



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
MINUTES OF THE MEETING OF THE RESOURCES COMMITTEE
HELD ON WEDNESDAY 20th JUNE 2018 IN ROOM 413, COPPER BUILDING AT 6.00 P.M.**

Present: William Baldwin (Principal), Jo Davis (co-opted Committee Member), Peter Freeman (Chair of Governors), Howard Kidd (Chair of Resources Committee), Chris Newson (Governor), Neil Perry (Governor), Sandra Prail (Vice-Chair), Sue Smith (Governor – Support Staff)

In attendance: Alison Cousens (Assistant Principal – Student Services), Jutta Knapp (Assistant Principal – Resources), James Moncrieff (Deputy Principal), Louise Pennington

R17/14 Apologies and Welcomes

Apologies: Mark Snape

The meeting was quorate.

R1715 Minutes of the Last Meetings

Resources Committee Meeting held on 6th March 2018

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

The contents of the confidential draft Premises Group meeting held in May 2018 were also noted.

R17/16 Matters Arising

Jutta Knapp confirmed the actions which had been completed and also provided the following updates:

- Item R17/03 6/3/18 Annual Report and Financial Statements: page 36 Balance sheet “increase in cash at bank/investments compared to previous year to check details” – reviewed and no further action required.
- 6/3/18 Item R17/05 Terms of reference: To be discussed in item R17/29 below, but the Chair suggested that reference should be included to reflect the fact that the Committee does review general financial and accounting matters. **ACTION: Howard Kidd/Louise Pennington**

R17/17 Declaration of Interests - None declared.

R17/18 General Data Protection Regulations (GDPR)

Although it had been intended that Tara Davies (Data Protection Officer), would present this item, as she had a commitment on behalf of the College in Birmingham at the Capita Strategic Meeting, Jutta Knapp agreed to present this item and answer any questions. Governors were reminded that GDPR had to date been reported via the Audit Committee, but that following a recommendation at Search and Governance Committee, it had been transferred to Resources Committee with immediate effect.

- a) Updated GDPR Action Plan
- b) Data Protection Policy

- c) Data Retention Policy
- d) Personal Data Breach Notification Policy
- e) Rights of Individuals Policy

The Committee noted the contents of the front sheet, updated action plan and policies as listed above and the following points were recorded:

- Policies – wording based upon AoC (Association of College) GDPR templates. The College will develop the policies over time to ensure that they are tailored to the College's circumstances and requirements.
- Privacy notices have been drafted (and on website re Students).
- Personal data audit on behalf of information held by the College has been carried out and a retention record established.
- General staff training has been completed via the June 2018 inset day training provision.
- Annual GDPR staff training would be provided and information also included in new staff induction pack.
- Governor training – having discussed the matter with the DPO and SMT it had been decided to provide a GDPR briefing document for Governors and should a training session be requested by Governors, this would be done pre-Corporation Meetings in the next academic year.
- Staff, Students and Parents have been briefed on GDPR and information held by the College/whereabouts of policies on website etc (NB Governors' privacy notice to be finalised with DPO and then circulated with other GDPR information to Governors). Following a question, it was confirmed that the privacy notice on the website related to Students and that as all personal data comes within the Student category so that no separate Parent Privacy Notice is necessary.
- GDPR Action Plan – it was resolved that reference to Governors should be included in the Plan to record, track and monitor this. **ACTION: Jutta Knapp/Tara Davies**
- GDPR Action Plan – page 17 of papers and in response to a question from the Committee, Jutta Knapp confirmed that the DPO was the point of contact to whom data protection requests (subject access requests) would be made. As this duty was not included in the "detail" column in respect of item 1, it was resolved to add this as a new sub-item e). **ACTION: Jutta Knapp/Tara Davies** It was also confirmed that Tara Davies was the FOI Officer. (Freedom of Information).

In conclusion the Committee noted the assurance provided by the College regarding the level of GDPR compliance and that further outstanding work was ongoing. They were also informed about the general status of GDPR compliance within the FE education sector, noting that it was recognised that this was an on-going process which would take some time to achieve. It was acknowledged that GDPR would continue to be reported via the Resources Committee as necessary.

The policies were recommended to Corporation for approval. **ACTION: Jutta Knapp**

R17/19 HR Matters

William Baldwin gave an oral update to the Committee, reporting on the following issues:

- Reminded Governors that he had e mailed all Governors about the localised staff re-structuring process regarding Personal Assistant. William Baldwin updated the Committee on progress to



date, confirming that the consultation process was underway and would finish next week, with notification meetings having been held this week. He also informed Governors about discussions with the Unions and communication with staff.

At this point, Sue Smith joined meeting.

- Support staff pay spine – as advised previously Governors have been informed about the work recalibrating the pay spine with assistance from the Unions at regional level. This has resulted in a 3rd of posts having been re –graded and 40% of staff have therefore benefited from a pay increase. The revision has ensured that those with key responsibilities within Support Staff roles, have had improved recognition in terms of pay. The lowest grade has also seen improvement too, where previously there was only 1 spine point, so no method for progression in the past. The cost in year 1 is £70,000 which is recurrent to £300,000, after 4 years and the details are reflected in the financial forecast paper (see below). The College hopes that as a result of this the recruitment of Support Staff members will improve.

R17/20 Management Accounts for 9 Months to 30 April 2018

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

- Page 52 predicted outturn similar to budget
- Page 61 number of variances – similar to last presentation to Committee.
- Small surpluses of which the Committee was made aware when the budget was set.
- Support Staff pay has not been included here as won't affect the figures until September (although details included within financial forecast).
- Page 56 capital grant/bank loans received increased to £606,000, with capital expenditure having increased by similar amount; this more accurately reflects the capital project works funding progress and also includes some CIF grant monies, with more due before the end of the month, noting that the claims against the grant may only be made, once spent. The CIF grant funding profile will be amended in due course to reflect the anticipated spend.
- Treatment of IT equipment – reference was made to previous reporting on the change in accounting treatment in accordance with FRS102 (refer last minutes item R17/08) and also to the reference on page 61 Main Variances, noting that £138,000 had been reclassified as capital in accordance with FRS102 for IT equipment.
- In response to a question regarding the cost of borrowing, Jutta Knapp explained that borrowing this year was down by £80,000 reflecting the reduction in loan combined with the fact that new borrowing had not yet been drawn down and that this was unlikely to be triggered until October 2019, once the contractor has been appointed; the impact will therefore be reflected in the 2019/2020 financial forecast. .
- Page 54 Financial Targets: target for totalling borrowing is 0.8% and it was recorded that this figure should also be included on page 72 of the budget paper, which owing to a typographical error, states that the total borrowing costs are 2.45%. Jutta Knapp confirmed that she would amend the paper. **ACTION: Jutta Knapp**

Subject to the correction above, it was agreed that the Management Accounts would be presented to Corporation for information. **ACTION: Jutta Knapp**

R17/21 Budget 2018/2019

Howard Kidd and Jutta Knapp introduced the draft budget and drew Governors' attention to the following issues, with questions to follow:

- More difficult than previous years to set a balanced budget, particularly impacted by the impact of fixed funding rate of £4,000 per Student, which will remain unchanged until 2020.
- Allowances have been made for targeted Student numbers and associated staffing estimates (owing to lagged funding arrangement, funding for additional students won't be received until the following year).
- Capital building costs and borrowing costs have been taken into account together with the CIF grant funding.
- A small operating surplus is predicted, being £96,000.
- The College is still seeing increasing interest in Students wishing to study here and with the new building, additional numbers may be accommodated.
- Page 67 Financial Targets – Staff Costs as % of Income – target of 68% should read 75%

ACTION: Jutta Knapp

- Page 68 budget – regarding staff costs, it was noted that the sector benchmarking data had not yet been issued. At this point the Committee was informed that the information available regarding staffing costs at Colleges could be misleading owing to the way in which some elements were covered e.g. zero hours contracts, out-sources services for catering or cleaning etc. Latest sector average for Staff costs is 72% and BHASVIC is slightly above this.
- Regarding the FE sector static funding regime, the Committee was informed of the serious impact this was having within the sector, with a number of Colleges having to set deficit budgets going forward, combined with larger class sizes. The next Comprehensive Spending Review (CSR) is due in March 2020 and without any expected change in the FE funding per Student from its current level of £4,000, this will have been unchanged for 10 years. It was also recognised that the VAT position was likely to remain unchanged, particularly since there were now fewer SFCs as many had converted to Academies, where VAT relief is granted.
- Referring to page 86 and the ratio analysis within the Financial Forecast, the impact on Staffing costs was noted, particularly with effect from 2020 when the figure is 77.4% which then increases to 79.75% in 2021. However with the new building ready, additional students will be recruited in 2021, with funding then received for these in 2022, reducing the ratio to 77.71%. The influence of longer serving staff members on staff costs was also noted, as they reach the top of the pay scale, combined with annual pay rise of at least 1%. Modelling regarding staff pay increases has been completed by Jutta Knapp which has shown that any pay rise above 1% is unaffordable and would result in a deficit position. Account has been taken of movement up pay spines and also the restructuring of the support staff pay as reported earlier. A static funding position has been assumed.

Noting the points made above, the Budget was recommend to Corporation for approval. **ACTION: Jutta Knapp**



R17/22 Financial Forecast for the period to 2023/2024

The Committee discussed the financial forecast paper presented by Jutta Knapp and also referred to the various comments made above in item R17/21, making the following observations and notes:

- Nationally agreed staff pay negotiations – the Committee discussed the issues within the sector, particularly arising in respect of any recommendation to agree a pay rise above 1%. However it was accepted that if a pay award above 1% was recommended, the College would have to review whether to implement any recommendation on this basis, if it was unaffordable.
- Financial health has been self-assessed as good for the two years ending 31/7/19, following by satisfactory for the following three years, reverting to good for the two years ending 31/7/24. The cash position is also indicated to remain strong throughout the planning period.
- In response to a request from the Committee, William Baldwin agreed to provide an analysis for the next Resources Committee in the Autumn Term, identifying plans and potential cost savings which SMT and Corporation might have to consider if the funding situation does not improve in the future, in order to avoid a deficit position. **ACTION: William Baldwin**
- Page 83 Schedule 1 Assumptions – item 11 loans and refinancing: new bank borrowing arrangements have not been included as awaiting interest rate details.
- Page 93 Schedule 3d Analysis of Staff Costs line 1m “Other Staff” – an estimate has been included to cover the increased support staff costs, as not yet known where these will fall in terms of staff posts.
- Page 103 Schedule 7a Capital Project Details (expenditure and expected method of financing) – this section will be completed once the forecast figures from the contractor have been issued
- Page 87 Schedule 3 Statement of Comprehensive Income – noting the deficits in 2020, 2021 and 2022, Jutta Knapp referred to the bank covenant position whereby deficit in more than 1 consecutive year was not allowed and explained that the matter had already been discussed with the bank who confirmed that this covenant was outdated and under review.
- Howard Kidd drew the Committee’s attention to the forecast profit/loss and cash flow figures for the projected periods.

The Committee recommended the Financial Forecast to Corporation, noting that once approved, it would also be submitted to the ESFA and the bank (in respect of the loan arrangements). At this point Jutta Knapp confirmed that Ben Payne, ESFA, would be visiting the College shortly. **ACTION: Jutta Knapp**

R17/23 Premises Update

The contents of the paper updating the Committee on progress with the proposed new building, was noted and the following additional comments made:

- Reference was made to the Premises Group draft minutes (confidential) of the meeting held in May which were included in the papers.
- Planning permission granted on 6th June with unanimous support.
- Planning conditions are likely to include a requirement to provide car parking provision, before existing car park is removed.

- Section 106 conditions listed on page 108, were noted and all those with costs attached, will be included within the contractors' package, whilst the artistic element will be incorporated into the design proposals.
- If costs change and exceed the project overall budget of £8.5M, a value engineering exercise will be instigated. The bank loan figure in the paper has been extended to £2M, following the proposal at the Premises Group meeting to investigate increasing this from £1.5M and details from the Lloyds Bank are awaited, but the arrangement will be based as a secured loan. In response to a question from the Committee regarding other banking options, it was confirmed that Barclays had withdrawn their interest in lending to any new FE clients unless all business was transferred to them and that the College had not yet approached the only other likely provider – Santander.
- The tender documentation is currently being prepared and will be reviewed next week. Mark Snape agreed at the Premises Group to participate in the Tender board interviews which will take place in week commencing 20th August. Jutta Knapp agreed to liaise with him regarding this.

ACTION: Jutta Knapp

R17/24 ESFA Financial Health Confirmation

The Committee noted the details within the financial health confirmation which was as expected by the College.

ESFA has agreed with the College's own self-assessment of good.

R17/25 Business Procedures (significant changes only)

The Committee recommended the revised procedures to Corporation for approval, resolving that only the front sheet paper should be included in the Corporation meeting papers, subject to revising the reference to "Vice-Principal" to read "Deputy Principal". **ACTION: Jutta Knapp/Louise Pennington**

Referring to the Reserves Policy below, it was also resolved that a reserves statement should be included within the business procedures, once approved and reviewed annually, rather than having a separate policy. **ACTION: Jutta Knapp**

R17/26 Reserves Policy

The Committee considered the policy wording as introduced by Jutta Knapp and resolved to recommend it to Corporation for approval, subject to revisions below, with final wording delegated to Jutta Knapp to draft, with agreement of Howard Kidd. Reference has been made to the requirements which charities are obliged to comply in preparing the wording.

It was also noted that the wording would be included as a reserves statement within the business procedures, rather than in a separate policy document, as reported above. **ACTION: Jutta Knapp/Howard Kidd**

- Delete reference to £970,000 expenditure in any one month and refer to "covering deficit.....etc
- Provide for future capital expenditure requirements
- Add note regarding contingency monies which may be required too.



- Include wording to ensuring that sufficient funds are available to invest in capital expenditure and capital maintenance.
- Link to wording included in financial statements/Annual Report regarding reserves policy.

R17/27 College Development Plan (Section 4).

William Baldwin presented the updated Plan to the Committee confirming that in response to comments made at the last Corporation meeting, the meeting paper only comprised a front sheet which summarised the pertinent updates since the last report. The contents of the Report were noted by the Committee.

R17/28 Risk Assurance

The Committee considered the paper prepared by Jutta Knapp and reviewed the key risks falling within the Resources Committee's remit.

It was noted that Risks 4.1 and 4.4 had been reduced and that since the publication of the paper, risk 4.4 was no longer classified as a key risk, since the Planning approval for the Capital Project had been received.

The Committee confirmed that the information provided was sufficient to confirm assurances required for the Audit Committee.

Regarding the new risk 6.7 Failure of Capita, failure to invest and develop Advantage/UNITe leads to inadequate MIS system – the Committee queried the “green” RAG rating given and SMT advised that this reflected what was thought to be the assurance level in terms of management of this risk, reflecting the processes in place to manage the risk. The risk has been added by SMT to reflect the recent Capita profit warnings reported in the press.

The Committee also discussed whether the risk would fit better with the Quality and Curriculum Committee in light of the Student Information Systems aspect. However bearing in mind that if there were inaccuracies in the ILR return owing to issues with Capita products, this would affect the College's funding, so was also relevant to Resources Committee. It was resolved that SMT should review this in the Autumn Term, but until then the risk would remain within the Resources Committee's responsibilities. Once SMT has reviewed the matter, reports should be made to both Q & C Committee and Resources Committee with SMT's recommendations. **ACTION: William Baldwin**

R17/29 Committee Self-Assessment and Review of Terms of Reference

The Committee reviewed the standard list of questions and agreed that subject to the comment regarding question 7 below, there were no issues arising.

Q7 Are there any ways to improve the manner in which the Committee conducts its business: SMT welcomed input and questions which had arisen prior to today's meeting from Neil Perry and Peter Freeman which had been helpful in enabling answers to be given at the meeting.

Terms of Reference (TOR) - the suggestions included in the TOR marked in bold italics were considered by the Committee and agreed, subject to comments below. **ACTION: Louise Pennington**

Regarding the new statement that Members of Resources Committee shall not also serve on the Audit Committee, it was agreed that Committee Chairs should be encouraged to liaise more regularly to ensure that common issues are discussed. **ACTION: Committee Chairs**

Following a suggestion from Howard Kidd made earlier in the meeting, it was agreed that additional wording should be added to ensure that the Committee has responsibility for considering/reviewing financial accounting matters generally. **ACTION: Louise Pennington/Howard Kidd**

Item 7 e – College insurance arrangements – revise so that Committee is informed of any insurance claim above £5,000 and that it was unnecessary for the Committee to review the insurance arrangements. The Business procedures should also be updated to reflect these changes. **ACTION: Jutta Knapp/Louise Pennington**

R17/30 Any Other Business

Thanks were recorded to Peter Freeman for his work supporting this Committee over many years, noting that he would be retiring at the end of this academic year.

R17/31 Date of Next Meeting

Monday 26th November 2018 at 6.00 p.m.

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