

**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF MEETING 252 HELD ON 25 SEPTEMBER 2018**

Present: John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member)

Clerk: Fiona Bagchi

In attendance: Bill Jackson (Director of Network & Information Services), Julie Peaks (Vice-Principal), Tony Wilmot (Director of Finance)

252.1 Apologies for absence

The Committee received apologies from Phil Taylor (Vice-Chair).

252.2 Declaration of interests

There were no declarations of interest.

252.3 Election of Chair & Vice-Chair

John Wilson was elected Chair of the F&GP Committee for 2018/19: proposed Paul Britton, seconded Mark Moore.

Phil Taylor was elected Vice-Chair of the F&GP Committee for 2018/19: proposed John Wilson, seconded Mark Moore.

Minutes & matters arising

252.4 Minutes of meeting 251 held on 2 July 2018, incl. any confidential minutes

The Committee approved the minutes of meeting 251 held on 2 July 2018, including the confidential minutes.

252.5 Matters arising from the above minutes and action table

Matters Arising, 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 the action).

- 1 The minutes of meeting 249 held on 1 May 2018 had been amended, as agreed (251.3).
- 2 The Committee noted that the Corporation had agreed to delegate approval of the Bursary Fund & Further Education Free Meals policy statement 2019-20 to the F&GP Committee. A draft policy would be presented to the Committee for approval during spring term 2019 (251.4).

Action: Clerk/CH
- 3 The work to replace the flat roof of the B mobile classroom had been completed (251.11).
- 4 Proposed repairs to hard landscaping and removal of non-dwarf trees in the courtyard area had been completed (251.11).

- 5 A cash flow to the end of the financial year 31 July 2019 had been presented to the July 2018 Corporation meeting, as agreed (251.13).
- 6 The budgets for 2018-19, which had been considered at the Committee meeting held on 2 July 2018, had been approved at the July 2018 Corporation meeting, on the recommendation of the Committee (251.13).
- 7 The final version of the 3-year financial plan had been approved at the July 2018 Corporation meeting (251.14).
- 8 The July 2018 Corporation meeting had received a verbal report on compliance with the ESFA Financial Planning Handbook 2018 checklist, providing assurance that relevant matters had been considered when preparing the 3-year financial plan (251.15).
- 9 A variation to the Barclays' bank covenants had been approved at the July 2018 Corporation meeting (251.16).
- 10 Dates of F&GP Committee meetings in 2018/19 had been e-mailed to members (251.24).

Actions arising from the confidential minutes

- 1 The July 2018 Corporation meeting had noted that the revised Articles of Association for the Venn Partnership would be considered by the Venn Principals / Directors at a meeting to be held after the July 2018 Corporation meeting. The revised Articles of Association for the Venn Partnership were on the Sept. 2018 Corporation agenda for consideration on approval (251.3).

Action: Clerk/Chair

[Confidential minute].

252.6 Amendment of minute 248.17 of the confirmed minutes of the F&GP Committee meeting held on 9 Apr. 2018

The Clerk reported that the minutes of the F&GP Committee meeting held on 9 Apr. 2018 had been approved at the F&GP Committee meeting held on 4 July 2018 but, due to formatting issues, the third bullet point had been missing at minute 248.17 from the version presented to the Committee i.e. the missing section should have read:

- 'Charity Commission statement, consultation and checklist on charities & non-charitable related organisations -

<https://www.gov.uk/government/consultations/charities-that-are-connected-with-non-charitableorganisations-maintaining-your-charitys-separation-and-independence>

[Confidential minute].

The Committee approved the amendment of minute 248.17 of the confirmed minutes of the F&GP Committee meeting held on 9 Apr. 2018 as noted above.

Action: Clerk

Health & Safety (H&S) & property matters

252.7 H&S Committee report

The Committee noted that a new fire curtain had been installed in the Oak building and work to address identified health and safety issues (e.g. repairs to hard landscaping and removal of non-dwarf trees in the courtyard area) had been undertaken during summer 2018.

The Director of Finance, Tony Wilmot, reported that the Premises Manager, Alan Woodcock, had received quotes relating to remedial work on damaged lighting in the courtyard area. It was noted that the work was due to take place during autumn half-term 2018, [confidential minute]. Members noted that the work to be undertaken would allow the lights to be replaced in the future should the College decide that this was desirable.

The Committee noted that the College's H&S Committee was next due to meet on 17 Oct. 2018.

Student numbers & funding

252.8 Student numbers & funding report

The Director of Network & Information Systems (NIS), Bill Jackson, presented the Sept. 2018 student numbers and funding report, which was considered.

The Committee noted that the end of year R13 Individualised Learner Record (ILR) had been submitted to the Education & Skills Funding Agency (ESFA) for the 2017/18 academic year.

Members discussed in detail retention, pass and achievement rates at Level 3 for 2017/18 noting that:

- Retention [confidential minute] in 2017/18 had fallen compared to 2016/17 [confidential minute] and the national benchmark [confidential minute];
- A fall in retention had been expected as 2017/18 was the first year in which linear A Level had been fully applicable to the relevant cohort;
- As the national benchmark related to 2016/17, it was expected that the national benchmark for 2017/18 would be lower, reflecting the full introduction of linear A levels nationally;
- [confidential minute];
- The College's pass rate [confidential minute] remained above the national benchmark [confidential minute], and showed an improvement on 2016/17 [confidential minute];
- The College's achievement rate (= retention x pass rate) was [confidential minute] below the national benchmark [confidential minute] and the College's performance in 2016/17 [confidential minute], having been affected by the College's lower retention rate.

It was noted in response to members' questions that national benchmarks were released annually in Mar./Apr.

Members noted that:

- The information presented on retention in the report related to retention as defined in the ESFA's ILR and Qualification Achievement Rate (QAR) reports i.e. retention calculated with reference to enrolments to qualifications rather than to numbers of individual students enrolled;
- The number of individual students enrolled was, however, used by the ESFA when calculating the 'retention factor', which affected the level of funding received by the College from the ESFA;
- In future, where the 'retention factor' was under discussion this would be clearly stated, with 'retention' when used in College reports otherwise being retention as defined in the ESFA's ILR and QAR.

Members noted in discussion of the Level 3 retention rate that:

- The figures in the report related to the number of Level 3 students who completed their qualifications after the census date, regardless of whether they were on 1 or 2 year courses;

- As reported in the Principal's report to be considered by the Corporation at its meeting on 27 Sept. 2018, the College was working on a whole College review of approaches to retention e.g. the need for a more holistic approach to quality which included the QAR as well as ALPs in its measures;
- The College's retention plan would be included on the Nov. 2018 Curriculum & Quality (C&Q) Committee agenda.

Action: Clerk

[Confidential minute].

Members noted that:

- At level 2, the College's performance had improved in 2017/18, and was above national benchmarks for retention *[confidential minute]*; pass rate *[confidential minute]* and achievement *[confidential minute]*.

Members considered student enrolment numbers, noting that:

- The College had exceed its funded allocation of 1,924 students aged 16-19 *[confidential minute]*;
- Current estimates were that the College would have 4 to 5 Adult Education Budget (AEB) funded students and was therefore unlikely to achieve in full its small 2018/19 AEB funding allocation;
- Recruitment remained competitive but enrolment had been successful, with a report to be presented to the Corporation meeting on 27 Sept. 2018, which would also consider possible future improvements to the process.

Members noted that the Head of Marketing role would be full-time from 2018/19. *[Confidential minute].*

Members discussed prior attainment and progression pathways for students enrolled below Level 3, noting that:

- *[Confidential minute]*;
- In 2017/18, 66% of Foundation students had progresses to Level 3, with other students also progressing to appropriate destinations.

The Committee received the Sept. 2018 students numbers and funding report, reviewing retention, pass and achievement rates for 2017/18 and noting that the College appeared likely to exceed its 2018/19 student numbers funded allocation at the census date.

(Bill Jackson left the meeting).

Financial Matters

252.9 Management accounts, incl. KPIs & cashflow, for July 2018

The Director of Finance, Tony Wilmot, presented the management accounts for the period to 31 July 2018, including key performance indicators (KPIs) and cash flow report. It was noted that the year-end accounts were subject to audit by the College's external auditors in Oct. 2018 but no issues had arisen during the preliminary audit in Aug. 2018.

Members noted that:

- The operating surplus in the management accounts for the year ended 31 July 2018 was £365.8k compared with the budgeted surplus of £519.6k, an adverse variance of £153.8k;
- The surplus for the month of July 2018 was £303.3k compared to a budget figure of £448.8k;
- The results took into account adjustment to the staff holiday pay provision following the alignment of the financial and holiday years;

- The budget had assumed that the full provision would be released but there remained a provision of £20k in respect of certain support staff;
- The original budget surplus, excluding holiday pay accrual reversal, had been £123k;
- The year-end surplus had been affected by un-budgeted costs totalling £156k, which related to health & safety-related site maintenance (removal of courtyard trees and remedial work to paving slabs), replacement fire curtain, Rose Garden security fencing, and redundancy/settlement costs;
- The management accounts did not reflect the Financial Reporting Standard (FRS) 102 accounting adjustments required in respect of the recognition of the local government pension scheme (i.e. the East Riding Pension Fund) deficit;
- The actuarial reports received relating to the East Riding Pension Fund, which would be reflected in the statutory accounts, showed a reduction in the level of the deficit which would result in a net release to comprehensive income of £487k;
- Trading income, non-pay and pay expenditure reflected the trends previously reported in the monthly management accounts discussed by the Committee during the 2017/18 financial year;
- Catering showed a year-end deficit of £5k after taking into account direct material and staffing costs;
- With reference to income from the Schools Letting Service (SLS), the College's share of lettings income to July 2018 was expected to be £5,590.

Members discussed the College's contract with SLS, noting that:

- The Principal, Vice-Principal and the Director of Finance would meet with SLS shortly to discuss the service provided;
- *[Confidential minute]*.

Members noted that:

- The ESFA recurrent income, discretionary learner support funds and free meals funding had been in line with budget, with the exception of funding for adult earners where provision had been made for a potential clawback of £9.8k due to under-recruitment;
- The balance sheet showed no significant movements;
- The 3 key ratios that were used to calculate the College's Financial Health rating showed an indicative rating of Good for 2017/18;
- The 12-month rolling cash flow forecast had been updated to reflect approved budgets for 2018/19, with total cash balances at their lowest point in Mar. 2019, in line with the College's grant profile;
- While there was no immediate concern in terms of liquidity to meet commitments, in 2018/19 and beyond cash flow would continue to be a key factor for the College to consider when looking at any major investment requirements;
- The capital report showed £346k of current year additions, of which £32k had been funded from the 2016/17 Devolved Formula Capital (DFC) grant received from the ESFA;
- At the end of July 2018, the College had received DFC grant for 2017/18 of £55k, part of which had been allocated to the B Mobile roof improvement works, with the remaining grant to be allocated against computer equipment additions during 2018/19.

The Committee noted that, due to a formatting issue, the totals towards the end of the balance sheet page were not visible in the version of the accounts sent to Committee members and agreed that this should be corrected before the accounts were presented to the Corporation on 27 Sept. 2018.

Action: TW

The Chair thanked the Director of Finance for the work undertaken in preparing the year-end accounts to date.

The Committee considered the management accounts for 31 July 2018, noting an operating surplus of £365.8k compared with the budgeted surplus of £519.6k.

252.10 Report on bank covenant testing as of 31 July 2018

The Director of Finance presented the report on bank covenant testing as of 31 July 2018 in respect of the College's loans with Lloyds and Barclays, noting that the figures used were as included in the as yet unaudited draft statutory accounts and could therefore be subject to amendment when the audit work was carried out in Oct. 2018.

Members noted that, subject to the above caveat, the report stated that:

- In all instances the covenant ratios had been met;
- In the case of the Barclays debt servicing covenant, a waiver for one year had been put in place before the 31 July 2018 financial year end to reduce the ratio from 100% to 85%, with the draft statutory accounts figures showing that the 100% ratio had just been met as had been the case in the previous year.

It was noted in response to members' questions that, based on the College' agreed budget, the bank covenants should be met at the 31 July 2019 financial year end but covenant compliance would continue to be reviewed by the College on a monthly basis, with a report presented to each F&GP Committee meeting.

The Committee agreed that it would be useful for the covenant report presented to the Committee to include a review of the situation in 12 months' time.

Action: TW

The Committee received the College's report on bank covenant testing as of 31 July 2018, noting that all covenants had been met.

252.11 E. Riding Pension Fund: report on actuarial valuation for FRS 102 purposes as at 31 July 2018

The Director of Finance presented a report on the actuarial valuation for Financial Reporting Standard (FRS) 102 purposes as at 31 July 2018 of the East Riding Pension Fund (ERPF).

Members noted that:

- The College's employees belonged to two principal post-employment benefit plans i.e. the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the East Riding Pension Fund (ERPF) for non-teaching staff, which was managed by East Riding of Yorkshire Council;
- Both were multi-employer defined-benefit plans;
- There has been a net decrease in the College's share of the overall scheme deficit from £768k as at 31 July 2017 to £281k at 31 July 2018, asset values had increased by 14% driven mainly by equities whilst the present value of funded liabilities had increased by 5% in the same period;
- Overall this had had a favourable effect on the College's balance sheet in 2018 but was not a guarantee of future performance as the value of fund invested assets could also decrease.

It was noted in response to members' questions concerning the TPS that: the outcome of the next actuarial valuation could result in a significant increase in employer contributions, with employers currently paying 16.48% towards the TPS. Members also discussed the national negotiations on the 2017/18 pay award, noting that the College's 2018/19 budget assumed a pay increase of 2%.

The Committee received the East Riding Pension Fund report on the actuarial valuation for FRS 102 purposes as at 31 July 2018 and agreed that it should be

252.12 Report on compliance with tendering procedures during 2017/18

The Director of Finance presented a report on compliance with tendering procedures during 2017/18.

Members noted that:

- The College's Tendering Contracts Procedures had been revised and approved by Corporation in May 2018 and the Director of Finance was recommending no further amendments;
- Under the College's Tendering Contracts Procedures, 3 competitive tenders must be sought where a proposed contract has a value of £25,001 (excl. VAT) or above and any recommendation on the award of the contract must be presented to the F&GP Committee for approval before the successful tenderer was informed of the outcome of the tender process;
- The 3 tender exercises listed below had been carried out during the 2017/18 financial year in respect of contracts with a value in excess of £25,001 excluding VAT;
- A tender exercise was carried out for the provision of Insurance services, with the the contract be awarded to Hettle Andrews, following approval by the F&GP Committee at its June 2018 meeting;
- In June 2018 tenders were invited for summer site works in relation to improvements to the B Mobile roof, the replacement of damaged bollard lighting, repairs to hard landscaping and removal of trees, with the July 2018 F&GP Committee meeting approving the following tenders: a roofing tender from East Yorkshire Roofing Services Ltd; a tender relating to courtyard works from Hobson & Porter, with it being decided that the proposed lighting works should be deferred;
- In July 2018, tenders were invited for the provision of a SAN Storage server using both the Crescent Purchasing Consortium and by direct invitation to two other potential providers, with the contract being awarded to Practical Network Solutions.

[Confidential minute].

The Committee received the College's 2017/18 report on compliance with tendering procedures.

252.13 Report on recommendations on tenders as required under the College's financial regulations & procedures

The Committee noted that:

- A report on recommendations on tenders is a standing agenda item for each meeting of the F&GP Committee;
- Where a contract is expected to have a value of £25,001 (excl. VAT) or above, the tender processes would normally be planned to ensure that a report, including any recommendation on the award of the contract, can be made to the next scheduled F&GP Committee meeting;
- Where this was not possible, a Special F&GP Committee meeting could be held to consider the tender for approval, subject to F&GP Committee members' availability;
- The Director of Finance had reported that there were no tenders to be presented to the F&GP Committee for approval at its Sept. 2018 meeting.

The Committee received a report on tenders, noting that there were no tenders to be presented to the F&GP Committee for approval at the current meeting.

252.14 Overseas student tuition fees 2019-20

The Committee noted that:

- Under section 19 of the Articles of Government, the Corporation was responsible

for setting the policy on tuition fees and this responsibility was reflected in section 3.1 of the College's Financial Regulations;

- The Corporation was required to have regard to ESFA guidance when setting tuition fees applicable to Home students but there was no comparable guidance applicable to Overseas student tuition fee rates;
- It had been agreed at the Mar. 2018 Corporation meeting that any recommendation on Overseas student tuition fees applicable to the following academic year should be presented to an autumn term Corporation meeting to allow for early marketing of the College to overseas applicants.

The Director of Finance reported that:

- The Overseas student tuition fees approved by the Corporation for 2018/19 were £6,000 p.a. plus £1,000 for one to one tuition in English, where required;
- The College was recommending that these fees should remain unchanged for 2019/20.

It was noted in response to members' questions that the proposed fees would cover the College's costs.

The Committee agreed to recommend to the Corporation that Overseas student fees should remain unchanged for 2019/20.

Action: Chair

Student residential & overseas visits

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

The Vice-Principal, Julie Peaks, presented a report on forthcoming overseas and residential visits, including:

- Langdale End and Keswick, Lake District residentials Oct. 2018 & June 2019 (cross-College/Duke of Edinburgh)
- Belgium (Nov. 2018) and Washington (Apr. 2019) (History students)
- Rome, Mar. 2019 (Religious Studies students)
- Iceland, Mar. 2019 (Geography students)
- Geneva, Feb. 2019 (Physics students)
- Poland (Jan. 2019), Berlin (Feb. 2018), New York (Feb. 2018) (cross-College visits)
- Kilimanjaro, July 2020 (cross-College).

It was noted in response to members' questions that:

- The risk assessment process for trips included approval by the Premises Manager, the Head of Faculty, and the Vice-Principal;
- Payments were made through ParentPay;
- Trips were budgeted to break even on costs but forecasts costs were set prudently, given that major trips could be planned almost 2 years in advance and costs could fluctuate;
- The College's Educational Visits Policy allowed for sums overpaid to be reimbursed.

The Committee received, for information, a report on forthcoming residential and overseas trips and visits.

Strategic matters

252.16 Verbal report on strategic matters, incl. property strategy & Venn Partnership matters

The Principal, Paul Britton, gave a verbal report on strategic and partnership matters.

Members noted that:

- The Venn Partnership Chairs and Principals' meeting which had been scheduled for 26 Sept. 2018 had been cancelled and would be re-arranged;
- The College was undertaking a room usage review, following the introduction of linear A Levels and the move from 4 to 3 subjects;
- The Principal had recently attended a Humber Principals' meeting and was beginning to attend meetings arranged with local schools.

[Confidential minute].

The Committee received a verbal report on strategic matters.

Committee matters

252.17 Review the Committee's standing agenda items

The Committee noted that an annual review of the Committee's standing agenda item list was a standing agenda item for its first autumn term meeting. The Committee considered updating amendments and changes to reflect the reports already received by the F&GP Committee, which were being proposed by the Clerk.

Members noted that there was some uncertainty as to when the following items would be received from the ESFA in 2018/19 and therefore some uncertainty concerning the date of their subsequent presentation to the F&GP Committee which meant that the list might need to be adjusted later in the 2018/19 year: ESFA letter(s) on the College's financial health category; ESFA sixth form colleges' annual financial dashboard/ benchmarking report.

The Committee completed its annual review of its standing agenda item list, agreeing to recommend proposed revisions to the Corporation for approval.

Action: Chair

252.18 Review the Committee's terms of reference

The Committee noted that an annual review of the Committee's terms of reference was a standing agenda item for its first autumn term meeting. Members considered clarifying amendments and revisions to reflect the F&GP Committee's existing responsibilities, which were being proposed by the Clerk.

The Committee completed its annual review of its terms of reference, agreeing to recommend proposed revisions to the Corporation for approval.

Action: Chair

Annex A

252.19 It was noted that agenda item 7 (Student numbers & funding report) had been considered earlier on the agenda.

Annex B: Documents/links from outside bodies

252.20 Documents/links from the DfE, ESFA, SFCA & other outside bodies

The following documents/links were received for information/reference:

- Extracts from SFCA Updates 1 July 2018 - 20 Sept. 2018
- A link to The Further Education Bodies (Insolvency) Regulations 2018 (draft)
- The ESFA *Early Intervention & Prevention Strategy* (updated Aug. 2018): <https://www.legislation.gov.uk/ukdsi/2018/978011172292/contents>
- A link to ESFA *16 to 19 Bursary Fund guide: 2018 to 2019 academic year* (updated June 2018): <https://www.gov.uk/guidance/16-to-19-bursary-fund-guide-2018-to-2019-academic-year>
- Extract from Eversheds Sutherland's *Instep* (Education Law Magazine) (summer 2018): *Keeping Children Safe in Education* and a link to revised DfE guidance (Sept. 2018) at: <https://www.gov.uk/government/publications/keeping-children-safe-in-education--2>

Members noted that:

- The Further Education Bodies (Insolvency) Regulations 2018 (draft secondary legislation) had been laid before Parliament on 5 Sept. 2018, with the intention of their being in force by the end of 2018;
- The Education & Skills Funding Agency (ESFA) updated *Early Intervention & Prevention Strategy* (Updated 10 August 2018) set out how the ESFA would engage with sixth-form colleges where their financial plans, performance indicators or other data sources suggested that there was a risk of failure e.g. where a college had an Inadequate or a weak Satisfactory financial health rating;
- The DfE's revised guidance *Keeping Children Safe in Education* (Sept. 2018) would be drawn to members' attention at the Corporation meeting on 27 Sept. 2018 and would be considered in detail at the Personnel Committee meeting to be held on 23 Oct. 2018.

Action: Clerk

The Committee received the documents/links listed above for information.

Final matters

252.21 Any other business

There was no other business not already on the agenda.

252.22 Risk management – items identified at the meeting

The following new items of risk had been identified at the meeting: the affordability of the nationally negotiated pay award and of a possible increase in employer's pension contributions.

252.23 Date of next meeting

Members noted that the Committee had 8 meetings scheduled for 2018/19 and considered whether it would be possible to reduce the number of meetings to avoid duplication e.g. where an F&GP Committee meeting was due to take place shortly before a Corporation meeting at which the same reports were due to be considered.

It was noted that:

- Monthly management accounts were e-mailed to F&GP Committee members in advance of F&GP Committee meetings (i.e. as soon as they were finalised) which should allow a decision to be made on whether it was necessary for the next scheduled meeting of the Committee to be held if they were no agenda items requiring review or a recommendation to be made to a subsequent Corporation meeting;
- Where approval of an item had been delegated to the Committee by the Corporation and a decision had to be made by a particular deadline, a scheduled F&GP Committee might nevertheless have to be held e.g. where the following F&GP Committee approvals were required: approval of successful tenders over £25,001 or of proposed severance payments to staff other than designated senior post-holders in excess of the statutory maximum or £10,000.

It was noted that the Committee was next scheduled to meet on Tues. 6 Nov. 2018 at 4.30pm and that the Clerk would consult with the Chair on whether the meeting should be held.

Action: Clerk

Fiona Bagchi
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF MEETING 253 HELD ON 6 NOVEMBER 2018**

Present: John Wilson (Chair), Mark Moore (Committee member), Phil Taylor (Vice-Chair)

Clerk: Fiona Bagchi

In attendance: Bill Jackson (Director of Network & Information Services), Julie Peaks (Vice-Principal), Tony Wilmot (Director of Finance), Alan Woodcock (Premises Manager)

253.1 Apologies for absence

Apologies were received from Paul Britton (Principal & F&GP Committee member).

253.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

253.3 Minutes of meeting 252 held on 25 September 2018, incl. any confidential minutes

The minutes of meeting 252 held on 25 September 2018, including the confidential minutes were approved.

253.4 Matters arising from the above minutes & action table

Matters Arising, 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 the action).

- 1 The Committee noted that the Corporation had agreed to delegate approval of the Bursary Fund & Further Education Free Meals policy statement 2019-20 to the F&GP Committee. A draft policy would be presented to the Committee for approval during spring term 2019 (252.5).

Action: Clerk/CH

- 2 The revised Articles of Association for the Venn Partnership had been approved at the Sept. 2018 on the Corporation meeting (252.5).
- 3 Minute 248.17 of the confirmed minutes of the F&GP Committee meeting held on 9 Apr. 2018 had been amended, as agreed (252.6).
- 4 The version of the balance sheet presented to the Sept. 2018 Corporation meeting had been amended, as agreed, to correct a formatting issue (252.9).
- 5 The covenant report on the agenda included a review of the situation in 12 months' time (252.10).
- 6 The East Riding Pension Fund report had been presented to the Sept. 2018 Corporation meeting (252.11).

- 7 The Sept. 2018 Corporation meeting had agreed that Overseas student fees should remain unchanged for 2019/20 (252.14).
- 8 The Sept. 2018 Corporation meeting had approved the Committee's revised standing agenda item list (252.17).
- 9 The Sept. 2018 Corporation meeting had approved the Committee's revised terms of reference (252.18).
- 10 The DfE's revised guidance *Keeping Children Safe in Education* (Sept. 2018) had been drawn to members' attention at:
 - (i) the Corporation meeting on 27 Sept. 2018;
 - (ii) had been considered in detail at the Personnel Committee meeting held on 23 Oct. 2018 (252.20).
- 11 It had been agreed that the Committee's Nov. 2018 meeting should take place as scheduled in order to ensure that the Dec. 2018 meeting agenda would not be excessively long (252.23).

In addition it was noted that the College's retention Quality Improvement Plan (QIP) would be considered at the Curriculum & Quality Committee's Nov. 2018 meeting (252.8).

253.5 Annual review of confidential minutes

The Committee undertook its annual review of confidential minutes produced during the previous year, with a view to determining whether any could be released from confidentiality. Members noted that 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 valid exemption under the Act did not exist.

Members noted that the Clerk was recommending that minutes which contained information which was now in the public domain should be considered for release from confidentiality. It was noted that minutes which related to the discussion of HR matters which included references to named or identifiable individuals could not be released from confidentiality due to data protection issues.

The Committee completed its review of confidential minutes produced during 2017/18 and agreed the release from confidentiality of minutes on the recommendation of the Clerk.

Action: Clerk

Health & Safety (H&S) & property matters

253.6 H&S Committee minutes of 17 Oct. 2018

The Premises Manager, Alan Woodcock, presented the minutes of the Health & Safety Committee meeting held on 17 October 2018, which were considered.

It was noted in response to members' questions that:

- Improvements to the ventilation of the Art workshop area were required following previous structural alterations, with particular reference to MDF dust resulting from sawing;
- Face masks were worn when MDF was sawn;
- 2 quotations for the proposed ventilation work had been received and a third was being sought;
- Disabled car parking spaces had been increased from 2 to 4;
- The recent fire drill had gone well, although one area had not been cleared as required, with staff concerned reminded of their responsibility for the area;
- While the new library fire curtain in the Oak Building had worked well during the fire

drill, there had been issues with it not retracting after deployment, which was being discussed with the installers.

Following discussions with the Committee, it was agreed that a review of the fire curtain by the installers should be postponed until after the forthcoming Open Day, to avoid disruption should the curtain not retract after deployment.

Action: AW

Members discussed, with reference to other matters raised in the Health & Safety Committee minutes, the following: the use by the College of the Health & Safety Executive (HSE) reportable diseases list; the processes used to ensure that the kitchen floor was appropriately cleaned after service and for removing oil from the fryers.

The Committee received the Health & Safety Committee minutes for 17 October 2018.

253.7 Annual security report

Alan Woodcock presented the security report for 2017/18, with members noting that, of the 7 incidents recorded in the report, 4 were bike thefts and 1 an attempted bike theft.

It was noted in response to members' questions that the Student Association Executive had purchased secure D locks for bikes which had been offered for sale to students at a significant discount but not all students who brought bikes on site had taken up this offer.

The Committee received the 2017/18 security report.

Student numbers & funding

253.8 Student numbers & funding report

The Director of Network & Information Systems (NIS), Bill Jackson, presented the Oct. /Nov. 2018 student numbers and funding report, which was considered.

Members noted that:

- *[Confidential minute]*;
- The College's 16-19 learner numbers represented an overachievement of its 2018/19 funded allocation *[confidential minute]*;
- The College expected to fail to meet its modest 2018/19 Adult Education Budget allocation, noting that there had been a clawback of £9K in 2017/18;
- Almost all of these students should be on full time 540 hour programmes (or 450 hour for students aged 18 students).

The Committee noted that these figures would be reported as part of the College's R04 funding return in Dec. 2018, which would represent the baseline for the lagged number calculation for the funding of the 2018-2019 academic year.

Members considered the retention report, noting that it was too early in the year to discern any trend.

The Committee received the Oct./Nov. 2018 student numbers and funding report.

253.9 Annual review of Data Protection, Freedom of Information (FOI), Publication Scheme & Environmental Regulations charging policy

Under the Committee's terms of reference the annual review of the above policy took place during the autumn term, with any amendments considered necessary being recommended to the Corporation for approval.

Members noted that the Clerk was recommending the following revisions to the policy:

- Amendment taking account of the requirements of the Data Protection Act 2018 (which implemented the General Data Protection Regulation (GDPR) and replaced

the UK Data Protection Act 1998), including the revoking of the Data Protection (Subject Access) (Fees and Miscellaneous Provisions) Regulations 2000 and the amendment of the Data Protection (Appropriate Limit and Fees) Regulations 2004;

- Updated references to Information Commissioner's Office (ICO) guidance;
- Including a new section on fees for the re-use of datasets.

Members noted that:

- The Freedom of Information (Release of Datasets for Re-use) (Fees) Regulations 2013 stated that a public authority should where reasonably practicable establish standard fees for the re-use of datasets or, where a standard fee had not been established, the public authority should specify in writing the factors that would be taken into account in determining a fee, if requested at any time to do so by the applicant;
- A standard fee had not been stated in the proposed revision of the policy on the grounds that no requests for re-use of datasets had been made to date and the circumstances applying in each case were likely to vary.

The Committee agreed to recommend to the Corporation the revisions proposed by the Clerk to the College's Data Protection, Freedom of Information (FOI), Publication Scheme & Environmental Regulations Charging Policy, with the following amendment: the reference to 1998 in the flowchart should be amended to read 2018.

Action: Clerk/Chair

(Bill Jackson and Alan Woodcock left the meeting).

Financial Matters

253.10 Management accounts, incl. KPIs & cashflow

The Director of Finance, Tony Wilmot, presented the management accounts for Sept. 2018, which were considered.

Members noted that:

- The operating surplus for the two months ended Sept. 2018 was £8.9kk compared with the budgeted surplus of £15.6k, an adverse variance of £6.7k;
- Trading income was £12.6k below budget expectations, with 2 rather than 4 overseas students having been recruited;
- Non-pay expenditure showed an underspend £17k compared to budget, with the most significant variances being an exams overspend (matched by re-sit income), a positive variance on Marketing (as a result of a settlement negotiated with reference to the liability of the company which had formerly worked on the College's prospectus and website), reprographics and administration (postage costs) showing adverse variances;
- Total pay costs were over budget by £7k, a negative variance of only 0.7%, due to staff starting employment sooner than budgeted, handover periods for staff, and the use of Agency staff during enrolment week (which was being reviewed for 2019/20);
- There were positive staff cost variances in catering (due to vacancies) and premises ;
- Provision had been made for a 2% all staff pay award from Sept. 2018;
- The ESFA recurrent income, discretionary learner support funds and free meals funding were in line with the budget, with the exception of the amount for capital grants released which was £2k higher than budgeted due to allocation of the 2017/18 DFC grant.

Members considered the balance sheet and performance indicators (PIs), including the 3 key ratios used in the calculation of the College Financial Health rating which showed an indicative health rating of Satisfactory.

It was noted that the projected rolling cash flow forecast covered the 13 month period from

Sept. 2018 to Oct. 2019, with total cash balances reaching their lowest point in Mar. 2019 due to the ESFA grant profile. The Director of Finance confirmed that, while there was no immediate concern in terms of liquidity to meet commitments, this would be a key factor to consider when looking at any future major investment requirements.

Members noted, with reference to capital expenditure, that the capital report showed £64k of current year additions mainly in the area of IT spend, of which £15k had been funded from the 2017/18 Devolved Capital grant which had been received in late July 2018. It was noted that the approved capital spend budget for 2018/19 was £100k and that, taking into account additions to date, there remained £36k not yet committed.

The Committee received the Sept. 2018 management accounts, noting that, at this stage in the year there were no indications that the target surplus for 2018/19 would not be achieved.

253.11 Report on bank covenant testing as of 31 Sept. 2018

Tony Wilmot presented the bank covenant testing report for Sept. 2018, which was considered.

Members noted that:

- The tables in the report showed the calculations with regard to the testing of the covenants in place in respect of the College's loans with Lloyds and Barclays;
- The current year ratios were based on the information in the monthly management accounts;
- In relation to the Barclays Debt Servicing Covenant some assumptions had been made in respect of projected balance sheet movements in debtors and creditors;
- In all cases the covenant ratios had been met.

It was noted in response to members' questions concerning the Barclays covenant variation which had been approved by the Corporation in July 2018 that this had not been needed as there would have been no covenant breach at the year end. It had been, however, been prudent to obtain the waiver as, had the external auditors required a different accounting treatment in relation to some of capital expenditure (e.g. the accounting treatment applied, for example to the B Mobile expenditure) could have resulted in a year end breach of the relevant covenant.

The Committee received the Sept. 2018 covenant testing report.

253.12 ESFA financial health assessment letter (Oct. 2018)

The Committee received a letter dated 15 Oct. 2018 addressed to the Principal from the Education & Skills Funding Agency (ESFA) confirming the College's assessed financial health category as Good for 2017/18 and Satisfactory for 2018/19.

253.13 ESFA financial dashboard/benchmarking report

The Committee noted that the ESFA issued a financial dashboard annually which provided a report on the College's financial results, forecasting, health and resilience over several years and allowed comparison with other sixth form colleges.

Members received the dashboard issued by the ESFA in Oct. 2018, recording the College's results 2014/15 to 2016/17 and forecast results for 2017/18 to 2019/20.

The Committee noted that the data used to formulate the report was drawn from colleges' financial plans. With reference to college financial health forecasts for 2018/19, it was noted that just under 80% of sixth form colleges were forecasting that their financial health category would be Outstanding or Good.

Members noted, with reference to the graphs for 'Total borrowing as a percentage of total income' and 'Debt charge as percentage of income', that the College's figures were above the sector norm due to borrowing undertaken to finance the replacement of the College's previous buildings and to expand its provision.

It was noted in response to members' questions that while staff costs were higher than previously, they were still low for the sector and indicated that the College was efficient.

The Committee received the ESFA's sixth form colleges' financial dashboard (Oct. 2018).

253.14 Tendering report

It was noted that a report on any tenders requiring F&GP Committee approval was a standing agenda item for each meeting of the F&GP Committee. Under the College's Tendering Contracts Procedures, 3 competitive tenders had to be sought where a proposed contract had a value of £25,001 (excl. VAT) or above and any recommendation on the award of the contract had to be presented to the F&GP Committee for approval before the successful tenderer was informed of the outcome of the tender process. In addition, where the contract value was £50,001 (excl. VAT) or above, the Chair of the F&GP Committee was required to attend the tender opening ceremony.

The Committee noted the Director of Finance's report that there are no tenders to be presented to the F&GP Committee for approval at its Nov. 2018 meeting.

The Committee approved a draft table, which the Clerk was proposing should be reviewed and/or completed by the College's SMT prior to presentation at each F&GP Committee meeting.

The Committee received the College's tendering report for Nov. 2018.

253.15 Annual Wyke 100 Club lottery report

It was noted that the Committee received an annual report on the Wyke staff 100 Club lottery, including a report on compliance with regulatory issues. The Wyke Staff 100 Club had been set up in 2016 and was registered with Hull City Council as a Small Society Lottery under the terms of the Gambling Act 2005. The report for Oct. 2018 was considered.

Members noted, with reference to regulatory requirements, that the College was compliant with the terms of the lottery's registration e.g. the Licensing Section had been informed in Jan. 2018 of a change of promoter; all Lottery returns had been filed with Hull City Council; the renewal fees had been paid in Oct. 2018 to ensure cleared funds within the 2-month period prior to the licence renewal date.

The Committee noted in discussion that:

- Subscriptions were deducted from staff members' monthly salary and 50% of the proceeds were paid out in prizes following a monthly draw, the remainder transferred to the College Hardship Fund ;
- Since its launch in Feb. 2017. the hardship fund had received income from lottery subscriptions, Lanyard Fines and grant from the Alderman Sydney Smith fund;
- Around £7K remained in the College Hardship Fund and its use in relation to student hardship would be promoted to staff.

The Committee received the 2017/18 Wyke 100 Club lottery report.

Student residential & overseas visits

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

Julie Peaks (Vice-Principal) presented the updated educational visits table.

Members noted that, in addition to overseas and residential visits, 18 day trips had been approved to date and a trip to South Africa in 2020 was being considered.

The Committee received the updated educational visits report.

Strategic matters

253.17 Verbal report on strategic matters, incl. property strategy & Venn Partnership matters

Julie Peaks (Vice-Principal) gave a verbal report on strategic matters.

Members noted that:

- The process of considering revisions to the College's Strategic Plan had begun, with the academic members of the SMT currently concentrating on a review of the College's core values;
- A room utilisation survey would take place during the autumn term, noting a lack of student social space;
- The Venn Partnership groups were continuing to meet to share best practice e.g. the Principals and Vice-Principals groups;
- The first Open Evening had been highly successful with very positive feedback [*confidential minute*].

Committee matters

253.18 F&GP Committee annual performance checklist & review of F&GP PIs

The Committee considered the Committee's 2017/18 performance checklist and reviewed its 2017/18 performance indicators (PIs).

The Committee noted that it was fully compliant with its 2017/18 performance checklist and that it had met or exceeded its performance indicators (PIs) with the following exceptions: 97% of agenda items had been considered at the agreed meeting against a target of 100%; the target for timely dispatch of papers 7 days before the meeting had not been met. Members noted that from 2018/19, committee papers would be reviewed by the College's SMT a week before the relevant committee meeting, which it was intended should improve the future timely dispatch of papers.

The Committee completed its annual review of its performance checklist and performance indicators, agreeing that from 2018/19 the target for dispatch of the PDF of the meeting papers should be sent out 4 days before the meeting and individual papers e-mailed to members as received.

Action: Clerk

253.19 Committee annual effectiveness questionnaire

The Committee noted that it had been agreed in 2013/14 that the Clerk would include relevant themes from the Learning & Skills Improvement Service (LSIS) "The effective college board (2013)" effectiveness questionnaires as part of committees' annual performance reviews, where relevant. A draft questionnaire on financial management & risk for 2017/18, adapted from the LSIS model, was therefore being presented for completion at the meeting, including agreement of grades.

The Committee agreed the following grades for 2017/18: checklist sections 1 & 2 as grade 2 (good), section 4 as grade 1 (outstanding) and sections 3 & 5 as not applicable. The Committee agreed that reference should be added to the work that the Director of Finance had done to improve the College's risk management processes, including updating the College's risk management policy.

Action: Clerk

The Committee completed the LSIS questionnaire on financial management & risk, amended as agreed above, for signing by the Chair of the F&GP Committee.

Action: Clerk/Chair

253.20 Revised Committee standing agenda item list

It was noted that the Committee's standing agenda item list had been reviewed at the Committee's Sept. 2018 meeting, recommended to the Sept. 2018 Corporation meeting and approved.

The Committee noted that the Clerk was recommending the following additional revisions to the Committee's standing agenda item list:

- Changing the dates of the meetings at which the ESFA financial dashboard/ benchmarking report and the financial health grade letter are received by the Committee, in line with the timetable used by the ESFA in the last 2 years;
- Adding an annual 100 Club compliance report and an annual report on commercial lettings & building VAT exemption, to reflect the Committee's current practice.

The Committee agreed to recommend to the Corporation the above revisions to the Committee's standing agenda item list for approval.

Action: Chair

Annex A

253.21 *It was noted that the following items had been considered earlier on the agenda: agenda items: 3 & 4 (minutes & action table), 5 (annual review of confidential minutes).*

Annex B: Documents/links from outside bodies

253.22 Documents/links from the DfE, ESFA, SFCA & other outside bodies

The following documents/links from the DfE, ESFA, SFCA & other outside bodies were received for information:

- Extract from ESFA College Financial Planning Handbook 2018 (Apr. 2018) - Part 3 (Assessing financial health);
- Extracts from ESFA Update (30 Oct. 2018);
- SFCA Governance Network Flyer;
- Press reports on fraud in relation to educational trips (Oct. 2018 & July 2012) where fees were paid in cash (noting that the College avoided this risk by using ParentPay);
- A link to London Economics' *Understanding the funding shortfall in sixth form education* (Oct. 2018) at:
<https://londoneconomics.co.uk/blog/publication/understanding-funding-shortfall-sixth-form-education-october-2018/>

Final matters

253.23 Any other business

It was noted that the Clerk would send information on Child Trusts Funds to the Vice-Principal.

Action: Clerk

253.24 Risk management – items identified at the meeting

It was noted that the fire curtain had been removed from the risk register, following replacement, but would be re-instated following the issues discussed earlier on the agenda.

Action: TW

253.25 Date of next meeting

It was noted that the Committee was next due to meet on Tues. 4 Dec. 2018 at 4.30pm.

Fiona Bagchi
Clerk to the Corporation



**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF SPECIAL MEETING 254 HELD ON 14 NOVEMBER 2018**

- Present:** John Wilson (Chair), Paul Britton (Principal), Jackie Goodman (Committee member), Phil Taylor (Vice-Chair, who joined the meeting by telephone)
- Clerk:** Fiona Bagchi was unable to attend the meeting but was available by telephone to offer advice
- In attendance:** Jenny Anderson (HR Manager)

254.1 Apologies for absence

Apologies were received from Mark Moore (Committee member) who had been unable to join the meeting by telephone, as planned, due to technical issues.

254.2 Declaration of interests

There were no declarations of interest.

Minutes of the previous matters

254.3 Minutes of the previous meeting

The Committee noted that as the meeting was a Special meeting, the minutes of the previous meeting were not due to be considered.

Financial Matters

254.4 Financial Regulations: HR matters

The Committee received a written report from the Clerk, noting that, under section 18.9 of the College's Financial Regulations:

- Severance payments to staff other than designated senior post-holders could be authorised by the Principal where proposed payments were within the budget allocated for the purpose by the Corporation and were either no more than the statutory maximum or up to the value of £10,000 including statutory payments and any enhancements;
- Any proposed severance payments to staff other than designated senior post-holders in excess of the statutory maximum or £10,000, if that was higher, required approval by the F&GP Committee.

[Confidential minute].

Final matters

254.5 Any other business

There was no other business not already on the agenda.

254.6 Risk management – items identified at the meeting

It was noted that risk arising from the matter considered at agenda item 254.4 had been outlined in the HR Manager's report.

254.7 Date of next meeting

It was noted that the Committee was next due to meet on Tues. 4 Dec. 2018 at 4.30pm.

Fiona Bagchi
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF MEETING 255 HELD ON 4 DECEMBER 2018**

- Present:** John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member), Phil Taylor (Vice-Chair)
- Clerk:** Fiona Bagchi
- In attendance:** Bill Jackson (Director of Network & Information Services), Julie Peaks (Vice-Principal), Tony Wilmot (Director of Finance)

255.1 Apologies for absence

There were no apologies for absence.

255.2 Declaration of interests

There were no declarations of interests.

Minutes & matters arising

255.3 Minutes of meeting 253 held on 6 Nov. 2018, incl. the confidential minutes

The Committee received the above unconfirmed minutes and agreed that formal approval should be considered at the Committee's Jan. 2019 meeting, following amendment of minor typographical errors, with a report from the Clerk on actions arising from the minutes to be considered at the current meeting.

Action: Clerk

255.4 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 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 the action).

The following report was received from the Clerk.

- 1 The Committee noted that the Corporation had agreed to delegate approval of the Bursary Fund & Further Education Free Meals policy statement 2019-20 to the F&GP Committee. A draft policy would be presented to the Committee for approval during spring term 2019 (254.4).
Action: Clerk/CH
- 2 Specified confidential minutes produced during 2017/18 had been released from confidentiality, as agreed (254.5).
- 3 The review of the fire curtain by the installers had taken place after the Nov. 2018 Open Day, as agreed (254.6).
- 4 The College's revised Data Protection, Freedom of Information (FOI), Publication Scheme & Environmental Regulations Charging Policy would be recommended to the Dec. 2018 Corporation meeting for approval (254.9).

Action: Chair

5 It was noted that it had been agreed that from 2018/19 the target for dispatch of the PDF of the meeting papers should be sent out 4 days before the meeting and individual papers e-mailed to members as received (254.18).

Action: Clerk

6 The final version of the 2017/18 questionnaire on financial management and risk effectiveness questionnaire had been amended, as agreed (254.19).

7 The Clerk would present the final, amended version of the 2017/18 LSIS questionnaire on financial management and risk to the Chair of the F&GP Committee for signing (254.19).

Action: Clerk

8 Proposed revisions to the Committee's standing agenda item list would be recommended to the Corporation at the annual review of committee standing agenda item lists in Sept. 2019 (254.20).

Action: Clerk/Chair

9 The Clerk had sent information on Child Trusts Funds to Julie Peaks (Vice-Principal) following the F&GP Committee meeting on 6 Nov. 2018 (254.23).

255.5 Minutes of Special meeting 254 held on 14 Nov. 2018, incl. the confidential minutes
255.6 Matters arising from the above minutes and actions

It was agreed that agenda items 255.5 and 255.6 should be considered later on the agenda.

Student numbers & funding

255.7 Student numbers & funding report

The Director of Network & Information Systems (NIS), Bill Jackson, presented the Dec. 2018 student numbers and funding report, which was considered.

Members noted that:

- The College's first Individualised Learner Record (ILR) return of 2018/19 (i.e. return F04) was due to be submitted to the Education & Skills Funding Agency (ESFA) shortly and would form the baseline for the lagged number calculation for the College's funding of the 2019/20 academic year;
- *[confidential minute]*;
- Almost all of the College's students were on full-time 540 hour programmes (or 450 hour programmes for 18 year old students);
- The number of Education Budget learners was expected to be lower than the College's very modest Adult Education Budget allocation for 2018/19.

The Committee considered the analysis of enrolled students on-programme in Nov. 2018, noting that percentages for 2018/19 (i.e. for students overall, First Year, Second Year and Single Year students) were slightly above the figures for Nov. 2017, noting, however, that it was too early in the academic year to discern a trend. It was noted in discussion that the outcome of actions to improve retention which had been taken in 2018/19 would not be fully apparent before 2019/20.

The Director of Finance reported that the increase in student numbers in 2018/19, improvements in relation to the retention factor, and the allocation of students to high-weighted provision should result in a significant increase in ESFA funding for 2019/20 but that it appeared likely that much of this additional income would need to be spent on expected increases in employer's contributions in relation to the Teachers' Pension

Scheme (TPS).

The Committee received the Dec. 2018 student numbers and funding report.

Health & Safety (H&S) & property matters

255.8 H&S Committee report

The Committee noted that, as the College's Health & Safety Committee had last met on 17 Oct. 2018 and the minutes of the meeting had been presented to the meeting of the F&GP Committee held on 6 Nov. 2018, there was no report to be received under this item.

Financial Matters

255.9 Management accounts, incl. KPIs & cashflow Oct. 2018

The Director of Finance, Tony Wilmot, presented the management accounts for Oct. 2018, which were considered.

Members noted that:

- The operating surplus for the 3 months ended Oct. 2018 was £4.1k compared to the budgeted surplus of £19.1k, which was an adverse variance of £15.0k;
- Trading income was £9.3k below budget e.g. due to lower than expected overseas student numbers, lower than budgeted catering income, lower than budgeted minibus pass sales (although this was a profiling issue);
- In addition, with reference to trading income, income of £10k had been recognised in the Oct. 2018 management accounts in respect of tuition fees for pupils from Trinity School who were being taught by the College;
- Education & Health Care Plan (EHCP) funding received from the local authority for the year would be £39 (budget: £30K);
- The College's use of the Schools Letting Service (SLS) to manage out-of-hours lets was continuing in 2018/19, with the level of income received continuing to be monitored;
- Income in respect of examination re-sits covered the costs incurred under the non-pay heading and music tuition and campus fees were both showing positive variances with a good level of recovery;
- With reference to non-pay expenditure, there had been an overall underspend of £18k compared to budget, with the most significant variances being College trips showing a positive variance matched by a negative variance on trip income, a positive variance on Marketing (due to a settlement being negotiated in relation to a liability to a former prospectus and website provider), premises costs being above budget by £11k (due to lift repairs and work on wiring in the courtyard);
- Total pay costs were over budget by £17k (i.e. a negative variance of 1.2%), mainly due to an overspend on teaching staff of £19k e.g. due to new staff starting at the end of Aug. 2018 rather than in Sept. 2018, as assumed in the budget;
- Agency staff costs had been taken out of pay costs and put into recruitment costs;
- The College's senior management team (SMT) would ensure that, where opportunities arose during the year, action would be taken to bring total pay costs back into line with the original budget;
- Provision had been made for a 2% staff pay award from Sept 2018;
- ESFA recurrent income, discretionary learner support funds and free meals funding were all in line with the budget with the exception of the amount for capital grants released, which was £3k higher than budgeted due to receipt of the 2017/18 Developed Capital Funding (DFC) grant;
- With reference to the Balance Sheet and fixed assets, it was noted that current year additions were more than offset by depreciation for the year.

The Committee considered the report on financial key performance indicators (KPIs) and discussed the College's health rating in detail, noting that:

- As part of the completion the College's annual Financial Record Return for the

ESFA, the Director of Finance had identified an error in the formula for the calculation of the EBITDA (Earnings before the deduction of interest, taxes, depreciation and amortisation) ratio in the management accounts which considered the net surplus as adjusted for depreciation, interest and grants as a percentage of income as adjusted for grants i.e. in the management accounts the ratio had been calculated in terms of 'funding' income rather than 'total' income';

- The formula had now been amended in the management accounts;
- Amendment to the formula had not changed the College's self-assessed health rating of Satisfactory for 2018/19 but had resulted in the College's self-assessed health rating of Good for 2017/18 stated in the College's 3-year financial plan being downgraded to Satisfactory;
- The fall in the College's financial health rating for 2017/18 was mainly due to the high level of site works undertaken at the end of 2017/18, with the 3-year plan approved by Corporation having been based on decisions made up to the end of May 2018 and the site works approved after that date;
- The Director of Finance had explained the situation to the ESFA;
- The College's self-assessed health rating for 2019/20 was Good.

Members considered the cashflow forecast for the 13 month's period from Oct. 2018 to Nov. 2019, noting that: as usual, total cash balances reached their lowest point in Mar.; while there was no immediate concern in terms of liquidity to meet commitments, this would be a key factor in 2018/19 and beyond when considering any major investment requirements. With reference to cashflow report, members' queried the fact that creditors were shown as £440k in Mar. 2019 and £49K in Apr. 2019 and it was agreed that the Director of Finance would review this.

Action: TW

Members noted that: the capital report showed £91k of current year additions, both invoiced and committed, mainly in the area of IT spend; of the current year additions £15k has been funded from the 2017/18 DCF grant which had been received in late July 2018; the approved revenue funded capital spend budget for 2018/19 was £100k and, including the unused 2017/18 grant and additions to date, there remained £24k not yet committed; an invoice for the Cascade HR system had recently been received.

The Committee received the management accounts for Oct. 2018, noting that the operating surplus for the 3 months ended Oct. 2018 was £4.1k compared to the budgeted surplus of £19.1k.

255.10 Report on covenants relating to bank loans

The Director of Finance presented the Oct. 2018 report on covenants relating to bank loans with Barclays and Lloyds banks. Members noted that, once the College's financial statements for the financial year ended 31 July 2018 had been approved and signed, Barclays would confirm whether the covenants for the financial year to July 2018 had been met.

The Committee noted that the Oct. 2018 covenant report noted that in all instances the ratios on covenants relating to bank loans with Barclays and Lloyds banks had been met.

255.11 Draft annual report & financial statements for y.e. 31.7.18

The Director of Finance presented the College's annual report and financial statements for the financial year ended 31.7.18, which were considered.

Members noted that:

- The College had declared an operating surplus of £140,000 (2016/17 surplus £334,000) after charging depreciation of £777,000 (2016/17: £741,000);
- The annual report and financial statements had been considered by the Audit Committee on 3 Dec. 2018 to inform the Audit 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 Dec. 2018 Audit Committee meeting had agreed that a number of minor typographical amendments should be made to the report and financial statements before the final draft was presented to the Corporation.

The Committee agreed that the reference on page 4 of the annual report should state that there were 5 colleges in the Venn Partnership.

Action: TW

The Director of Finance reported that, following the completion of the audit of the financial statements for the year ended 31st July 2018, there had been no adjustments to the results as presented to Corporation in Sept. 2018 other than adjustments in respect of movement in Local Government Pension Scheme (LGPS) pension deficit.

The Committee agreed that a reconciliation of July 2018 management account to the audited financial statements for the year ended 31 July 2018 should be presented to the Dec. 2018 Corporation meeting.

Action: TW

The Committee agreed to recommend to the Corporation for approval the College's annual report and financial statements for the financial year ended. 31.7.18, with the version of the draft to be presented to the Corporation to include the minor typographical amendments agreed at the Dec. 2018 Audit Committee and F&GP Committee meetings, together with the amendment noted at minute 255.12 below.

Action: TW/Chair

255.12 2017/18 financial KPIs & objectives (included at page 2 to the financial statements)

The Committee considered the report on the College's financial KPIs and objectives at page 2 of the College's annual report, noting that as discussed at agenda item 255.10 above, the College's financial health rating for 2017/18 would be shown as Satisfactory rather than Good in the amended draft of the annual report & financial statements to be presented to the Corporation for approval.

255.13 College accounting policies (included at Note 1 to the financial statements)

The Director of Finance reported that the accounting policies included at Note 1 to the financial statements were unchanged from previous years and were considered appropriate by the College's external auditors, RSM UK Audit LLP. Members noted in discussion that the College currently depreciated IT equipment over 4 years but that the Director of Finance would consider whether this should be over 5 or 6 years in the future.

The Committee approved the accounting policies included at Note 1 to the financial statements for recommendation to the Corporation when recommending the College's annual report & financial statements for the year ended 31.7.18.

Action: Chair

255.14 RSM financial statements Audit Findings Report for y.e. 31.7.18

The Director of Finance reported that the Audit Committee meeting held on 3 Dec. 2018 had considered the audit findings report from financial statements auditors and regularity reporting accountant, RSM UK Audit LLP, noting that the auditors anticipated issuing an unqualified audit opinion.

[Confidential minute].

The Committee noted that Appendix B to the report included a useful summary of emerging issues relevant to the sixth form college sector.

The Committee received, for information, the financial statements Audit Findings

Report for the year ended 31.7.18 which had been produced by the College's external auditors, RSM UK Audit LLP, had been discussed at the Audit Committee meeting held on 3 Dec. 2018, and would be presented to the Dec. 2018 Corporation meeting before submission to the ESFA.

255.15 Recommendations on tenders &/or notification of forthcoming tenders

The Committee noted that a report on tenders requiring F&GP Committee approval, under the College's Financial Regulations and Tendering Contracts Procedures, was a standing agenda item for each meeting of the F&GP Committee i.e. a report would be made where tenders had a proposed contract value of £25,001 (excl. VAT) or above.

The Director of Finance reported and the Committee noted that there were no tenders to be presented to the F&GP Committee for approval at its Dec. 2018 meeting.

255.16 Student Association Accounts for y.e. 31.7.18

The Director of Finance reported that the Student Association Accounts for the year ended 31.7.18 were being finalised by the Student Association Executive Treasurer. It was noted in discussion that the College's finance department would provide training for the current Student Association Executive Treasurer to allow for a smooth handover to the new Student Association Executive Treasurer for 2019/20.

The Committee noted that the Student Association Accounts for the year ended 31.7.18 would be presented to the Dec. 2018 Corporation meeting for approval.

Action: Clerk

Governance & Committee matters

255.17 Eversheds' Governance Plus subscription 2018/19

It was noted that:

- Under the Committee's standing agenda item list, the Clerk presented details of the Corporation's subscription to Eversheds Sutherland's *Governance Plus* service to the F&GP Committee for consideration where the fee for annual renewal had increased by more than 10%;
- The service provided the Clerk with an annotated version of the *Instrument and Articles of Government* detailing Eversheds' advice on their interpretation, implementation and best practice, access to a governance helpline and to a subscribers' dedicated Extranet (including access to Eversheds Sutherland's model policies and procedures and governance briefings), notification of relevant training and e-briefings and access to Eversheds Sutherland's webinars on governance topics.

The Committee noted that the cost of Eversheds Sutherlands' Governance Plus subscription had been £512 (incl. VAT) in 2017/18 (i.e. unchanged from 2016/17), with the cost of the 2018/19 Governance Plus subscription being £552 (incl. VAT) i.e. an increase of just under 8%.

Student residential & overseas visits

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

The Vice-Principal, Julie Peaks, presented the Dec. 2018 report on residential/out of hours visits, including overseas visits, which was considered.

Members noted that:

- There had been 27 trips visits year to date;
- There were 36 places available on the July 2019 Thailand visit, which included teaching English to Thai children, with 34 applications to date;
- The July 2020 Kilimanjaro visit was recruiting well;
- A joint Wyke Sixth Form College and Scarborough Sixth Form College visit to Rome for Religious Studies students had been arranged for Mar. 2018, which

would be the first joint visit including students from 2 of the Venn Partnership colleges;

- Good feedback had been received from parents on visits undertaken e.g. the Battlefields visit;
- The Vice-Principal would discuss with the Director of Finance and the Premises Manager how procedures could be improved further.

The Committee received the Dec. 2018 report on residential/out of hours visits.

Strategic matters

255.19 Report on strategic matters, incl. property strategy & Venn Partnership matters

The Principal gave a verbal report on strategic matters, including a report on the College's property strategy and on Venn Partnership matters.

Members noted that:

- The College's SMT had received, at a meeting held earlier on 4 Dec. 2018, a space utilisation survey, compiled using both the College's own system and the previous funding agency's system;
- Some rooms where further use/variation of use was possible had been identified, together with some areas for investment should finances permit.

It was noted in response to members' questions that when considering the space utilisation survey, consideration would be given to both study and social spaces.

The Committee received a report on recent and forthcoming Venn Partnership meetings [*confidential minute*].

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

Documents from outside bodies

255.20 Documents from the ESFA, SFCA, DfE & other outside bodies

It was noted that there were no documents or links to be received under this item.

Appendix A

255.21 *It was noted that agenda items: 3-6 (minutes), 7 (student numbers report), and 15 (tender report); 16 (Student Association accounts) has been considered earlier on the agenda.*

255.5 Minutes of Special meeting 254 held on 14 Nov. 2018, incl. the confidential minutes It was agreed that the above agenda item should be considered at this point on the agenda.

The minutes of Special meeting 254 held on 14 Nov. 2018, including the confidential minutes, were approved.

255.6 Matters arising from the above minutes and actions

The Committee noted a positive outcome to the action arising from the above meeting.

Final matters

255.22 Any other business

There was no other business not already on the agenda.

255.23 Risk management – items identified at the meeting

The following risks had been noted at the meeting:

- ***A risk that most of the increased funding for 2019/20 under the ESFA's lagged funding system, which reflected increased student numbers in 2018/19, might need to be used to pay for increased employer's contributions under the Teachers' Pension Scheme (TPS);***
- ***A risk that the Government's 2019 Comprehensive Spending Review might not result in increased funding for sixth form colleges.***

255.24 Date of next meeting

It was noted that the Committee was next due to meet on Tues. 29 Jan. 2019 at 4.30pm.

Action: Clerk

Fiona Bagchi
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF MEETING 256 HELD ON 26 FEBRUARY 2019**

Present: John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member), Phil Taylor (Vice-Chair)

Clerk: Fiona Bagchi

In attendance: Bill Jackson (Director of Network & Information Services), Tony Wilmot (Director of Finance), Alan Woodcock (Premises Manager)

256.1 Apologies for absence

No apologies were received from Committee members. Apologies were received, Julie Peaks, Deputy Principal.

256.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

256.3 Amended minutes of meeting 253 held on 6 Nov. 2018, incl. the confidential minutes, & action table

(i) Minutes of meeting 253 held on 6 Nov. 2018, incl. the confidential minutes

The amended minutes of meeting 253 held on 6 Nov. 2018, including the confidential minutes, were approved.

Action: Clerk

(ii) Actions and matters arising from the above minutes

The Committee noted that incomplete actions arising from the minutes of meeting 253 held on 6 Nov. 2018 had been included in the action table attached to the minutes of meeting 255, agreeing that they should be considered at agenda item 256.4 below.

It was noted that the minutes of Special meeting 254 held on 14 Nov. 2018, including the confidential minutes, had been approved at meeting 255 held on 4 Dec. 2018, with the Committee having noted that the action arising from the meeting had been completed.

256.4 Minutes of meeting 255 held on 4 Dec. 2018, incl. the confidential minutes, & action table

(i) Minutes of meeting 255 held on 4 Dec. 2018, incl. the confidential minutes

The minutes of meeting 255 held on 4 Dec. 2018, including the confidential minutes, were approved.

(ii) Actions and matters arising from the above minutes

Actions and matters arising, 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 the action).

- 1 As the Committee's Jan. 2019 Committee meeting had been cancelled to allow a Special Corporation meeting to be held, the amended minutes of 6 Nov. 2018 had been considered for approval earlier on the current agenda (255.3).
- 2 The Committee noted that the Corporation had agreed to delegate approval of the Bursary Fund & Further Education Free Meals policy statement 2019-20 to the F&GP Committee. A draft policy would be presented to the Committee for approval during spring term 2019 (255.4).
Action: Clerk/CH
- 3 It was noted that it had been agreed that from 2018/19 the target for dispatch of the PDF of the meeting papers should be sent out 4 days before the meeting and individual papers e-mailed to members as received (255.4).
Action: Clerk
- 4 The final, amended version of the LSIS questionnaire on financial management & risk had been signed by the F&GP Committee, as agreed (255.4).
- 5 Further revisions to the Committee's standing agenda item list had been approved at the Dec. 2018 Corporation meeting, on the recommendation of the Committee, rather than being included in the annual Corporation review of committee standing agenda item lists in Sept. 2019. The Clerk reported that the action table attached to the Committee's Dec. 2018 minutes would be updated accordingly (255.4).
Action: Clerk
- 6 When the cashflow report in the management accounts had been considered at the Committee's Dec, 2018 meeting, members had queried why creditors had been shown as £440k in Mar. 2019 and £49K in Apr. 2019 and it had been agreed that the Director of Finance, Tony Wilmot, would review this. The Director of Finance reported that he had reviewed creditors in Mar. and Apr. over the previous 3 years and the higher Mar. figure related to the timing of examination fee payments (255.9).
- 7 Minor amendment had been made to page 4 of the College's annual report for the y.e. 31.8.18 concerning the Venn Partnership, as agreed, before the final version of the draft annual report and financial statements for the financial year ended. 31.7.18 had been presented to the Corporation in Dec. 2018 (255.11).
- 8 A reconciliation of the July 2018 management accounts to the audited financial statements for the year ended 31 July 2018 had been presented to the Dec. 2018 Corporation meeting, as agreed (255.11).
- 9 Minor typographical amendments identified by the F&GP Committee and the Audit Committee had been made to the College's annual report and financial statements for the financial year ended. 31.7.18 before they were presented to the Dec. 2018 Corporation meeting. The College's annual report and financial statements for the financial year ended. 31.7.18 had been approved at the Dec. 2019 Corporation meeting on the recommendation of the F&GP Committee (255.11).

- 10 The accounting policies included at Note 1 to the financial statements had been recommended to the Corporation when recommending the College's annual report & financial statements for the year ended 31.7.18 i.e. at the Corporation's Dec. 2018 meeting (255.13).
- 11 The Student Association Accounts for the year ended 31.7.18 had been presented to the Dec. 2018 Corporation meeting and had been approved (255.16)
- 12 Following consultation, the Jan. 2019 meeting of the F&GP Committee had been cancelled to allow a Special Corporation meeting to be held on that date (255.24).

Student numbers & funding

256.5 Student numbers & funding report

The Director of Network & Information Systems (NIS), Bill Jackson, presented the Feb. 2019 student numbers and funding report, which was considered.

Members noted that:

- The Feb. 2019 Individualised Learner Record (ILR R06) had been sent to the Education & Skills Funding Agency (ESFA);
- *[confidential minute]*.

The Committee considered the retention tables showing percentage of enrolled students still on-programme compared with previous years, noting that 'retention' in this context referred to the retention of individual students rather than retention as used in Ofsted's Inspection Data Summary Reports (IDSR) which related to programmes.

Members noted that retention both from enrolment and from census date was showing a slight improvement with reference to all students *[confidential minute]*, First Year *[confidential minute]*, Second Year *[confidential minute]*, and Single Year students *[confidential minute]*, noting that, while this reversed a 3-year declining trend, actions were being taken by the College to improve retention further.

The Committee considered and received the College's Feb. 2019 student numbers and funding report.

Health & Safety (H&S) & property matters

256.6 H&S Committee report

The Premises Manager, Alan Woodcock, presented the minutes of the College's Jan. 2019 H&S Committee meeting, which were considered.

The Committee noted that no RIDDOR accidents had been recorded in the accident book since the last meeting of the H&S Committee in Oct. 2018.

Members discussed in detail the issue of the continuing need for further fully qualified first aiders available during the normal College day, which had been discussed at the H&S Committee meeting, with the Premises Manager agreeing to send an email to staff requesting volunteers.

It was noted in response to members' questions that:

- A College recruitment campaign to address the need for further first aiders had been carried out, as previously reported to the Committee, but more first aiders were needed;
- Current first aiders were support staff (i.e. teaching staff and students were not used as first aiders), with first aiders having access to staff and student medical details held by the College;

- Health & safety law required the number of first aiders to relate to overall staff numbers and, while there was not a similar legal requirement in relation to student numbers, the College's safeguarding duty and general duty of care to students meant that both staff and student numbers were taken into account by the College when deciding how many first aiders the College required;
- The College was seeking 8 first aiders overall;
- A first aider was now required to be present on each College trip;
- With reference to minor sporting injuries, all PE staff did a short first aid course, with the length of the course taken by full first-aiders being 3-days;
- The need for further first aiders would be considered by the College's senior management team;
- A paper had recently been circulated which looked at other colleges' practice e.g. placing a requirement to be a first aider in job descriptions, paying first aiders.

It was noted in response to the report on Epipen training in the H&S Committee minutes and F&GP Committee members' questions about recent media reports concerning severe allergic reactions and the efficacy of short Epipen needles, that: students provided their own Epipens, which had needles of standard NHS issue length, for use by the College.

The Committee considered and received the College Health & Safety Committee minutes of 16 Jan. 2019.

256.7 Property strategy - verbal report

Alan Woodcock gave a verbal report on proposals for summer works which had been considered at the senior management team (SMT) meeting on 19 Feb. 2019.

[Confidential minute].

The Committee received a verbal update on the development of the College's property strategy.

(Bill Jackson and Alan Woodcock left the meeting).

Financial Matters

256.8 Management accounts, incl. KPIs & cashflow

The Director of Finance, Tony Wilmot, presented the management accounts for Jan. 2019, including the financial key performance indicators (KPIs), which were considered.

Members noted that:

- The surplus for the 6 months ended Jan. 2019 was £22.2k compared with a budgeted surplus of £36.5k i.e. an adverse variance of £14.3k;
- The net surplus for the month of Jan. 2019 was £9.6k compared to a budget surplus of £6.2k;
- At the end of Jan. 2019, trading income was below budget by £9k;
- As previously noted, catering income and income from overseas student fees was below budget but this was partly offset by unbudgeted income in respect of tuition fees for pupils from Trinity School who were being taught in part by the College and additional Education & Health Care Plan (EHCP) funding received from the local authority;
- Income from the College's participation in the Basic Maths pilot project was expected to be above budget as the amount forecast in the budget had been based on 80 students at £500 per student and the College had around 90 students taking part in the pilot;
- Catering income for Jan. 2019 was under budget by £4k (year to date: £27k, with direct costs being under budget by £13k year to date and a positive variance on pay costs of £8k);
- Music tuition and campus fees were showing positive variances with a high

level of recovery and cash being received earlier than anticipated in the budgets.

It was noted in response to members' questions concerning the Basic Maths pilot that:

- The project aimed to improve the outcomes of students with a GCSE Maths grade of 3 or lower and was a randomised trial open to post-16 providers in selected areas;
- It was scheduled to run for 2 years from autumn 2018;
- The amount to be paid to the College as a result of their participation in the project was expected to be notified by the ESFA at the end of Feb. 2019 and to be paid in Mar. 2019;
- The College's learner voice response from students on the pilot had been positive.

Members discussed catering income in detail, noting actions taken to improve performance (e.g. staff restructuring, management and menu changes), noting that student feedback had been positive. The College would continue to keep catering under review, noting that the Premises Manager was working with the Catering Supervisor with the aim of improving income.

(Phil Taylor left the meeting).

Members noted that:

- Non-pay expenditure for the 6 months to Jan. 2019 showed an underspend of £19k compared to budget;
- The most significant variances and explanations included in-month premises costs being above budget by £7k, which together with the high level of reactive repairs incurred in the previous months, had resulted in a negative year to date variance of £17k, with the in- month variance mainly due to high utility costs.

The Committee discussed in detail the issue of utility costs noting that the College was tied into an East Riding of Yorkshire Council consortium contract until 2020. It was noted that the Sixth Form College's Association (SFCA) was undertaking a survey of sixth form college utility costs and that the Director of Finance would raise the issue of utility costs at the Venn Group Finance Directors' meeting.

[Confidential minute].

Members noted that:

- Total pay costs to Jan. 2019 were over budget by £14k i.e. a negative variance of 0.5%;
- Provision had been made for a 2% all staff pay award from Sept. 2018;
- The budget had included a £20k holiday pay accrual but there could be a positive release at the financial year end;
- Funding from ESFA recurrent income, discretionary learner support funds and free meals funding were in line with the budget with the exception of the amount for capital grants released which were £5k higher than budgeted due to allocation of the 2017/18 Devolved Capital Funding;
- The College had received £146k under the Government's 'little extras' capital funding scheme on 1 Feb. 2019 and a paper outlining possible projects on which it might be spent would be taken to the College's senior management team for review *[confidential minute]*.

The Committee agreed to recommend to the Corporation that approval for decisions on the expenditure of the £146 'little extras' budget should be delegated to the F&GP Committee following approval by the College's SMT of relevant projects.

Action: Chair

Members reviewed the balance sheet, ratios and KPIs, noting that the College's financial

health grade was Satisfactory, and considered the 12-month cash flow. It was noted, with reference to the latter, that, as usual due to the ESFA grant payment profile, total cash balances would reach their lowest point in Mar., although balances had been boosted during the current year by the receipt of the additional 'little extras' capital funding of £146k.

The Committee noted the Director of Finance's report that, half way through the financial year, the challenge of meeting the target surplus of £116k was clear although noting also that, in certain areas, budget numbers had been set at prudent levels, particularly in terms of income lines, which would help in part to counter negative variances in other areas.

The Committee received the management accounts for Jan. 2019, noting that the surplus for the 6 months ended Jan. 2019 was £22.2k compared with a budgeted surplus of £36.5k.

256.9 Mid-year budget re-forecast

The Director of Finance, Tony Wilmot, presented the mid-year budget re-forecast, which was considered.

Members noted where outcomes in terms of income and expenditure were expected to vary significantly from the original budget figure, noting also variances at the half year which were expected to reverse over the final half of the year.

Members considered the variances detailed in the report [*confidential minute*].

The Committee received the mid-year budget re-forecast, agreeing that it should be presented to the Mar. 2019 Corporation meeting. Action: Chair

256.10 Report on compliance with bank loan covenants

It was noted that a report on bank covenants was considered at each Committee meeting.

The Director of Finance presented tables showing calculations in relation to the testing of the covenants in respect of the College's loans with Lloyds and Barclays, which were considered, with the Committee discussing in detail the Barclays debt servicing ratio.

[*Confidential minute*].

The Committee received the Director of Finance report on bank covenants, agreeing that the report should be presented to the Corporation, [confidential minute].

Action: Chair

256.11 Revised Financial Regulations

It was noted that, under its standing agenda item list, the Committee reviewed the College's Financial Regulations annually at its first spring term meeting, recommending any revisions to the Corporation for approval.

The Director of Finance reported that the College's current Financial Regulations had last been revised and approved by the Corporation on 22 May 2018 and presented minor updating amendments for review by the Committee.

The Committee completed its annual review of the College's Financial Regulations, agreeing minor updating amendments for recommendation to the Corporation.

Action: Chair

256.12 Recommendations on tenders as required under the Financial Regulations & procedures

The Committee noted that a report on tenders requiring F&GP Committee approval, under

the College's Financial Regulations and Tendering Contracts Procedures, was a standing agenda item for each meeting of the F&GP Committee i.e. a report would be made where tenders had a proposed contract value of £25,001 (excl. VAT) or above.

The Director of Finance reported and the Committee noted that there were no tenders to be presented to the F&GP Committee for approval at its Feb. 2019 meeting.

256.13 Recommendations on settlements as required under the Financial Regulations

The Committee noted that under section 18.9 of the College's Financial Regulations:

- Severance payments to staff other than designated senior post-holders could be authorised by the Principal where proposed payments were within the budget allocated for the purpose by the Corporation and were either no more than the statutory maximum or up to the value of £10,000 including statutory payments and any enhancements;
- Any proposed severance payments to staff other than designated senior post-holders in excess of the statutory maximum or £10,000, if that was higher, required approval by the F&GP Committee.

The Committee noted that the College's HR Manager had confirmed that there were no recommendations on settlement payments to be presented to the F&GP Committee for approval at its Feb. 2019 meeting.

256.14 Annual compliance report on VAT regulations & non-charitable/ business use relating to the Oak/Ash/Elm buildings

The Clerk reported that, under its standing agenda item list, the F&GP Committee received an annual compliance report on VAT regulations & non-charitable/business use relating to the Oak/Ash/Elm buildings e.g. use by adult students, overseas students and commercial/community lettings.

Members noted that:

- The College had claimed a VAT exemption when it built each of its 4 buildings (i.e. Wilson, Ash, Oak & Elm) which had the effect of making them 'zero rated';
- HMRC had specified that a new building may only be zero-rated if it is used exclusively for charitable purposes, with the charitable purpose of a statutory sixth form college corporation being the education of students aged under 19;
- Statutory rules, however, allowed the definition of 'exclusive' to be relaxed to 95% charitable use, enabling colleges 5% non-charitable/business use, including using the buildings for adult education, the education of overseas students, and/or community/commercial lettings or any combination of these;
- The above restriction lasted for 10 years from completion of the building;
- The above rules no longer applied to the Wilson building, which had been completed in 2005 but applied during all or part of the 2018/19 financial year to the Ash Building (completed Apr. 2008), the Oak Building (completed Sept. 2010) and the Elm Building (completed Jan. 2014);
- Tax advice received from Baker Tilly (now RSM) in May 2015 had stated that ' . . . the rules for calculating the 5% business use are not specified in the law, and each Charity is entitled to calculate the business use on a "fair and reasonable" basis' e.g. on income, hours used, or headcount;
- The College calculated usage on an income basis.

The Committee received, for information, a briefing on the outcome of a 2016 Upper Tribunal case which found that the sporting services supplied by 2 subsidiaries of St Andrew's College, Bradfield, a charity, did not qualify for VAT exemption as their constitutions did not contain any prohibition on the distribution of profits.

The Director of Finance confirmed that, calculated on an income basis, the non-

charitable/ business use of the Ash, Oak and Elm buildings in 2017/18 (i.e. use by adult and overseas fee-paying students and/or commercial/community lettings) did not breach HMRC's rules on the zero-rating of the buildings for VAT.

Student residential & overseas visits

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

The Principal presented the updated educational visits table for Feb. 2019, which provided information on overseas and residential visits, in addition to day trips.

It was noted in response to members' questions that:

- There had been a cross-College skiing trip to Poland in Jan. 2019 but the planned Flyers' visit to Poland, which had originally been scheduled for early May 2019, was being reviewed as the proposed date now clashed with the revised date for end of year examinations;
- Many of the visits had been arranged for just before the Feb. 2019 half-term break;
- A joint visit to Rome for Religious Studies students from Wyke and Scarborough sixth form colleges was planned for Mar. 2019 and would be the first Venn Group joint trip;
- Payments for trips were made using ParentPay;
- The deadline for deposits for overseas visits to be paid were set to ensure that the College received payments in time for payment for flights and other costs to be made.

The Committee received the updated educational visits report for Feb. 2019, thanking the College's finance department for helping staff with the financial aspects of College visits.

Strategic matters

256.16 Report on strategic matters, incl. Venn Group matters

The Principal gave a verbal report on strategic matters, which was considered.

Members noted that a Venn Group Chairs & Principals meeting had been held on 6 Feb. 2019 [*confidential minute*].

It was noted that the Chair and Vice-Chair of the Corporation would meet with the Principal to follow up issues arising from the Corporation's Jan. 2019 strategic planning event, with a report to be presented to the Mar. 2019 Corporation meeting.

Action: Chair & Vice-Chair of Corp./PAB

The Committee received an update on strategic matters.

Annex A: Documents/links from outside bodies

256.17 Documents/links from the ESFA, SFCA, DfE & other outside bodies

The following document/links from outside bodies were received for information:

- Education & Skills Funding Agency (ESFA) funding letter (Letter dated 12 Dec. 2019 on funding for 2019/20 for students aged over 16);
- Department for Education (DfE) insolvency regime guidance (Guidance in Jan. 2019 on the new insolvency regime for sixth form colleges, including technical guidance and general guidance on how to reduce the risk of insolvency through good financial management: <https://www.gov.uk/government/publications/further-education-bodies-insolvency-guidance>);
- Extracts from SFCA Updates, 23 Jan. & 7 Feb. 2019 (e.g. extracts on pay negotiations, Ofsted's proposed new inspection regime, government policy on the establishment of 16-19 free schools, notification of the SFCA finance & funding conference and gender & equality seminars to be held in Mar. 2019).

The Committee noted that the DfE's insolvency regime guidance would also be presented to the Mar. 2019 Corporation meeting.

Action: Clerk

Final matters

256.18 Any other business

It was noted that there were no items of business not already on the agenda.

256.19 Risk management – items identified at the meeting
[Confidential minute].

It was noted that no new items of risk had been identified at the meeting.

256.20 Date of next meeting

It was noted that the Committee was next scheduled to meet on Tues. 2 Apr. 2019 at 4.30pm.

Phil Taylor gave his apologies for the above meeting.

Action: Clerk

Fiona Bagchi
Clerk to the Corporation



**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION
MINUTES OF MEETING 257 HELD ON TUESDAY 2 APRIL 2019**

- Present:** John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member)
- Clerk:** Fiona Bagchi
- In attendance:** Chris Herring (Assistant Principal), Bill Jackson (Director of Network & Information Services), Julie Peaks (Deputy Principal), Tony Wilmot (Director of Finance), Alan Woodcock (Premises Manager)

257.1 Apologies for absence

Apologies were received from Committee member, Phil Taylor.

257.2 Declaration of interests

There were no declarations of interest.

Financial Matters - Part I

257.16 Bursary Fund & FE Free Meals policy statement 2019/20

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

Chris Herring, Assistant Principal, reported that the College's Registrar, Alex Eslor, had revised the College's Bursary Fund & Further Education Free Meals policy statement for 2019/20. Members considered the revised policy statement, noting that the proposed revisions were mainly minor updating changes.

The Committee noted that three types of award were available under the bursary scheme i.e. vulnerable bursaries, discretionary bursaries, Further Education (FE) Free Meals fund awards. Members noted that students in receipt of a Discretionary Award could claim either annual travel costs or meal costs of a minimum of £3 a day for the full academic year. It was noted that, for students living in the Hull 50p travel zone, it could be more financially beneficial to claim a meal allowance dependent on circumstances, and the College would bring this to applicants' attention. The revised policy made clear that financial support for trips and visits was only available where a visit was a curriculum requirement.

Chris Herring reported that the Registrar had attended an ESFA consultation event on proposed future changes to bursary funding. Members noted that the College would respond to the consultation but that it did not appear, on the information currently available, that proposed changes would significantly change the College's current allocation.

Members noted that the College had been allocated £250,000 in bursary funding for 2018/19 and had carried forward to 2018/19 around £50,000 in bursary funding from 2017/18. It was noted in response to members' questions that students did not always use their Free Meals allowance and, where this was the case, the unused funds were returned to the general bursary fund at the year end. The College would investigate why Free Meals allowances were not always fully used.

The Corporation approved, under delegated authority from the Corporation, the College's Bursary Fund & FE Free Meals policy statement 2019-20.

Minutes & matters arising

257.3 Minutes of meeting 256 held on 26 Feb. 2019, incl. the confidential minutes

The minutes of meeting 256 held on 26 Feb. 2019, including the confidential minutes, were approved.

257.4 Matters arising from the above minutes and actions

Actions and matters arising, 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 the action).

- 1 The minutes of 6 Nov. 2019 had been amended, as agreed, and had been approved at the Committee's Feb. 2019 meeting (256.3).
- 2 The Corporation had agreed to delegate approval of the Bursary Fund & Further Education Free Meals policy statement 2019/20 to the F&GP Committee. The College's draft policy statement for 2019/20 was on the agenda for consideration by the Committee (256.4).
- 3 It was noted that it had been agreed that from 2018/19 the target for dispatch of the PDF of the meeting papers should be sent out 4 days before the meeting and individual papers e-mailed to members as received (256.4).

Action: Clerk
- 4 The action table attached to the Dec. 2018 minutes has been amended to reflect the fact that additional amendments to the Committee's standing agenda item list had been approved by the Corporation at its Dec. 2018 meeting (256.4).
- 5 The Corporation had agreed at its Mar. 2019 meeting that approval for decisions on the expenditure of the £146k 'little extras' budget should be delegated to the F&GP Committee following approval by the College's senior management team (SMT) of relevant projects (256.8).
- 6 The mid-year budget re-forecast had been presented to the Mar. 2019 meeting of the Corporation (256.9).
- 7 The College's report on bank covenants, which had been considered at the Mar. 2019 Committee meeting, had been presented to the Mar. 2019 Corporation meeting, [*confidential minute*] (256.11).
- 8 The Mar. 2019 Corporation meeting had approved the revised Financial Regulations on the recommendation of the Committee (256.12).
- 9 The Chair and the Vice-Chair of the Corporation had met with the Principal to follow up issues arising from the Corporation's Jan. 2019 strategic planning event and a report had been presented to the Mar. 2019 Corporation meeting (256.16).
- 10 The DfE's insolvency regime guidance had been presented to the Mar. 2019 Corporation meeting, as agreed, for information (256.17).

- 11 Phil Taylor's apologies for the F&GP Committee meeting on 2 Apr. 2019 had been noted earlier on the agenda (256.20).

Financial Matters - Part II

257.12 Home tuition fees 2019/20

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

The Committee noted that:

- Under section 19 of the Articles of Government, the Corporation was responsible for setting the College's policy on tuition fees;
- Tuition fees for 'Overseas' students for 2019/20 had been approved at the Corporation's Sept. 2018 meeting, to meet overseas marketing requirements, and were unchanged from 2018/19;
- Tuition fees for 'Home' students were required to be set and applied with reference to ESFA guidance;
- Almost all of the College's Home students were eligible to have their fees fully funded by the ESFA and the College would therefore only occasionally (i.e. less than every year) enrol a 'Home' student who was liable to pay tuition fees.

The Director of Finance, Tony Wilmot, reported that Home student tuition fees had been considered at an SMT meeting on 26 March 2019, with it being agreed that: an inflationary increase in the order of 2% should be applied in most areas; the reference to 'Applied A – Level (6 units)' should be removed from the fees schedule as it was no longer offered; GCSE fees should be brought into line with A Level fees.

The Committee agreed to recommend proposed revised tuition fees for Home students for 2019/20 to the May 2019 Corporation meeting for approval.

Action: Chair

Student numbers & funding

257.5 Student numbers & funding report

The Director of Network & Information Systems (NIS), Bill Jackson, presented the Mar. 2019 student numbers and funding report, which was considered.

Members considered student numbers for 2018/19 based on an early R08 run, *[confidential minute]*.

The Committee considered the retention tables showing percentage of enrolled students still on-programme compared with previous years, noting that 'retention' in this context referred to the retention of individual students rather than retention as used in Ofsted's Inspection Data Summary Reports (IDSR) which related to programmes.

Members noted that retention both from enrolment and from census date was showing a slight improvement with reference to all students, First Year Second Year, and Single Year students, with the exception of Single Year students from census date which was slightly lower than in 2018.

The Committee noted that ESFA funding allocation figures for students aged 16-18 for 2019/20 had been received and, under the lagged funding system, reflected growth in

numbers in the F04 return for 2018/19. It was noted, however, that the College's ESFA Adult Education Budget (AEB) allocation for students aged 19+ for 2019/20 had been reduced, based on ILR R14 data for 2017/18 but that the 'illustrative continuing learners element' of the allocation would be revisited once the ESFA had received the College's R12 ILR in Aug. 2019.

[Confidential minute].

The Committee considered and received the College's Mar. 2019 student numbers and funding report.

Health & Safety (H&S) & property matters

257.6 H&S Committee report: H&S Committee minutes of 28.3.19

The Premises Manager, Alan Woodcock, presented the minutes of the College's H&S Committee meeting held on 28 Mar. 2019, which were considered.

Members noted that:

- Approximately 20 staff, including teaching and support staff, had offered to undertake first aid training;
- A new First Aid Policy would be written and a first aid rota drafted and agreed;
- *[confidential minute]*;
- The payment made to first aid staff had been increased and a requirement to undertake first aid training had been included in support staff contracts.

It was noted in response to members' questions concerning the issue of MDF dust resulting from sawing in the art workroom (which had been previously discussed) that: the sole member of staff concerned wore a face mask when undertaking this work; the College would review the cleaning regime and extraction and other options, including door seals and putting the art workshop under negative pressure to prevent dust entering the workshop from the workroom.

The Committee noted that:

- The College was considering how to improve the logging of PAT testing results e.g. the possibility of using bar-coding, organising a new inventory for the College;
 - The spring term Fire Drill was due to take place shortly;
 - The minutes noted that the Accident Book recorded 3 minor accidents.

The Committee considered and received the Mar. 2019 H&S Committee minutes.

257.7 Property strategy & capital funding

(i) Property strategy

Alan Woodcock gave a verbal report on proposals for summer works.

The Committee noted that planned summer works included the creation of space for the Foundation Art Diploma, *[confidential minute]*.

The Director of Finance reported that some of the proposed estate improvement works would be classified as revenue expenditure but that the creation of extra space for the Art department through the addition of an additional floor would be classified as capital expenditure.

The Committee received a verbal update on the development of the College's property strategy.

(ii) Additional capital funding

The Director of Finance, Tony Wilmot, presented the College's recommendation relating to £146k in additional 2018/19 ESFA grant funding allocation to be used for small capital projects i.e. the 'little extras' capital grant funding. Members noted that, in deciding when the above funds should be spent during the current year, consideration needed to be given to the effect on the banking covenants in place, particularly the Barclays debt servicing covenant and a paper on this would be considered later on the agenda.

Members noted that the College's SMT was recommending the following areas of expenditure, which were considered: minibus fleet replacement; IT projects; site works.

Members noted that the College was proposing a rolling plan of minibus replacements, including replacing a vehicle which had been written off following a recent accident. It was noted in response to members' questions concerning the latter that the third party's insurers had accepted liability; the intention was to replace existing minibuses with second-hand models; 2 suitable second-hand models had recently been identified costing in the region of £25k.

Members noted that proposed IT projects included:

- A server memory upgrade at a cost of £5k, noting that this was considered essential work and that it was proposed that it should be scheduled for Aug. 2019;
- The purchase of 50 tablets to facilitate the College's planned paperless interview and enrolment project at a cost of £5k and with tablet charging trolleys also required at a cost of £1,400, with the purchase of both taking place during the current financial year;
- A WiFi upgrade i.e. moving from the 2 systems currently used (Fortinet and Cisco) to Cisco, resulting in a single, unified wireless solution which would work seamlessly, be simpler to manage, more secure, and with better coverage/speed performance, to cope with ever-increasing wireless demands and number of devices, with cost estimated at around £20.2k and the work to be undertaken in the summer 2019 half term;
- The purchase of dedicated higher specification PCs for Engineering, Media and Film courses at a cost of £42k, with installation planned for the summer 2019 half term to allow use at Wyke Start.

Members noted that, with reference to the summer site works, previously discussed, the provision of additional teaching space in the Ash Building in relation to the introduction of Foundation Art would be classed as building improvements and therefore would be classed as capital, with the cost estimated to be in the region of £10.5k and the work planned for Aug. 2019; the purchase of bench seating and table tennis table for the central courtyard area was also proposed to provide additional spaces for students to socialise during non-teaching periods, with installation planned for the summer 2019.

Members noted that discussion had taken place with Barclays bank and an application made for a one-year loan covenant waiver in relation to the debt serving ratio. The Committee noted that, if approved, the waiver should ensure that a covenant breach did not take place but emphasised that the College should nevertheless monitor the amount and timing of approved capital expenditure carefully and consider reducing the cost or postponing relevant approved projects, as required, should there be any risk of a covenant breach.

The Committee approved the proposed capital expenditure on and timing of the projects proposed in the Director of Finance's paper, emphasising the need to ensure that expenditure did not breach bank covenants and noting that unspent funds would

be allocated against other small capital projects in 2019/20.

(Bill Jackson and Alan Woodcock left the meeting).

Financial Matters - Part III

257.8 Management accounts, incl. KPIs & cashflow

The Director of Finance presented the management accounts for the period ended 28 Feb. 2019, which were considered.

Members noted that:

- The operating surplus for the 7 months ended 28 Feb. 2019 was £40.3k compared with the budgeted surplus of £55.6k, an adverse variance of £15.3k (Jan. 2019: £14.3k);
- The net surplus for the month of February was £18.1k compared to a budget surplus of £19.1k.

Members considered significant variances, noting in particular that:

- Trading income remained below budget expectations by £19.0k (Jan. £9.0k);
- At the end of Feb. 2019, the catering department was showing a net contribution of £8k, although the net surplus was primarily due to savings in staffing costs;
- Non-pay expenditure for the seven months to Feb. 2019 showed an underspend of £7k (Jan. £19k) compared to budget, with reactive repairs and above budget utility costs being significant factors;
- Total pay costs for the six months to Jan. 2019 were over budget by £13k (Jan. £14k), with the main adverse variance relating, as previously noted, to the timing of new staff members beginning their contracts in late Aug. rather than from Sept. 2019;
- Provision had been made for a 2% all staff pay award from Sept. 2018, with the support staff pay award having been agreed nationally and payment authorised by the Chair of the Corporation and the teaching staff pay award still being negotiated nationally;
- ESFA recurrent income, discretionary learner support funds and free meals funding were all in line with the budget with the exception of the amount for capital grants released which was £5k higher than budgeted due to allocation of the 2017/18 Devolved Formula Capital (DFC) grant received which had not been included when setting the budget;
- The College had received notification that the amount receivable in respect of the Basic Maths Premium was £59k (a positive variance in the month as the budget had conservatively assumed £40k);
- The College has also received notification in Mar. 2019 of an additional £25k in bursary and free meals allocation, noting that this could either be spent or carried forward at the year end.

[Confidential minute].

Members reviewed the balance sheet, ratios and KPIs, noting that the College's financial health grade was Satisfactory, and considered the 12-month cash flow. It was noted, with reference to the latter, that, as usual due to the ESFA grant payment profile, total cash balances had reached their lowest annual point in Mar. *[Confidential minute].*

With reference to capital expenditure, it was noted that: the capital report showed £103k of current year additions, both invoiced and committed, mainly in the area of IT spend, with current year additions of £15k funded from the 2017/18 DFC grant received in July 2018 and with £12k remaining uncommitted; approval of projects relating to 'the little extras' capital

grant funding had been considered earlier on the agenda.

The Committee considered and received the management accounts for Feb. 2019, noting that meeting the target surplus of £116k for 2018/19 continued to be a significant challenge.

257.9 Report on compliance with bank loan covenants and recommendation on additional capital funding

(i) Report on compliance with bank loan covenants

It was noted that a report on bank covenants was considered at each Committee meeting.

The Director of Finance presented tables showing calculations in relation to the testing of the covenants in respect of the College's loans with Lloyds and Barclays, which were considered, with the Committee discussing in detail the Barclays debt servicing ratio.

Members noted that:

- Most covenant ratios had been met with the possible exception of the Barclays debt servicing ratio, which would be affected by the level of capital spend in the year;
- When the original budget was approved by the Corporation, capital expenditure had been restricted to £100k in order to manage the Barclays debt servicing ratio covenant in a year when net surpluses were expected to be low due to the lower level of core funding;
- As noted earlier on the agenda, the College had, however, received on 1 Feb. 2019 an additional £146k under the Government's 'little extras' capital funding scheme;
- The report assumed that £108k of these additional grants would be spent in year, in which case the Barclays debt servicing ratio would fall to 90% and the College would be in breach;
- Discussion had therefore taken place with Barclays, and an application made for a one-year waiver reducing the required ratio to 85%;
- Barclays had confirmed the approval of the waiver and the College was awaiting the legal paperwork to conclude this matter.

The Committee received the bank covenants report and agreed that a recommendation on approval of the Barclays loan covenants waiver letter should be made to the May 2019 Corporation meeting, unless Barclays required earlier approval in which case other options could be considered e.g. approval by written resolution sent by e-mail.

Action: TW/Clerk

(ii) Additional capital funding

It was noted that a paper from the Director of Finance on additional capital funding had been considered earlier on the agenda.

257.10 ESFA grant allocations for 2019/20

The Director of Finance presented the ESFA grant allocation for 2019/20 which was considered, noting that the total allocation was £8.6 million.

Members noted in discussion: that under the ESFA's lagged funding system, increased funding for 2019/20 reflected the effect of increased student numbers in 2018/19; the effect of the retention factor on overall funding and the need for further improvement in this area; additional funding received for Core Maths, Maths and Further Maths, noting additional work which might be done in this area.

The Committee received the 2019/20 ESFA funding allocation for information.

257.11 ESFA revised health category & finance dashboard/benchmarking report

The Committee noted that:

- The Education & Skills Funding Agency (ESFA) normally issued a letter annually confirming the College's health assessment category;
- The ESFA also issued an annual finance dashboard/benchmarking report to enable the College to review its performance against that of the sixth form college sector e.g. with reference to: the accuracy of the College's financial forecasting; the College's financial health category compared with those of all other sixth form colleges; reliance on income streams; solvency; profitability; borrowing;
- The Committee had considered, at its meeting on 6 Nov. 2018, a letter issued by the ESFA in Oct. 2018 which had confirmed the College's health assessment category for 2017/18 as Good, together with an ESFA finance dashboard/benchmarking report issued in Oct. 2018.

Members considered a letter from the ESFA dated 21 Mar. 2019 revising the College's financial health category and stating that:

- 'Following our review of the college's financial plan submitted in July 2018 we concluded that the college's financial health grade for 2017/18, based on the outturn forecast, was Good. Following a review of the college's audited financial statements and finance record, we have concluded that the appropriate assessment grade for 2017/18 is now Satisfactory'.

The Committee noted that the revised ESFA assessment was in line with the College's own revised assessment as notified to the ESFA and as stated in the College's approved financial statements.

The Committee also considered the revised finance dashboard/benchmarking report dated Mar. 2019, which reflected the College's revised 2017/18 financial health category. Members noted in discussion that the fact that sixth form college forecasts for 2019/20 showed no colleges in the Red (Inadequate) financial health assessment category appeared to reflect the expected outcome of recent and/or forthcoming mergers or academisation of sixth form colleges for financial reasons.

[Confidential minute].

The Committee considered and received the ESFA letter confirming the College's revised financial health assessment for 2017/18 and the ESFA's finance dashboard/benchmarking report (Mar. 2019) which reflected the revised 2017/18 financial health assessment, and agreed that they should be presented to the Corporation.

Action: Chair

257.12 Home tuition fees 2019/20

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

257.13 Recommendations on settlements as required under the Financial Regulations

The Committee noted that, under section 18.9 of the College's Financial Regulations 'Any proposed severance payments to staff other than designated senior post-holders in excess of the statutory maximum or £10,000, if that is higher, require approval by the Finance and General Purposes Committee'.

The Committee received a report from the College's HR Manager, Jenny Anderson, confirming that no recommendation on any proposed settlement agreement was due to be presented to the Apr. 2019 F&GP Committee meeting.

257.14 Recommendations on tenders as required under the Financial Regulations & procedures

The Committee noted that a report on tenders requiring F&GP Committee approval, under the College's Financial Regulations and Tendering Contracts Procedures, was a standing agenda item for each meeting of the F&GP Committee i.e. a report would be made where tenders had a proposed contract value of £25,001 (excl. VAT) or above.

The Director of Finance reported that:

- It was intended that a tender recommendation relating to the purchase of high specification PCs would be presented for approval at the F&GP Committee meeting to be held on Thurs. 9 May 2019 meeting to allow the PCs to be installed during the summer half term break i.e. during the week beginning 27 May 2019;
- As the total cost of the high specification PCs was expected to be less than £50k (excl. VAT), the tender opening ceremony would be attended by the Principal, the Director of Finance, and the budget-holder i.e. the Chair of the F&GP Committee would not be required to attend.

The Director of Finance reported and the Committee noted that there were no tenders to be presented to the F&GP Committee for approval at its Apr. 2019 meeting but that a tender recommendation would be presented to the Committee's May 2019 meeting.

Action: TW

257.15 Internal audit report on procurement, processing & staff expenses (Feb. 2019)

The Committee noted that:

- Under its standing agenda item list, the Audit Committee reviewed in detail internal audit reports arising from the annual internal audit plan;
- Reports on topics which were of interest to the F&GP Committee were presented to the F&GP Committee for information only;
- A report on *Procurement, purchasing & staff expenses* had been undertaken by the College's internal auditors, AuditOne, in Feb. 2019 as part of the 2018/19 internal audit plan and had been considered in detail by the Audit Committee at its meeting on 12 Mar. 2019, which had noted that the review had resulted in a grade of Good assurance, with Good assurance being the second highest grade on AuditOne's 4 grade scale of Substantial, Good, Reasonable, and Limited assurance;
- The report listed 6 recommendations arising from the review i.e. 3 recommendations graded Medium priority and 3 recommendations graded Low priority, with AuditOne using a 3 point scale of High, Medium, and Low priority.

The F&GP Committee noted, in particular, the sections of the report which detailed the F&GP's Committee's involvement in the process for approving tenders over £25,001 and also the recommendations relating to staff expenses claims. Members noted that all recommendations arising from the review had been accepted by management, with the management responses shown in the report indicating that all recommendations had been implemented, and that the implementation of auditors' recommendations was monitored through a rolling implementation plan which was considered at each Audit Committee meeting and with the internal auditors undertaking an annual Follow Up review of recommendations.

The Committee received, for information the internal audit report on procurement, processing & staff expenses (Feb. 2019).

257.16 Bursary Fund & FE Free Meals policy statement 2019-20

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

Student residential & overseas visits

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

Julie Peaks, Deputy Principal, reported that:

- 46 trips and visits, in the UK and abroad, had been arranged to date to take place during spring term 2019;
- The Religious Studies visit to Rome in Mar. 2019, which had included students from both Wyke Sixth Form College and Scarborough Sixth Form College, was the first joint trip undertaken by the Venn Group of colleges;
- Visits procedures were currently being reviewed with the finance department.

The Committee received a report on overseas, residential and other visits for Mar. 2019.

Strategic matters

257.18 Report on strategic matters, incl. Venn Group matters

The Principal gave a verbal report on strategic matters, which was considered.

[Confidential minute].

The Committee noted, with references to external partnerships, meetings of the Venn Group *[confidential minute]*.

Members discussed the risk arising from the government consultation announced on 19 Mar. 2019 on the proposed removal of funding for Level 3 applied general qualifications from Aug. 2020, noting that the College currently had 1,000 enrolments on BTEC applied general qualifications and noting also the high achievement rates for students taking these courses.

The Committee received an update on strategic matters.

Annex A

257.19 (i) Annex A: agenda items

It was noted that the following agenda items had been considered earlier on the agenda: item 5 (student numbers & funding report), item 6 (H&S Committee report), item 16 (Bursary Fund & FE Free Meals policy statement 2019-20).

(ii) Annex A: deferred items

It was noted that the following agenda item had been deferred to the Committee meeting to be held on 9 May 2019: Governance budget report.

Action: Clerk

Annex B: Documents/links from outside bodies

257.20 Documents/links from the ESFA, SFCA, DfE & other outside bodies

The following document/links from outside bodies were received for information:

- SFCA Updates of 1 Mar., 13 Mar., 25 Mar. 2019
- SFCA Raise the Rate funding impact report
- ESFA accounts direction 2018-19 at:

- <https://www.gov.uk/government/publications/college-accounts-direction>
DfE consultation on discretionary bursary fund at:
<https://www.gov.uk/government/consultations/16-to-19-discretionary-bursary-fund-allocation-methodology>

Final matters

257.21 Any other business

There was no other business not already on the agenda.

257.22 Risk management – items identified at the meeting

The following new risk identified at the meeting was noted: the government's consultation on the proposed removal of funding for Level 3 BTEC applied general qualifications from Aug. 2020.

Action: TW

257.23 Date of next meeting

It was noted that the Committee was next due to meet on Thurs. 9 May 2019 at 4.30pm.

Fiona Bagchi
Clerk to the Corporation.

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION
MINUTES OF MEETING 258, TUESDAY 9 MAY 2019**

- Present:** John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member), Phil Taylor (Vice-Chair)
- Clerk:** Fiona Bagchi
- In attendance:** Julie Peaks (Deputy Principal), Tony Wilmot (Director of Finance)

258.1 Apologies for absence

There were no apologies from F&GP Committee members.

Apologies were received from Bill Jackson (Director of Network & Information Services and Alan Woodcock (Premises Manager).

258.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

258.3 Minutes of meeting 257 held on 2 Apr. 2019, incl. the confidential minutes

The minutes of meeting 257 held on 2 Apr. 2019, incl. the confidential minutes, were approved.

258.4 Matters arising from the above minutes and actions

Actions and matters arising, 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 the action).

- 1 It was noted that it had been agreed that from 2018/19 the target for dispatch of the PDF of the meeting papers should be sent out 4 days before the meeting and individual papers e-mailed to members as received (256.4).

Action: Clerk

- 2 A recommendation on revised tuition fees for 2019/20 for Home students would be included on the Corporation's May 2019 agenda.

Action: Clerk

- 3 The covenant waiver letter would be included on the Corporation's May 2019 agenda.

Action: Clerk

- 4 The ESFA letter confirming the College's revised financial health assessment for 2017/18 and the revised dashboard/ benchmarking report would be included on the Corporation's May 2019 agenda.

- 5 A tender report and recommendation was on the agenda.
- 6 The Governance budget report was on the agenda.
- 7 With reference the potential risk arising from the government's consultation on the proposed removal of funding for Level 3 BTEC applied general qualifications from Aug. 2020, the College's full and strategic risk registers were monitored by the Audit Committee. It was noted that the College's updated strategic risk register was next due to be presented to the June 2019 Audit Committee.
- 8 *[Confidential minute]*.

Student numbers & funding

258.5 Student numbers & funding report

The Director of Finance presented the May 2019 student numbers and funding report, which was considered.

Members noted that:

- Funding numbers were based on an early ILR R09 run;
- *[Confidential minute]*.

The analysis of proportions of enrolled students still retained on programme were considered, with it being noted that retention in all categories represented in the report was showing an improvement on the previous year.

The Committee received the May 2019 student numbers and funding report.

Health & Safety (H&S) & property matters

258.6 H&S Committee report

The Committee noted that there were no H&S Committee minutes to receive. Tony Wilmot, the Director of Finance, reported that 21 staff had put their names forward to be first aiders, training was being sought and a rota being considered.

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

258.7 Property strategy - verbal report

The Director of Finance gave a report on the College's property strategy, noting that summer accommodation works were being considered with reference to the Foundation Art Diploma and that any tenders would be brought to the Committee for approval, as appropriate.

The Committee received a verbal report on the College's property strategy.

Financial Matters

258.8 Management accounts, incl. KPIs & cashflow

The Director of Finance presented the management accounts for the period ended 31 Mar. 2019, which were considered.

Members noted that:

- The operating surplus for the eight months ended March 2019 was £44.4k compared with the budgeted surplus of £67.0k, an adverse variance of £22.6k (February £15.3k);
- The net surplus for the month of March was £4.2k compared to a budget surplus of

£11.5k ;

- Catering performance continued to be closely monitored although as at March the department was showing a net contribution of £10k, although this was primarily due to savings in staffing costs;
- Trading income was below budget expectations by £24k (February £19k);
- It had been decided that lettings should return in-house from 2019/20;
- Music tuition and Campus Fees both showed positive variances with a high level of recovery;
- Non-pay expenditure for the eight months to March 2019 showed an underspend of £2k (February £7k) compared to budget, with the most significant variances and explanations being premises costs i.e. reactive and utility costs, as previously reported, with some long term maintenance work had been brought forward to March in preparation for the ESFA instigated Building Condition Survey;
- Staff spending year to date had been prudent as staff aimed to remain within their budgets;
- Total pay costs for the eight months to March 2019 were over budget by £5k (February £13k) but were expected to be close to budget at the financial year end;
- The agreed staff pay award for 2018/19 was within the 2% overall provision in their budgets for 2018/19;
- The ESFA recurrent income, discretionary learner support funds and free meals funding were all in line with the budget with the exception of the amount for capital grants released. which were £5k higher than budgeted;
- The College had received Basic Maths Premium funding of £59k, a positive variance against budget of £19k, which was not, however, shown in the management accounts for Mar. 2019;
- The College has been allocated additional bursary and free meals funding of £25k in Apr. 2019, although this did not impact net surplus as these funds would either be spent or carried forward at the year end;
- Mark Lucid had received some lottery funding which would appear in the April management accounts;
- On the March 2019 Balance Sheet, 'other debtors' showed an increase due to timing adjustments as regards aligning actual funding cash received with budget profiling;
- Bank and cash balances had decreased due to the fluctuating level of ESFA funding received and through to April funds had been drawn down from the College's investment account to manage cash flow from the main bank account;
- With reference to the report on key financial performance indicators and ratios, including the 3 key ratios that were utilised in the calculation of the College Financial Health rating, it was note that the College's Health rating of 'Satisfactory' was in line with expectations;
- With reference to the 13-month projected rolling cash flow forecast, in March 2019 and March 2020 total cash balances reached their lowest points, reflecting the College's funding profile, although current balances have been boosted by the receipt of the additional 'little extras' capital funding of £146k which had not been spent although the allocation of these funds had been approved;
- There was no immediate concern in terms of liquidity to meet commitments, however looking into 2019/20 and beyond remained be a key factor to consider when looking at any major investment proposals;
- The capital report showed £108k of current year additions, both invoiced and committed, mainly in the area of IT spend;
- With reference to capital expenditure, 2 minibuses had been purchased in April 2019 and future expenditure was planned to improve the e College's wifi and for the purchase of i-pads to facilitate paperless enrolments.

Members discussed whether bursary funding would be spent by the year end, given that the College had unspent and returned bursary funding (e.g. daily free meals allocation not spent and therefore returned) in addition to the addition £25k bursary and free meals

funding received. It was noted that unspent bursary funding could be carried forward to the next year but had to be spent within that year.

Members noted that actions taken to ensure unspent bursary funding was allocated to eligible students included increasing the meal allowance to £4 a day, which allowed bursary-holders to claim breakfast in addition to lunch. It was noted that help with curriculum trips was funded but funding for other trips was currently discretionary e.g. it might be funded if it was course-related.

It was noted in response to members' questions that: the College was permitted to purchase laptops and lend them to eligible students; the effect on retention of receiving a bursary had been reviewed in 2017/18 but had not shown a significant difference; paying students a cash sum could cause problems if the student subsequently left the institution; the Student Committee received an annual report on the bursary scheme; a recommendation on the 2019/20 bursary statement would be made to the May 2019 Corporation and if there were any further update on bursary expenditure, a report could be given at the meeting.

It was noted in response to members' questions in relation to the 2019/20 staff pay award, that, as some of the lower points had been deleted from the support staff pay spine in 2018/19, the SFCA was aiming to reach agreement on a revised support staff pay spine to be implemented from the start of the 2019/20 academic year.

The Committee noted that £19K in respect of additional Basic Maths Premium funding, which was not shown in the Mar. 2019 accounts, would appear in the Apr. 2019 accounts, which could potentially help to increase the year end surplus.

The Committee considered and received the management accounts for Mar. 2019, noting that at this stage in the year it was clear that the budget target would not be met, however, a modest surplus was still forecast.

258.9 Report on compliance with bank loan covenants and
258.10 Barclays covenant letter of variation for recommendation to the Corporation

It was noted that a report on bank covenants was considered at each Committee meeting. The Director of Finance presented tables showing calculations in relation to the testing of the covenants in respect of the College's loans with Lloyds and Barclays banks, reporting that:

- The current year ratios were based on the information in the monthly management accounts;
- In relation to the Barclays Debt Servicing Covenant some assumptions had been made in respect of projected balance sheet movements in debtors and creditors together with expectations on capital expenditure;
- The report showed that most covenant ratios had been met with the exception of the Barclays debt servicing ratio, which would be affected by the proposed level of capital spend in the year following receipt of the 'little extras' capital grant funding;
- Agreement had been reached with Barclays for a temporary one-year waiver with the new ratio limit set at 85%.

[Confidential minute].

The Committee received the bank covenants report.

The Committee agreed that a recommendation on approval of the Barclays loan covenants waiver letter should be made to the May 2019 Corporation meeting, agreeing to recommend also that, if the waiver letter were to be approved, the Principal should be a signatory and that the wording of the model certificate and model minute should be amended to reflect the house-style e.g. 'Corporation' rather than 'Board of Governors'.

258.11 ESFA letter of 17 Apr. 2019 re 19+ learners

The Committee received a letter from Education & Skills Agency (ESFA) dated 17 April 2019 [confidential minute].

258.12 **Recommendations on tenders as required under the Financial Regulations & procedures**

The Committee noted that a report on tenders requiring F&GP Committee approval, under the College's Financial Regulations and Tendering Contracts Procedures, was a standing agenda item for each meeting of the F&GP Committee i.e. a report would be made where tenders had a proposed contract value of £25,001 (excl. VAT) or above.

The Director of Finance reported that:

- From Sept. 2019 the College was offering an Engineering & Computer Design course;
- In order to be able to deliver this course it was necessary to acquire a suite of high specification computers which were able to run the relevant software;
- The funding for the above spend would be from the additional 'little extras' grant funding received by the College in 2018/19;
- The Crescent Purchasing Consortium (CPC) had been used to manage the tender process and had been provided with a detailed specification of the equipment required;
- The closing date for tender submission was 12.00pm on Thursday 25th April 2019, with tenders/quotes received from three potential providers;
- The tenders were opened at 2.30pm on the due date by the Director of Finance in the presence the Budget Holder, Antoine Robinson, and Jamie Davies, Assistant Principal acting as nominee for the Principal;
- Following review of the tenders and given the limited number of responses, it was being recommended that the tender process should be re-opened and the exercise repeated in the expectation that this would lead to an increased number of submissions and more competitive quotes;
- A new tender submission deadline would be set as 12.00pm on Friday 17th May 2019 with the tender opening to take place that afternoon;
- The above timings would allow for a recommendation to be made at a Special F&GP meeting to be held on Tuesday 21 May 2019, which would enable the machines to be installed prior to Wyke Start at the start of July 2019.

[Confidential minute].

The Committee agreed that the tender process for the Engineering & Computer Design course high specification computer should be re-run as proposed by the Director of Finance.

Action: TW

258.13 **Recommendations on settlements as required under the Financial Regulations**

The Committee noted that, under section 18.9 of the College's Financial Regulations 'Any proposed severance payments to staff other than designated senior post-holders in excess of the statutory maximum or £10,000, if that is higher, require approval by the Finance and General Purposes Committee'.

The Committee received a report from the College's HR Manager, Jenny Anderson, confirming that no recommendation on any proposed settlement agreement was due to be presented to the may 2019 F&GP Committee meeting.

258.14 **F&GP Committee standing agenda item list - annual review of compliance with the**

Strategic Plan financial aims

The Clerk reported that an annual review of compliance with the Strategic Plan financial aims, in so far as they apply to the F&GP Committee, was a standing agenda item for the May meeting of the F&GP Committee. It was, however, noted that a quantitative report on financial aims was now presented to each Corporation meeting, making the annual report redundant.

The Committee agreed that the annual review of the Strategic Plan financial aims should be removed from the F&GP Committee standing agenda item list for May, noting that the Committee's revised standing agenda item list would be presented to the Corporation for approval at its annual review of committee standing agenda item list at the beginning of the autumn term 2019.

Action: Clerk

258.15 Annual review of Governance budget

It was noted that, under its standing agenda item list, the Committee reviewed the Corporation budget annually.

The Committee considered the Corporation budget-holder statement for 2018/19 (to 3 May 2019) and the 2017/18 budget-holder statement for comparison, noting with reference to 2018/19 that there was an overspent on relocation costs for which no provision had been made in the original budget and, while catering & hospitality costs were currently within budget, it was likely that this area would be overspent by the 2018/19 year end. It was noted that other areas were under-budget.

With reference to internal audit fees, the Director of Finance confirmed that no invoices had been received for the current year to date but an accrual was being made based on agreed fees for the 2018/19 audit. It was noted that, in addition to the Corporation budget, the Clerk approved expenditure on the external audit, which came from the College's General Resources budget, with the budget reflecting agreed fees.

The Committee reviewed the Corporation budget-holder statement for 2018/19 (to 3 May 2019) and noted that, overall, it currently appeared Corporation expenditure would be within budget in 2018/19.

Student residential & overseas visits

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

Julie Peaks, Deputy Principal, presented the report on student trips and visits, in the UK and abroad.

The Committee noted that the number of visits provided for students was impressive and a testimony to the dedication of staff, asking for their thanks to be passed on to staff.

The Committee received a report on overseas, residential and other visits for May 2019.

Strategic matters

258.17 Report on strategic matters, incl. Venn Group matters

The Principal gave a verbal report on strategic matters, which was considered.

The Committee noted, with references to external partnerships, meetings of the Venn Group and with HE institutions [*confidential minute*].

The Committee received an update on strategic matters.

Annex A: Documents/links from outside bodies

258.18 Documents/links from the ESFA, SFCA, DfE & other outside bodies

It was noted that receipt of documents/links from the ESFA, SFCA, DfE & other outside bodies was a standing agenda item for each meeting of the Committee.

Members considered extracts from the SFCA Update of 25 Apr. 2019, noting that it had been confirmed that sixth form colleges and 16-19 academies would get funding to cover the additional costs of the increased Teachers' Pension Scheme (TPS) employer's contribution rate for 2019/20. The effect of pension increases on the third year of the College's financial plan, should increases in per student funding not be received, were noted.

The Committee considered the ESFA's revised *College oversight: support & intervention policy* (Apr. 2019), noting that the health assessment category 'Satisfactory' would be replaced with 'requires improvement' from 2019/20 but no new health category algorithms had been issued to date.

The Committee received, for information, the following documents from outside bodies: (i) extracts from SFCA Update of 25 Apr. 2019, (ii) ESFA revised College oversight: support & intervention policy (Apr. 2019).

Final matters

258.19 Any other business

There was no other business not already on the agenda.

258.20 Risk management – items identified at the meeting

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

258.21 Date of next meeting

It was noted that the Committee would next meeting on:

- ***Tues. 21 May 2019 (Special meeting) immediately after the Corporation meeting scheduled for that date;***
- ***Tues. 25 June 2019 at 4.30pm.***

Fiona Bagchi
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION
MINUTES OF SPECIAL MEETING 259, TUESDAY 21 MAY 2019**

Present: John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member), Phil Taylor (Vice-Chair)

Clerk: Fiona Bagchi

In attendance: Jamie Davies (Assistant Principal), Tony Wilmot (Director of Finance)

259.1 Apologies for absence

There were no apologies for absence.

259.2 Declaration of interests

There were no declaration of interests.

Minutes & matters arising

259.3 *The Clerk reported that as the current meeting was a Special meeting, the minutes of the previous meeting were not due to be reviewed.*

Financial Matters

259.4 Recommendations on tenders as required under the Financial Regulations & procedures

Tony Wilmot, Director of Finance, reported that:

- From Sept. 2019 the College was offering an Engineering & Computer Design course;
- In order to be able to deliver this course it was necessary to acquire a suite of high specification computers which were able to run relevant software;
- It was proposed that the computers should be in place for Wyke Start (1-2 July 2019);
- The funding for the purchase would be from the additional 'little extras' capital grant funding received by the College in 2018/19;
- As agreed at the F&GP Committee meeting on 9 May 2019, following the first set of tenders the tender process had been re-opened;
- The Crescent Purchasing Consortium (CPC) had again been used to manage the tender process and had been provided with a detailed specification of the equipment required;
- The closing date for tender submissions had been 12.00pm on Fri. 17 May 2019;
- Tenders/quotes had been received from 5 potential providers and these documents had been opened at 3.45pm onwards on the due date by the Director of Finance in the presence the Budget Holder, Antoine Robinson, and Jamie Davies, Assistant Principal, acting as nominee for the Principal.
- All 5 tenders were considered in terms of cost and the quality of the equipment proposed in the documents;
- After due consideration of the tenders received, it was proposed that the contract should be awarded to XMA but, in order to keep the total cost within the level of spend agreed by the F&GP Committee, it was also proposed that only 28 machines should be purchased, which would still allow for 5 machines to be placed in the library for dedicated use by engineering students when out of class;

- Based on 28 machines the cost would be £41,600.

(The Principal, Paul Britton, joined the meeting).

It was noted in response to members' questions that:

- All tenders included good quality PCs but XMA was the lowest tender in terms of price;
- Licence costs for software were £400 p.a.;
- The College had used XMA in the past and already used Viglen PCs, although the Viglen PCs proposed in the tender were at a higher specification;
- The machines would have a 12-month warranty and after that would be repaired in-house.

The Committee agreed that the contract should be awarded to XMA but that only 28 machines should be purchased at a cost of £41,600.

Action: TW

Final matters

259.5 Any other business

There was no other business not already on the agenda.

259.6 Risk management – items identified at the meeting

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

259.7 Date of next meeting

The Committee was next due to meet on Tues. 25 June 2019 at 4.30pm.

Fiona Bagchi
Clerk to the Corporation.

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION
MINUTES OF MEETING 260, TUESDAY 25 JUNE 2019**

- Present:** John Wilson (Chair), Paul Britton (Principal), Mark Moore (Committee member), Phil Taylor (Vice-Chair)
- Clerk:** Fiona Bagchi
- In attendance:** Bill Jackson (Director of Network & Information Systems), Julie Peaks (Deputy Principal), Tony Wilmot (Director of Finance)

260.1 Apologies for absence

There were no apologies for absence.

260.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

260.3 Minutes of meeting 258 held on 9 May 2019, incl. the confidential minutes

The minutes of meeting 258 held on 9 May 2019, including the confidential minutes, were approved, with the following amendment: the meeting referred to in the title and text of item 258.3 should read 'meeting 257 held on 2 Apr. 2019'.

Action: Clerk

260.4 Matters arising from the above minutes and actions

Actions and matters arising, 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 the action).

- 1 It was noted that it had been agreed that from 2018/19 the target for dispatch of the PDF of the meeting papers should be sent out 4 days before the meeting and individual papers e-mailed to members as received. It was agreed that external Committee members had found this useful and that it should continue in 2019/20 (258.4).

Action: Clerk

- 2 Home student tuition fees for 2019/20 had been approved at the May 2019 Corporation meeting on the recommendation of the Committee (258.4).
- 3 The ESFA letter confirming the College's revised financial health assessment for 2017/18 and the revised dashboard/ benchmarking report had been included on the Corporation's May 2019 agenda, as agreed (258.4).
- 4 The covenant waiver letter had been approved at the Corporation's May 2019 meeting on the recommendation of the Committee (258.10).
- 5 The high spec PCs tender had been re-run and had been awarded to XMA at the Special F&GP Committee meeting held on 21 May 2019

(258.12).

- 6 The Committee's amended standing agenda item list would be presented to Corporation at the annual review of committee terms of reference in Sept. 2019 (258.14).

Action: Clerk/Chair

[Confidential minute].

260.5 Minutes of the Special meeting 259 held on 21 June 2019, incl. the confidential minutes

The minutes of the Special meeting 259 held on 21 June 2019, including the confidential minutes, were approved.

260.6 Matters arising from the above minutes and actions

Actions and matters arising, 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 the action).

- 1 As noted above, it was noted that the contract for high spec PCs had been awarded to XMA, as agreed (259.4).

Student numbers & funding report

260.7 Student numbers & funding report

The Director of Network and Information Systems, Bill Jackson, presented the June 2019 student numbers and funding report.

[Confidential minute].

The Committee considered the retention tables showing the percentage of enrolled students still on-programme compared with previous years, noting that 'retention' in this context referred to the retention of individual students (rather than retention as used in Ofsted's Inspection Data Summary Reports (IDSR) which related to programmes), which was the basis on which the ESFA calculated the College's funding for the following year, under its lagged funding system, with funding also affected by the ESFA's 'retention factor' calculation.

The analysis of proportions of enrolled students still retained on programme was considered, with it being noted that retention in all categories represented in the report showed an improvement on the previous year.

The Committee received the June 2019 student numbers and funding report.

Health & Safety (H&S) & property matters

260.8 H&S Committee report

The Director of Finance, Tony Wilmot, reported that the H&S Committee meeting would take place later in the current week, with minutes presented to the next meeting of the F&GP Committee.

Action: AW

260.9 Annual review of H&S Committee terms of reference, H&S Policy and Environmental Policy

The Committee noted that the Premises Manager, Alan Woodcock, was recommending no revisions to the above documents.

The Committee completed its annual review of the College's H&S Committee terms of reference, H&S Policy and Environmental Policy and agreed that no revisions were required.

260.10 Verbal progress report on property strategy/summer works

The Director of Finance reported that, as previously discussed, summer works would include changes to some classroom accommodation and the addition of some furniture and equipment, including the M Mobile becoming the Foundation Art Diploma area.

The Committee received a verbal progress report on property strategy/summer works.

Financial Matters

260.11 Management accounts, incl. KPIs & cashflow, for Apr. & May 2019

The Committee received the management accounts for Apr. 2019, which had been sent to members by e-mail. The Director of Finance presented the management accounts for the period ended 31 May 2019, which were considered.

Members noted that:

- The operating for the ten months ended May 2019 was £68.8k compared with the budgeted surplus of £89.4k, an adverse variance of £20.6k (April: £31.5k);
- The net surplus for the month of May was £24.1k compared to a budget surplus of £13.1k, with the main factor for the above budget surplus for the month being the release of pay award provision;
- Trading income variances remained as previously reported;
- With reference to catering income, it was noted that the College's catering provision was still making a contribution to the end of May 2019 but that student demand normally reduced in June and July;
- Non-pay expenditure for the ten months to May 2019 showed an overspend of £64k compared to budget, with significant variances being an above budget spend in student support (compensated by the positive variances in respect of bursary and free meals income), transport costs, examination fees (as a result of the increased number of students in year offset by the positive variance within income), premises costs were negative year to date (due to utility costs and reactive repairs), an above budget spend on ParentPay charges (due to increased volume of transactions/student numbers), increased student reprographic allowance costs;
- Total pay costs for the ten months to April 2019 were below budget by £25k due to a release of pay award provision;
- ESFA recurrent income was in line with expectations, with the following exceptions: receipt of Basic Maths Premium funding of £59k (a positive variance against budget of £19k), capital grants released £6k higher than budgeted due to allocation of the 2017/18 Devolved Formula Capital (DFC) grants not assumed when setting the budget), additional bursary and free meals funding of £25k (although this did not impact the net surplus as these funds would either be spent or carried forward at the year-end);
- With reference to the Balance Sheet, due to the fluctuating level of ESFA funding received, invested funds were being drawn down to manage cash flow until the end of Apr., with the situation reversed in May 2019;
- With reference to key financial performance indicators, the College's indicative Health rating remained 'Requires Improvement', reflecting the ESFA's new grading classifications;
- The projected rolling cash flow forecast covered the 13 month's period from May 2019 to June 2020, with total cash balances reaching their lowest point in March

2020, due to the ESFA funding profile, but with current balances having been boosted by the receipt of the Government's 'little extras' capital funding, additional bursary/free meal allocation, and the 2019 DFC grant;

- The Director of Finance's report confirmed that there was no immediate concern in terms of liquidity to meet commitments, however looking into 2019/20 and beyond this would be a key factor to consider when looking at any major investment proposals.
- The capital report showed £171k of current year additions, both invoiced and committed, mainly in the areas of IT and Minibus purchases;
- During Apr. 2019 the College had started to make use of the additional 'little extras' grant received, with £54k of the £146k being spent and a further £42k is to be spent on Engineering PCs during the current year and the remainder to be allocated to capital spend in 2019/20.

It was noted in response to members' questions concerning College trips that these were designed to break even and that any surplus in income not expended was returned to students, as required under the College's Educational Visits Policy. Members questioned whether trips should be included in the budget given that expenditure and income were netted off, noting, however, the difference between curriculum trips, which were funded by the College, and student funded trips and that money for trips went through the College bank account. The Director of Finance agreed to review whether only the net costs of any trip should be shown in the management accounts.

Members noted, with reference to the ESFA's new grading classifications for colleges financial health rating that guidance from the ESFA's on changes to the calculation of the point scores was awaited, noting that it was expected that College would have to submit a revised 3-year financial plan in Jan. 2020 when the new methodology was expected to be available.

Members discussed the cashflow forecast, with the Director of Finance reporting, in response to members' questions, that cash was lower in July and higher in Aug. 2019 due to the ESFA payment profile and cash had been £250k lower than forecast in Apr. 2019 due to the timing of payments.

[Confidential minute].

The Committee approved the College's proposal that, in order to manage the level of capital spend in 2019/20, a further £20k of the 'little extras' grant should be spent in the current financial year on the purchase of a further minibus and server memory upgrade, noting that the College's covenant waiver with Barclays meant that the additional expenditure would not result in a breach of the debt servicing ratio.

Action: TW

The Committee received the management accounts for the period ended 31 May 2019, noting that, while the budget surplus target would not be met, a year-end surplus was still forecast.

260.12 Reports for Apr. & May 2019 on compliance with covenants

The Committee received the Director of Finance's report on compliance with bank covenants for Apr. 2019 and noted with reference to the report for May 2019 that the covenant ratios had been met, with the exception of the Barclays debt servicing ratio. The Committee noted that agreement had been reached with Barclays for a temporary waiver with the new ratio limit set at 85% and relevant documentation signed and lodged with the Bank.

260.13 Budgets 2019-20 - supporting commentary

The Director of Finance presented the budgets 2019/20 proposal, together with a detailed

income and expenditure statement and cashflow, which were discussed. It was noted that the income and expenditure statement showed a forecast surplus of £116k for 2019/20.

Members noted that the budget reflected the challenge faced by the College of managing the overall budget during a period of static student funding, with the higher level of funding resulting from increased student numbers and an improved retention factor eroded by increased costs particularly in the areas of staffing and premises.

Members considered the 2019/20 budget proposals, noting in particular, that:

- ESFA grants for 2019/20 were based on the College's funding allocation details received for students aged 16-18, which took into account the higher student numbers at the Oct. 2018 census date, including a higher allocation of bursary and free meal funds.
- The College's ESFA adult education funding had, however, been reduced from £14k to £6k;
- It had been assumed that Education & Health Care Plan (EHP) funding income would be just above income for the current year:
- For budget purposes it had been assumed that there would be no income from Overseas students in 2019/20;
- Basic Maths Premium Pilot was not available in 2019/20 and so had not been included in the budget;
- Tuition income from Trinity School and music tuition fee income had been assumed to be at the current year level;
- Lettings would be brought back in-house, with additional staff costs expected to be mainly confined to weekend lettings;
- Staffing costs had been updated to take account of new courses and curriculum changes, movements in pay scales, a 2% pay award for all staff, and a further increase from April 2020 of the National Living Wage;
- With regard to the increase in the employers' contribution to the Teachers' Pension Scheme (TPS), it has been confirmed that this would be funded by the Government until Aug. 2020;
- For budget purposes, the total teaching departments budget had been held at the current year level;
- A detailed review of premises and transport costs had been undertaken by the Premises Manager and was reflected in the budget.
- For budget purposes, total capital spend for 2019/20 had been set at £140k, with capital bids received from departments having been reviewed by SMT, with expenditure approved for computer equipment (including network switches), educational equipment, minibus and other fixtures and fittings;
- A significant element of the proposed expenditure would be funded by the remaining 'little extras' capital grant received in 2019 and the 2018/19 DFC had not been utilised in the current year;
- Loan interest payable was based on the agreed repayment schedules with both Lloyds and Barclays and no provision has been made for any future increase in Bank Base Rate although any such increase would only affect the two variable rate.

It was noted in response to members' questions that proposals had been discussed with budget-holders and reviewed by the College's senior management team (SMT).

Members discussed transport costs, noting that about half the College's students travelled to college by EYMS buses or College minibuses.

[Confidential minute].

It was noted in discussion that the proposed surplus of £116k forecast for 2019/20 was modest and investing in new provision and the student experience had meant that a surplus of 3% had not been targeted when setting the 2019/20 budget.

Members discussed risks and actions taken to mitigate risks, noting, in particular, that:

- Brexit meant that there was uncertainty concerning interest rates;
- The 2019/20 staff pay award was expected to be at the level included in the budget i.e. 2%;
- Risks had been mitigated in part by prudent assumptions concerning income and detailed work when preparing budgets e.g. in relation to forecasting utility costs and examination costs;
- There could be a risk to the student experience in relation to the availability of social space from an increase in student numbers, which could be mitigated by appropriate planning e.g. for the first 6 weeks of term [*confidential minute*].

The Committee agreed, in discussion of staff pay costs, that it would be useful for staff numbers to be included in the budget proposal in future, although noting that full-time equivalent (FTE) staff numbers were already included in the 3-year financial plan which was on the agenda.

Action: TW

The Committee agreed to recommend the 2019/20 budget to the Corporation for approval.

Action: Chair

260.14 3-year (2019-2021) financial plan & commentary

The Director of Finance presented the 3-year (2019-2021) financial plan and commentary, which were considered.

Members noted that:

- A surplus of £91k was forecast for the 2018/19 financial year, a surplus of £116k for 2019/20, and a deficit of £74k for 2020/21;
- In forecasting for 2020/21, it had been assumed that there would be no increase in per student funding and the increase in the employer's contribution to teachers' pensions would not be funded by the Government;
- [*Confidential minute*];
- Due to increased student numbers and curriculum changes, teaching staff numbers would increase from 88.2 FTEs in 2018/19 to 94.5 FTEs in 2019/20;
- The College's financial health rating was reported as 'Requires Improvement' for each of the 3 years of the financial plan, with total points scores being 160 for 2018/19, 170 for 2019/20 and 140 for 2020/21, which would place the College close to the ESFA's intervention level;
- As noted earlier on the agenda, details were awaited from the ESFA on proposed changes to the calculation of the financial health point scores;
- The 3-year financial plan was due to be submitted to the ESFA by 31 July 2019;
- The Director of Finance was completing a 24-month cashflow for submission with the plan.

Members discussed the need for sensitivity testing of the 3-year plan based on different scenarios e.g. the College not achieving assumed growth in student numbers.

The Committee agreed to recommend to the Corporation for approval the 3-year (2019-2021) financial plan, including completed sensitivity analysis at section 6 and 24-month cashflow.

Action TW/Chair

260.15 ESFA College Financial Planning Handbook 2019 checklist

The Committee noted that ESFA's College Financial Planning Handbook 2019 (May 2019) provided guidance for sixth-form and further education colleges on preparing and submitting their financial plan and supporting commentary and included, at Annex A, a financial

planning checklist, which colleges were expected to share with their corporations to provide assurance that relevant matters had been considered when preparing the 3-year financial plan.

It was noted that, while the completed checklist did not have to be submitted to the ESFA, the Principal, as the College's Accounting Officer, was required to certify, when submitting the plan to the ESFA, that the supporting commentary had been prepared with due regard to the checklist.

The Committee received a blank version of the financial planning checklist for information, noting that the completed financial planning checklist would be presented to the Corporation meeting on 11 July 2019, with the 3-year financial plan.

260.16 Report/recommendations on tenders &/or notification of forthcoming tenders

The Committee noted that a report on tenders requiring F&GP Committee approval, under the College's Financial Regulations and Tendering Contracts Procedures, was a standing agenda item for each meeting of the F&GP Committee i.e. a report would be made where tenders had a proposed contract value of £25,001 (excl. VAT) or above.

The Director of Finance reported and the Committee noted that there were no tenders to be presented to the F&GP Committee for approval at the current meeting.

260.17 Report/recommendations on settlements, if any, as required under the Financial Regulations

The Committee noted that under section 18.9 of the College's Financial Regulations:

- Severance payments to staff other than designated senior post-holders could be authorised by the Principal where proposed payments were within the budget allocated for the purpose by the Corporation and were either no more than the statutory maximum or up to the value of £10,000 including statutory payments and any enhancements;
- Any proposed severance payments to staff other than designated senior post-holders in excess of the statutory maximum or £10,000, if that was higher, required approval by the F&GP Committee.

The Committee noted that the College's HR Manager had confirmed that there were no recommendations on settlement payments to be presented to the F&GP Committee for approval at the current meeting.

Student residential & overseas visits

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

The Deputy Principal, Julie Peaks, presented an update on College's residential/out of hours visits, noting an increase in visits in 2018/19 and that 10 trips remained to be undertaken.

The Committee received an update on College's residential/out of hours visits, noting that they enriched the student experience and asking for the Committee's thanks to be passed on to staff whose commitment made this possible.

Strategic matters

260.19 Report on strategic matters, incl. property strategy & federation matters

The Principal gave a verbal report on strategic matters, which was considered.

The Committee received a verbal report on meetings of the Venn Partnership Limited including the production of a Venn booklet, a recent meeting of the company Directors and of the Principals group. *[Confidential minute]*.

Members of the Committee noted that the College had been selected to be part of the early adopter network of colleges which would deliver T levels in 2021 and that the Principal and the Curriculum Director (BTEC and Level 2) would attend an inaugural event for providers at Westminster on 27 June 2019.

The Committee received an update on strategic matters.

Annex A

260.20 ***It was noted that items 3-6 (minutes of 9 May 2019 & 21 May 2019) had been considered earlier on the agenda.***

Annex B: Documents from outside bodies

260.21 **Documents/links from the ESFA, SFCA, DfE & other outside bodies**

The following documents/links were considered:

- LGPS consultation
- FE Commissioner letter (May 2019)
- Financial Planning Handbook 2019 (May 2019)
<https://www.gov.uk/government/publications/financial-planning-handbook>

The Committee noted that a Ministry of Housing Communities and Local Government consultation had been launched on 8 May 2019 on proposed changes to the Local Government Pension Scheme (LGPS) regulations.

Members considered the best practice examples noted in the FE Commissioner's May 2019 letter, noting, with reference to these, that the Corporation already had a finance committee and at least 2 qualified accountants but included a 12-month, rather than a 24-month, cashflow with the monthly management accounts.

The Committee discussed the value of including a 24-month cashflow with the management accounts, given that most of the College's income was derived from ESFA grant which was based on the previous year's student numbers and was notified well in advance of the start of the financial year in which it was received. It was noted, as reported earlier on the agenda, that a 24-month cashflow would be included with the 3-year financial plan to be presented to the July 2019 Corporation meeting.

[Confidential minute].

The Committee noted the link to the ESFA Financial Planning Handbook 2019 (May 2019), noting that Annex A (financial planning checklist) to the Handbook had been considered earlier on the agenda

The Committee received the documents/links noted above for information.

Final matters

260.22 **Any other business**

There was no other business.

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

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

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

It was noted that meeting dates for 2019/20 would be e-mailed to members.

Action: Clerk

Fiona Bagchi
Clerk to the Corporation

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION
MINUTES OF SPECIAL MEETING 261, THURSDAY 8 AUGUST 2019**

Present: John Wilson (Chair), Mark Moore (Committee member joining the meeting by telephone), Phil Taylor (Vice-Chair)

Clerk: Fiona Bagchi

In attendance: Tony Wilmot (Director of Finance)

261.1 Apologies for absence

Apologies were received from Paul Britton (Principal and F&GP Committee member).

261.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

261.3 *It was noted that, as the meeting was a Special meeting, the minutes of the previous meeting were not due to be reviewed.*

Financial Matters

261.4 Recommendations on tenders as required under the Financial Regulations & procedures: for approval

The Director of Finance, Tony Wilmot, reported that:

- A capital bid for PCs for media and film studies had been approved by the Corporation as part of the 2019/20 budget at an estimated cost of £35k;
- It had been proposed that the new machines should be purchased and installed during the autumn half-term but it was now proposed that they should be installed in time for the start of the new academic year;
- The Crescent Purchasing Consortium (CPC) had been used to manage the tender process;
- Three tenders had been received;
- The lowest tender was £35,160 (including VAT) but had excluded monitors which would add approximately £3k to the cost;
- The second lowest tender was £35,706 (including VAT), which was from XMA and included monitors;
- The third tender was significantly higher in cost;
- The Director of Network & Information Systems had confirmed that XMA's bid met the College's specifications;
- The College was therefore recommending that the contract be awarded to XMA and that an order be placed with a view to the machines being delivered to the College by Friday 23 August 2019.

It was noted in response to members' questions that XMA's price included 3-year on-site next day maintenance. It was noted that XMA had previously supplied the College with engineering PCs, which had been of a high standard, with a high standard of support also

received from XMA.

The Director of Finance reported that the Principal, Paul Britton, who had sent apologies for the meeting, had indicated by e-mail that he supported the College's recommendation.

The Committee approved the award of the contract for Media and Film PCs to XMA.
Action: TW

Final matters

261.5 Any other business

There was no other business.

261.6 Risk management – items identified at the meeting

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

261.7 Date of next meeting

It was noted that the date of the Committee's next meeting was to be confirmed.

Fiona Bagchi
Clerk to the Corporation.