

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON MONDAY 7th MARCH 2016 IN ROOM 426, 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&GP15/20 Apologies and Welcomes

Apologies: Shirley Brookes-Mills

F&GP15/21 Minutes of the Meeting held on 23rd November 2015

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

F&GP15/22 Matters Arising

The F & GP Committee actions completed were noted.

F&GP15/23 Declaration of Interests

None declared.

F&P15/24 Results for the first Six Months

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

- Strong cash position with £1M on deposit.
- Page 13 financial targets: student numbers is favourable target owing to more than budgeted student numbers (but note lagged funding position).
- Operating surplus as % of income is adverse at this stage in the analysis and is expected to improve over the rest of the year ending with a likely favourable position.
- Pay as percentage of income is showing as adverse but this is in fact favourable. **ACTION: Jutta Knapp**
- Bank covenants: all targets are favourable, including net cashflow operating activities to principal and interest paid (however the Committee was reminded that the ratio only required a small margin); borrowing cost to income and I & E account balance. The Committee was also made aware that following the completion of the Area Based Review process, the impact upon bank covenant may become more significant.
- Page 14 Income and Expenditure Account: predicted outturn for 2015/2016 – total income being £11.412M compared to £11.408 budgeted; also total expenditure is £11.353M compared to £11.310M. Net cash inflow is £221K compared to budget of £186M. Main Variances between forecast historic cost surplus outturn and budget were referred (details on page 15): the negative variance in IT costs and teaching support were highlighted.
- Page 17 Cash flow: The Committee was advised that the opening balance given was in fact the projected figure and the actual position should be inflated by £780,000. Year end position projected will be £3.44M including £1M on deposit.
- Page 18 Main variances which are 10% or more.
- Page 19 Bank borrowing: Right table of borrowing cost annually since 2008/2009 projected to 2020/2021 – the position in 2015/2016 was highlighted reflect the total cost of £543.7K comprising £328.3K capital and £215.3 interest. Table top left of page 19 which lists the

various loans and terms – it was noted that £675K loan for the Student Services Centre would end in June this year. Following a request from the Committee, it was agreed that the Annual cost of borrowing graph should be extended to include the last four years of the right hand table in order to demonstrate more clearly the reducing debt (for Corporation Meeting if possible, otherwise for next F & GP Committee). **ACTION: Jutta Knapp**

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

F&GP15/25 Funding 2016/2017

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

- At the time of the preparation and despatch of the meeting papers, the funding allocation for 2016/2017 had not been advised to BHASVIC, although confirmation of student numbers to be funded by the EFA have been advised combined with Formula Protection Funding (FPF) details (prior to Comprehensive Spending Review (CSR), this was due to disappear. However the FPF allocation for 2016/2017 has gone down from £837,363 in 2015/2016 to £629,090 and it will be phased out completely, reducing by approximately £200,000 per annum. In response to a query raised by Peter Freeman regarding the difficulty in comparing the figures with similar information in the financial forecast, presented to Committee in June 2015, Jutta Knapp agreed to check the figures. *(post meeting minute: Jutta Knapp confirmed to Peter Freeman that the EFA funding income was virtually identical to that in this meeting paper, but the analysis in the latter then takes into account the FPF which was not included in the financial plan presented to the June 2015 F & GP Committee meeting).*
- The funding allocation details have now been received and these are in fact slightly lower than the indicative funding detailed on page 21 owing to one element of the funding allocation per student, namely that in respect of disadvantaged students (including those student who failed to gain a grade C or better in GCSE English or Maths at their secondary schools - hence the weighting applied to BHASVIC students overall, is lower. Accordingly this equates to approximately £70,000 less than original indicated. It was noted that SMT would be reviewing the impact of this reduction at their next meeting later this week.

It was resolved that the papers should go to Corporation for information, particularly in the light of the impact of the now retained FPF on the overall income. **ACTION: Jutta Knapp/Louise Pennington**

F&GP15/26 Teachers' Pay Update

Chris Thomson informed Governors that the SFCA national annual pay award in respect of Teachers had been agreed with the various Unions at 1% for 2015/2016 backdated to September 2015 and would be included in the March 2016 payments to staff. He also confirmed that this reflected the 1% allocated within the budget for 2015/2016 agreed by Corporation last year (pay award also agreed at December 2015 Corporation Meeting, so long as within budgeted figure).

F&GP15/27 Property Strategy

Jutta Knapp presented the latest version of the draft Property Strategy and the following comments were made:

- The College has no additional space for the predicted increase in student numbers in 2016/2017 unless additional space for science labs is made available (refer item 15/28).
- Further growth in 2017/2018 would require additional building space.
- The current estates are in good order, having been well-maintained over the last few year owing to various BCIF grants. In response to a suggestion from the Committee it was resolved to explicitly explain the on-going maintenance budget, taking into account that the buildings are currently up to date regarding maintenance. **ACTION: Jutta Knapp**

- The Committee queried the £54,000 annual devolved formula capital maintenance grant received by the College, noting that it was included in the figures within “Other funding body income”.
- Referring to page 28 and the section entitled “Running Costs”, Jutta Knapp confirmed that currently there were no benchmarking statistics available for comparison purposes and although figures have been collated by the Area Review team in respect of local Colleges, the various categories are not necessarily presented in a consistent way other to other factors such as portacabins rented or purchased, cleaning in house or outsourced etc, which makes comparisons misleading.
- The issue of space utilisation analysis was also discussed and it was agreed that this was less relevant to the SFC sector as all or most classrooms were full during the day. However on request from the Committee, it was agreed to investigate whether there were any Government space utilisation guidelines for academies for 16-19 year olds available. **ACTION: Jutta Knapp**
- Reference was made to page 31 and the table entitled Development Options and Growth Management and it was agreed that the presentation of this together with more detailed explanation, should be improved for the final Property Strategy. **ACTION: Jutta Knapp**
- Chris Thomson advised that the proposal to investigate the recruitment of International Students had been put on hold for the time being owing to the fact that the College’s existing premises was already full with domestic Students. At this point reference was also made to the impact of the Area Based Review process and the academisation option (ability to reclaim VAT per annum of approximately £250,000, but unable to recruit Non-EU Students).
- It was agreed to bring back a revised Property Strategy to the next F & GP Committee in June 2016, but in the meantime, include the latest draft Property Strategy within the March Corporation meeting papers for Governors’ information. **ACTION: Jutta Knapp**

F&GP15/28 Additional Science Laboratories.

The Committee noted the contents of the paper showing the proposals to add two modular laboratories on top of the existing ones in the lower carpark, in order to manage the predicted increase in student numbers and the demand for science subjects.

SMT has made initial enquiries with Foremans (the provider of the existing modular science labs) who have given an indicative cost of £320,000 (including contingency of approximately £60,000) which SMT suggest could be funded by the unexpected Formula Protection Funding in 2016/2017.

The Committee was made aware of the timing issue which was critical should the proposal be approved and implemented by September 2016 and in particular that planning permission was required. To meet the deadline, it was noted that the College would have to initiate the Formans’ contract before planning was approved, incurring a 25% proportion of the cost should planning permission be rejected.

The Committee endorsed SMT’s recommendation and it was agreed that owing to the urgency of instigating the process, the College should not go through the usual tender process but agreed that Foremans should be commissioned. It would also avoid any compatibility issues arising from an alternative provider. Accordingly the proposal was recommended to Corporation for agreement.

ACTION: Jutta Knapp

F&GP15/29 Risk Assurance

The Committee considered the Risk Assurance Report noting that the Audit Committee was seeking confirmation that the F & GP Committee received adequate assurance (high risks as recorded on excerpt from the Risk Register on pages 38 and 39 of the papers) in respect of the risks for which the F & GP Committee has responsibility. The following points were made:

- The full risk management register in respect of all F & G Committee assigned risks was tabled and it was agreed to review this at the next meeting. **ACTION: Jutta Knapp**

- Page 38 Risk 49 has been listed twice and it was noted that the second reference to Risk 49 should read Risk 50 being Difficulties arising from insufficient and appropriate student accommodation. **ACTION: Jutta Knapp**
- Risk 55 Failure to operate efficient/effective and reliable IT systems which has been classified by SMT as "Red" – it was confirmed that the internal auditors had been commissioned to complete an IT audit in order to provide assurance to Governors (April Audit visit).
- In response to a query from the Committee regarding Risk 30 Adverse Government/SFCA Funding related decisions/rise in interest rates etc – it was confirmed that the reference to SFCA funding related decisions was in respect of the national pay negotiations and establishment of pay scales etc

Subject to the above comments, the Committee agreed that it was able to confirm to the Audit Committee that it received adequate assurance in respect of its key high risks and noting that the remaining F & GP Committee related risks would be reviewed at the next meeting. **ACTION: Jutta Knapp**

F&GP15/30 Insurance Claims over £2,000

The contents of the paper were noted and that the claim detailed had been settled, excess £50.

F&GP15/31 Health and Safety Update

The contents of the paper were noted Jutta Knapp confirmed that following Richard Tabor's (Health and Safety Officer) retirement, a new part time appointment(16 hours per week) had been made – Caroline Graham, and experienced and qualified H & S Officer.

F&GP15/32 Any Other Business

Referring to page 18 of the papers and the catering income and following a suggestion by Anthony Rogers, SMT agreed to review the length of the morning break time (currently 15 minutes) which may have the effect of improving the income in this area. **ACTION: Jutta Knapp**

In response to a query about the College's lettings' income, Jutta Knapp confirmed that this had increased significantly since the appointment of a full time Lettings Co-ordinator. Currently the income generated is in the region of £100,000.

F&GP15/33 Date of Next Meeting

Tuesday 21st June 2016

Chair.....

Date.....