

Not yet approved by Committee  
**Finance & General Purposes Committee of Corporation**  
**Minutes of meeting 212 held on 22 September 2014**

**Present:** John Wilson (Chair), Jim Darmody, Phil Taylor, Jay Trivedy (Principal)  
**Clerk:** Fiona Bagchi  
**In attendance:** Management: Bill Jackson (Director of Network & Information Systems), Alan Lamplough (Director of Finance), Ian Taylor (Deputy Principal), Alan Woodcock (Director of Resources).

**212.1 Apologies for absence**

*Apologies were received from Committee members Mary-Rose Hardy, Mike Noddings and Elizabeth Younger.*

**212.2 Declaration of interests**

*There were no declarations of interest.*

**212.3 Election of Chair & Vice-Chair**

It was noted that the Chair and Vice-Chair of the Committee were elected annually at the first meeting of the year.

Jay Trivedy nominated and Jim Darmody seconded the nomination of John Wilson as Chair and Mike Noddings as Vice-Chair of the F&GP Committee for 2014/15.

*John Wilson was elected as Chair of the F&GP Committee for 2014/15 and Mike Noddings was elected as Vice-Chair of the F&GP Committee for 2014/15.*

**Minutes & matters arising**

**212.4 Minutes of meeting 211 held on 30 June 2014, including the confidential minutes**

*The Committee approved the minutes of meeting 211 held on 30 June 2014, including the confidential minutes.*

**212.5 Matters arising and actions**

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

- 1 An exemplar financial report has been obtained from the Association of Colleges (AoC) website which the Director of Finance, Anna Lamplough (formerly Anna Rispin), would use in developing the reporting format of the College management accounts in 2014/15 (211.3).
- 2 The Director of Finance would review relevant sixth form college benchmarking information from the Skills Funding Agency (SFA) financial data sets during 2015 (211.3).

**Action: AL**

- 3 Rebecca Ives, Student Association Executive adviser, would discuss the production of the Student Association accounts 2013/14 with the Director of Finance and their presentation to the Committee's December 2014 meeting (211.3).  
**Action: RI/AL/Clerk**
- 4 The Clerk confirmed that the section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but that this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (211.3).  
**Action: Clerk**
- 5 Chartered Institute of Public Finance & Accountancy (CIPFA) guidance on financial regulations for sixth form colleges had been purchased by the Director of Finance and would be referred to as part of the review of the College's Financial Regulations to be undertaken in January 2015 (211.3).  
**Action: AL**
- 6 The annual review of the renewal of Eversheds' Academies Helpline for 2014/15 would take place in December 2014, following receipt of Eversheds' annual invoice (211.3).  
**Action: Clerk**
- 7 The EFA letter of 18.6.14, concerning the College's financial returns, had been considered at the Committee meeting held on 30 June 2014. It had included the following requirements: (i) the College had to achieve at least the outturns shown in the financial plan for 2013/14 and 2014/15 submitted to the EFA in April 2014; and (ii) must ensure that the College's financial plans for 2014/15 and 2015/16 were submitted to the EFA by 31.7.14. It was noted that the outturn for 2013/14 was better than budget but the 2013/14 accounts still remained to be audited. The College's approved financial plan 2014-16 had been submitted to EFA by the required deadline of 31.7.14. The College's performance in 2014/15 would be judged at the end of the 2014/15 financial year (211.11).  
**Action: AL/F&GP**
- 8 The College's draft budget for 2014/15 and the 3-year financial plan 2014-16, including financial performance indicators and objectives, had been presented to the July 2014 meeting of Corporation for consideration on approval, as agreed. Following a decision made at the at the July 2014 meeting of Corporation, a revised 2014/15 budget and financial plan 2014-16, showing "Satisfactory" health assessments for all 3 years, was approved by Corporation by written resolution and submitted to the EFA by the required deadline of 31.7.14 (211.16).
- 9 The Clerk would approach the Director of Network & Information Systems concerning the Committee's query on the College's policy of switching computers off at night (211.9).  
**Action: Clerk/WGJ**
- 10 A report and cost benefit analysis of transport arrangements for 2014/15 had been presented to Corporation's July 2014 meeting, as agreed (211.10).
- 11 The Education Funding Agency's Building Condition Improvement Fund (EFA's BCIF) letter and a report from the Principal on the proposed IT

infrastructure works (including a report on any risks and mitigating actions, as required by the EFA) was presented to the July 2014 meeting of Corporation, which approved the terms and conditions of the EFA letter (211.17).

- 12 A progress report on the BCIF-funded IT infrastructure project was on the agenda of the September 2014 Corporation meeting (211.17).

**Action: JKT/WGJ**

- 13 The Corporation remuneration and related party declarations form for the financial year ended 31.7.14 would be presented to Corporation members for completion at their September 2014 meeting (211.20).

**Action: Clerk**

- 14 The F&GP Committee meeting dates for 2014/15 had been e-mailed to members (211.26).

## **212.6 Annual review of confidential minutes**

The Committee noted that:

- The Corporation made non-confidential Corporation and Committee minutes routinely available under its Publication Scheme;
- Some minutes were, however, classed as confidential although it was recognised that the need for confidentiality could change over time and the classification of confidential minutes produced in the previous year was therefore subject to annual review by the Corporation and its committees;
- Minutes which the Corporation classed as confidential might, nevertheless, still have to be disclosed, in whole or in part, under the Freedom of Information Act 2000 where a request was made and review of the minutes at the time of the request indicated that a valid exemption under the Act did not exist.

General information on the Freedom of Information Act and its exemptions was received.

***The Committee completed its annual review of confidential minutes produced during the previous year, agreeing the Clerk's recommendations on those that should be released from confidentiality.***

**Action: Clerk**

## **Student numbers & funding**

### **212.7 Student numbers & funding report**

#### (1) Student numbers and funding report 2013/14

The Director of Network & Information Systems, Bill Jackson, presented the student numbers and funding report for 2013/14.

Members noted that:

- The end of year R13 Individualised Learner Record (ILR) had been submitted to the College's funding bodies;
- Appendix 1 to the Director of Network & Information Systems' report showed that, at Level 3 for students aged 16-18, success rates (retention x achievement) were marginally down on 2012/13, as a result of a slight reduction in success rates at AS level i.e. a success rate of 89.4% compared to 89.8% in 2012/13 and a national benchmark of 85.3% for 2011/12;
- At Level 2 for students aged 16-18, both retention and achievement had fallen in 2013/14 compared to 2012/13 i.e. a success 83.1% compared to 88.6% in

2012/13.

Members discussed, in particular:

- The effect of GCSE Further Maths on achievement at Level 2, noting that it would not be offered in 2014/15;
- At Level 3, AS achievement was 89.5% in 2013/14 compared to 91.9% in 2012/13, although this was above the 2011/12 national benchmark of 88.1%, the College would seek to equal or better the College's 2012/13 result in 2014/15

(ii) Enrolment report 2014/15

The Committee received a report on enrolment produced by Assistant Principal, Julie Peaks.

Members noted in discussion that:

- There had been an increase in enrolments in 2014 compared to 2013, with the number of student enrolled at the census date (i.e. 6 weeks after start of course) determining the College's funding for 2015/16 under the EFA's lagged funding system;
- *(Confidential minute)*;
- The College's marketing and enrolment strategies were currently being reviewed to improve processes as the College entered the 2015/16 recruitment cycle.

*(Confidential minute)*.

***The Committee received the College's report on student enrolment for 2014/15.***

## **Health & Safety (H&S), property & transport matters**

### **212.8 H&S Committee minutes**

The Director of Resources, Alan Woodcock, gave a verbal report on H&S matters.

The Committee noted that the H&S Committee was scheduled to meet twice a term and had yet to meet during autumn term 2014. It was noted in response to members' questions concerning scheduled fire drills, that a daytime drill had yet to be held.

***The Committee received a verbal report on H&S matters.***

### **212.9 Verbal report on property matters**

Alan Woodcock reported that:

- During August 2014, Yorkshire Water had repaired the leak arising from the construction of the Elm Building;
- The College's next water bill would indicate whether the repair had been successful.

The Committee discussed the building contract retention fee with reference to electrical and water main repairs and remaining snagging e.g. replacement of cedar cladding on the Elm Building.

*(Confidential minute)*.

The Committee noted that the Director of Resources was working on the development of a number of small-scale accommodation schemes which could be approved in principle by Corporation for future use e.g. should external funding become available.

Members discussed the potential for using mobile classrooms should an increase in

student numbers require additional accommodation at short notice, noting that the College had retained the "B" Mobiles, which were still in use, and additional mobiles might be considered in the future e.g. for recreational purposes.

***The Committee received a verbal report on the matters relating to the College's property strategy.***

## **Financial Matters**

### **212.10 Management accounts: July 2014**

The Director of Finance, Anna Lamplough, presented the management accounts for the 12 months to 31.7.14 including the key performance indicators (KPIs), noting that these had been e-mailed to Committee members for information in August 2014.

Members noted that:

- The operating deficit for the 12 months to 31.7.14 was £278.4k compared with a budgeted deficit of £388.7k;
- In June 2014, the forecast year-end deficit had been revised to £289k, which had been achieved and improved on by £10k;
- The accounts would be audited during October 2014 and the final version would include the Financial Reporting Standard (FRS) 17 adjustment.

The Committee discussed the 12-month rolling cashflow report, noting in discussion that:

- The "Total bank balances" line dipped to £161k in March 2015 before rising again from April 2015;
- The banks were being sent copies of the College's monthly accounts.

*(Confidential minute).*

Members noted that the management accounts now appeared to be robust and variances from budget were relatively small. It was noted in response to members' questions concerning actions relating to financial control and management, for which the Director of Finance had taken responsibility when she took up post in April 2014, that:

- Bank accounts had been reconciled;
- Following investigation and discussions with the College's financial statements auditors, Baker Tilly, the Director of Finance had determined that the sums in the parallel (holding) account, related to catering income;
- There were still issues with reconciling the purchase ledger control account, which the Director of Finance would discuss with Baker Tilly but she was confident that these were not fundamental and involved only a 3 figure sum, which might need to be written-off;
- There were also still some issues with running reports on the finance system as quickly as was desirable which the Director of Finance would discuss with the IT department, noting that it did not appear to be a capacity issue;
- The Director of Finance's role in supervising the work of the 2 finance assistants, neither of whom were part-qualified accountants.

*(Confidential minute).*

Members discussed cash-counting procedures, noting that:

- The Director of Finance had made clear to staff that procedures must be followed e.g. at least 2 members of staff must be involved in cash-counting, with Finance Department staff taking part being rotated;
- Use of the College's procedures provided protection for staff taking part in cash-

- counting;
- A cashless system using ParentPay would be implemented from half-term.

The Committee supported the College's position in relation to the importance of following procedures in relation to cash-counting, noting that the risks inherent in the current system would be diminished following the introduction of a cashless system during the current term.

It was noted with reference to the 2014/15 budget that budget-holders were aware of the need to remain within budget and approached the Director of Finance if they had any queries on budgetary issues.

***The Committee received the College's management accounts for the 12 months to 31.7.14, noting the operating deficit was £278.4k compared with a budgeted deficit of £388.7k due to careful management of resources in the second half of the 2013/14 financial year.***

#### **212.11 Report on covenants relating to bank loans**

***The Committee received the Director of Finance's report on relevant covenants arising from the College loans with Lloyds and Barclays, noting that they had been met.***

#### **212.12 Annual pension fund report**

The Director of Finance presented the annual report on the actuarial valuation for Financial Reporting Standard (FRS )17 purposes as at 31 July 2014 of the East Riding Pension Fund (ERPF), which applied to the College's support staff.

Members noted that

- There had been an increase in the College's share of the overall scheme deficit from £48k at 31 July 2013 to £363K at 31 July 2014:
- The increase in the overall pension deficit had been due to falling real bond yields.

***The Committee received the annual pension report on the East Riding Pension Fund.***

#### **212.13 Tendering report, incl. annual report on compliance with procedures**

##### (i) Annual tendering report

The Director of Finance presented the College's annual report on tendering activity in 2013/14 and compliance with tendering procedures. Members noted that one tender exercise was carried out in 2013/14 which related to the purchase of furniture for the Elm building, noting that the lowest bid had been accepted.

***The Committee received the College's 2013/14 tendering report.***

##### (ii) Revisions to the Tendering Contract procedure

***The Committee agreed, for recommendation to Corporation, updating amendments proposed by the Director of Finance to the College's Tendering Contract procedure.***

**Action: Clerk/Chair**

##### (ii) IT tendering exercise report, August 2014

Members noted that:

- The Director of Network & Information Services had produced a report on the IT

tendering exercise undertaken during August 2014;

- The College's tendering procedures stated that "Expenditure in excess of the approved budget up to a maximum of 1% of the annual budget may be approved by the Principal. Amounts in excess of this must be approved by F & GP before the order can be placed";
- Due to the complicated nature of the exercise, the Chair of the F&GP Committee, John Wilson, who had attended the tender opening ceremony, had asked for a report to be made to the Committee and approval given, if required, taking into account total cost.

***The Committee received the Director of Network & Information Services' report on the IT tendering exercise and agreed that, under the terms of the College's Tendering Contracts procedure, it was appropriate for the College's management to make a decision on the award of the contract and that no prior approval from the F&GP Committee was required before the order could be placed.***

It was noted in response to members' questions that, following the placing of the order, it should be possible for most of the equipment to be in place by half-term.

#### **212.14 Student Association accounts for y.e. 31.7.13**

***The Student Association accounts for the year ended 31.7.13 were approved for recommendation to Corporation.***

**Action: Chair/Clerk**

As noted at item 212.5 above, the Student Association accounts for the year ended 31.7.14 would be presented to the Committee's November 2014 meeting, in line with the Committee's agreed standing agenda item schedule.

#### **212.15 Financial management processes & controls report action plan**

Members considered in detail the action table arising from the financial management processes and controls report undertaken in November 2013, noting in particular that:

- The Director of Finance would review the College's Financial Regulations and scheme of delegation in January 2015;
- Any savings in budget areas proposed in-year would be accompanied by appropriate, detailed analysis to show that savings were achievable;
- A contingency had been included in the 2014/15 budget;
- Monitoring of the College's monthly management accounts was now undertaken by the College's senior management team (SMT) and the F&GP Committee.

Members discussed budget monitoring, noting that:

- Monitoring by budget-holders using the College's on-line budget statement system differentiated between commitments and actual expenditure;
- Following the recent training undertaken by the Finance Department, a budget report including expenditure year-to-date could be produced.

Members noted with reference to:

- Action 14 - the College had a month-end cut off timetable and the list of authorised signatories for transaction processing would be included as part of the scheme of delegation to be developed by the Director of Finance;
- Action 15 - the payroll advances control account had been reconciled and consideration would be given to writing off the purchase ledger control account difference in the year-end accounts;
- Action 18 - East Yorkshire Motor Services (EYMS) bus costs had been set up as a separate nominal code within the Student Support cost centre in the

- 2014/15 budget and minibus costs had a separate cost centre;
- Action 19 - the forecast reported in the management accounts for over/underspends during the year was updated monthly;
- Action 20 - the cashflow forecast was updated weekly and reported on monthly and the yearly forecast would be updated monthly, noting that cashflow was also reviewed monthly as part of reporting on bank loan covenants.

***The action table arising from the financial management processes and controls report (November 2013), congratulating the Director of Finance on the progress made to date, noting that the work undertaken had given the Committee increased confidence in the College's system of financial management and controls.***

## **Governance matters**

### **212.16 Eversheds' Governance Plus Subscription, including Academies subscription**

***It was noted that invoices for the above subscriptions would be received later in the term.***

### **212.17 Report on Governor liability insurance**

The Director of Resources reported that the College had recently renewed its insurance, including governor liability insurance, for 2014/15 with Zurich, which late in the process had stated that its underwriter had added an insolvency exclusion i.e. noting the exclusion of insolvency "arising from or in consequence of the insured entering into liquidation, receivership or administration whether voluntary or otherwise or being declared bankrupt during the period of insurance".

Members considered a briefing from Eversheds on the personal liability of Corporation members with reference to the risk to Corporation members from the above exclusion, noting in particular that:

- Members of statutory corporations were not subject to the Companies or Insolvency Acts and that their potential liability was therefore lower than that for company directors;
- Corporation members had, however, a duty as charity trustees to act reasonably, honestly and with skill and care to safeguard the assets of the College and were required to act within their statutory powers.

Members discussed how they fulfilled their duties as corporation members and charity trustees, noting that:

- During 2013/14, the Corporation had appointed a new well-qualified Director of Finance, strengthened financial expertise on the Corporation, approved a 3-year financial plan which achieved a Satisfactory financial health rating for each year of the period 2014-16, improvements had been made to financial reporting and control arrangements to ensure that financial reporting was timely and forecasting was accurate, the EFA and the College's bankers had been kept fully apprised of the College's financial situation, the College had a risk management system to which further improvements were planned, the current 12-month rolling cashflow report did not indicate that the College had a cashflow problem;
- The Corporation therefore appeared to be fulfilling its duties and the risk of the College not being able to make a positive going concern statement in its 2013/14 financial statements appeared to be low.

*(Confidential minute).*

***The Committee agreed to report to the September 2014 meeting of Corporation***

***on the addition of an insolvency exclusion clause in the College's governor liability insurance, to present Eversheds' briefing on the personal liability of Corporation members, agreeing also that the Clerk should seek advice from Eversheds as to whether their assessment of the situation appeared reasonable, taking into account the contents of Eversheds' briefing and the wording of the insurers' exclusion.***

**Action: Chair/Clerk**

#### **Committee matters**

##### **212.18 Review Committee terms of reference & standing agenda item list**

It was noted that an annual review of the Committee's standing agenda item list and terms of reference was a standing agenda item for the autumn term meeting of the F&GP Committee.

Members noted that:

- The Clerk was recommending no change to the Committee's terms of reference and standing agenda item list;
- The Committee had, however, agreed at its April 2014 meeting that an annual review of the governance budget should be added to its standing agenda item list for May.

***The Committee completed its annual review of its standing agenda item list and terms of reference, agreeing to recommend to Corporation that the latter should be amended as noted above.***

**Action: Chair/Clerk**

##### **212.19 Review Committee checklist & PIs for 2013/14**

The Committee considered its performance checklist and performance indicators (PIs) for 2013/14, noting in discussion that:

- The Committee had met or exceed its 2013/14 PIs for attendance, quoracy and completion of the performance checklist;
- 94% of standing agenda items had been considered at the relevant meeting against a target of 100%, with some items having been delayed due to the delay in presentation of the annual financial statements during 2013/14;
- The target for dispatch of agendas, minutes and papers had not been met.

It was noted that the Clerk had included, as an appendix to the Committee's performance checklist, an LSIS questionnaire which allowed for a more qualitative evaluation of the Committee's effectiveness in 2013/14 in monitoring finance and risk.

***The Committee completed its review of its 2013/14 performance checklist and performance indicators (PIs) and agreed responses to the LSIS effectiveness questionnaire for typing up by the Clerk and presentation to the Committee's October 2014 meeting, where it would be signed by the Chair.***

**Action: Clerk/Chair**

#### **Documents from outside bodies**

##### **212.20 Documents from the EFA, SFCA, DfE, BIS & other outside bodies**

The Committee received the following documents:

- Letter dated 17.7.14 to Principals and Chairs from the Sixth Form College Commissioner on his first year in post;
- Eversheds' briefing note on governor indemnities (Sept. 2014).

The Committee noted, with reference to the latter, that Eversheds advice was that governor indemnities should not be issued, noting that this was in line with

Corporation's practice, which was to provide Corporation member liability insurance but not to offer indemnities.

***The Committee received the above documents from the EFA and Eversheds.***

#### **Student residential & overseas visits**

- 212.21 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

***It was noted that there was nothing to report under this item.***

#### **Strategic matters excl. property strategy matters**

- 212.22 Verbal report on strategic matters**

***It was noted that there was no report to be given under this item.***

#### **Final matters**

- 212.23 Any other business**

***It was noted that there was no other business***

- 212.24 Risk management – items identified at the meeting**

***It was noted that there were no new items of risk identified at the meeting.***

- 212.25 Date of next meeting**

***It was noted that the Committee was next expected to meet on Monday 20 October 2014 at 4.30pm.***

***It was agreed that the Committee would review in December 2014, the need for monthly F&GP Committee meetings in 2015.***

**Action: Clerk**

Fiona Bagchi  
Clerk to the Corporation



**Finance & General Purposes Committee of Corporation  
Minutes of Special meeting 213 held on 14 November 2014**

**Present:** John Wilson (Chair), Mike Noddings (Vice-Chair), Phil Taylor, Jay Trivedy (Principal)

**Clerk:** Fiona Bagchi

**In attendance:** Anna Lamplough (Director of Finance), Philip Wright (Chair of the Audit Committee)

**213.1 Apologies for absence**

*Apologies were received from Committee members Jim Darmody and Elizabeth Younger.*

**213.2 Declaration of interests**

*There were no declarations of interest.*

**213.3 Cashless Catering System**

The Committee received a paper from the Director of Finance, Anna Lamplough, on the addition of back displays to the tills recently purchased as part of the College decision to implement a cashless catering system, including at appendix 1 to the paper details of why the supplier of the original system had been selected.

Written queries concerning the Director of Finance's paper were also received from Elizabeth Younger, a Committee member, including whether:

- The option had been included in the original quote;
- The suppliers had suggested this additional facility when quoting for the work;
- The previous till system had included back displays;
- Students had complained about being unable to see the price displayed when making a purchase;
- The back displays were a necessary addition to the current system;
- There were any implications arising from this particular case in relation to the College approach to budgeting for projects generally.

Members noted that:

- A decision had been made by the College's senior management team (SMT) during summer term 2014 to implement a cashless catering system, following a decision to use ParentPay to collect payments from students e.g. to collect campus fees at the start of the 2014/15 academic year, payments for trips etc;
- Three cashless catering providers had been asked to quote for a cashless catering system, the expectation being that the cost would be less than £25k (including VAT) i.e. within the delegated authority of the Principal and below the level at which the College was required to go out to tender under the College's current Tendering

Procedures;

- The providers and the systems offered had been assessed by the Director of Finance, the Director of Resources, the Director of Network & Information Systems, and the Catering Manager;
- The preferred system had not been the cheapest option but had been considered to offer value for money on the grounds that it was the most robust, primarily because it had the best connection with the ParentPay system;
- An additional quotation was also received to convert the College vending machines to a cashless system, with the combined cost being below the above limit of £25k (including VAT);
- The addition of till displays, including annual warranty plus installation, would, however, take the total cost over the above limit by £882;
- Section 26 of the College's Financial Regulations stated that additions to buildings and plant and individual items within the College's annual long term maintenance plans in excess of £25k (excluding VAT), must receive prior approval from the F&GP Committee;
- If approved by the Committee, the additional would be taken from the £35k of devolved formula capital funding brought forward from 2012/13, which was available to be used for capital and long term maintenance expenditure.

It was noted in response to members' questions that:

- The exclusion of back displays from the tills appeared to have arisen due to an oversight;
- As far as the Director of Finance was aware, the option of including till back displays had not been raised by the suppliers from whom quotations had been sought;
- As the suppliers would not have been aware of the College's overall budget for the project, the omission of till back displays from quotations could not have been due to an attempt to bring quotations within the College's original budget;
- The system selection panel had included a staff member with expertise in tills and stock control but the lack of till back displays had not become apparent until the first day of operation of the new system i.e. on 4.11.14;
- No students had raised the issue of till back displays to date and they could check expenditure made through the ParentPay system but the College considered that it was also necessary, in the interests of transparency, for students to be able to see what they were paying at the time a purchase was made.

*[Confidential minute].*

Members discussed lessons learnt from the above oversight, noting that SMT intended to ensure that, in future, project options would be fully tested before purchase, taking into account how they could be expected to operate from the student perspective.

***The Committee agreed the proposed additional expenditure to permit the addition of till back displays to the College's cashless catering system.***

**Action: AL**

## **Final matters**

### **213.23 Any other business**

***There was no other business.***

### **213.24 Risk management – items identified at the meeting**

***No new items of risk were identified at the meeting.***

**213.25**    **Date of next meeting:** Monday 8 December 2014 at 4.30pm.

Fiona Bagchi  
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION  
MEETING 214 HELD ON 8 DECEMBER 2014**

**Present:** John Wilson (Chair), Mike Noddings (Vice-Chair), Phil Taylor, Jay Trivedy (Principal), Elizabeth Younger

**Clerk:** Fiona Bagchi

**In attendance:** Bill Jackson (Director of Network & Information Systems), Anna Lamplough (Director of Finance), Ian Taylor (Deputy Principal), Alan Woodcock (Director of Resources).

**214.1 Apologies for absence**

*Apologies were received from Jim Darmody.*

**214.2 Declaration of interests**

*There were no declarations of interest.*

**Minutes & matters arising**

**214.3 Minutes of meeting 212 held on 22 Sept. 2014**

*The minutes of meeting 212 held on 22 Sept. 2014, including the confidential minutes, were approved with the following amendment: an amendment to Anna Lamplough's name in the attendance list.*

**Action: Clerk**

**214.4 Matters arising from the above minutes and actions**

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

- 1 It was noted that Education Funding Agency (EFA) sixth form college benchmarking information was on the agenda and references to relevant benchmark key performance indicators (KPIs) had been included in the commentary to the Oct. 2014 management accounts (212.5).
- 2 A report on the production of the Student Association accounts 2013/14 was on the agenda (212.5).
- 3 The Clerk reported that the current section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but that this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (212.5).

**Action: Clerk**

- 4 It was noted that CIPFA guidance on financial regulations for sixth form colleges had been purchased and a review of the College's Financial Regulations would take place in Jan. 2015 (212.5).

**Action: Director of Finance**

- 5 A report on Eversheds' Governance Plus and Academies Helpline subscriptions 2014/15 would be considered later on the agenda (212.5).  
**Action: Clerk**
- 6 The EFA required the College to achieve at least the outturn shown in the financial plan presented to the EFA in Apr. 2014 for 2014/15 i.e. a deficit of £162k. This had, however, been superseded by a deficit of £128k for 2014/15 approved by Corporation in July 2014 (212.5).  
**Action: Director of Finance**
- 7 The Director of Network & Information Systems, Bill Jackson, reported that action to ensure that all computers could be switched off at night was being considered and that, once this had been fully implemented, subsequent costs could be compared with historic costs to determine whether savings had been made. The importance of ensuring that computers were "woken up" at 8.00am to ensure that time was not lost at the start of the working day was noted.
- 8 A progress report on the EFA Building Condition Improvement (BCIF)-funded IT infrastructure project had been presented to Corporation in Sept. 2014 and a further update would be presented to Corporation's Dec. 2014 meeting (212.5).  
**Action: WGJ/JKT**
- 9 Corporation member remuneration and related party transactions forms had been completed by Corporation members in Sept. 2014 (212.5).
- 10 Minutes released from confidentiality would be placed on the Corporation section of the website at the next updating (212.6).  
**Action: Clerk**
- 11 Updating amendments to the College's Tendering Contracts procedure would be presented to the Dec. 2014 meeting of Corporation (212.13).  
**Action: Clerk/Chair**
- 12 The Student Association accounts for 31.7.13 had been approved at the Sept. 2014 meeting of Corporation (212.14).
- 13 The Committee had reported to the Sept. 2014 meeting of Corporation on the addition of an insolvency exclusion clause in the College's governor liability insurance and had presented Eversheds' briefing on the personal liability of Corporation members. A further report was on the agenda (212.17).  
  
*(Confidential minute).*
- 14 The Committee's amended standing agenda item list had been approved at Sept. 2014 meeting of Corporation (212.18).
- 15 The Committee's completed effectiveness questionnaire 2013/14 would be signed by for signing by the Chair (212.19).  
**Action: Clerk/Chair**
- 16 The Committee would review the need for monthly F&GP Committee meetings later on the agenda (212.25).

## 214.5 Minutes of Special meeting 213 held on 14 Nov. 2014

***The minutes of Special meeting 213 held on 14 Nov. 2014, including the confidential minutes, were approved with the following amendment: an amendment to Anna Lamplough's name in the attendance list.***

**Action: Clerk**

## 214.6 Matters arising from the above minutes and actions

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

- 1 It was noted that the till displays for the cashless catering system had been installed. The Director of Finance, Anna Lamplough, reported in response to members' questions that the system was generally working well, outstanding issues concerning the stock-taking software and the conversion of the vending machines were being dealt with in discussion with the supplier and a fully-integrated system should be in place by Jan. 2015 (213.3).

## 214.7 Approved minutes 2013/14: proposed amendments

The Committee noted that, when reviewing minutes approved by the F&GP Committee during 2013/14 in connection with the Committee's annual reviews of members' attendance and of confidential minutes, the Clerk noted amendments required to the following minutes: 24 Sept. 2013 (an omission relating to the item on the election of the Chair and Vice-Chair), 24 Feb. 2014 and 25 Mar. 2014 (an omission relating to the meeting attendance lists).

***The Committee approved amendments to the approved minutes of 24 Sept. 2013, 24 Feb. 2014 and 25 Mar. 2014, on the recommendation of the Clerk.***

**Action: Clerk**

## Student numbers & funding

### 214.8 Student numbers & funding report

The Director of Resources presented the student numbers and funding report for December 2014, which was discussed.

Members noted that:

- In its recent R04 ILR return, the College had reported a 9% increase on the College's agreed lagged number target for students aged 16-19 at the 6 week census date (*confidential minute*);
- The College's 2014/15 student numbers would become the baseline for the College's lagged funding numbers for the 2015/16 academic year;
- The majority of students aged 16-19 enrolled for 2014/15 were in funding Band 5 (i.e. 540+ hours);
- The College had enrolled 10 adult Skills Funding Agency (SFA) funded students to date (i.e. 5 fewer than in 2013/14) and was unlikely to meet its SFA allocation target.

In response to members' questions as to how funding would be affected if a student transferred to the College after making a false start at another institution (i.e. if they started a 2-year course at the College when aged 17 and were 19 when they finished the course), that the College would receive full funding for a student aged 17 at the start of the first year of their course but funding would be reduced for the second year of their course, as the College received 17.5% less funding for students who were aged 18 on 31 August of the relevant year.

***The Committee received a report on student numbers and funding for 2014/15, noting that enrolment of student aged 16-18 had exceeded the College's 2014/15 agreed EFA target which would affect the College's funding for 2015/16 under the lagged funding system.***

#### **Freedom of Information (FOI)**

##### **214.9 Annual review of charging policy**

The Committee noted that the Corporation had approved an FOI charging policy in July 2010 on the recommendation of the F&GP Committee. Section 6 of the policy required the F&GP Committee to review the policy annually, recommending any revisions to Corporation for approval. It was noted that most FOI responses were made by e-mail, for which no charge was made.

It was noted in response to members' questions that the College received on average around 3-6 FOI requests annually and in 2013/14 and to date these had, for example, included requests relating to senior management job titles/appointments, IT network provision/contracts, courses, insurance cover/contracts, staff earning over £100K, IT server/storage/maintenance contracts, disposal of redundant IT equipment.

***The Committee completed its annual review of the FOI charging policy, agreeing that no change was required to the policy.***

#### **Health & Safety (H&S), property & transport matters**

##### **214.10 H&S Committee minutes**

The Director of Resources, Alan Woodcock, presented the H&S Committee minutes for Oct. 2014.

Members discussed the above report, noting:

- Arrangements put in place to support students with medical conditions, including mitigating actions to reduce risk e.g. ensuring that staff were aware of relevant medical conditions;
- Mitigating actions taken to support students with severe peanut allergies (e.g. raising the issue in tutorials, ensuring food sourced for the refectory was nut-free, not serving peanuts at College events), noting also that the issue of pre-packaged confectionary sold via vending machines had been discussed at the Oct. 2014 H&S Committee meeting;
- The issue of provision for wheelchair users on EYMS services had also been considered by the Oct. 2014 H&S Committee meeting.

Members discussed the low score achieved by the College in a hygiene inspection carried out at the start of autumn term 2014, noting in response to members' questions that:

- The College had always previously achieved the highest rating of 5;
- Many of the issues raised were procedural matters, including record keeping issues;
- The issues raised had been addressed within 2 days of the inspection being carried out but a re-inspection could not be undertaken until Dec. 2014;
- The College anticipated that it would be awarded a grade 5 at re-inspection.

***The Committee received the College's H&S report for Oct. 2014.***

##### **214.11 Annual security report**

***The Committee received a verbal report from the Director of Resources, noting that there had been no security incidents in 2013/14.***

## 214.12 Verbal report on property matters

*It was noted that there was nothing to report under this item.*

(Alan Woodcock and Bill Jackson left the meeting).

### Financial Matters:

## 214.13 Management accounts, incl. KPIs & cashflow - Sept. 2014

*It was noted that the Sept. 2014 management accounts had been e-mailed to members in Oct. 2014.*

## 214.14 Management accounts, incl. KPIs & cashflow - Oct. 2014

The Director of Finance, Anna Lamplough, presented the management accounts for October 2014, including the key performance indicator and cashflow reports.

Members noted in discussion that:

- The operating deficit for the 3 months to 31.10.14 was £24.3k compared with a budgeted loss of £28k;
- The financial plan for 2014/15 included forecast income of £23k in respect of private fees from unfunded students, although no fees had been invoiced for such students to date;
- Catering income for the first three months was £5k above plan but was likely to fall temporarily in November 2014 due to the implementation of the cashless catering system;
- Non-pay expenditure for the first three months of the financial year was £20k more than budgeted, noting in particular the examination budget, which was overspent by £14.7k due to the profiling of the budget, and the personnel budget, which was overspent by £5.8k due to advertising costs for unforeseen vacancies in the first three months of the financial year;
- Catering had been split in the Oct. 2014 management accounts between income, pay and non-pay rather than reporting a net contribution on one line;
- At the end of Oct. 2014, catering income was £130 in excess of pay and non-pay expenditure, with non-pay expenditure showing an overspend of £10k offset by income and an under-spent pay budget;
- Other areas had under-spent against non-pay budgets, which had offset the over-spending budgets;
- The College had spent £6.7k less than budget on pay costs but teaching staff costs were overspent by £17.7k including agency costs of £1.8k and £16k relating to new posts which had been budgeted to start on 1 Sept. 2014 but had actually started a week earlier, although under and over-spends on other lines had offset the over-spend on teachers' pay;
- Due to completion of the reconciliation of the Fixed Asset Register, and agreement to the ledger figure, the depreciation figures had changed since the budget was set and were less than anticipated, which also impacted on Capital Grants Released, which was underachieving by £7k, but was compensated for by the reduction in depreciation charge;
- With reference to the balance sheet, it was noted that the key figures were the Cash and Bank figure of £1,466k, the cash figure having increased by £984k since July 2014, due to £2.4m of EFA funding received between August and October 2014, and the Other Creditors having increased to £943k in October 2014;
- Changes had been made to the budget profiling of income to smooth out the peaks and troughs in EFA funding which did not match the profiled budgeted expenditure to avoid the surplus/deficit position varying widely each month;
- The above had been achieved by holding back some of the income received

in the first three months to cover expenditure committed in later months, noting that other colleges adopted a similar approach.

Members emphasised, with reference to the discussion of College income the importance of invoicing students liable to pay fees as soon as possible.

Members considered the performance indicators, noting that:

- The liquid ratio and current ratio had improved slightly since July 2014 due to the increased bank balance;
- Creditor days had increased to 24.5 days, reflecting the increase in trade creditors;
- The gearing ratio (i.e. loans expressed as a percentage of net assets excluding pension reserves) was 28.6%, which was high in relation to other sixth form colleges where the average gearing ratio in 2012/13 was 9.46%;
- Total borrowing as a percentage of income was 58.4%, which was also high compared to a sixth form college average of 14.39% in 2012/13;
- The operating margin (-1.3%) was better than planned (-1.5%) as costs were lower than budgeted.

Members considered the monthly projected Rolling Cash Flow covering the period from Oct. 2014 to Oct. 2015, noting that:

- Given the high bank balance held for at least the next three months Lloyds Bank had been asked to provide figures in respect of possible early repayment of part of the College's loans;
- As the Barclays Bank loans were able to be repaid at the point where the revolving credit facility matured each quarter, from Nov. 2014 £263k would be repaid to Barclays for at least 3 months with a saving of £1k in interest for this period, noting that the bank had confirmed that there would be no detrimental effect on the bank covenant.

It was noted in response to members' questions, concerning the dip in March 2015 shown in the monthly cashflow projection forecast, that the Director of Finance would use a weekly projection so that the revolving loan facility from Barclays Bank could be drawn down at the appropriate time.

***The Committee received the management accounts for October 2014, noting that the operating deficit was £24.3k compared with a budgeted loss of £28k.***

#### **214.15 Report on covenants relating to bank loans**

The Director of Finance presented a report on covenants relating to bank loans.

It was noted in response to members' questions that the College was moving its current account from Lloyds Bank to Barclays Bank, as previously discussed e.g. the Dec. 2014 payroll would be paid from the Lloyds account and the Jan. 2015 payroll from the Barclays account.

***The Committee received the Director of Finance's report on covenants relating to the loans with Lloyds Bank and Barclays Bank, noting that all relevant covenants had been met.***

#### **214.16 Draft annual report & financial statements for the year ended 31.7.14 for recommendation to Corporation**

The Director of Finance presented the College's draft Annual Report & Financial Statements for the year ended 31.7.14, which were considered.

The Committee noted that:

- The College had made a loss of £215,000, after Financial Reporting Standard (FRS) 17 adjustments, in 2013/14 against a forecast of £289,000 as a result of the impact of lagged funding, the increase in staffing and examination costs due to increased learner numbers, and a strategic decisions to restructure the College's transport arrangements and marketing strategy;
- Transitional funding had been received from the EFA during the year in respect of increased learner numbers was noted in the accounts;
- The College also had available during the year a draw down loan from Barclays which included a working capital facility of £250,000 and the bank had agreed in February 2014 to an additional overdraft facility of £300,000 which gave the College sufficient funds to enable it to continue to meet its working capital requirements as they fell due, although the overdraft was no longer needed and the College was exploring options for paying off part of its outstanding bank loans;
- A 12-month rolling cash flow forecast was produced each month and showed a healthy cash position when projected forward as far as December 2015;
- In the above circumstances, the going concern basis had been adopted in preparing the financial statements, which the Committee considered to be appropriate.
- The Nov. 2014 Audit Committee meeting noted that the College's financial statements/regularity auditors, Baker Tilly, anticipated issuing an unqualified audit opinion on the financial statements and a positive regularity audit opinion.

*(Confidential minute).*

It was noted that the College's annual report and financial statements for the financial year ended 31.7.14 had been reviewed at the Nov. 2014 Audit Committee meeting to inform the Committee's review of the financial statements auditors' audit findings report and to consider the final regularity audit opinion, the statements on corporate governance, responsibilities of members of the Corporation and the system of internal control.

***The Committee received the College's draft Annual Report & Financial Statements for the year ended 31.7.14 and agreed to recommend them to Corporation for approval.***

**Action: Chair**

#### **214.17 Approval of College accounting policies**

***The Committee considered, at Note 1 to the financial statements for year ended 31.7.14, the accounting policies applied in preparation of the financial statements and agreed to recommend them to Corporation.***

**Action: Chair**

#### **214.18 Financial Statements Audit Findings Report**

***The Committee received Baker Tilly's Audit Findings Report for the year ended 31.7.14 as financial statements and regularity auditors, for information, noting that the report had been considered in detail at the Audit Committee's Nov. 2014 meeting.***

#### **214.19 EFA financial health grade letter**

The Committee received the EFA's letter of 31.10.14 confirming that the EFA agreed with the College's self-assessed health grades of Satisfactory for 2013/14 and 2014/15 and that the 2013/14 grade would be reviewed by the EFA following submission of the College's approved financial statements for the year ended 31.7.14 in Dec. 2014.

The Committee emphasised the importance of the College achieving the forecast health grade of Satisfactory for 2014/15 and 2015/16, as noted in the financial plan approved by Corporation in July 2014.

*(Confidential minute).*

***The Committee received the EFA's letter of 31.10.14 confirming the College's self-assessed health grades for 2013/14 and 2014/15, agreeing that it should be presented to the Dec. 2014 meeting of Corporation.***

**Action: Chair**

#### **214.20 EFA sixth form colleges' benchmarking report**

The Director of Finance presented the EFA's sixth form colleges' financial key performance indicators for 2012/13 and sixth form colleges' financial dashboard included with the Sixth Form Colleges' Commissioner's letter of 7 Nov.2014.

The Committee noted in discussion of the dashboard that:

- The College's gearing ratio and total borrowing as a percentage of income were high compared to the sector average, as noted in the commentary to the management accounts;
- While the College's automated financial health rating was shown as Inadequate for 2012/13 (which the EFA had confirmed in June 2014 had been moderated to Satisfactory taking into account the Elm Building project in 2013) and as Satisfactory in the years 2013/14-2015/16, most sixth form colleges were graded as Good or Outstanding.

***The Committee received the EFA's sixth form colleges' financial key performance indicators for 2012/13 and sixth form colleges' financial dashboard included with the Sixth Form Colleges' Commissioner's letter of 7 Nov.2014, agreeing that they should be presented to the Dec. 2014 meeting of Corporation.***

**Action: Chair**

#### **214.21 Financial management processes & controls report action plan**

The Committee noted that good progress had been made against the action plan arising from the Financial Management Processes and Controls review which was undertaken by an independent consultant in Nov. 2013.

The Committee discussed, with reference to action 2, expertise in the finance department and possible training courses for the Assistant Accountant, noting that the Director of Finance considered that AAT courses appeared to be more suitable than CIPFA courses or A levels.

***The Committee received the action plan arising from the Financial Management Processes and Controls review and agreed that the Chair of Corporation, the Vice-Chair of Corporation, the Principal and Director of Finance should meet to discuss action 2 in further detail.***

**Action: Chair/Vice-Chair/Principal/Director of Finance**

#### **214.22 Student Union Accounts for y.e. 31.7.14 for recommendation to Corporation**

***It was noted that the Student Association accounts 2013/14 would be presented to the Dec. 2014 meeting of Corporation.***

#### **Governance matters**

#### **214.23 Update on governor liability insurance matters**

The Clerk reported that advice had been taken from Eversheds under their Governance Plus Subscription service and they had confirmed that, as noted by members

at their Sept. 2014 meeting, members of statutory corporations were not subject to the Companies or Insolvency Acts i.e. references to "liquidation, receivership or administration" in the College's insurance policy were not applicable to a sixth form college corporation.

*(Confidential minute).*

***The Committee received a report on governor liability insurance matters.***

**214.24 Consideration of Eversheds' Governance Plus Subscription, including Academies subscription**

***The Clerk reported that Eversheds' 2014/15 invoice had yet to be received.***

**Documents from outside bodies**

**214.25 Documents from the EFA, SFCA, DfE, BIS & other outside bodies**

***The following documents were received: extracts from the Sixth Form Colleges Association (SFCA) Updates for 23 Oct. and 4 Nov. 2014.***

**Student residential & overseas visits**

**214.26 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

The Principal reported that the College had organised a skiing trip for around 12 students and 2 staff which would take place during the spring term 2015 half-term week, noting that this was the first time that such a trip had been organised. It was noted in response to members' questions that a comprehensive risk assessment had been undertaken by the Director of Resources. Members emphasised the need for the College to ensure that insurance cover was sufficient.

***The Principal's report on trips and visits was received.***

**Strategic matters excl. property strategy matters**

**214.27 Verbal report on strategic matters**

The Principal reported that the senior management team had commenced planning for 2015/16 including reviewing student numbers, staffing, the curriculum and accommodation requirements. Once the Director of Finance had completed budget re-modelling, the College would consider putting in a bid to the EFA for full funding to install an additional floor in the library and increase refectory space.

***The Committee received a verbal report from the Principal on strategic planning.***

**Appendix A**

**214.28 Papers sent out in Appendix A**

***It was noted that papers for item 8 (student numbers and funding report) had been sent out as Appendix A to the agenda. Papers for item 22 (the Student Association accounts 2013/14) would be presented to the Dec. 2014 meeting of Corporation, as noted above.***

**Final matters**

**214.29 Any other business**

***It was noted that there was no other business.***

**214.30 Risk management – items identified at the meeting**

*The following new items of risk were identified at the meeting: the need for a comprehensive risk assessment and sufficient insurance cover relating to the proposed College ski trip, which was a new venture for the College.*

**214.31 Date of next meetings**

*It was noted that the Committee was next scheduled to meet on Tues. 27 Jan. 2015.*

*The Committee noted that college F&GP Committees normally met 5-6 times a year. It was agreed that the Clerk would review the agreed schedule of meetings for 2014/15 and that the Committee would agree at each meeting whether the subsequent meeting on the schedule was required.*

**Action: Clerk**

Fiona Bagchi  
Clerk to the Corporation

**Finance & General Purposes Committee of Corporation  
Meeting 215 held on 27 January 2015**

**Present:** John Wilson (Chair), Mike Noddings (Vice-Chair), Jay Trivedy (Principal),

**Clerk:** Fiona Bagchi

**In attendance:** Bill Jackson (Director of Network & Information Systems), Anna Lamplough (Director of Finance), Ian Taylor (Deputy Principal), Alan Woodcock (Director of Resources).

**215.1 Apologies for absence**

*Apologies were received from the following Committee members: Jim Darmody, Phil Taylor and Elizabeth Younger.*

**215.2 Declaration of interests**

*There were no declarations of interests.*

**Minutes & matters arising**

**215.3 Minutes of meeting 214 held on 8 Dec. 2014, including the confidential minutes**

*The minutes of the F&GP Committee meeting held on 214 were approved.*

It was agreed that the Clerk would check whether Mike Noddings should be shown as in attendance at the above meeting.

**Action: Clerk**

**215.4 Matters arising from the above minutes and actions**

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

1 The minutes of the Sept. 2014 had been amended, as agreed (214.3).

2 The Clerk reported that the current section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but that this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (214.4).

**Action: Clerk**

3 The revised Financial Regulations were on the agenda (214.4).

4 A report on the renewal of Corporation's subscription to Eversheds' Academies Helpline was on the agenda (214.4).

5 The EFA required the College to achieve at least the outturn shown in the financial plan presented to the EFA in Apr. 2014 for 2014/15 i.e. a deficit of £162k. This had, however, been superseded by a deficit of £128k for 2014/15 approved by Corporation in July 2014 (214.4).

**Action: Director of Finance**

6 Minutes released from confidentiality would be placed on the website (214.4).

**Action: Clerk**

7 The revised Tendering Contracts procedure were presented to the Dec. 2014 Corporation meeting and approved on the recommendation of the F&GP Committee (214.4).

8 The Clerk would present the Committee's effectiveness questionnaire for signing by the Chair (214.4).

**Action: Clerk**

9 The minutes of the Committee's Nov. 2014 had been amended, as agreed (214.5).

10 The minutes of the Sept. 2013, Feb. & Mar. 2014 had been amended, as agreed (214.7).

11 The Members' Report & Financial Statements had been approved by Corporation at its Dec. 2014 meeting, on the recommendation of the F&GP Committee (214.16).

12 The accounting policies at Note 1 of the Financial Statements had been approved by Corporation at its Dec. 2014 meeting, on the recommendation of the F&GP Committee (214.17).

13 The EFA's financial health grade letter had been presented to the Dec. 2014 meeting of Corporation, as agreed (214.19).

14 The EFA's sixth form college's financial dashboard report had been presented to the Dec. 2014 meeting of Corporation, as agreed (214.20).

15 A progress report on the Financial Management Processes & Controls action table was considered later on the agenda (214.21).

*[Confidential minute].*

16 It had been agreed that the Clerk would review the agreed schedule of meetings for 2014/15 and that the Committee would agree at each meeting whether the subsequent meeting on the schedule was required (214.31).

**Action: Clerk**

*[Confidential minute].*

## **Student numbers & funding**

### **215.5 Student numbers & funding report**

The Director of Resources presented the student numbers and funding report for Jan. 2015, which was discussed.

Members noted that:

- The College had submitted its R06 ILR return, *[confidential minute]*;

The Committee discussed retention for students aged 16-18 studying at Level 3, which was the College's core business, noting retention was 97.3% in Jan. 2015 compared

with 98.5% in Jan. 2014. Members discussed possible reasons for the fall, including whether student withdrawals were being reported earlier (e.g. as a result of mock exams being held in Dec. rather than Jan.) or whether there were any new factors which could be responsible for the changes e.g. an increase in apprenticeships locally. It was noted in discussion that 4 PE students had, for example, left the College without finishing their studies to take up apprenticeships and staff were in discussion with local providers concerning the issue.

***The Committee received the student numbers and funding report for Jan. 2015, noting that retention at Level 3 for students aged 16-18 had fallen by just over 1% when compared with Jan. 2014.***

## **Health & Safety (H&S), property & transport matters**

### **215.6 H&S Committee minutes**

Alan Woodcock, the Director of Resources, reported that the H&S Committee's next scheduled half-termly meeting was due to take place later in the term.

It was noted in response to members' questions that:

- There had been no H&S incidents since the Committee's last meeting which needed to be brought to members' attention;
- The College's catering provision had been re-inspected in Dec. 2014 and a positive hygiene rating of 5 had been awarded;
- Staff and students had been informed of the above rating.

***The Committee received a verbal update on H&S matters.***

### **215.7 Verbal report on trips policy review**

The Director of Resources reported that he had convened a panel to review the College's trips policy.

Members discussed risk assessments for College trips, with reference to recent press reports of possible adverse weather conditions on the east coast of the United States of America.

***The Committee received a verbal progress report on the College's forthcoming trips policy review.***

### **215.8 Verbal report on property matters**

The Director of Resources presented a report on property matters.

Members noted that:

- The Education Funding Agency (EFA) had established the Condition Improvement Fund (EFA CIF) during autumn 2014, replacing the previous Academies Capital Maintenance Fund (ACMF) and the Building Condition Improvement Fund (BCIF);
- The two priorities for the above fund, which had a Dec. 2014 application deadline, were building condition and expansion of facilities;
- The College had put in an application for capital grant under the EFA CIF, with the outcome of the bid expected to be known by March 2015.

***The Committee received a verbal report on the College's application for capital grant under the EFA CIF.***

(Alan Woodcock and Bill Jackson left the meeting).

## **Financial Matters:**

### **215.9 Management accounts, incl. KPIs & cashflow - Dec. 2014**

The Director of Finance, Anna Lamplough, presented the management accounts for Dec. 2014, including the key performance indicator and cashflow reports.

Members noted in discussion that:

- The operating deficit for the 5 months to 31 Dec. 2014 was £21.4k compared with a budgeted loss of £51k;
- The improvement in the financial position was primarily due to overall pay underspends and depreciation being less than planned;
- Trading income was £7.2k below budget;
- Income of £23k had been budgeted in respect of fees from unfunded students, with £11.1k invoiced by Jan. 2015, although income received could be less following the issuing of credits due;
- The non-pay expenditure for the first five months of the financial year was £3k more than budgeted, with the reprographics budget underspent by £9.9k as more recharges had been made to departments than costs incurred;
- Catering had been split between income, pay and non-pay and was £7.3k in excess of pay and non-pay expenditure;
- Other areas had underspent against non-pay budgets, which offset the overspending budgets;
- The College had spent £26k less than budget on pay costs, with teaching staff costs overspent by £22.5k, including agency costs to cover staff sickness, but with under and overspends on other lines offsetting the overspend on teachers' pay e.g. mentors had been wrongly coded as teachers and the mentors line had accordingly been shown as underspent;
- The projected 12 month rolling cash flow for Dec. 2014 to Dec. 2015, reflected the move to Barclays Bank from Dec. 2014, with the £263k part repayment of the Barclays loan made in Nov. 2014 due to be drawn back down in March 2015, when, historically, there was an annual fall in available cash due to the funding agency grant payment profile.

Members discussed the use of staff from teaching agencies in the context of affordability, noting that the College used a number of agencies and that, in addition to affordability, availability and quality of cover were taken into account when making decisions on engaging agency staff. It was noted, in response to members' questions, that the College did not have its own list of staff who could provide cover but would consider re-engaging those who had successfully provided cover before, where appropriate.

It was noted in response to members' questions concerning the College's current account that:

- The move from Lloyds to Barclays had been successfully effected, with the only issue arising being the College's Dec. 2014 EFA grant funding being credited to the wrong bank, which had been resolved.

***The Committee considered the College's management accounts for Dec. 2014, noting that the College appeared on track to achieve the 2014/15 budget, with the operating deficit for the 5 months to 31 Dec. 2014 being £21.4k compared with a budgeted loss of £51k.***

#### **215.10 Report on covenants relating to bank loans**

***The Committee received the Director of Finance's report on covenants relating to the loans with Lloyds Bank and Barclays Bank, noting that all relevant covenants had been met.***

#### **215.11 Revised Financial Regulations for recommendation to Corporation**

The Director of Finance presented the draft College Financial Regulations, noting that

these had been re-written with reference to CIPFA guidance for sixth form colleges, adapted to the College's situation where appropriate.

Members reviewed the draft Financial Regulations, agreeing the following amendments:

- Section 12.4 (Capitalisation and depreciation)- in the second sentence, "if" should be replaced by "of" i.e. "Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value ~~if~~ of the building, on the basis of depreciated replacement value, is greater than the current book value";
- Section 13.2 (External audit) - in the first sentence "reappointed" should be replaced by "appointed" i.e. "The external auditors must be ~~reappointed~~ **appointed** annually by the corporation";
- Section 17.2 (Scheme of delegation / financial authorities) - the final sentences should include references to the Deputy Principal i.e. "Expenditure on a single item or service, or a related group of items, in excess of £50,001 but less than £150,000 (including VAT) shall require the approval of the principal, **or in his/her absence the deputy principal**" and "Expenditure on an item or service, or a related group of items, in excess of £150,001 (including VAT) shall require the approval of the finance and general purposes committee. If a contract has already been approved by the committee then the director of finance or the principal (**or deputy principal in the absence of the principal**) shall authorise the order / invoice (refer to 17.6 for tendering & quotation limits)";
- Section 18.9 (Severance and other non-recurring payments) - the fifth sentence should read "Any individual amounts which do not fall within the parameters above or are in excess of £10,000 require approval by the finance and general purposes committee, **or the remuneration committee for senior post-holders**, and the college must be able to demonstrate value for money".
- Section 20.3 (security) - the 6 sentence should read "The **director of finance and / or the clerk to the corporation as appropriate** is responsible for the safekeeping of official and legal documents relating to the college".

**Action: AL**

***The Committee agreed that the Clerk and the Director of Finance should draft a high level document listing the type of official and legal documents relevant to section 20.3 above.***

**Action: Clerk/AL**

***Areas highlighted in yellow in the text of the draft Financial Regulations (other than matters included in the list above), were considered and agreed by the Committee, noting with reference to section 17.3 (Procurement) that the financial limit in the following sentence was considered by members to be appropriate but should be kept under review: "Draft and negotiate all large-scale purchase contracts (generally in excess of £5,000) undertaken by the college, in collaboration with the responsible department".***

***The Committee agreed to recommend the draft Financial Regulations, amended as noted above, to Corporation for approval.***

**Action: Chair/Clerk**

## **215.12 Financial management processes & controls report action plan**

The Committee reviewed the action plan arising from the Financial Management Processes and Controls review which had been undertaken by an independent consultant in Nov. 2013.

Members agreed that the RAG-rating for action 2 (finance department staff skills and expertise) should be changed from Red to Amber, taking into account training plans,

with the Committee keeping progress in this area under review.

**Action: Clerk**

It was noted that the progress report at action 15 (control accounts) should read: "all control accounts have been reconciled and the purchase ledger account now has a consistent difference of c. £300 which can be written off".

**Action: Clerk**

***The Committee considered the action plan arising from the Financial Management Processes and Controls review, noting that good progress had been made against the plan.***

## **Governance matters**

### **215.13 Report on Eversheds' Governance Plus Subscription, including Academies subscription**

The Committee noted that:

- Under the Committee's standing agenda item list, the Clerk presented details of the Corporation's subscription to Eversheds' *Governance Subscription Plus* service to the F&GP Committee for consideration where the fee for annual renewal has increased by more than 10%;
- The cost of Eversheds' *Governance Subscription Plus* and the *Academies Helpline* subscriptions for 2014/15 had remained, however, unchanged from the cost in 2011/12.

Members noted that:

- It had been agreed in 2013/14 that the usefulness of renewing Corporation's subscription to Eversheds' *Academies Helpline* should be reviewed during autumn term 2014;
- The Clerk reported that, following receipt of Eversheds' invoice in Dec. 2014, she had therefore discussed the above with John Wilson, as Chair of Corporation and of the F&GP Committee, and it had been agreed that the College's *Academies Helpline* subscription remained useful and should be renewed for 2014/15, [*confidential minute*];
- Both the *Governance Subscription Plus* and the *Academies Helpline* subscriptions for 2014/15 had therefore been paid.

***The Clerk's report on the cost of Eversheds' Governance Subscription Plus and the Academies Helpline subscriptions was received. It was agreed that the appropriateness of re-newing the Academies Helpline subscription should be reviewed in autumn 2015.***

**Action: Clerk**

## **Documents from outside bodies**

### **215.14 Documents from the EFA, SFCA, DfE, BIS & other outside bodies**

Members received a briefing, issued by Eversheds in Dec. 2014, on the implications of the Government's Counter Terrorism and Security Bill (the "Bill") for educational institutions. It was noted that:

- The Bill was expected to receive Royal Assent early in 2015;
- Clause 21 of Chapter 1 of the Bill imposed a duty on the governing bodies of educational institutions, including sixth form colleges, to have due regard, in the exercise of their functions, to the need to prevent people being drawn into terrorism;
- Clause 24 gave the Secretary of State power to issue guidance about the exercise of the above duty;
- The impact assessment accompanying the Bill assumed that training and advice for schools would be provided by local authorities and the police, with the Government producing a Prevent awareness training product for school

- governors and managers;
- Ofsted would inspect school and college compliance with the statutory Prevent Duty.

It was noted in response to members' questions concerning the College's existing approach to the above issues that:

- The local Prevent team had come into College to talk about radicalisation and social media;
- British values were taught in tutorials through a documented scheme of work;
- Student signed the College Charter, which was also covered during tutorials, and included a commitment to certain behaviours including the College's respect agenda;
- The College's safeguarding policies and procedures included an e-safety policy and the College also monitored use of the College's name on the internet.

***The Committee discussed the implications of the Government's Counter Terrorism and Security Bill for sixth form colleges. The Committee agreed, with reference to the College's duties under the Government's Prevent programme, that the College should review any need to amend the College Charter and that a report on the Prevent Duty should, in future, be included in the College's annual safeguarding report.***

**Action: IDT/JD**

#### **Student residential & overseas visits**

##### **215.15 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

The Principal reported that:

- There were no relevant visits being undertaken by students which had not been brought to the Committee's attention previously;
- Students would be visiting New York and the Berlin Film Festival during the current week and Washington and South Africa during March 2015.

***The Committee received the Principal's report on overseas, residential or other relevant visits.***

#### **Strategic matters excl. property strategy matters**

##### **215.16 Verbal report on strategic matters**

The Principal reported that:

- A dress code had now been included in the staff handbook;
- *[Confidential minute]*;
- The Principal had recently attended a Sixth Form College's Association (SFCA) presentation to MPs on the SFCA campaign to equalise the situation concerning VAT for sixth form colleges and schools/academies, reporting that there was cross-party support for the SFCA's e-petition which, it was understood, had attracted signatures from around 70 MPs;
- Student, staff, and Corporation members had also been asked to sign the e-petition.

***The Principal's verbal report on strategic matters was received.***

#### **Appendix A**

##### **215.17 Papers sent out in Appendix A**

***It was noted that item 5 (the student numbers and funding report) had been considered earlier on the agenda.***

## Final matters

### 215.18 Any other business

*It was noted that the College production of Sweet Charity was taking place during the current week.*

### 215.19 Risk management – items identified at the meeting

*The following new items of risk were noted:*

- Issues arising from the possibility of adverse weather on current/forthcoming overseas trips;
- Issues associated with the Government's Prevent Duty programme.

### 215.20 Date of next meeting

*It was noted that the Committee was next scheduled to meet on Tues. 22 Mar. 2015 at 4.30pm.*

It was noted that the Corporation meeting scheduled for Tues. 24 Feb. 2015 had been cancelled, to allow the Chair of Corporation and the Principal to attend an SFCA parliamentary reception, and the Clerk was consulting with Corporation members concerning an alternative date. As Corporation would not now meet in Feb. 2015, it was agreed that the Clerk should consult on the need for an F&GP Committee meeting to take place during Feb. 2015.

**Action: Clerk**

Fiona Bagchi  
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION  
MINUTES OF MEETING 216 HELD ON 24 MARCH 2015**

**Present:** John Wilson (Chair), Jim Darmody, Mike Noddings (Vice-Chair), Phil Taylor, Jay Trivedy (Principal), Elizabeth Younger

**Clerk:** Fiona Bagchi

**In attendance:** Bill Jackson (Director of Network & Information Systems), Anna Lamplough (Director of Finance), Alan Woodcock (Director of Resources).

**216.1 Apologies for absence**

*Apologies were received from Ian Taylor, Deputy Principal.*

**216.2 Declaration of interests**

*There were no declarations of interest.*

**Minutes & matters arising**

**216.3 Minutes of meeting 215 held on 28 Jan. 2015, including the confidential minutes**

*The minutes of meeting 215 held on 28 Jan. 2015, including the confidential minutes, were approved with the following amendment: the removal of Phil Taylor from the list of those present.*

**Action: Clerk**

**216.4 Matters arising from the above minutes and actions**

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

- 1 The Clerk's written notes indicated that Mike Noddings had been in attendance at the F&GP Committee Dec. 2014 meeting but not at the Dec. 2014 Corporation meeting (215.3).
- 2 The current section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (215.4).
- 3 The EFA required the College to achieve at least the outturn shown in the financial plan presented to the EFA in Apr. 2014 for 2014/15 i.e. a deficit of £162k. This had, however, been superseded by a deficit of £128k for 2014/15 approved by Corporation in July 2014 (215.4).

**Action: Director of Finance**

- 4 Minutes released from confidentiality had been placed on the website (215.4).

- 5 The Chair had signed the Committee's 2013/15 performance checklist and

the Clerk would also type up the Committee's effectiveness questionnaire for signing by the Chair (215.4).

**Action: Clerk**

- 6 It had been agreed that the Clerk would review the agreed schedule of meetings for 2014/15 and that the Committee would agree at each meeting whether the subsequent meeting on the schedule was required and this was ongoing i.e. the need for the Committee to meet in Apr. 2015 would be considered later on the agenda (215.4).

**Action: Clerk**

- 7 The draft Financial Regulations had been amended, as agreed (215.11).

- 8 The Clerk would draft a high level document listing the type of official and legal documents relevant to section 20.3 of the Financial Regulations, for review by the Director of Finance (215.11).

**Action: Clerk/Director of Finance**

- 9 Corporation approved the revised Financial Regulations at its Mar. 2015 meeting, on the recommendation of the Committee (215.11).

- 10 Action 2 of the action plan arising from the Financial Management Processes & Controls review had been updated, as agreed, and was on the agenda (215.12).

- 11 Action 15 of the Jan. 2015 version of the Financial Management Processes & Controls review action plan had been amended, as agreed (215.1).

- 12 The Committee would review whether Eversheds' Academies Helpline subscription should be renewed during autumn term 2015.

**Action: Clerk**

- 13 The Jan. 2015 meeting of the Committee had agreed, with reference to the College's duties under the Government's Prevent Duty programme, that the College should review any need to amend the College Charter and that a report on the Prevent Duty should, in future, be included in the College's annual safeguarding report, which was presented to the Personnel Committee and to Corporation (215.14).

**Action: JD/Clerk**

Jim Darmody, who, as Senior Tutor, was the College's Designated Person for safeguarding purposes, reported that:

- Minor changes to some College policies and procedures, including the College Charter, would be required to bring them into line with the Government's new Prevent Duty legislation and guidance e.g. reference to the Prevent Duty would be included in the College's existing Safeguarding Children Policy rather than a separate policy being formulated;
- With reference to Prevent awareness generally, the College already had 24 trained staff and further training was due to be undertaken in June 2015;
- As Designated Person, he had completed a Prevent Duty certificate, which would be rolled out to other staff;
- Delivery of the programme to students would take place in tutorials.

It was noted with reference to Disaster Recovery and Business Continuity Planning generally, that the senior management team was reviewing the College's processes and procedures, including site security.

***The Committee agreed that Jim Darmody should provide safeguarding and Prevent Duty training for Phil Taylor, as Chair of Corporation's Personnel Committee, and that a formal recommendation should be made to the May 2015 meeting of Corporation on Phil Taylor's appointment as Corporation member with responsibility for safeguarding in relation to allegations made against senior post-holders.***

**Action: JD/Phil Taylor/Clerk/Chair**

***The Committee agreed that Prevent Duty training should be provided to Corporation members.***

**Action: JD/Clerk**

- 14 It had not been possible to arrange an additional F&GP Committee meeting in Feb. 2015 which would have been quorate. The Committee had therefore met in Mar. 2015, as originally scheduled (215.20).

### **Student numbers & funding**

#### **216.5 Student numbers & funding report**

The Director of Network & Information Systems presented the student numbers and funding reports for Feb. and Mar. 2015, with the Feb. 2015 report being received and the Mar. 2015 report being discussed.

Members received the report, noting that the College had:

- 1,776 Education Funding Agency (EFA) funded learners (16-19), of which 1,639 were full time 16-17 year olds (540+ hours), 114 were full time 18 year olds (450+ hours), 21 were less than full time, 2 were 19 year old full time (450+ hours completing a programme);
- 10 adult Skills Funding Agency (SFA) funded students, which currently represented around £18k of funding (prior to in-year withdrawals), with the College unlikely to meet its funding allocation for adult students;
- 2 full-cost overseas students.

Members discussed retention for 16-18 year old students studying at Level 3, which was the College's core business, noting that it was 95.6% in Mar. 2015 compared to 96.9% in Mar. 2014. It was noted that the College had concluded that the primary reason for the fall appeared to be students withdrawing to take up apprenticeships for financial reasons. The importance of ensuring that students had appropriate guidance at enrolment was emphasised. It was noted in response to members' questions concerning retention that the final forecast figure for the year should become clearer after Apr. 2015 i.e. following decisions made after spring term exams.

***The Mar. 2015 student numbers and funding report for Mar. 2015 was received, with it being noted that retention for Level 3 students aged 16-18 was just over a percentage point down when compared to Mar. 2014.***

### **Health & Safety (H&S) & property matters**

#### **216.6 H&S Committee minutes for 18 Mar. 2015**

Alan Woodcock, Director of Resources, presented the H&S Committee minutes for 18 March 2015.

Members noted that:

- It had not been possible to schedule the second fire drill of the academic year during the current term without causing significant disruption to teaching or assessed practical exams and the drill would therefore now take place after the Easter holidays;

- The Trip Review Group was undertaking a comprehensive review of procedures to both simplify the current system and to incorporate the College insurer's requirement for pre-existing medical conditions to be identified prior to travel abroad;
- The Accident Book showed 6 minor accidents since the Committee's last review.

***The Committee received the H&S Committee report for Mar. 2015.***

#### **216.7 Verbal report on property matters**

***It was noted that there was no report to be given under this item.***

(Alan Woodcock left the meeting).

### **Financial matters**

#### **216.10 EFA grant allocation 2015/16**

It was agreed that the above item should be considered at this point on the agenda.

The Director of Finance, Anna Lamplough, presented the 2015/16 EFA funding allocation statement, with members noting that:

- A total EFA allocation of £7.8 million had been confirmed, with EFA programme funding £60k less than anticipated in the College's financial plan was submitted to the EFA in July 2014 and the formula protection funding being £16k more than planned;
- Confirmation of SFA funding of £13.6k for 2015/16 had also been received, which was less than planned;
- 2015/16 allocations were based on student numbers in 2014/15.

Members noted, in discussion, cuts in SFA funding nationally, which had particularly affected classroom-based learning while protecting apprenticeships. It was noted that the College had only a small amount of SFA-funded provision.

***The Committee received a report on the College's EFA and SFA funding allocations for 2015/16.***

(Bill Jackson left the meeting).

#### **216.8 Management accounts, including KPIs & cashflow - Feb. 2015**

The Director of Finance presented the management accounts for Feb. 2015, including the key performance indicator and cashflow reports.

Members noted in discussion that:

- The operating deficit for the first 7 months of the financial year was £58.9k compared with a budgeted loss of £73.4k;
- The financial position was better than planned at this stage in the financial year primarily as a result of an overall pay underspend and depreciation being less than planned;
- The overall non-pay budget was overspent but was offset by the depreciation underspend;
- The forecast year end position remained on target for a deficit figure of £127.9k;
- Trading income was £12.6k more than planned
- Non-pay expenditure was £14k more than budgeted, with student support overspent by £9k due to East Yorkshire Motor Services (EYMS) transport costs, after deduction of students payments, being higher than budgeted as a result of lower than forecast student numbers and demand;
- The year-end EYMS net costs were therefore expected to be around £19k higher than planned, which would be funded from the contingency budget;

- Other over-spent non-pay budgets included the catering supplies budget, which was overspent by £3.8k, although overall catering income was £7k in excess of pay and non-pay expenditure and there had been continued improvement in catering sales since the introduction of a notes-only catering top-up machine;
- With reference to pay expenditure, the College had spent £5k less than budget but with teaching staff costs overspent, including agency costs to cover long-term staff sickness, and more staff enrolled in the pension scheme than budgeted following the introduction of pension auto-enrolment;
- Pay expenditure was expected to be close to budget by the year-end;
- With reference to EFA/SFA funding, Discretionary Learner Support Funds showed an under-achievement of £11k as a result of funds being recouped by the SFA following the 2013/14 bursary reconciliation, for which provision had not been made in the budget;
- With reference to the 12-month rolling statement of cashflow, the £264k part repayment of the Barclays loan, which was made in Nov. 2014, had been drawn down again in Mar. 2015, as a large exam fee invoice had been received earlier than expected;
- Cashflow was expected to continue to be tight in Apr. 2015 but would be manageable.

***The Committee considered the management accounts for Feb. 2015, noting that the operating deficit was £58.9k, which was lower than budget, with the overall year end outturn expected to be in line with the forecast deficit of £127.9k.***

#### **216.9 Report on covenants relating to bank loans**

The Committee received the Director of Finance's report on covenants relating to the loans with Lloyds Bank and Barclays Bank, noting that she considered that all relevant covenants had been met.

*[Confidential minute].*

***The Committee received a report on covenants attached to the Lloyds and Barclays Bank loans, noting the Director of Finance's assurance that these had been met.***

#### **216.10 EFA grant allocation 2015/16**

***It was noted that this item had been considered earlier on the agenda.***

#### **216.11 Draft budget setting 2015/16**

The Director of Finance presented the first draft of the income and expenditure budget for 2015/16, which included, for comparison, relevant figures from the 2014/15 budget and the 2015/16 budget submitted to the EFA in July 2014.

Members noted in discussion that:

- The draft included the confirmed EFA funding allocation for 2015/16 but the 2015/16 allocation would need to be amended to take account of the confirmed SFA allocation noted above;
- Pay figures would need to be revised to take account of re-calculated national insurance costs and increments, where teaching staff were eligible to apply for these;
- The Director of Finance had begun to review non-pay costs in detail, with non-pay expenditure shown in the draft having been increased from 2014/15 taking into account expected increases e.g. in exam costs and teaching department expenditure in relation to new examination specifications.

***The Committee considered the first draft of the income and expenditure budget for 2015/16.***

## **216.12 Financial management processes & controls report action plan**

Members considered the updated action table of recommendations/actions arising from the Review of Financial Management Processes and Controls report (Nov. 2013) , noting that all actions had been completed with the following exceptions, which were ongoing and were therefore shown as Amber in the table:

- Training to be provided for the Assistant Accountant;
- Ensuring, with reference to budget-setting in 2014/15, that proposed savings should be accompanied by appropriate, detailed analysis to demonstrate that they were achievable.

***The Committee received the updated action table of recommendations/actions arising from the Review of Financial Management Processes and Controls report.***

## **216.13 Corporation budget 2015/16**

The Clerk presented a report on the 2014/15 Corporation budget which had been compiled in Feb. 2015.

Members noted that:

- The Corporation budget related specifically to governance-related expenditure and was divided into the following headings - audit, stationery, reprographics, hospitality and catering, meetings and seminars, membership fees/sundry, internal recharges/admin;
- The forecast overall outturn for the year was currently an underspend, with less having been required to be spent to date on professional fees than in 2013/14.

Members noted in discussion that expenditure on catering was likely to be less than forecast in the report for Feb. 2015, following the introduction of catering at cost for internal events. Members discussed whether it would be possible to reduce expenditure on reprographics, noting that:

- The introduction of electronic papers for all Corporation committees, other than the Audit Committee, had reduced expenditure on reprographics but this had in part been offset by an increase in colour copying;
- About half of Corporation members and senior managers attending full Corporation meetings received papers electronically;
- Corporation and Committee members who currently received papers electronically provided their own laptops/i-pads;
- Expenditure on reprographics could be reduced further if all Corporation and Committee members received papers electronically but there were understood to be a number of reasons for members choosing not to do so e.g. not having access to a suitable laptop/i-pad, difficulties in viewing some papers on small screens, although it was also noted that projection facilities were used, as appropriate, at Committee meetings that currently received papers electronically and paper copies could be provided exceptionally.

***The Committee agreed that the Clerk should undertake a survey of Corporation members not currently receiving papers electronically to establish the reasons for this.***

**Action: Clerk**

***The Clerk's report on the 2014/15 Corporation (i.e. governance) budget was received and the possibility of making further savings in expenditure considered.***

## **Student residential & overseas visits**

### **216.14 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

***Members noted that there were no visits not already notified to the Committee to be considered under this item.***

[Confidential minute].

**Strategic matters excl. property strategy matters**

**216.15 Verbal report on strategic matters**

*It was noted that there was no report to be given under this item.*

**Documents from outside bodies**

**216.16 Documents from the EFA, SFCA, DfE, BIS & other outside bodies**

(i) Eversheds' briefing on Prevent Duty agenda and guidance

The Committee received copies Eversheds' Education e-briefings (issued 5 and 20 March 2015) on the Government's Prevent Duty Guidance and extracts from the Government's draft Prevent Duty Guidance which were relevant to the sixth form college sector, noting that Jim Darmody had given a report on the College's response to the Prevent Duty earlier on the agenda.

(ii) College's Code of Practice on Freedom of Speech

Members reviewed the College's Code of Practice on Freedom of Speech, noting that:

- Colleges were required under Section 43 of the Education (No. 2) Act 1986 to take measures to protect freedom of lawful speech and expression;
- The above principle was also enshrined in Article 10 of the Human Rights Act 1998 and section 15 of the College's Articles of Government in relation to rules relating to staff conduct:
- To fulfil the above obligations, the Corporation had approved, in May 2010, a Code of Practice on Freedom of Speech based on an Eversheds' model Code;
- Eversheds had updated its model Code of Practice on Freedom of Speech in July 2014, taking into account changes in legislation including equality legislation, and had announced that it would consider the need for further revision following the issuing of guidance on the Government's Prevent Duty programme.

Members noted that:

- Para. 3.2 of the College's Code of Practice on Freedom of Speech required that a request to hold an event should be made in writing to the Principal where it was reasonably foreseeable that the event might, in the opinion of the Principal, be controversial in some way;
- An option in the model Code to also include a requirement for a request to be made in writing to the Principal where an event would be attended by a specified number of people had not been included in the version approved by Corporation and it was agreed that this should remain the case.

***The Committee received Eversheds' briefing on the Government's draft Guidance on the Prevent Duty and agreed that the May 2015 meeting of the Personnel Committee should review the College's current Code of Practice on Freedom of Speech with reference to the updated version issued by Eversheds in July 2014 and should consider, in due course, any further update to the Code advised by Eversheds once guidance on the Government's Prevent Duty programme was issued.***

**Action: Clerk**

**Appendix A**

**216.17 *The student numbers & funding report for Mar. 2015 was considered at item 215.5 above.***

**Final matters**

**216.18 Any other business**

*There was no other business.*

**216.19 Risk management – items identified at the meeting**

*No new items of risk were noted at the meeting*

**216.20 Date of next meeting**

*The Committee agreed that the next meeting of the Committee should take place on Tues. 28 Apr. 2015 at 4.30pm, as scheduled.*

Fiona Bagchi  
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION  
MINUTES OF MEETING 217 HELD ON TUESDAY 28 APRIL 2015**

- Present:** John Wilson (Chair), Jim Darmody, Mike Noddings (Vice-Chair), Jay Trivedy (Principal)
- Clerk:** Fiona Bagchi
- In attendance:** Bill Jackson (Director of Network & Information Systems), Anna Lamplough (Director of Finance), Ian Taylor (Deputy Principal), Alan Woodcock (Director of Resources).

**217.1 Apologies for absence**

*Apologies were received from the following Committee members: Phil Taylor, Elizabeth Younger.*

**217.2 Declaration of interests**

*There were no declarations of interest.*

**Minutes & matters arising**

**217.3 Minutes of meeting 216 held on 24 Mar. 2015, incl. the confidential minutes**

The minutes of meeting 216 held on 24 Mar. 2015, including the confidential minutes, were approved with the following amendments highlighted in blue text below:

- The reference to banks in the final sentence of item 216.9 should read "Lloyds and Barclays";
- The first sentence of item 216.5 should begin "The Director of Network & Information Systems presented the student numbers and funding reports".

**Action: Clerk**

**217.4 Matters arising from the above minutes and actions**

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

- 1 The Jan. 2015 minutes had been amended, as agreed (216.3).
- 2 The current section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (216.4).
- 3 The Education Funding Agency (EFA) required the College to achieve at least the outturn shown in the financial plan presented to the EFA in Apr. 2014 for 2014/15 i.e. a deficit of £162k. This had, however, been superseded by a deficit of £128k for 2014/15 approved by Corporation in July 2014 (216.4).

**Action: Director of Finance**

- 4 The Clerk reported that the Committee's performance checklist had been signed by the Chair in Mar. 2015 and the Effectiveness Questionnaire checklist had been signed at the Committee's Apr. 2015 meeting (216.4).
- 5 It had been agreed that the Clerk would review the agreed schedule of meetings for 2014/15 and that the Committee would agree at each meeting whether the subsequent meeting on the schedule was required and this was ongoing e.g. the Mar. 2015 meeting agreed that the Committee should meet in Apr. 2015, as scheduled (216.4).
- 6 The Clerk would draft a high level document listing the type of official and legal documents relevant to section 20.3 of the Financial Regulations, for review by the Director of Finance (216.4).  
**Action: Clerk/Director of Finance**
- 7 The Committee would review whether Eversheds' Academies Helpline subscription should be renewed during autumn term 2015 (216.4).  
**Action: Clerk**
- 8 It was noted that updates to the College's Safeguarding policies and procedures (to include reference to the Prevent Duty, where relevant) would be considered by the College Policy Group, with any amendments to be presented to the July 2015 Corporation Committee meeting, as appropriate (216.4).  
**Action: JD/Clerk**
- 9 Any update to the College Charter relating to the Prevent Duty would be considered at the annual review of the Charter at the C&Q Committee's June 2015 meeting (216.4).  
**Action: IDT/Clerk**
- 10 It was noted that the College's Safeguarding Report 2014/15 would be presented to the Personnel Committee in May 2015 and would include a report on the Prevent Duty. The report would also be presented to Corporation (216.4).  
**Action: JD/Clerk**
- 11 Jim Darmody, as the College's Designated Person in relation to Safeguarding including the Prevent Duty, had provided safeguarding and Prevent Duty training for Phil Taylor as Chair of Corporation's Personnel Committee (216.4).
- 12 It was noted that Phil Taylor, as Chair of the Personnel Committee, was, *ex officio*, the Corporation member with responsibility for safeguarding, including the Prevent Duty, in relation to allegations made against senior post-holders, with a formal appointment to the role to be made at Corporation (216.4).  
**Action: Clerk/Chair**
- 13 Training on the Prevent Duty would be provided for Corporation members before the May 2015 Corporation meeting (216.4).  
**Action: JD**
- 14 A report on the outcome of the Clerk's survey of why some Corporation members did not receive papers electronically was on the agenda (216.13).
- 15 The Personnel Committee would consider an updated Code of Practice on

### **Student numbers & funding**

#### **217.5 Student numbers & funding report**

The Director of Network & Information Systems, Bill Jackson, presented the student numbers and funding report for Apr. 2015, which was discussed.

Members discussed retention for 16-18 year old students studying at Level 3, which was the College's core business, noting that it was 95.2% in Mar. 2015 compared to 96.4% in Apr. 2014. Members noted that, while retention had fallen compared to the same point in 2014, it was higher than in the previous 4 years represented in the table. The effect on retention in 2015 of students leaving the College to take up apprenticeships, as previously discussed, was noted. Members also noted that, as students were now entering the summer term examination period, retention was likely to stabilise.

It was noted in response to members' questions concerning student applications for 2015/16, that there had been an increase on the same period in 2014. A full report would be presented to the May 2015 Corporation meeting.

***The Apr. 2015 student numbers and funding report was received, with it being noted that retention for Level 3 students aged 16-18 was just over a percentage point down when compared to Apr. 2014.***

### **Health & Safety (H&S) & estates matters**

#### **217.6 H&S Committee report**

The Director of Resources, Alan Woodcock, reported, in response to members' questions, that the planned summer term fire drill had been held and had been satisfactorily completed, although the speed with which the Elm Building had been cleared had been slightly below target and action to bring about future improvement had been discussed with the members of staff concerned.

***The Committee received a verbal report on the recent fire drill and noted that, as the H&S Committee was not scheduled to meet before the Apr. 2015 F&GP Committee meeting, there were no minutes to present.***

#### **217.7 Verbal report on gas and electricity tendering**

The Director of Resources reported that the College's gas and electricity supplies were provided by East Riding Supplies (ERS). Members noted that the contract was up for renewal in Sept. 2016 but the College would need to commit in the next month to be part of their tender. It was noted in response to members' questions that:

- Should the College not commit to the ERS tender and then fail to get better rates elsewhere, ERS might permit the College to re-join but at a higher rate than tender;
- At this stage it was only possible to ask other suppliers for their best price for a comparable organisation but those obtained to date had been higher than the College was currently paying through ERS.

***The Committee received a report on gas and electricity tendering and agreed that, on the information currently available, the College should commit to the tender for the renewal of the ERS contract for gas and electricity from Sept. 2016.***

**Action: AW**

#### **217.8 Verbal report on property matters**

Alan Woodcock gave a verbal report on small capital works planned for summer 2015 e.g. further development of the art wing, where discussions had been held with staff

regarding finalising layouts and requirements. Members noted that an agent and structural engineers had been appointed for the project, with contractor tenders to be sent out in early May and returned by early June 2015, commencement on site from 10 July 2015 and completion planned for 28 Aug. 2015.

***The Committee received a verbal report on small capital works planned for summer 2015.***

## **Financial matters**

### **217.9 Management accounts, incl. KPIs & cashflow - Mar. 2015**

(Ian Taylor, Deputy Principal, joined the meeting).

The Director of Finance, Anna Lamplough, presented the management accounts for Mar. 2015, including the key performance indicator and cashflow report.

Members noted that:

- The operating deficit for the first 8 months of the financial year was £72.8k compared with a budgeted loss of £83.5k i.e. the financial position was better than planned at this stage in the financial year primarily as a result of an overall non-pay underspend and depreciation being less than planned;
- The forecast year-end position remained on target for a deficit figure of £127.9k;
- Trading income was £14.1k less than planned, due to private fees being less than budgeted, as previously reported, with catering income also £4.5k below plan, although income still exceeded catering pay and non-pay by £13k;
- Overall non-pay expenditure was £23k less than budgeted, although teaching department overspends (e.g. in relation to photocopying) were noted, which would be discussed with the departments concerned;
- Other areas have underspent against non-pay budgets, which had offset the overspending budgets;
- Pay costs were £11k overspent compared to budget e.g. due to an overspend on teaching staff costs, including expenditure on cover for long-term staff sickness;
- Actual recurrent EFA and Skills Funding Agency (SFA) income matched budget, due to budget profiling which evened out the peaks and troughs in the receipt of funding, as previously reported;
- Discretionary Learner Support Funds showed an underachievement of £11k due to the amount to be re-couped by the SFA following the 2013/14 bursary reconciliation;
- With reference to the Balance Sheet, the bank balance had reduced to the lowest point in the year during Mar. 2015 and would increase from Apr. 2015

Members considered the key financial performance indicators report and the 12 Month Rolling Cash Flow statement, noting with reference to the latter that, in order to meet one of the Barclays' financial covenants, the cash held at bank at the year-end must be no less than held at the last year-end, i.e. in the region of £500k, which had been factored into the cash flow statement. The Director of Finance considered that this was achievable.

The Director of Finance reported that, following recent discussions with the Director of Resources, it appeared that provision of around £30k should have been made in the 2014/15 accounts for a retention owed to the building contractors for the Elm Building. While this liability could be met, it could affect next year's capital spend. Members discussed the background to the omission, noting that improved communication and liaison should ensure that the situation did not re-occur in relation to any future building project.

***The Committee considered the management accounts for Mar. 2015, noting that the operating deficit was £72.8k, which was lower than budget, with the overall year end outturn expected to be in line with the forecast deficit of £127.9k.***

(Bill Jackson and Alan Woodcock left the meeting).

#### **217.10 Report on covenants relating to bank loans**

The Committee received the Director of Finance's report on covenants relating to the loans with Lloyds Bank and Barclays Bank, noting that she considered that all relevant covenants had been met.

***The Committee received a report on covenants attached to the Lloyds and Barclays Bank loans, noting the Director of Finance's assurance that these had been met and/or would be met at the financial year-end, including that relating to cashflow.***

#### **217.11 Development of draft budget 2015/16**

The Director of Finance presented the latest version of the draft budget 2015/16, which had been refined further since the Committee's Mar. 2015 meeting.

Members discussed the draft budget, noting that:

- EFA and SFA funding for 2015/16 had been confirmed;
- Pay estimates had increased significantly since the first draft of the budget e.g. including anticipated incremental increases;
- The employer's national insurance contribution increase from April 2016 of £29k had been calculated within individual pay categories;
- Non-pay budgets had been refined but further refinement would take place in consultation with budget holders;
- The contingency reserve had been reduced from £61k to £35k after discussion at SMT, noting that at the end of March 2015, £30k of the current year's contingency fund had been used;
- Careful budget management would be required to achieve a balanced position in 2015/16.

#### Proposed tuition fees for 2015/16

Members considered proposed tuition fees for 2015/16 for the minority of students not fully funded by the EFA or SFA. It was noted in response to members' questions that:

- Fees proposed for home students were in line with funding agency guidance, including an annual cap of £4,400 p.a. in line with SFA Funding Rates & Formula guidance for 2015/16;
- The College was recommending that proposed fees for overseas students, which included the additional administrative costs incurred by the College, were unchanged from 2014/15 i.e. £5,500 p.a. for full-time overseas learners studying AS/A2/GCSE;
- *[Confidential minute]*.

***The Committee agreed to recommend the College's proposed tuition fees for 2015/16 to Corporation for approval.***

**Action: Chair/Clerk**

#### Income generation

The Committee considered possible income generation with reference to the 2015/16 draft budget, noting that lettings income had been prudently calculated in the version of the draft budget considered above but the College would undertake further research to ascertain pricing and the marginal costs of further letting out the building.

*[Confidential minute]*.

Members considered the implications of increasing income from lettings with reference to VAT liability and charity law, noting that:

- The cost of constructing a new college building would normally be liable for VAT but colleges could, however, obtain a zero-rated certificate to avoid paying VAT on the supply of labour, professional services and building materials spent in constructing a new building if it is used exclusively for charitable purposes e.g. the supply of education and training for those aged under 19;
- The College had therefore signed a Notice 708 Certificate of VAT exemption, as appropriate, for its new buildings;
- While HMRC had specified that a new building could only be zero-rated if it is used exclusively for charitable purposes, it had allowed the definition of exclusive to be relaxed to 95% charitable use, enabling colleges, for example, to deliver 5% of adult education/training or community/commercial lettings in zero rated buildings;
- The above restriction lasted for 10 years from completion of the relevant building;
- Buildings had been completed as follows - Sept. 2005 (completion of the Wilson Building), Apr. 2008 (completion of the Ash Building), Sept. 2010 (completion of the Oak Building), and Jan. 2014 (completion of the Elm Building).

*[Confidential minute].*

***The Committee agreed that VAT advice should be taken as part of any appraisal of a possible increase in lettings.***

**Action: Clerk/AL**

The Committee considered, in discussion of income generation, Corporation' powers and charitable status, noting that:

- As a statutory corporation, it could only lawfully exercise those powers it had been specifically granted i.e. its powers were limited to those set out in the Further & Higher Education Act 1992 (as amended), which were, in summary, to provide further and higher education (and in some circumstances, secondary education), including the provision of any facilities the corporation considered necessary in connection with the exercise of its principal powers;
- As an exempt charity regulated by the Department for Education (DfE) through the EFA, the common law duties of the corporation included the obligation to apply the income and property of the charity only for its charitable purposes i.e. its principal powers as set out in the Further and Higher Education Act 1992;
- Charity Commission guidance was, however, that a charity could undertake non-primary purpose trading to raise funds for the charity (rather than to further its primary charitable purposes) providing that it did so in a way that did not pose a significant risk to the charity's assets i.e. providing that turnover was sufficient to meet the costs of the trading activity and they were not financed out of the assets of the charity;
- In a college context, such non-primary trading might, for example, include lettings or the provision of education for a specific company rather than for the public benefit;
- In certain circumstances (e.g. where trading activity might pose a significant risk to the charity's assets or to protect the organisation's charitable status, trading activities might need to be undertaken through a subsidiary company e.g. the College had once had a subsidiary company, Wyke International, now dissolved, which had been set up for non-primary purpose education/training.

Members noted, with reference to the above, that the position of the College as a statutory corporation was different to that of a maintained school where the governing body had the power to provide facilities or services for community use or incur expenditure in relation to such services under section 27 of the Education Act 2002.

***The Committee agreed that, should significant non-primary purpose trading be proposed, advice should also be taken from the College's solicitors and auditors***

*on any need to do so through a subsidiary company.*

**Action: Clerk/AL**

Overall review of the latest version of the 2015/16 draft budget

***The Committee considered the latest version of the 2015/16 draft budget, noting that it was currently anticipated that, with careful budget management, a balanced budget/modest surplus should be achievable.***

**217.12 Corporation budget: verbal report on outcome of survey on electronic papers**

The Clerk gave a verbal report on the outcome of a survey of Corporation/Committee members who did not currently receive meeting papers electronically.

Members noted that:

- The 4/5 Audit Committee members (80%) who received paper copies of Audit Committee papers also received paper copies of Corporation papers, with 3/4 indicating that they preferred to receive paper copies (of which 2/3 also did not have access to a suitable i-pad/laptop) and 1 indicating that they were considering using a laptop in future;
- The 2 auditors attending the Audit Committee currently received paper copies but had indicated that they would be prepared to receive electronic copies in future;
- 2 members of the C&Q Committee, who received papers electronically, did not currently receive Corporation papers electronically but had laptops/i-pads which could enable them to do so;
- 5/7 members (71%) of Student Committee members (i.e. all members other than the Student members) received electronic copies of papers, with copies also printed for student and staff members attending who were not Committee members;
- Student members of Corporation also received paper copies of Corporation papers;
- The practicality of receiving electronic copies could be discussed with the new Student members when appointed during summer term 2015 but would depend on the availability of i-pads/laptops;
- Just under 53% of Corporation members (i.e. 10/19 members) currently received papers electronically, which could increase to 63% if a further 3 transferred to electronic papers;
- Changes in Corporation membership for autumn 2015 could also affect the total number of members using laptops in 2015/16.

***The outcome of the Clerk's survey of the form in which Committee and/or Corporation papers was received, noting the reasons why not all Corporation/Committee members currently received papers electronically.***

**217.13 Financial management processes & controls report action plan**

Members considered the updated action table of recommendations/actions arising from the Review of Financial Management Processes and Controls report (Nov. 2013) , noting that all actions had been completed with the following exceptions, which remained unchanged from the previous review at the Committee's Mar. 2015 meeting i.e. they were ongoing and were therefore shown as Amber in the table:

- Training to be provided for the Assistant Accountant;
- Ensuring, with reference to budget-setting in 2014/15, that proposed savings should be accompanied by appropriate, detailed analysis to demonstrate that they were achievable.

***The Committee received the action table of recommendations/actions arising from the Review of Financial Management Processes and Controls report.***

## **Student residential & overseas visits**

### **217.14 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

The Principal reported that initial discussions were being held on the possibility of future student trips to Mount Kilimanjaro in Tanzania and/or to a Mexican rainforest.

Members noted, in discussion, the importance of ensuring that the risk assessment for any trip to Mount Kilimanjaro should include the possibility of altitude sickness. It was noted that, should it be decided to proceed, a company experienced in planning such trips would be used.

***The Committee received a verbal report from the Principal on possible future overseas visits.***

## **Strategic matters excl. property strategy matters**

### **217.15 Verbal report on strategic matters**

The Principal gave a verbal progress report on strategic planning matters, including reports on:

- Restructuring to establish an all progress tutor system from 2015/16;
- Budgeting for 2015/16, including maximising income generation and the need to reduce expenditure;
- Reviewing and implementing the Prevent Duty requirements;
- Implementing A level changes from Sept. 2015, including new subject specifications;
- Considering possible implications for education of the General Election outcome.

***The Committee received a verbal report from the Principal on strategic matters.***

## **Documents from outside bodies**

### **217.16 Documents from the EFA, SFCA, DfE, BIS & other outside bodies: Eversheds' updated briefing on the Prevent Duty**

The Clerk reported that:

- The Mar. 2015 F&GP Committee had received briefings dated 5 and 20 Mar. 2015 from Eversheds on the Prevent Duty Guidance applicable to sixth form colleges;
- An Eversheds' briefing, dated 31 Mar. 2015, which had been included with the papers for the Apr. 2015 meeting, updated the earlier briefings, noting that, while both Houses of Parliament had approved the Prevent Duty regulations before the General Election, it had been accepted by the Government that, as guidance on the management of external speakers and the holding of events had not been issued;
- Dependent on the outcome of the election, it was currently expected that further guidance would be issued, further regulations approved by Parliament and the duty implemented by July 2015;
- Eversheds would further update its model Code of Practice on Freedom of Speech to take into account the expected further guidance in due course.

Members noted in discussion that the College was already well advanced in its planning of strategies and procedures to address the Prevent Duty and that there was unlikely to be any further change to the statutory guidance specifically applicable to sixth form colleges.

***The Committee received an update from Eversheds on the Prevent Duty.***

(Jim Darmody left the meeting).

## **Appendix A**

## **217.17 Appendix A papers**

***It was noted that the following papers had been considered earlier on the agenda:***

- The student numbers & funding report for Apr. 2015 (considered at item 217.5 above);
- Annex A (VAT & charity law implications of possible income generation) and Annex B (draft tuition fees for 2015/16) of the report on the development of the draft budget for 2015/16 (considered at item 217.11 above).

## **Final matters**

### **217.18 Any other business**

***The Committee congratulated the College's Women's Football first team on progressing to the Association of Colleges (AoC) National Cup Final, which would be held in Walsall later in the current week, noting that the Chair and Principal would be attending the match.***

### **217.19 Risk management – items identified at the meeting**

***The Committee noted risks considered in the context of the discussion of the draft 2015/16 budget.***

### **217.20 Date of next meeting**

***It was noted that the Committee was next scheduled to meet on Mon. 1 June 2015 at 4.30pm.***

Fiona Bagchi  
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION  
MEETING 218 HELD ON 1 JUNE 2015**

- Present:** John Wilson (Chair), Jim Darmody, Mike Noddings (Vice-Chair), Jay Trivedy (Principal), Elizabeth Younger
- Clerk:** Fiona Bagchi
- In attendance:** Bill Jackson (Director of Network & Information Systems), Anna Lamplough (Director of Finance), Alan Woodcock (Director of Resources).

**218.1 Apologies for absence**

*Apologies were received from Phil Taylor (F&GP Committee member) and Ian Taylor (Deputy Principal).*

**218.2 Declaration of interests**

*There were no declarations of interest.*

**Minutes & matters arising**

**218.3 Minutes of meeting 217 held on 28 Apr. 2015, incl. the confidential minutes**

*The Committee approved the minutes of meeting 217 held on 28 Apr. 2015, including the confidential minutes.*

**218.4 Matters arising from the above minutes and actions**

(Actions shown below are numbered according to their position in the action points table appended to the end of the previous minutes. The reference to the item where the action can be found in the previous minutes is given in brackets at the end of each item).

- 1 The Mar. 2015 minutes had been amended, as agreed (217.3).
- 2 The current section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (217.4).  
**Action: Clerk**
- 3 The Education Funding Agency (EFA) required the College to achieve at least the outturn shown in the financial plan presented to the EFA in Apr. 2014 for 2014/15 i.e. a deficit of £162k. This had, however, been superseded by a deficit of £128k for 2014/15 approved by Corporation in July 2014 (216.4) (217.4).  
**Action: Director of Finance**

- 4 An initial draft list listing the type of official and legal documents relevant to section 20.3 of the Financial Regulations would be prepared by the Clerk for review by the Director of Finance and presentation to the F&GP Committee (217.4).

**Action: Clerk/ Director of Finance**
- 5 The Committee would review whether Eversheds' Academies Helpline subscription should be renewed during autumn term 2015 (217.4).

**Action: Clerk**
- 6 Updates to the College's safeguarding policies and procedures approved by the College Policy Group would be presented to the July 2015 Corporation meeting, as appropriate e.g. the updated Safeguarding Policy (217.4).

**Action: JD/Clerk**
- 7 Any update to the College Charter relating to the Prevent Duty would be considered at the annual review of the Charter at the Curriculum & Quality (C&Q) Committee's June 2015 meeting (217.4).

**Action: JD/DD/Clerk**
- 8 The College's safeguarding Report 2014/15, was presented to the May 2015 Personnel Committee and would be presented to Corporation in July 2015 (217.4).

**Action: Clerk**
- 9 Phil Taylor, as Chair of the Personnel Committee, was *ex officio* the Corporation member with responsibility for safeguarding including the Prevent Duty, which would be formally confirmed at the July 2015 Corporation meeting (217.4).

**Action: Clerk**
- 10 A briefing on the Prevent Duty, including Channel, was given at the May 2015 Corporation meeting (217.4).
- 11 The updated Code of Practice on Freedom of Speech was approved at the May 2015 Corporation meeting, on the recommendation of the Personnel Committee. It was anticipated that Eversheds would issue an updated model later during 2015, following issuing of further guidance in relation to freedom of speech in relation to the Prevent Duty by the Government (217.4).
- 12 The College had committed to the tender for the renewal of the East Riding Supplies (ERS) contract for gas and electricity from Sept. 2016, as agreed (217.7).
- 13 Tuition fees for 2015/16 had been approved at the May 2015 Corporation meeting, on the recommendation of the F&GP Committee (217.11).
- 14 The Apr. 2015 meeting of the Committee had agreed that advice on VAT exemption certificate rules applying to the College's buildings should be taken as part of any appraisal of a possible increase in lettings. Advice had been received from Baker Tilly, which indicated, with reference to statutory rules which permitted up to 5% business use for College buildings that had been certified as eligible for zero-rated construction, that, as the rules for calculating the 5% business use had not been specified in law, colleges were entitled to calculate the business use on a "fair and reasonable"

basis. It was noted that HMRC had therefore previously accepted business use calculations by colleges variously based on income, hours used, or headcount use. It was noted that the definition of business use included both the provision of adult education/training or community/commercial lettings in zero rated buildings (217.11).

*[Confidential minute].*

- 15 Advice received indicated that the need to use a trading subsidiary should be considered following the ending of the 10 year VAT exemption certificate period, when unrestricted commercial use of college buildings would be permitted, should commercial "non-primary purpose" income be expected to exceed £50,000 (217.11).

## **Student numbers & funding**

### **218.5 Student numbers & funding report**

The Director of Network & Information Systems, Bill Jackson, presented the student numbers and funding report for May. 2015, which was discussed.

Members noted that:

- Student numbers for 2014/15, which affected the College's lagged funding for 2015/16, remained as notified in Nov. 2014;
- Retention for 16-18 year old students studying at Level 3, which was the College's core business, was 94.7% in May 2015 compared to 95.9% in May 2014;
- While retention for 16-18 year old students studying at Level 3 had fallen compared to the same point in 2014, it was, however, higher than in the previous 5 years represented in the table, including being just above the percentage figure for retention in 2012/2013, which at that time was the best performance to date.

***The May 2015 student numbers and funding report was received, with it being noted that retention for Level 3 students aged 16-18 was just over a percentage point down when compared to May 2014.***

## **Tendering report**

### **218.6 Photocopier replacement tender recommendation**

The Director of Finance, Anna Lamplough, and the Director of Network & Information Systems, Bill Jackson, spoke to the report on the photocopier replacement tender recommendation.

Members noted that:

- Contracts for the College's photocopiers would end in summer 2015;
- The College used the Crescent Purchasing Consortium (CPC) National Framework to conduct a mini tender for photocopier rental;
- With CPC's support, the College drew up a tender document against which the vendors on the CPC Framework could bid;
- The tender evaluation was in 2 parts, a 60% cost element, and 40% which depended on the quality of tender responses relating to meeting the specification, project management and installation, service and support and environmental concerns;
- The specification was for 7 photocopiers, including 2 colour photocopiers;
- The tenders were priced over a 3 year and a 5 year lease period, with the 5 year lease giving a lower annual cost and, given the life span of such machines and technical development which could be expected to arise during a 5 year period, this was considered by the College to be the better option;

- The tender with the lowest annual price in terms of both rental and copy charge costs had been submitted by Xerox and the College was therefore recommending that the F&GP Committee should approve the award of the contract for photocopier rental to Xerox.

It was noted in response to members' questions that the College were happy with the equipment features in the Xerox bid, which included an integrated system, which should improve the efficiency of the photocopying process, and software which would enable the College to monitor the cost-effectiveness of the College's smaller printers.

***The Committee approved the awarding of a 5-year photocopier contract to Xerox, on the grounds of value for money.***

**Action: BJ/AL**

## **Health & Safety (H&S) & estates matters**

### **218.7 H&S Committee report**

***It was noted that the minutes of the next scheduled H&S Committee meeting would be presented to the F&GP Committee meeting on 29 June 2015.***

### **218.8 Verbal report on property matters**

Alan Woodcock gave a verbal report on property matters, reporting:

- With reference to small capital works planned for summer 2015, that the College would going out to tender shortly in relation to the art wing project;
- A report on tendering for insurers should be available for presentation to the Committee's late June 2015 meeting.

**Action: AW**

It was noted in response to members' questions that:

- The retention to Built Off-site, the contractors for the Elm Building, had been paid.

The Principal reported that:

- Following a recent meeting with an Education Funding Agency (EFA) representative, at which the College's unsuccessful bid for Condition Improvement Fund (CIF) grant to extend the College refectory and the IT facilities in the Library had been discussed, the EFA had written to the College to let them know that they would receive information on why the bid had been unsuccessful and how to appeal.

***The Committee received a verbal report on property matters.***

(Bill Jackson and Alan Woodcock left the meeting).

## **Financial matters**

### **218.9 Management accounts, including KPIs & cashflow - Apr. 2015**

The Director of Finance, Anna Lamplough, presented the management accounts for Apr. 2015, including the key performance indicator and cashflow report.

Members noted that:

- The operating deficit for the first 9 months of the financial year was £75.7k compared with a budgeted loss of £94.9k;
- The financial position was better than planned at this stage in the financial year primarily due to overall non-pay under-spends and depreciation being less than planned;
- The forecast year-end position remained on target for a deficit figure of £127k.

Members considered non-pay expenditure, noting in particular that:

- Student support included EYMS bus costs, which had been higher than planned

at the end of Apr. 2015, and, as it was anticipated that this situation would continue to the financial year-end, the forecast had been adjusted accordingly;

- The reprographics cost centre was under-spent, with it being planned that departmental re-charges would be reduced for 2015/16 taking into account new photocopier contracts;

Members considered pay expenditure, noting in particular that:

- Pay costs were £7.8k higher than budget, with teaching staff costs overspent by £46.4k, including agency costs.

Members considered the balance sheet, noting in particular that:

- Trade creditors had increased to £216k as 30 day credit terms were taken in full, where appropriate, and that creditor days had therefore increased compared to the 2013/14 financial year-end.

Members noted with reference to the summary of capital expenditure budgeted and spent to the end of April 2015 that:

- An additional £30k has been spent in April 2015 (i.e. the retention on the Elm building) and the total spent of capital was now £246k;
- The remaining amount of Devolved Formula Capital brought forward from 2013/14 available to spend was therefore £5.6k;
- An additional £41k of Devolved Formula Capital had been received in 2014/15 which could be carried forward into 2015/16 for a specific capital project.

Members discussed capital expenditure needs which would be considered when the 2015/16 draft budget was being formulated e.g. IT equipment, teaching equipment, large plasma screen. The need to ensure that the draft financial plan resulted in a Satisfactory health assessment rating was also noted.

Members considered the projected 12 month rolling cash flow covering the period from April 2015 to April 2016, noting that there would be sufficient cash held at bank at year-end to meet the Barclays' financial covenants on the College loan.

The Committee commended the Director of Finance for the tight budgetary control maintained in 2014/15 year to date, which had resulted in the an improvement on the forecast deficit.

***The Committee considered the management accounts for Apr. 2015, noting that the operating deficit was £75.7k, which was lower than budget, with the overall year end outturn expected to be in line with the forecast deficit of £127.9k.***

#### **218.10 Report on covenants relating to bank loans**

The Committee received the Director of Finance's report on covenants relating to the loans with Lloyds Bank and Barclays Bank, noting that she considered that all relevant covenants had been met.

The Director of Finance reported that she had been in discussion with both Lloyds and Barclays concerning the effect on the fulfilment of bank covenants arising from presentational changes to the College's accounts which would result from the introduction of Financial Reporting Standard 102 (FRS 102) from 2015/16 e.g. the Deferred Capital Grants line on the Balance Sheet, which was currently at Line 25, would move up to Creditors, which would have the effect of reducing the College's net assets. As this was a change in accounting standards which was applicable to the UK and Republic of Ireland for accounting periods beginning after 1 Jan. 2015, the banks had indicated that they would review its effect on bank covenants on a case by case basis.

***The Committee received a report on covenants attached to the Lloyds and***

***Barclays Bank loans, noting the Director of Finance's assurance that these had been met and/or would be met at the financial year-end, including that relating to cashflow.***

**218.11 Development of draft budget 2015/16**

The Director of Finance presented the latest version of the draft budget 2015/16, which had been refined further since the Committee's Apr. 2015 meeting.

Members discussed the draft budget, noting changes since the Committee's last review e.g. in relation to additional income from overseas students, savings on new appointments, additional minibus costs, savings in marketing, additional liaison costs, addition of the BKBS licence, re-calculated premises costs, increased contingency provision. It was noted that savings from the new photocopier contract, which had been agreed earlier on the agenda, were not included in the current draft. Members discussed the advantages of a larger contingency provision and a smaller surplus.

It was noted in response to members' questions in relation to income from fee-paying students that: the agent used by the College considered that an increase in overseas student numbers was feasible; the small number of home students who paid fees would be provided with information on fees payable at the start of the academic year.

The Committee noted that the draft budget was now close to the final version, although there would be some further adjustments to be made before the final draft budget was presented to the Committee and to Corporation and, as noted above, the Director of Finance would ensure that the financial plan would result in a Satisfactory health assessment rating.

***The Committee considered the latest version of the draft income and expenditure budget 2015/16, commending the College's senior management team, and the Director of Finance in particular, for providing the various iterations of the draft budget in a timely manner, which had permitted detailed consideration by the Committee earlier than in previous years.***

**218.12 EFA letter re financial records & financial health assessment**

The Committee considered a letter, dated 26 May 2015, from the EFA concerning the College's financial records and financial health assessment for 2013/14, noting that:

- The EFA had concluded that the most appropriate financial health grade for the year ended 31 July 2014 was Satisfactory, which agreed with the College's self-assessment and the calculated grade of Satisfactory shown in the Finance Record;
- The EFA had reviewed the College's financial statements together with the finance record and had identified no issues and had noted that the financial statements audit management letter had also identified no significant issues.

***The Committee received an EFA confirming the College's self-assessed financial health grade of Satisfactory.***

**218.13 Monitor achievement of relevant sections of the College's Strategic Plan: Maintain a Satisfactory Financial Health Rating**

The Committee noted that the May 2015 Corporation meeting had approved the College's Strategic Plan and accompanying evidence/action tables relating to specific strategic aims. As the strategic aims table for *Maintain a Satisfactory Financial Health Rating*, included evidence/action relating to financial monitoring by the F&GP Committee and the Corporation, the Clerk had annotated the table to show compliance in relation to 2014/15.

Members noted that:

- The annotated table produced by the Clerk showed full compliance year to date, the exceptions being actions due to take place in late June and/or July 2015;
- The Clerk would add a review of the table to the F&GP Committee's draft revised standing agenda list to be considered at the Committee's Sept. 2015 meeting;  
**Action: Clerk**
- The C&Q Committee and the Personnel Committee would also consider Strategic Aims evidence/action tables (or sections of evidence/action tables) falling within their monitoring remit and/or their accompanying College scorecard targets, as appropriate.

**Action: Clerk**

***The Committee received the Clerk's report against the evidence/action table for the College's Strategic Aim of maintaining a Satisfactory financial health rating, agreeing that:***

- ***The Actions/Evidence column of the table supporting the College's Strategic Plan should be amended to include reference to annual letters from the EFA concerning the College's financial health grade rating as a form of independent evidence.***

**Action: Clerk/AL**

#### **218.14 Financial management processes & controls report action plan**

Members considered the 2 remaining/ongoing actions in the updated action table of recommendations/actions arising from the Review of Financial Management Processes and Controls report (Nov. 2013). Members considered, in particular, the action relating to savings and budget-setting in 2014/15, that savings associated with new contracts, such as photocopier rental, were due to be documented following tender approval.

**Action: AL**

***The Committee received the updated action table of recommendations/actions arising from the Review of Financial Management Processes and Controls report.***

#### **218.15 Approved Bursary Policy Statement**

The Committee noted that the May 2015 meeting of the Corporation meeting had agreed that the College's Bursary Policy Statement 2015-16, should be presented to the F&GP Committee for information and ratification following approval by the College's senior management team (SMT). The Principal confirmed that the SMT had reviewed and approved the policy, discussing bursary expenditure in 2014/15 and 2015/16.

It was noted in response to members' questions that the College was expected to spend all bursary funds for 2014/15.

***The Committee ratified the College's Bursary Policy Statement 2015-16, following approval by the College's senior management team (SMT), as delegated by the Corporation.***

#### **Student residential & overseas visits**

#### **218.16 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

***It was noted that there was nothing to report under this item.***

#### **Strategic matters excl. property strategy matters**

#### **218.17 Verbal report on strategic matters**

The Principal reported that the College's SMT were due to hold their planning day on 2 June 2015, which would review the implications of national curriculum reform, including the introduction of linear A levels, with reference to the College calendar and possible models which could be adopted by the College e.g. the holding of internal examinations in Dec. and in June for students taking linear A Levels followed by a Parents' consultation evening at which options for second year study could be considered.

It was noted in response to members' questions:

- Concerning induction in 2015, that the College had reviewed the 2014 process and intended to use agency staff and/or pay staff overtime, as appropriate, to improve efficiency;
- Concerning Wyke Start 2015, that preparations were on track.

***The Committee received the Principal's report on strategic matters.***

#### **Documents from outside bodies**

##### **218.18 Documents from the EFA, SFCA, DfE, BIS & other outside bodies**

The Committee received an extract from Eversheds Education e-briefing *The Deregulation Bill - education specific provisions* (24 March 2015), noting that:

- The Bill had now received Royal Assent and had become the Deregulation Act 2015;
- The Act reflected the Government's commitment to remove unnecessary red tape in order to increase the efficiency and effectiveness of organisations;
- Education specific provisions in the Act included clause 64 which abolished the post of Chief Executive of Skills Funding and transferred the Chief Executive's statutory functions to the Secretary of State, while Schedule 14 made consequential amendments to the Apprenticeships, Skills, Children and Learning Act 2009 to allow the SFA to become an agency within the Department of Business, Innovation and Skills (BIS), in the same way that the EFA was an agency within the Department for Education (DfE).

***The Committee received an Eversheds Education e-briefing relevant to the Deregulation Act 2015, noting the Act permitted the SFA to become an Agency within BIS.***

#### **Appendix A**

**218.19** ***It was noted that no papers had been included at Appendix A.***

#### **Final matters**

##### **218.20 Any other business**

The Principal reported that Jim Darmody, as Designated Person with responsibility for Safeguarding, had given a presentation on the Prevent Duty to staff earlier in the day. Jim Darmody reported that a significant number of staff had already completed the on-line Prevent Duty/Channel training.

***The Committee received a progress report on Prevent Duty training for staff.***

**218.21 Risk management – items identified at the meeting**

***No new items of risk were identified at the meeting.***

**218.22 Date of next meeting**

***It was agreed that the Committee meeting scheduled for Mon. 29 June 2015 at 4.30pm should be cancelled and replaced with a meeting on Thurs. 25 June 2015 at***

**4.30pm.**

**Action: Clerk**

Elizabeth Younger gave her apologies for the meeting on Thurs. 25 June 2015.

Fiona Bagchi  
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION  
MEETING 219 HELD ON 25 JUNE 2015**

*The Committee agreed that discussion shown in purple text below should be kept in a confidential minute.*

**Present:** John Wilson (Chair), Jim Darmody, Mike Noddings (Vice-Chair), Jay Trivedy (Principal)

**Clerk:** Fiona Bagchi

**In attendance:** John Gilleard (Corporation and Audit Committee member, as an observer), Bill Jackson (Director of Network & Information Systems), Anna Lamplough (Director of Finance), Ian Taylor (Deputy Principal), Alan Woodcock (Director of Resources)

**219.1 Apologies for absence**

*Apologies were received from Elizabeth Younger, a Committee member.*

**219.2 Declaration of interests**

*There were no declarations of interest.*

**Minutes & matters arising****219.3 Minutes of meeting 218 held on 1 June 2015, incl. the confidential minutes**

*The minutes of meeting 218 held on 1 June 2015, including the confidential minutes, were approved with the following typographical amendment: at item 218.16, "Anan" in the first sentence should read "Anna".*

**Action: Clerk**

**219.4 Matters arising from the above minutes and actions**

(Matters arising below are numbered according to their position in the Action Points table appended to the end of the minutes of the previous meeting. The reference to where the action can be found in the minutes is given in brackets at the end of each item).

- 1 The current section on conflicts of interests in the Instrument of Government was in line with guidance issued by the Charity Commission but that this would in future be reviewed at least annually as part of the annual autumn term review of governance documents (218.4).

**Action: Clerk**

- 2 The 2014/15 outturn shown in the financial plan submitted to the Education Funding Agency (EFA) in Apr. 2014 was a deficit of £162k. This has been superseded by a deficit of £128k for 2014/15 approved by Corp. in July 2014 (218.4).

- 3 Section 20.3 of the Financial Regulations stated that "The director of finance and/or the clerk to the corporation as appropriate is responsible for the safekeeping of official and legal documents relating to the college. Signed copies of deeds, leases, agreements and contracts must,

therefore, be forwarded to the director of finance and/or the clerk to the corporation. All such documents shall be held in an appropriately secure, fireproof location and copies held in a separation location".

It was noted that the finance department had an appropriate safe but copies of documents were increasingly kept in electronic form. The Director of Finance and the Director of Resources would undertake an audit of the location of relevant deeds and leases (218.4).

**Action: Director of Finance/Director of Resources**

- 4 The continuing need to subscribe to Eversheds' Academies Helpline would be renewed during autumn term 2015 (218.4).

**Action: Clerk**

- 5 Updates to the College's Safeguarding policies and procedures approved by the College Policy Group would be presented to the July 2015 Corporation meeting e.g. the updated Safeguarding Policy (218.4).

**Action: Chair of the Personnel Committee/Clerk**

- 6 An update to the College Charter relating to the Prevent Duty had been considered at the annual review of the Charter at the June 2015 C&Q Committee meeting and would be presented to Corporation for approval (218.4).

**Chair of C&Q/Clerk**

- 7 The College's Safeguarding Report 2014/15, which included a report on the Prevent Duty, had been presented to the May 2015 Personnel Committee meeting and would be presented to Corporation in July 2015 (218.4).

**Action: Chair of the Personnel Committee/Clerk**

- 8 Phil Taylor, as Chair of the Personnel Committee, was *ex officio* the Corporation member with responsibility for safeguarding, including the Prevent Duty, which would be formally confirmed at the July 2015 Corporation meeting (218.4).

- 9 The Committee had approved the awarding of a 5-year photocopier contract to Xerox, on the grounds of value for money (218.6).

- 10 The insurance tendering report was on the agenda (218.8).

- 11 The Clerk would add a report against the evidence/action table for the College's strategic aim of *Maintaining a Satisfactory Financial Health Rating* to the F&GP Committee's draft revised standing agenda list, which was due to be considered at the Committee's Sept. 2015 meeting (218.13).

**Action: Clerk**

- 12 The C&Q Committee had considered the evidence/action table for the strategic aim *Improve Student Outcomes* at its June 2015 meeting, concluding that it was largely operational and did not therefore fall within the monitoring remit of the C&Q Committee, unlike the College plan scorecard, which was already included in the Committee's standing agenda item list. The Personnel Committee would consider relevant strategic aims evidence/action tables (or sections of evidence/action tables) potentially falling within its monitoring remit in Nov. 2015 (218.13).

- 13 Following receipt of the Clerk's report against the evidence/action table for the College's strategic aim of *Maintaining a Satisfactory Financial Health Rating* at the Committee's meeting on 1.6.15, the Actions/Evidence column of the table supporting the College's Strategic Plan had been amended to include reference to annual letters from the EFA concerning the College's financial health grade rating as a form of independent evidence (218.13).
- 14 The updated Financial Management Processes and Controls action table report was on the agenda (218.14).

#### **Student numbers & funding**

##### **219.5 Student numbers & funding report**

The Director of Network & information Systems, Bill Jackson, confirmed that the last scheduled examination had been held earlier in the day and retention figures could now be considered to be stable, subject to any later notification of students who had not taken exams.

***The Committee received the June 2015 student numbers and funding report, noting that retention at Level 3 for students aged 16-18 was 94.7%, which was lower than in June 2014 but higher than in the 4 previous years shown in the report. The Committee noted that the student numbers & funding report for June 2015 would be presented to the Corporation meeting to be held on 7.7.15.***

#### **Health & Safety (H&S) & estates matters**

##### **219.6 H&S Committee report**

The Director of Resources, Alan Woodcock, presented the minutes of the H&S Committee meeting held on 18.6.15.

Members noted, with reference to the development of the College's online trips and visits system, that:

- Following a highly productive meeting with East Riding of Yorkshire Council to discuss their on-line system, the College had decided to develop its own system in-house;
- A bank of specific trip risk assessments, plus generic options, would be made available to staff;
- The requirement of the College insurer that any students or staff with pre-existing medical condition should be identified prior to travelling abroad, would be embedded within the College system;
- The new system would be in place for the start of the 2015/16 academic year.

***The Committee received the H&S Committee minutes of 18.6.15, noting, in particular, a progress report on the development of the College's online trips and visits system.***

##### **219.7 Annual review of the H&S Committee terms of reference, H&S Policy, & Environmental Policy**

***The Committee completed its annual review of the College's H&S Committee terms of reference, H&S Policy, and Environmental Policy, agreeing to recommend to Corporation the following updating amendments:***

- ***Updating the H&S Committee terms of reference and H&S Policy to reflect the fact that risk management was now reviewed by the senior management team (SMT).***

## 219.8 Verbal report on property strategy

***The Committee received a verbal progress report from the Director of Resources on the art wing conversion project to be undertaken during summer 2015, noting that a tender recommendation was on the agenda at item 219.10.***

### Tendering reports

## 219.9 Insurance tender

The Director of Resources reported that:

- A decision had been made to tender the provision of insurance services in an attempt to provide cost certainty for a period between 3-5 years.
- The College had used the Crescent Purchasing Consortium's (CPC's) National Framework Agreement to conduct a mini tender, with a comprehensive tender of the College's requirements prepared using the CPC Insurance Questionnaire;
- 4 brokers/insurers had tendered, although one had left the Framework partway through the process;
- A weighted criteria system of evaluation was used to score the 3 remaining tenders based, in order of the highest weighted, on price, service, policies, and innovation.

It was noted, in response to member's questions, that the CPC undertook due diligence checks of brokers/insurers included in the Framework, thereby providing a degree of reassurance in terms of the quality of the providers being considered.

Members noted that the College was recommending the appointment of brokers Hettle Andrews Associates, on the grounds of value for money i.e. based on the best performance on price and also their attention to clients. It was noted that they had provided a reassurance that, given the College's stable claims history, the price quoted would be fixed.

***The Committee agreed that, based on value for money, the College should appoint Hettle Andrews Associates as the College's insurance brokers from 1.8.15 for an initial period of 3 years, noting that there was an option to extend the contract for a further 2 years.***

**Action: Director of Resources**

## 219.10 Art wing conversion tender

The Director of Resources reported that:

- Changes in patterns of student recruitment had resulted in the need for changed teaching accommodation within the Art area from the start of the 2015/16 academic year;
- Following discussion at SMT and with departments, the proposed planned works included provision of a new Applied Science classroom (Ash 20), relocation of the Photography Studio and Digital Resource suite (Ash 15-16), creation of an additional ICT classroom (Ash 22), and release of the Ash 23 ICT classroom for general use;
- The College had appointed Jaram Associates as consultants to assist in the design and preparation of tender documentation, together with Alan Wood and Partners as structural engineers;
- 4 contractors had submitted tenders and, based upon the lowest tender price submitted and previous experience of the contractor's work, the College was recommending the appointment of Hobson and Porter as the principal contractor.

Members discussed whether, given budgetary constraints, the proposed works should be undertaken. The Deputy Principal, Ian Taylor, confirmed in response to members' questions that the accommodation changes were required to meet increased demand in sciences.

The Director of Finance confirmed, in response to members' questions as to whether proceeding with the proposed project would adversely affect cashflow and result in the College breaching bank covenants, that, based on the financial plan to be considered at item 219.16 later on the agenda, it should be possible to undertake the work without breaching bank covenants. It was, however, noted that the 2015/16 budget was tight and unforeseen expenditure could result in the need for greater income generation or cost savings but this was considered to be achievable, if necessary. It was noted in discussion that tenders for the project had, for example, been higher than anticipated, which had resulted in a proposed lower IT equipment expenditure.

It was noted in response to members' questions concerning the key sensitivities/variables which were outside the College's control, that funding allocations for 2015/16 were fixed and forecasting had been prudent in relation to other income streams, utility prices were considered to be relatively stable, the College had better data in relation to exam costs, but the possibility of staff long-term sickness absence remained a potential significant variable.

It was noted that the College was considering going out to tender in future in relation to other contracts to achieve cost savings e.g. waste, transport.

In response to members' questions concerning loan interest, it was noted that the revolving credit facility with Barclays Bank would become a fixed loan from Aug. 2015 and that the College's variable rate loan with Lloyds Bank was currently at a favourable 3.4% interest rate.

Members noted that the College had worked with the proposed contractor, Hobson and Porter before, and that previous works had been on budget.

***The Committee agreed that, based on value for money, the College should appoint Hobson and Porter as the principal contractor for the planned accommodation works noted above.***

**Action: Director of Resources**

(Bill Jackson and Alan Woodcock left the meeting).

## **Financial matters**

### **219.11 EFA: sixth form colleges' benchmarking report**

The Committee considered the sixth form colleges (SFC) financial key performance indicators for 2013/14 and the SFC financial dashboard included with the EFA National Director for Young People's letter of 1 June 2015.

Members noted in discussion that:

- The College was highly geared compared to other colleges in the sixth form sector, with cash days in hand low and borrowing as a percentage of total income high;
- The College's cash reserves were also significantly lower than the sector average i.e. the College had cash reserves of £482k in 2013/14 compared to a sixth form college sector average of £2.3 million;
- Whilst the College's confirmed 2013/14 financial health score was Satisfactory, this placed the College in the bottom 20% of sixth form colleges nationally i.e. most sixth form colleges in 2013/14 were in the Outstanding or Good financial health categories;
- The EFA would normally expect a college in the Outstanding financial health category to have excellent/good indicators for solvency (current ratio), performance (cash-based operating surplus/(deficit) to income ratio), and gearing (borrowing to net assets ratio) whilst a college in the Satisfactory category would normally be expected to have at least two satisfactory indicators for solvency, performance and gearing.

It was noted in response to members' questions that the draft financial plan 2015-17, which would be considered at item 219.16, forecast a Satisfactory financial health rating for each year of the plan i.e. based on points scores of 140, 130, and 120 for 2015, 2016, and 2017 respectively.

The Principal reported that, at a recent conference, the EFA National Director for Young People/SFC Commissioner had indicated that around 4% of SFCs had financial health scores of Inadequate but that this might rise to around 20% in 2015/16.

Members discussed the reasons for the College's financial health score being lower than the sector average, noting, in particular, issues relating to the Corporation's decision to re-develop the College campus and changes in funding regime e.g. the College's original property strategy had been based on steady growth in student numbers to finance loans taken out to support the re-development but the College had, in recent years, experienced significant growth in student numbers, which had been particularly challenging under the lagged funding system.

***The Committee considered the Sixth Form Colleges' (SFC) Commissioner's letter of 1 June 2015 including SFC financial dashboard, noting that it would also be presented to the July 2015 meeting of Corporation.***

**Action: Chair/Clerk**

**219.12 Financial Regulations: amendment for recommendation to Corporation**

***The Committee agreed to recommend to Corporation minor amendments to section 5.4 of the Financial Regulations, to better reflect the requirements of the Articles of Government and the Remuneration Committee's terms of reference.***

**Action: Chair/Clerk**

**219.13 Financial management processes & controls report action plan**

***The Committee considered the College's updated financial management processes & controls report action plan, noting, with reference to the 2 ongoing actions in the plan, that the Assistant Accountant was intending to enrol on an Association of Accounting Technicians (AAT) course starting in Sept. 2015.***

**219.14 Management accounts, incl. KPIs & cashflow - May 2015**

The Director of Finance, Anna Lamplough, presented the management accounts for the period to 31.5.15 (period 10).

Members noted in discussion that:

- The operating deficit for period 10 was £54.3k compared with a budgeted loss of £105.4k;
- The financial position was better than planned at this stage in the financial year as the examination fees budget was underspent by £31k to date, with a forecast year end underspend of £36k, and, in addition, depreciation was less than planned;
- The forecast year end position had also reduced from £127.9k to a deficit of £80k as a result of the above saving in examination fees and as a consequence of £23k of the £61k contingency being unlikely to be used, offset by a likely £16k Skills Funding Agency (SFA) clawback of income.

Members noted that evidence of careful budgeting and improved financial management and control during 2014/15 also provided the Committee with reassurance concerning the likely achievability of the 2015/16 budget to be considered at item 219.16.

***The Committee considered the May 2015 management accounts, noting that the operating deficit at the end of the tenth month in the financial year was £54.3k,***

***compared with a budgeted loss of £105.4. The Committee congratulated the Director of Finance on the improved outturn.***

#### **219.15 Report on covenants relating to bank loans**

The Director of Finance presented the report on covenants relating to bank loans, which was considered.

Members noted that:

- All Lloyds bank covenants had been met;
- All Barclays bank covenants had been met i.e. the only Barclays bank covenant to report on for year ending 31.7.15 was in respect of cash flow, with the 12-month rolling cash flow to 30.4.16, which Barclays had received, indicating that the College's net cash inflow from operating activities, after capital expenditure, was not less than 100% of loan repayments and interest.

Members noted that Barclays had provided the Director of Finance with a spreadsheet that had enabled her to test whether the financial plan, to be considered later on the agenda at item 219.16, could result in a breach of bank covenants, noting that a prudent approach to financial planning had, however, ensured that covenants would be achieved, provided that the plan was delivered. Members noted that the proposed 2015/16 budget to be considered at item 219.16, if approved, would therefore require careful monitoring, part of which would include the continued monthly monitoring of bank covenants, including cashflow, by the Committee.

Members discussed the impact of a breach of bank covenants, noting that this could, for example, include an increase in interest rates or EFA intervention, if the impact of such an increase resulted in a financial health rating of Inadequate.

***The Committee considered the Director of Finance's report on bank covenants, noting that all covenants had been met to date and were expected to be met at the 2014/15 financial year end.***

#### **219.16 Draft budget 2015/16 & 2-year financial plan for recommendation to Corporation**

The Director of Finance presented the draft budget 2015/16 and the financial plan 2015-17, which were considered.

Members discussed the draft budget, noting changes since the Committee's last review on 1.6.15 e.g. a reduction in the number of overseas students to 2, an increase in catering income and expenditure (taking into account increased student numbers), a prudent estimate of potential letting income, inclusion of income from minibus sales, an increase in teaching department pay expenditure and a reduction in teaching support pay expenditure, an increase in teaching department non-pay expenditure (i.e. allocation of photocopier savings), Parentpay maintenance fees added to the finance rather than the IT budget, increased contingency provision, reduction in depreciation rates.

It was noted in response to members' questions that:

- Increases in the teaching budget reflected increased student numbers;
- The new performance pay system for teachers, which was due to be considered for approval at Corporation's July 2015 meeting, would be implemented, if approved, from 2015/16 but any increased costs would arise in 2016/17.

(Jim Darmody left the meeting).

Members considered the financial plan 2015-17, **noting that it based on student numbers of 1,830 at the 2015 census date.** Members discussed planned improvements to the 2015 student enrolment process.

Members concluded that the proposed 2015/16 budget and 2015-17 financial plan were prudent and robust.

***The Committee approved the 2015-16 budget and 2015-17 financial plan for recommendation to Corporation, and, if approved, submission to the EFA.***

**Action: Chair/Clerk/Director of Finance**

**219.17 Financial PIs & objectives for 2015/16 for recommendation to Corporation**

The Director of Finance presented the updated financial performance indicators (PIs) and financial objectives for 2015/16, which had been included with the budget and financial plan 2015-17 at item 219.16 above.

Members noted the following proposed changes to the financial objectives:

- The addition of the following objectives "Meet the Banks' Financial Covenants" and "Maintain a gearing ratio below 29%";
- Changes to wording i.e. removal of the reference to "where possible", and adding a reference to "I&E" in the following statement "Maintaining a General I&E Reserve of at least £100K (excluding Pension Reserve)"
- Removing the reference to "Seeking to maintain Cash Days of 20 or greater".

***The Committee agreed to recommend to Corporation the updated financial performance indicators (PIs) and financial objectives.***

**Action: Chair/Clerk**

**Student residential & overseas visits**

**219.18 Notification of any overseas, residential or other visits the College considers should be brought to the Committee's attention**

***The Committee received a verbal report from the Principal on student trips and visits, noting that a proposed Business Studies trip to Barcelona in 2015/16 was currently being costed.***

**Strategic matters excl. property strategy matters**

**219.19**

***The Committee noted that the Principal's report to the July 2015 Corporation meeting had been organised with reference to the College's 6 strategic plan areas, which would also be the reporting format used in future.***

**Appendix A - Documents from outside bodies**

**219.20 Documents from the EFA, SFCA, DfE, BIS & other outside bodies: SFA/EFA/AoC/CFD Financial Planning Handbook (June 2015)**

***The Financial Planning Handbook (June 2015) was received, for information, and it was noted that documents for reference and information would, in future, be sent out as a separate PDF rather than being combined with other papers on the agenda.***

**Action: Clerk**

**Appendix B**

**219.21 The Committee noted that:**

- As noted above, item 219.5 (the student numbers & funding report for July 2015) would be presented to Corporation on 7.7.15;
- Item 219.6 (H&S report), item 219.15 (report on covenants relating to bank loans), and item 219.16 (draft budget 2015/16 & 2-year financial plan) had been considered earlier on the agenda.

**Action: Clerk**

**Final matters**

**219.22 Any other business**

*There was no other business.*

**219.23 Risk management – items identified at the meeting**

*No new items of risk had been identified at the meeting.*

**219.24 Date of next year's meetings**

*Members noted that the dates of next year's F&GP Committee meetings remained to be finalised, agreeing that:*

- *As the Committee would continue to monitor the College's finances closely during 2015/16, monthly meetings should be scheduled;*
- *As College meetings would be held on Tuesdays from 2015/16, F&GP Committee meetings should be held on Mondays, where possible.*

**Action: Clerk**

Fiona Bagchi  
Clerk to the Corporation