



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
MINUTES OF THE MEETING OF THE RESOURCES COMMITTEE
HELD ON TUESDAY 11th JUNE 2019 IN ROOM 413, COPPER BUILDING AT 6.00 P.M.**

Present: William Baldwin (Principal), Julia Holgate Turner (Governor – Support Staff), Chris Newson (Governor), Marcus Palmer, (Governor) Neil Perry (Vice-Chair of Corporation), Sandra Prail (Chair of Governors), Mark Snape (co-opted Committee Member), Tom Wolfenden (Vice-Chair of Governors and Chair of Resources Committee).

In attendance: Jutta Knapp (Assistant Principal – Resources), James Moncrieff (Deputy Principal), Louise Pennington (Governance Director/Clerk)

NOTE: FOR EASE OF REFERENCE QUESTIONS AND COMMENTS FROM GOVERNORS HAVE BEEN INCLUDED IN BOLD ITALICS

SECTION 1: ROUTINE AND STANDING ITEMS

1.1 Apologies and Welcomes

Apologies: Chris Nagle (HR Manager) and Alison Cousens (Assistant Principal – Student Services)

Welcomes: Julia Holgate Turner (new Support Staff Governor).

The meeting was quorate.

1.2 Minutes of the Last Meeting

Resources Committee Meeting held on 4th March 2019

The Resources Committee minutes were considered and approved by the Committee and the Chair authorised to sign them.

1.3 Matters Arising

The various actions listed were noted and updates provided where necessary. Louise Pennington agreed to update the schedule for the next meeting. **ACTION: Louise Pennington**

1.4 Declaration of Interests - None declared.

SECTION 2: HR AND RELATED MATTERS

2.1 HR Matters

In the absence of Chris Nagle (HR Manager), Jutta Knapp presented the various HR items below and the following points were recorded:

a) Termly Update on HR Issues

- Update on problems with HR software systems whereby investigations were underway to integrate HR and Payroll. As the situation has not been resolved, it has been decided to follow a different route and use the College's existing HR Cintra software facility, with the aim of going live in August 2019.
- Staffing issue update – It was resolved to transfer this item to confidential minutes.
- Chris Nagle, HR Manager is retiring at the end of August after long service to the College. Thanks were recorded by Governors for her long and excellent service and support to the Governors and the College over the years. An advert has been placed to find a replacement.

b) Pay/PDR Issues including National Pay Negotiations

Further to the report made at the last meeting, it was confirmed that the pay recommendations had been implemented in line with the nationally agreed pay recommendations and as agreed with Corporation last term. The final figure overall is in fact slightly under the budgeted figure. It was reported that next year's national pay negotiations between the SFCA and Unions were likely to be more difficult and initial input from SFC Principals regarding the cost of living pay rise percentage has been sought by the SFCA. This is also likely to be discussed at the forthcoming SFCA Annual Conference later this week. The College has included 1.5% allowance in the budget for this the Staff cost of living pay rise for 2019/2020

SECTION 3: RESOURCES AND RELATED MATTERS

3.1 Management Accounts for the Nine Months to 30th April 2019

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

- Page 14 operating surplus/deficit – predicting £79K surplus, slightly less than budgeted figure and reference was made to the main variances.
- Page 20 Main variances:
 - i) Increased demand for evening languages; catering slightly less than predicted and staff costs increased by £57K.
 - ii) Regarding the lower than anticipated catering income, the insufficient and crowded social space, including the Copper Café may explain this, with long queues during popular times of day. The College is reviewing the queuing issues. Pricing overall compares similarly with other Colleges. SMT will maintain the catering budget at a similar level, as the aim will be to resolve the queuing problem and therefore improve the catering income. There are also issues arising from the fact that there is no mobile phone signal in the Copper Café, which makes card payments difficult when purchasing food.
 - iii) Additional IT spend allocation owing to one off extra funding announced by the Department for education for FE Colleges has been received - £168K.
 - iv) Examination fees have increased and these are quite difficult to predict, particularly since the change to linear examinations.
 - v) Catering – likely £20K deficit which Governors noted, being a significant proportion of the total variance.



- Jutta Knapp met with Lloyds Bank earlier today and presented them with the latest management accounts and the Bank's main concern was to focus on the adequacy of the College's cash position rather than the small surplus.
- It was acknowledged that it's become more difficult to set the annual budget as income remains static while costs continue to increase.
- 0.6% variance on staff costs is key focus.
- Other issues come up eg IT project and associated cost – refer below
- Comprehensive Spending Review (CSR) anticipated to be in November, from which it is hoped that FE Funding will be improved, but CSR undoubtedly will be affected by the Brexit timetable.

It was agreed that the final Management Accounts would be presented to Corporation for information.

ACTION: Jutta Knapp

3.2 Budget 2019/2020

As reported above, Jutta Knapp explained the difficulties in setting the budget for next year. The details were discussed and the following points made:

- Despite the static funding, a small surplus has been set.
- Risk analysis has been completed.
- Assumptions made include no change in funding rate.
- The significant increase in the Employers' Teachers pension scheme contributions will be fully funded for next year by the Government (Future years – not yet known).
- 1.5% pay increase which is the maximum the College has been able to allocate for 2019/2020.
- Annual SFCA Conference starts tomorrow at which pay negotiations will be discussed and Principals will be emphasising the fact that budgets are very limited and that 1.5% is the maximum which BHASVIC can afford if it's to maintain its financial health status. At this point the Committee was reminded that the SFCA included those which have recently converted to academies and which have government funding for the cost of living pay rise, unlike traditional SFCs. The Committee discussed the option of withdrawing from the SFCA in future, if it failed to adequately represent SFCs and also discussed the options regarding national pay agreements, noting that not all SFCs follow the SFCA nationally agreed pay recommendations, if their budgets don't allow for this.
- ***Governors queried the bursary funding (replaced EMAs (Educational Maintenance Allowance) – this is distributed to Students who are eligible and allocated accordingly e.g. for travel costs to and from College etc. The funding is not included in the accounts as it is third party money with the College acting as an agent. The ESFA budget template was revised by Jutta Knapp accordingly (£250K deducted)***
- ***The Committee queried the Senior Postholders' (SPHs) overall increase costs of 8% and the differentials between other Staff and it was explained that this related mainly to pensions' adjustments (for the SPHs who are teachers – Principal, Deputy Principal and Assistant Principal (Student Services) and Governors were reminded that the Remuneration***

Committee set the pay details in the Autumn Term with reference to the SPH Remuneration Policy.

- The increase in Teaching Staff costs were noted whilst the Support Staff costs broadly remain the same as the current year.
- ***In response to a point raised by the Committee, Jutta Knapp confirmed that the final version of the budget would be revised to reflect the fact that evening languages income should be restated in a separate line. ACTION: Jutta Knapp***
- ***Page 27 - in response to a question, Jutta Knapp confirmed that premises maintenance had reduced this year compared to last year; last year costs were included in respect of refurbishment of the main building – this year it's is approximately £35K. The premises maintenance figure does not include the additional IT consultancy work which is under discussion and due to go to tender – refer below.***
- ***Teaching support comprises general office and curriculum assistance support.***
- ***Approximate £800K increase in costs is balanced with the increase in Student numbers of approximately 100 Students and associated funding and also additional income received from the DfE to meet the increase in Teachers' pension contributions. Lagged funding arrangement remains in place, so funding in respect of any additional Students will be received in the following year.***
- £4K annual income per Student remains static.
- Financial plan has been prepared on the basis of the assumption that funding will continue to be provided by the DfE for increased Teachers' pension contributions and recent advice from the Association of Colleges's (AoC) expert, Julian Gravatt (AoC's Deputy Chief Executive) has indicated that it's likely that Government will fund this in full or at a significant level to ensure Colleges' on going solvency. If the latter was not the case, then all Colleges would have to make significant cost reductions and in fact following questions from the previous Resources Committee Chair, a confidential paper and discussions were held with him and the Chair of Governors, to discuss various strategies for BHASVIC.
- The College will be able to increase Student numbers further once the new building has been completed, although no assumptions for this have been included in the forecasts yet.
- The Committee accepted the budget details and SMT's assurances, noting that BHASVIC was a financially strong College within the FE Sector, based on its steady and increasing income stream.

Taking into account the points made above, the budget was recommended to Corporation for approval.

ACTION: Jutta Knapp

3.3 Financial Forecast 2019-2022

Jutta Knapp presented the forecast paper to the Committee, explaining that although a 2 year forecast was required by the ESFA, a 3 year forecast had been included for the benefit of the meeting with the College's bankers regarding loan arrangements for the capital works.

The following points were recorded:

- First section – management accounts showing the predicted outturn for the current year, as reported earlier.



- Second section – budget for 2019/2020 as reported above.
- Estimates for 2021 and 2022 with the following assumptions being:
 - i) No increase in funding rate
 - ii) Small increase in Student numbers, but with no associated increase in Staffing.
 - iii) For 2021 – assume no pay increase (only movement up pay spine); this would only change if the national funding rate increased.
- The financial forecasts for 2021 and 2022 are in effect working documents and there will be adjustments through the year.
- Financial health score (page 41) – “requires improvement” (being a change in category classification this year from “satisfactory”), which is not unexpected in light of the building works and use of reserves. The ESFA are aware of the score and understand the reasons for the change from the current year’s “good” financial health. No ESFA intervention is instigated until a College is classified as “inadequate”, being the health score below “requires improvement”. ***Governors queried what the margin was for the College to drop to “inadequate”. it is less than or equal to 110.*** Jutta Knapp advised that borrowing, current ratio and EBITDA (earnings before interest, depreciation and amortisation), would improve as the capital project progressed.
- ***In response to a question from the Committee, Jutta Knapp confirmed that at the meeting with the Bank held earlier today (Lloyds), they focused upon the College’s cash position rather than surplus/deficit and the bank appeared to be comfortable with the College’s 3 year forecasts.***
- ***Governors also queried the bank covenants and Jutta Knapp explained that new covenants would be prepared in respect of the new borrowing arrangement, noting that the new covenants would also apply to the existing loans as well as the new loan arrangement.***

The financial forecast paper was recommended to Corporation for approval. **ACTION: Jutta Knapp**

3.4 Premises Update (draft minutes of meeting held on 29th April 2019) including Letter of Intent and Justification– CONFIDENTIAL ITEM

Refer to confidential minutes.

3.5 Reserve Policy/Procedures

The Committee noted the College’s cash reserves position and the requirements detailed within the Business Procedures, as previously reported at Corporation, noting that the use of part of the reserves was in relation to the contribution to capital expenditure.

In response to a question from the Committee, Jutta Knapp confirmed that £1M cash reserves provided the College with at least 30 cash days, which is within the sector guidelines. During the planning period the lowest cash position will show a fall to 38 cash days, after which the situation will recover quickly.

Responding to a question from Governors, Jutta Knapp confirmed that the business procedures’ requirements established a reserve cash requirement of £1.5M plus £500K. At the lowest point in the capital project, reserves will be no less than £1.6M enabling the College to maintain a healthy cash position (NB this excludes the impact of the IT £250K allocation).

The Committee was advised that the overall project cost included in the financial forecast was in fact £9.3M but indications are that this is likely to finalise at £9M which will enable the £300K balance to be utilised towards the IT spend requirements. Refer item 3.6 below.

3.6 IT Consultancy – Outcomes and Updates (CONFIDENTIAL), including IT Strategy

REFER TO CONFIDENTIAL MINUTES

SECTION 4: CONSENT AGENDA

4.1 College Development Plan Section 4 (Leadership and Management) – the contents were noted by the Committee.

4.2 Business Procedures– these were approved with no amendments as proposed and recommended to Corporation for approval. **ACTION: Jutta Knapp**

4.3 Risk Assurance – noted and endorsed and the Committee confirmed that it was satisfied with the assurances given regarding the risks for which the Committee was responsible.

4.4 ESFA Financial Health Confirmation – noted

4.5 Site Security Procedures – noted.

4.6 Alcohol and Substance Misuse Policy/Procedures – approved and it was endorsed that in future the policy/procedures would be delegated to the Principal/SMT and not brought to Committee and Corporation. **ACTION: SMT**

4.7 Staff Wellbeing and Absence Management Policy/Procedures – approval and it was endorsed that in future the policy/procedures would be delegated to the Principal/SMT and not brought through Committee and Corporation. **ACTION: SMT**

In response to a question from the Committee, SMT confirmed that items 4.6 and 4.7 had been reviewed and agreed by JUMCoG (Joint Union Management Consultancy Group) at the 10th June meeting.

SECTION 5: OTHER MATTERS

5.1 Any Other Business

- a) Committee Annual Self-Assessment and Review of Terms of Reference (Resources Committee and Premises Group).

There were no issues arising from the Committee regarding the various self-assessment questions, although it was noted that there were a number of new Governors and over the next year, there may be further feedback.

Since the F & GP and HR Committees had merged to form the Resources Committee, it was agreed that the new Committee worked well.

The terms of reference were approved in respect of the Resources Committee and the Premises Group and recommended to Corporation. Governors were reminded that the Premises Group and Task and



Finish Group's business was usually reported to Corporation via Resources Committee (and regarding the Task and Finish Group – also via Q & C Committee). **ACTION: Louise Pennington**

5.2 Date of Next Meeting – 25th November 2019 at 6.00 p.m.

SECTION 6: CONFIDENTIAL BUSINESS

6.1 Confidential Minutes from the Last Meeting 4th March 2019

The minutes were approved and the Chair authorised to sign them.

6.2 Matters Arising – None.

6.3 Any Other Business (Confidential Business)

None

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