval, it was noted that there had been very few comments received from the neighbours by the Local Authority, to the planning proposals at the deadline of 23rd November. Other issues such as Section 106 requirements were also noted. The direct appointment of Mace as project manager via HNW for the pre-planning stage had progressed and the explanation for not being able to appoint Alex Black, Deloitte's understood. Mace have reviewed the latest project cost plan (original issued in February 2017) which notwithstanding any minor funding changes and additional refurbishment costs in respect of Science laboratories moving, is unlikely to change the overall costs. Jutta Knapp agreed to pass a copy of the cost plan to Mark Snape for information. **ACTION: Jutta Knapp**

The funding options for the project were reviewed, noting that should the CIF bid be unsuccessful, the College would propose to reapply in the following year, which should place the College in a stronger position, being at a more advanced stage of readiness.

Consultation with staff who will be affected by the proposals has begun with CQT (College Quality Team) and the Project Manager.

Any project of this nature seeking planning permission is required to achieve BREEAM excellent and work with Scott White Hookins is underway to provide the necessary calculations.

To date the Corporation has agreed costs in the region of £600,000 towards professional fees etc and the Committee resolved that the Premises Update paper should set out clear recommendations for Corporation for the necessary decision making and timescale. In this regard it was resolved that along with the Options paper, the front sheet for the last Premises Group meeting could be updated to incorporate the requirements. **ACTION: WJB/JHK**

F&GP17/09 Bank Amendment Letters

The various bank amendment letters were considered and recommended to Corporation for approval.

ACTION: Jutta Knapp

F&GP17/10 Policies/Other Documents

a) College Development Plan (CDP) 2016-2017 – Section 4 (Leadership and Management)

The Committee considered the CDP which summarised the various achievements over the last year, with 2 out of 37 targets not met at this date. The members were reminded that the other three sections had been considered at the last Quality and Curriculum Committee and also recording that the new CDP would be presented to the December 2017 Corporation Meeting.

The Committee decided that in future the detailed operational analysis of targets achieved etc should not be presented to the Committee, but that a one page summary informing Governors of progress against targets in respect of Section 4, should be presented annually to the Committee. **ACTION: WJB**

F&GP17/11 Finance Dashboard and ESFA Financial Health Confirmation

The contents of the ESFA dashboard (figures taken from Colleges' financial statements and finance record annually) and financial health letter which confirmed the College's own self-assessed grade, were noted by the Committee.

F&GP17/12 Environmental Update

The Committee reviewed the information within the Update and it was agreed that in future this report should not be included in the meeting papers and that key information would be included in the CDP. In the meantime, it was noted that SMT may review whether to prepare a SARAP in future in respect of the environmental issues affecting the College.

F&GP17/13 Risk Assurance

The 4 key risks (graded 6 or 9) were noted together with the various assurances detailed relating to the mitigation of risk. Noting the comments made below, the Committee agreed with SMT's assessments and agreed to confirm adequate assurance to the Audit Committee. **ACTION: Jutta Knapp**

Risk "Failure to operate efficient/effective and reliable IT systems leads to inefficiencies in productivity" - the Committee was informed that a new operating system was been rolled out and that this had had some impact on IT at the College, but it was expected that any issues would be fully resolved in the near future; until this has been completed the risk will remain high.

Risk "Adverse Government (pensions, NI, VAT)/SFCA (staffing, wages) decisions affect financial health" – notwithstanding the differences between Government and SFCA, it was resolved that this risk should remain unchanged and that the controls' section provides an arena for dealing with the various differences.

F&GP17/14 Any Other Business

- a) The contents of Peter Lauener's letter (out-going ESFA Chief Executive) were noted (letter emailed to Committee members prior to the meeting and also tabled). No further action was recommended arising from this and it was also resolved that it was not necessary to circulate this to all Governors, although a copy has been sent to the Chair of Audit Committee. The Committee also noted that issues regarding KPIs would be discussed outside the meeting by Howard Kidd and William Baldwin.
- b) Page 83 of the papers, Draft Audit Findings Report GDPR/cyber security – in response to a question from the Committee, Jutta Knapp confirmed that the College's Data Protection officer who would be responsible for making sure the new regulation requirements were met, was in the process of completing the necessary research and training and a presentation to Managers would be given in March 2018. However bearing in mind the Data Protection responsibilities of the Governing Body, the Audit Committee would be presented with a report regarding the new requirements and action taken by the College Management at the Spring Term meeting. **ACTION: Jutta Knapp**

There was no other business.



F&GP17/15 Date of Next Meeting

BHASVIC

Tuesday 6th March 2018.

Chair.....Date.....