

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

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

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

In attendance: Jutta Knapp, Louise Pennington

F&GP15/34 Apologies and Welcomes

Apologies: Shirley Brookes-Mills

F&GP15/35 Minutes of the Meeting held on 7th March 2016

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

F&GP15/36 Matters Arising

The F & GP Committee actions completed were noted and the following comments made:

- Night Time Electricity Usage – to be deferred until next year owing to staff shortages. **ACTION: Jutta Knapp**
- Successor with Property expertise for Rod Mallinder – still outstanding and will be reviewed again by Search Committee in July 2016. **ACTION: Peter Freeman**
- Risk Assurance IT review by Internal Assurance team – the report will be presented to Audit Committee later this week, after which copies will be circulated to the F & GP Committee members, electronically. **ACTION: Jutta Knapp**
- PM Progress Report – BREEAM certificate outstanding – the Committee was advised that there were some outstanding issues to be resolved such as unexpected rusting of the canopy to the new building and that the certificate would not be issued until the College was satisfied with the completion of the work. At this point and referring also to the Property Strategy item below, Jutta Knapp explained that the College had been advised today that planning permission had not been granted in respect of the proposal to introduce two more Science Labs on top of the existing ones in the lower car park, on a permanent basis, noting that the Heritage Officer had raised concerns about the overall appearance which did not match the brickwork of the main buildings. The Committee noted that following discussions with the Planning Department, there may be a possibility that permission for a temporary structure would be approved, subject to further design enhancements and Jutta Knapp confirmed that she would be discussing this with Foremans. A further planning application would take 13 weeks for processing. In the meantime, the relevant Science staff have been informed to ensure that next year's science timetabling is organised based the current arrangement of a combination of laboratory time and standard classrooms. **ACTION: Jutta Knapp**

F&GP15/37 Declaration of Interests

None declared.

F&P15/38 Results for the first Nine Months

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

- There is potential for clawback from the SFA regarding the unearned SFA income of approximately £12,000, as referred to in the Executive Summary.

- Page 11 Targets – operating surplus as percentage of income will be changed in future to reflect the preferred reference so this will become predicted outturn and comparison with actual (refer headings of I & E account page 12).
- Cash days in hand – significantly higher than standard being 124 days.
- Current ratio is also favourable.
- Pay as percentage of income is 69% (budgeted figure is 68%) so is reflected as an adverse variance, but this reflects the lagged funding position, experienced by all Colleges.
- Page 12 I & E Account: I & A Account surplus – predicted outturn for 15/16 is £225,000 surplus compared to the budgeted figure of £98,000. The Committee members were reminded that the College was still benefiting from the Formula Protection Funding (FPF) which now remains in place this year, although lower than the previous year.
- Total pay expenditure at £7,679,000 predicted outturn is slightly below the budgeted figure at this point of £7,774,000.
- Page 13 Cash flow summary – budgeted position 2015/2016 is £186,000 and predicted outturn £495,000 – Howard Kidd explained that the latter figure was in fact incorrect owing to a banking error.
- Page 15 Cash flow – opening balance £3,226,000 (August 2015) and closing balance £3,721,000 (including £1M bank deposit). Page 16 sets out the cash flow projections for the year to 31 July 2017.
- Page 17 Main variances: increased adult education enrolments with £30,000 additional income noted, although this will be largely offset by additional staff costs; significant negative variation in catering income of (£100,000) noting that there had been an over-estimate of the predicted income anticipated from the new catering facilities, reflecting the change to linear A Levels, fewer and shorter breaks in the day for Students to use the facilities. At this point it was noted that the proposal to introduce cashless cards as the only means of payment had also not proved successful and consequently the College had reverted to allowing both cards and cash to be used by Students. Jutta Knapp also reported that the lack of phone signal in the new building (as clad building) had meant that fewer Students spent any meaningful time in the canteen; the College is looking to rectify this issue.
- Page 18 Bank Borrowings – the number of loans shortly due to end were highlighted – Sports Hall and Student Services Centre.

It was noted that the paper would be presented to Corporation for information. **ACTION: Jutta Knapp**

F&GP15/39 Budget 2016/2017

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

- As already mentioned, the position has improved owing to the continuing, although reduced, Formula Protection Funding allocation of £600,000 (£200,000 less than current year). As a result of this SMT has been able to accommodate all the additional IT needs received from staff.
- This time last year a deficit for 2016/2017 was predicted of (£60,000/£70,000), so the operating surplus of £233,000 is very welcome.
- Some of the legislative changes were reported including those relating to National Insurance contributions and also the increase in reserves required in respect of Teachers' Pensions and LGPS (Local Government Pension Scheme for Support staff). Provision has also been included for the new Teachers' Pay scheme implementation (refer separate paper) which the SFCA has predicted will incur a £50,000 additional provision for BHASVIC (should it be resolved at Corporation that the payments be made to Teachers with effect from 1st September 2016, rather than deferring the new Scheme implementation until 1st September 2017).
- Page 23 Financial Targets – the indicator "Cash generated from operations as % of income (after loan repayments)" will also be included within the future Management Accounts issued to Governors.

- Page 24 I & E Account: Increased expenditure noted (mainly Teaching staff costs). Budget for 2017/2018 has been included for ease of reference.
- The Committee was reminded of the importance of focusing upon increasing income (Student numbers) bearing in mind that the costs continue to rise whilst the funding rate per Student will remain static at £4,000 pa, subject to minimum GLH (guided learning hours) of 540.
- Although new science labs have not received approval from Planning Department, provision of £350,000 has been included in the budget.
- £30,000 provision has been included iro investigation academisation option and Jutta Knapp agreed to include this explicitly within the Executive Summary for Corporation **ACTION: Jutta Knapp**
- Funding for apprenticeships and potential costs have been included, although at this stage it is uncertain whether this will be part of the curriculum offer next year; in due course this will be reviewed by SMT.
- The new accounting requirements regarding FRS102 which brings change to all Colleges in the UK (from the previously used GAAP (Generally Accepted Accounting Practice) in line with international accounting standards, were discussed and in particular the future treatment of deferred capital grants and holiday pay. Jutta Knapp advised that she was in the process of discussing the treatment of holiday accruals in respect of Teaching Staff, with the auditors and also explained the impact of the changes on the College's balance sheet and financial targets.

Subject to the comments made above, the Budget was recommended to Corporation for approval.

ACTION: Jutta Knapp

F&GP15/40 Financial forecast for the period 2016/2017 – 2017/2018

Jutta Knapp and Howard Kidd presented the paper to the Committee, the contents of which were noted and the following points made:

- Forecast, once approved, will be submitted to the EFA by 31st July.
- Page 32 Appendix 3 Checklist which is new this year, relates to the Financial Plan Commentary to assist Corporation in its understanding of the College's financial assumptions and processes and is not included in the EFA return. Question 7 Income and Expenditure (page 33) – referring to page 27 (financial assumptions and objectives), taking into account that the Committee reviews and discusses the variances (within Management Accounts item) etc, it was resolved to revise the second point to read "yes" and in this regard it was resolved that the commentary on extent to which the College has achieved its financial objectives for the Corporation paper.

Jutta Knapp

- It was resolved to include a reference to the £30,000 (for academisation costs) within the key assumptions list on page 27. **ACTION: Jutta Knapp**
- It was agreed that the reference to "no income from International Students allowed for but staff costs from 2015/2016 onwards to allow for marketing" – should be removed. **ACTION: Jutta Knapp**
- Appendix 4 – financial health details recorded here to demonstrate to Governors the scoring process in respect of the key ratios. Furthermore on page 42 the financial health grade based on the new methodology were highlighted which demonstrated that the College would be in "good" health for 2016, 2017 and 2018. Additionally as the College's borrowings reduce, the health position should improve to "outstanding".
- Schedule 6 Sensitivities (page 60) the various scenarios available for testing were noted by the Committee. At this point the strength of the College's current ratio was re-visited and taking into account the proposed property strategy below, it was noted that this provided room for possible borrowing options should the College wish to take advantage of this option (if remaining in the SFC sector and not following the academisation route).

Subject to the above comments and changes, the paper was recommended to Corporation for approval. **ACTION: Jutta Knapp**

F&GP15/41 New Pay Scheme for Teachers

Chris Thomson presented the paper to the Committee, summarised the initiative to date and highlighted the following points:

- The paper was also presented to HR Committee earlier this term and in response to the Committee's comments has been revised for F & GP Committee. HR Committee endorsed SMT's proposals to offer the choice about when transition to the new pay scales took effect to the Teaching Staff, subject to agreement in respect of the financial aspects by the F & GP Committee particularly taking into account the 2016/2017 budget requirements.
- The Committee was reminded that pay would be protected for Staff when transferring to the new pay spine and in fact some Staff will gain benefit from moving to the new scale. However Chris Thomson explained that the timing of the transfer would impact some Staff members who under the current scheme would be entitled to be considered for PSP payments this summer, only if the first option available was implemented (ie deferring the transfer to the new spine until 1st September 2017).
- SMT sought approval to offer the two options to Teaching Staff, given the improvement in the College's funding situation, in order to boost Staff morale.
- The Committee recorded that the estimated cost (as per SFCA calculations) for moving to the new Scale with effect from 1st September 2016, had been included within the proposed budget (as approved above) - £40,000 approximately.

In conclusion the Committee resolved to recommend to Corporation that SMT's proposal to offer Teaching Staff the two options, namely proceeding as the Corporation had originally approved, being a year behind the national roll-out: Table 1 at Appendix B, or proceeding in line with the SFCA timescale (Table 2 at Appendix B). **ACTION: Chris Thomson**

F&GP15/42 Restricted Funds

The Committee discussed the paper produced by Jutta Knapp, following previous discussions by the Committee regarding the various prize fund donations held within the College's investments over many years (via the Boys Grammar School, previously on this site).

It was noted that the College had consulted the CCLA (charity fund manager) who had advised that the College would be able to realise the investments for the College's benefit. The value of the various prizes as at 31/7/15 is £42,339.

Taking into account the original intention of the donor, it was resolved that further investigation should be pursued with the Charity Commission and also to seek advice from the College's auditors to ensure that the required process is followed and that further thought be given to the best way to meet the original intentions of the donors. **ACTION: Jutta Knapp**

Regarding the proposal to revise the College's accounting policy to reflect the fact that following the implementation of the new FRS102 unrestricted donations should be recognised as income in the I & E Account, it was resolved to bring this via F & GP Committee in November and then to Corporation in December 2016. **ACTION: Jutta Knapp**

F&GP15/43 Student Numbers and College Strategy

Chris Thomson introduced the paper to the Committee and summarised the key issues and recommendations from SMT, noting that the paper had also been included within the last Quality and Curriculum Committee meeting papers. Furthermore the Committee was informed that the Q & C Committee had broadly endorsed SMT's recommendations (below), but had resolved the decision

regarding the recruitment of International Students, should be deferred until the matter had been considered by F & GP Committee

SMT's recommendations to Corporation as detailed below were discussed:

7.1 Understand thoroughly the implications of maintaining Student numbers, engaging external consultancy if need be, by October 2016;

7.2 Commission a master-planning exercise if, and as soon as, an outcome justifying this from 7.1 emerged.

7.3 Assist Governors with reaching a decision on whether or not to academise and within that, whether or not to admit international students. Accomplish this as early as possible.

The following points were recorded:

- Limitations of current accommodation was discussed together with SMT's view that no further flexibility to extend daily timetable.
- The Committee agreed that in order to manage the fact that the funding per Student would remain static over the next few years, the College should aim to increase Student numbers.
- It was noted that the academisation option was being investigated and a recommendation regarding the progression of this, would be made to Corporation in July 2016.
- At this stage should the College decide to progress the academisation route, at the moment, the recruitment of International Students will not be permitted.

In conclusion, the Committee endorsed the Q & C Committee's broad recommendation to Corporation in respect of points 7.1, 7.2 and 7.3. **ACTION: Chris Thomson**

F&GP15/44 Draft Property Strategy

The revised draft Strategy was presented to the Committee by Jutta Knapp, having incorporated the changes requested at the last meeting.

- The overall condition of the College's estates is good.
- The College is at the maximum level of enrolments and the Strategy is linked to this issue.
- Although the paper details the need for additional modular Science Labs, as reported earlier in the meeting, planning permission has been refused and a further submission would involve another 13 week processing slot with the LA.
- The new section in italics on pages 91 and 92 entitled College Concerns was highlighted.
- Referring to the first paragraph on page 86 detailing the local secondary provision, it was resolved that this information should be expanded to include all the providers including Free Schools. **ACTION: Jutta Knapp**
- The Committee noted SMT's plan to re-submit planning permission for temporary modular labs, with some additional design changes to enable approval to be granted.
- In response to a request from the Committee, Jutta Knapp agreed to investigate the redesignation of land for educational purposes, on both sides of the twitten. **ACTION: Jutta Knapp**
- Referring to page 91 and the section on Space Needs Assessment, in response to a suggestion from the Committee, it was agreed that relevant comments made in the ABR report should be included here to strengthen the College's position regarding the need to increase its accommodation provision. **ACTION: Jutta Knapp**
- Page 95 Funding Limitations – it was resolved to extend the wording to cover the likelihood that the College would have a strong case for being granted CIF or other similar funding, noting that details regarding the next round of grants were likely to be issued in the Autumn Term 2016 for 2017/2018 academic year. **ACTION: Jutta Knapp**

Subject to the above points, the document was recommended to Corporation for approval. **ACTION: Jutta Knapp**

F&GP15/45 Summer Estates Work

The proposed works were considered and recommended for approval to the Corporation except the Staff Room works which SMT have recommended should be deferred owing to time constraints, although the money for this remains in the budget. **ACTION: Jutta Knapp**

F&GP15/46 Risk Assurance

The Committee considered the changes made to the assurance report and confirmed that the Committee now had the required assurance (except Risk 53) and confirmed that this should be reported to the Audit Committee as agreed. However it was recorded that regarding Risk 53 Failure to operate efficient and effective and reliable IT systems, the report on this review, issued by the Internal Auditors would be circulated to the F & GP Committee members, once the Audit Committee meeting has considered this at its meeting on Thursday. **ACTION: Jutta Knapp**

Jutta Knapp also agreed to revise the wording on page 103 – “four risks” should read “two risks” and the Risk Status (top of page 105) should be updated to read “April 2016”. Furthermore following a request from the Committee it was resolved to include change in risk status within the risk analysis too. **ACTION: Jutta Knapp**

At this point Anthony Rogers left the meeting.

F&GP15/47 Health and Safety Update

The report was noted by the Committee. Jutta Knapp explained the timing of the H & S internal Committee meetings, noting that Committee considered the latest reports before these were presented to Corporation.

F&GP15/48 Business Procedures

The minor changes to the business procedures were recommended to Corporation for approval and it was agreed that the document would not need to be included within the Corporation meeting papers but would be available on request to Governors. **ACTION: Jutta Knapp**

F&GP15/49 Confirmation of EFA Financial Health

The confirmation of the College’s financial health by the EFA as “Outstanding” was noted.

F&GP15/50 Committee Self-Assessment and Review of Terms of Reference

The Committee reviewed the questions included on the schedule and agreed that apart from the on-going process by Search Committee to find a suitable Governor with property expertise to replace Rod Mallinder, there were no further recommendations.

It was resolved to recommend the TOR to Corporation for approval, with the following change:

Purpose 6), delete item a) wording and replace with “any material planned expenditure over the approved budget”. **ACTION: Louise Pennington**

F&GP15/51 Any Other Business

Peter Freeman informed the Committee that he and Chris Thomson would bring a recommendation to Corporation regarding whether to apply for the ABR transitional grant in July 2016.

There was no other business.

F&GP15/52 Date of Next Meeting

To be advised.

Chair.....

Date.....