

**FINANCE & GENERAL PURPOSES COMMITTEE OF CORPORATION
MINUTES OF MEETING 262, TUESDAY 24 SEPTEMBER 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), Alan Woodcock (Premises Manager)

262.1 Apologies for absence

There were no apologies for absence.

262.2 Declaration of interests

There were no declarations of interest.

262.3 Election of Chair & Vice-Chair

John Wilson was elected Chair of the F&GP Committee for 2019/20: proposed Phil Taylor, seconded Paul Britton.

Phil Taylor was elected Vice-Chair of the F&GP Committee for 2019/20: proposed John Wilson, seconded Paul Britton.

Minutes & matters arising

262.4 Minutes of meeting 260 held on June 2019, incl. any confidential minutes

The minutes of meeting 260, held on June 2019, including the confidential minutes, were approved with amendment to the confidential minutes [confidential minute].

Action: Clerk

262.5 Matters arising from the above minutes and action table

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 9 May 2019 had been amended, as agreed (260.3).
- 2 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 (260.4).
- 3 The F&GP Committee's standing agenda item list was on the agenda for consideration (260.4).

- 4 The minutes of the College's June 2019 Health & Safety (H&S) Committee meeting were on the agenda (260.8).
- 5 It was noted, with reference to the Committee's approval at its June 2019 meeting that a further £20k of the 'little extras' grant should be spent in the current financial year on the purchase of a further minibus and sever memory upgrade, that the commentary to the July 2019 management accounts recorded that approximately £17k had been spent in July 2019 on SSD (Solid State Drives) and a further minibus (260.11).
- 6 It had been agreed, in discussion of staff pay costs at the Committee's June 2019 meeting, that it would be useful for staff numbers to be included in the budget proposal in future i.e. from June 2020 (206.13).

Action: TW
- 7 The 2019/20 budget had been approved by the Corporation at its July 2019 meeting, on the recommendation of the Committee (260.13).
- 8 The 3-year (2019-2021) financial plan had been presented to the July 2019 Corporation meeting with a 24-month cashflow & report 'Sensitivity Testing of 2019-2021 Three Year Plan'. The July 2019 Corporation meeting had approved the 3 year plan for submission to the ESFA by the 31 July 2019 deadline (260.14).
- 9 2019/20 meeting dates had been e-mailed to members, as agreed (260.24).

262.6 Minutes of Special meeting 261 including any confidential minutes

The minutes of Special meeting 261, held on 8 August 2019, were approved.

262.7 Matters arising from the above minutes and action table

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 contract for Media and Film PCs had been awarded to XMA, as agreed at the Committee's Aug. 2019 meeting (261.4).

Student numbers & funding

262.8 Student numbers & funding report

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

The Committee considered the College's overall results at Level 3 for 2018/19 compared to the NARTS (National Achievement Rates Tables) benchmarks for 2017/18.

Members noted that:

- The introduction of linear A levels nationally appeared to have resulted in falls in the 2017/18 Level 3 NARTS results for retention and achievement i.e. retention rate 87.7% (2016/17: 92.5%); pass rate 95.7% (2016/17: 94.8%); achievement rate 83.9% (2016/17: 87.7%);
- The College's 2018/19 Level 3 retention rate was, at 87.2%, just below the 2017/18 NARTS retention rate and, at 99.4% and 86.7% respectively, above the 2017/18 NARTS pass and achievement rates;
- At Level 2, retention for 2018/19 was, at 89.9%, very close to the 2017/18 NARTS benchmark of 90%, although slightly lower than the College's 2017/18 retention

- rate of 91.1%;
- Achievement at Level 2 was, at 88.1% for 2018/19, slightly lower than the College achievement rate for 2017/18 of 89.5% but was above the 2017/18 NARTS benchmark of 85.2%;
- The College's 2018/19 Level 2 pass rate was, at 97.9%, slightly lower than the College pass rate for 2017/18 of 98.2% but was above the 2017/18 NARTS benchmark of 94.7%.

It was noted in response to members' questions that: improvements in retention should have a positive effect in relation to the retention factor of the Education & Skills Funding Agency (ESFA) funding formula; the College was continuing to work to improve retention rates at Levels 3 and 2.

The Committee discussed student recruitment for 2019/20, noting an increase in enrolments compared to 2018/19 [*confidential minute*].

It was noted in response to members' questions that: the College's funded allocation for 2019/20 was 2,010 ESFA funded students aged 16-19; the ESFA census date which, under the ESFA's lagged funding system determined funding for the following year, was just after mid-October; the College expected to have significantly more than 2,010 students at the ESFA census date. Members noted in discussion that much of the College's increase in student numbers for 2019/20 was based on first year students progressing to the second year of their course, although there had also been an increase in first year enrolments.

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

Health & Safety (H&S) & property matters

262.9 H&S Committee report: June 2019 minutes

The Premises Manager, Alan Woodcock, presented the College's H&S Committee minutes for 26 June 2019.

The Committee noted that:

- 5 staff had been trained as First Aiders, a first aid rota was being developed, First Aiders would be provided with mobile 'phones to enable them to be contacted;
- PAT (Portable Appliance Testing) testing was ongoing, with more staff to be trained to undertake testing;
- It had been agreed that staff should remind students that smoking and vaping on site should only take place in the designated area.

It was noted in response to members' questions that:

- The extractor fan for the Art workshop had been included in the 2019/20 capital budget and would be installed during half-term;
- A fire drill was planned and would take place shortly;
- It was very rare for smoking or vaping to take place on site other than in the designated area, sanctions on students who disregarded this requirement would be the same as those applicable to not wearing a lanyard i.e. an e-record and referral to a tutor then the normal college sanction process.

The Committee received the H&S report for Sept, 2019, including a review of the June 2019 H&S Committee minutes.

(Bill Jackson and Alan Woodcock left the meeting).

Financial Matters

262.10 Management accounts, incl. KPIs & cashflow, for July 2019

The Director of Finance presented the management accounts for the 12 months ended 31 July 2019, which were considered.

Members noted that:

- The operating surplus as shown in the management accounts for the year ended July 2019 was £36.0k compared with a budgeted surplus of £115.8k i.e. an adverse variance of £79.8k (June £25.3k);
- The net deficit for the month of July 2019 was £37.7k compared to a budget surplus of £9.6k, mainly due to significant heating system repairs;
- Significant variances in relation to trading income, ESFA income, pay and non-pay expenditure were as previously reported during 2018/19;
- There had been no significant change to the balance sheet;
- With reference to the 3 key ratios that were utilised in the calculation of the College Financial Health rating that the College's indicative Health rating was 'Requires Improvement';
- With reference to the rolling cash flow which covered the 13 month period from July 2019 to August 2020, cash balances would, as usual due to the ESFA grant payment profile, reach their lowest point in March;
- The capital report showed £233k of current year additions, both invoiced and committed.

It was noted in response to members' questions concerning the negative debtors' figure of £5k shown on the balance sheet that this related to an agency payment in respect of a potential overseas student who did not attend the College in 2018/19. It was noted that, as the payment had not been recouped by the Agency during 2018/19, it had been deducted from the agency's 2019/20 account. It was noted, in this context, that the College had not budgeted for any overseas students in 2019/20 but currently expected to have around 5 overseas students.

[Confidential minute].

The Director of Finance confirmed that: the annual financial statements had been drafted and would include a net increase in the College's share of the overall East Riding Pension Fund deficit from £281k at 31 July 2018 to £605k at 31 July 2019; the treatment of Venn income and subscriptions would be discussed with the auditors; work on updating the College's fixed asset register was continuing e.g. IT equipment was reviewed in July 2018 and educational equipment in July 2019.

It was noted in response to members' questions that: summer accommodation works (e.g. the Foundation Art Diploma works) took place in Aug. 2019 and therefore fell in the 2019/20 financial year; Note 15 to the year-end accounts included a detailed cash flow statement.

The Committee received the management accounts for the 12 months ended 31 July 2019.

262.11 Report on bank covenant testing as of 31 July 2019

The Committee received a report from the Director of Finance on bank covenant testing as of 31 July 2019, noting that all covenant ratios had been met with the waiver in place in respect of the Barclays debt servicing ratio.

262.12 Report on compliance with tendering procedures during 2018/19

The Committee received a report from the Director of Finance on compliance with tendering procedures during 2018/19, noting that 2 tender exercises had been carried out during the 2018/19 financial year in respect of contracts with a value in excess of £25,000 excluding VAT, with both tender exercises conducted in accordance with the College's tendering contracts procedures.

262.13 Report/recommendations on tenders as required under the College's 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 the current meeting.

262.14 Review of energy supplier

The Director of Finance gave a report on energy suppliers.

The Committee noted that:

- The College was currently a member of the East Riding of Yorkshire Council (ERYC) Procurement Consortium and had a contract with its current suppliers for gas and electricity until the end of Sept. 2020;
- The College's current supplier of electricity was Npower and its gas supplier was Total Gas & Power, with approximately £200k spent on electricity annually and gas forming only a small part of the College's utilities costs;
- The College has been contacted by ERYC which had requested that the College commit, by 26 Sept. 2019, to remaining with the consortium for another four years from Sept. 2020, with prices remaining variable i.e. not fixed in advance for the duration of the contract;
- There had been a steady increase in unit costs in recent years;
- An increase of around 6% would, for example, result in additional costs of around £14k;
- The Director of Finance had had initial conversations with two brokers [*confidential minute*] concerning savings in relation to energy costs, including the possibility of prices fixed for the duration of the contract.

Members noted in discussion that: fixed price options would provide greater certainty in relation to future financial planning and would limit the College's exposure to fluctuations in market rates; [*confidential minute*].

The Committee discussed the Director of Finance's report on energy suppliers and agreed that ERYC should be informed that the College wished to leave the consortium from Sept. 2020.

Action: TW

The Committee agreed that the Director of Finance should contact the 2 brokers, with whom initial contact had been made, to ask them to undertake a market wide review of fixed rate options and to make more formal proposals to the College, with a report to be made to the Nov. 2019 meeting of the F&GP Committee.

Action: TW

262.15 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.

262.16 Overseas student tuition fees 2020/21

The Clerk reported that, under section 19 of the Articles of Government, the Corporation was responsible for setting the policy on tuition fees, which responsibility was reflected in section 3.1 of the College's Financial Regulations. The Committee noted that, while approval of tuition fees could be delegated by the Corporation, the Corporation had reserved the responsibility for approving overseas tuition fees to itself. It was noted that, while the Corporation was required to have regard to Education & Skills Funding Agency (ESFA) guidance when setting tuition fees applicable to Home students, there was no comparable guidance applicable to Overseas student tuition fee rates.

The Director of Finance confirmed that:

- The College has four Overseas students in 2019/20 to date, with a fifth possible;
- The Overseas student tuition fees approved by the Corporation for 2019/20 were £6,000 p.a. plus £1,000 for one to one tuition in English, where required;
- The College was recommending that these fees remain unchanged for 2020/21.

The Committee agreed to recommend to the Corporation Overseas student fees for 2020/21 should remain unchanged from 2019/20.

Action: Chair

Student residential & overseas visits

262.17 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 a report on overseas, residential and other out of hours visits, noting that 34 visits had been arranged in 2019/20 to date, with more planned. It was noted that staff were to be commended for this contribution to student enrichment. The College's risk assessment procedure for assessing and mitigating potential risk arising from visits was noted.

It was noted in response to members' questions concerning the use of bursary funds to enable students to take part in trips that ESFA guidance stated that bursary funds could not be used to support extra-curricular activities where these were not essential to a student's study programme. College visits and their contribution to life skills were discussed. With reference to the use of bursary funds generally it was noted in discussion that: the College Bursary Group met regularly to review how bursary funds were being spent; the Group had recently agreed that curriculum areas should be asked to highlight equipment that bursary-holders might need; bursary-holders could apply for help with music tuition; the daily meal allowance remained at £4 a day; *[confidential minute]*. It was noted in response to members' questions that the College paid for students to attend university interviews and/or open days.

The Committee received an update on College's residential/out of hours visits.

Strategic matters

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

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

Members noted that the College had recently begun working consultants concerning a possible bid to the ESFA's Condition Improvement Fund (CIF) *[confidential minute]*.

The Committee received an update on strategic matters.

Committee matters

262.19 Review the Committee's terms of reference & standing agenda items

The Committee considered revisions to its standing agenda item list for 2019/20 i.e.

- Removing redundant and duplicate items from the list;
- Reflecting the Committee's current practice;
- Reducing duplication between the F&GP Committee and the Corporation, where possible.

The Committee considered a proposal that the number of scheduled F&GP Committee meetings held in the year should be reduced to 6 meetings in line with the average for the sector i.e. 2 per term with management accounts monitored in term time at Corporation meetings in months when the Committee did not meet e.g.

- Corporation I (late Sept.)
- F&GP 1 (early Nov.)
- F&GP 2 (early Dec.) and Corporation II (mid-Dec.) (*noting it was not possible to avoid duplication in Dec. due to the ESFA timetable for approval of the annual financial statements*)
- F&GP 3 (late Jan.)
- F&GP 4 (late Feb.)
- Corporation III (late Mar.)
- F&GP 5 (late Apr./early May (*dependent on the timing of the Easter holidays*))
- Corporation IV (late May)
- F&GP 6 (late June)
- Corporation V (mid-July).

It was noted that, should a need arise to hold an F&GP Committee meeting in months when it was not scheduled to meet (e.g. to approve a tender or a settlement agreements required under the College's Financial Regulations), a brief Special F&GP Committee meeting could be held immediately after a Corporation meeting. The proposed change would be in line with the existing requirement in the Committee's terms of reference that the Committee should meet 'At least every other month in term time'.

The Committee agreed that, to avoid duplication, an F&GP Committee meeting should not be scheduled for Sept. 2020, noting that standing agenda items due to be considered by the Committee at the meeting would be considered at the Sept. 2020 Corporation meeting.

Action: Clerk

The Committee completed its annual review of its terms of reference, agreeing that no change was required.

The Committee agreed to recommend its revised standing agenda item list the Corporation for approval.

Action: Chair

Annex A

262.20 It was noted that agenda items 4-9 (minutes 260 & 261 & action tables, student numbers & funding report, H&S Committee minutes) had been considered earlier on the agenda.

Annex B: Documents/links from outside bodies

262.21 Documents/links from the DfE, ESFA, SFCFA & other outside bodies

The Committee received the following documents/links for information:

- DfE/Treasury press release on additional FE and sixth form college funding (31 Aug. 2019);
- SFCFA updates and briefings (31 Aug. - 5 Sept. 2019);
- BBC news reports: FE colleges in Hadlow Group enter administration (Apr.- Aug.2019).

Final matters

262.22 Any other business

There was no other business.

262.23 Risk management – items identified at the meeting

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

262.24 Date of next meeting

It was noted that the Committee was next scheduled to meet on Tues. 5 Nov. 2019 at 4.30pm.

Fiona Bagchi, Clerk to the Corporation



**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF MEETING 263, TUESDAY 5 NOVEMBER 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), Alan Woodcock (Premises Manager)

263.1 Apologies for absence

There were no apologies for absence.

263.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

263.3 Minutes of meeting 262 held on 24 September 2019, incl. any confidential minutes

The minutes of meeting 262, held on 24 September 2019, including the confidential minutes, were approved with the following amendment: the date of the June 2019 meeting at minute 264.4 should be amended to read 25 June 2019.

Action: Clerk

263.4 Matters arising from the above minutes & action table

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 June 2019 F&GP Committee minutes had been amended, as agreed (262.4).
- 2 It had been agreed, in discussion of staff pay costs, that it would be useful for staff numbers to be included in the budget proposal in future i.e. when the 2020/21 budget was presented in June 2020 (262.5).
Action: TW
- 3 The Director of Finance, Tony Wilmot, confirmed that the East Riding of Yorkshire Council Consortium had been informed that the College would not be renewing its energy supply contract from Sept. 2020, as agreed (262.14).
- 4 A report on proposals from 2 energy brokers was on the agenda, as agreed (262.14).

- 5 The Sept. 2019 Corporation meeting had agreed that Overseas student tuition fees should remain unchanged for 2020/21 and had also agreed to delegate future approval of Overseas student tuition fees to the F&GP Committee (262.16).

The Committee agreed that the Clerk should add approval of Overseas student tuition fees to the Committee's 2020/21 standing agenda item list.

Action: Clerk

- 6 The Clerk confirmed that no F&GP Committee meeting would be arranged for Sept. 2020, as agreed (262.19).

Action: Clerk

- 7 The Sept. 2019 Corporation meeting had approved the Committee's revised 2019/20 standing agenda item list, agreeing that in future committees should approve their own annual standing agenda item lists (262.19).

Health & Safety (H&S) & property matters

263.5 H&S Committee report

The Premises Manager, Alan Woodcock, presented the minutes of the H&S Committee meeting held on 23 Oct. 2019, which were considered.

Members noted:

- With reference to first aid provision, that additional staff had been trained and a rota had been in place from Sept. 2019;
- A fire drill had been successfully undertaken on 17 Oct. 2019;
- There had been no accidents to date.

The Committee received the Oct. 2019 H&S Committee report.

263.6 Annual security report

The Premises Manager, Alan Woodcock, presented the security incidents report 2018/19, which was considered.

Members noted that the majority of incidents related to bicycle theft, noting an increase in such thefts in the period just before Christmas. The inclusion of an awareness briefing in tutorials and consideration of the inclusion of a lockable student bicycle store in the College's security bid were discussed.

The Committee received the College's security incidents report 2018/19.

Student numbers & funding

263.7 Student numbers & funding report

The Director of Network and Information Systems, Bill Jackson, presented the Nov. 2019 student numbers and funding report, which was discussed.

The Committee noted that:

- The College had seen a significant increase in student numbers [*confidential minute*];
- Students aged 16-19 represented an over-achievement of the College's funded allocation of 2,010 students [*confidential minute*];
- With a small number of exceptions, almost all students were on full time 540 hour programmes (or 450 hour for students aged 18);
- The figures to be reported to the Education & Skills Funding Agency (ESFA) in Dec.

2019, as part of the College's R04 funding return, would represent the baseline for the lagged number calculation for ESFA funding for the 2020/21 academic year.

It was noted in response to members' questions that, while growth in student numbers had been significant, it was below the ESFA eligibility threshold for emergency in-year funding, which applied to growth of at least 15% above funding allocation numbers.

Members noted that the increase in student enrolments was a significant achievement, noting that staff had been thanked at a recent staff meeting for their work at enrolment, with thanks also due to the Premises Manager and his team for their work in relation to student transport provision.

The Committee noted that the College now appeared to be at capacity and that any further increase in student numbers would be dependent on the provision of additional student accommodation, including additional social space. It was noted in response to members' questions that placing a marquee outside the refectory in the first half of the autumn term provided additional social/refectory space. Members noted that colleges which had been the first adopters of T Levels had received capital funding, which if extended to later adopters, could help to provide specialist accommodation for T Level students (e.g. extra digital space), permitting some existing space to be re-purposed.

Members noted in discussion that the College now needed to move from a growth model of marketing and enrolment to a more stable model e.g. the College needed to develop an appropriate procedure for course changes and should consider whether applicants should be advised to apply early, if possible, to guarantee places on first choice subjects.

It was noted in response to members' questions that student attendance year to date was good and retention positive, although it was too early in the year to discern any trend.

The Committee received the student numbers and funding report for Nov. 2019.

263.8 Annual review of Data Protection, FOI, Publication Scheme & Environmental Regulations charging policy

The Committee noted that: the Corporation had last approved the Data Protection, Freedom of Information (FOI), Publication Scheme & Environmental Regulations charging policy in Dec. 2018, with the policy having been significantly revised to take account of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018; section 6 of the policy required the F&GP Committee to review the policy annually; any revisions required would be recommended to the Corporation for approval.

The Committee reviewed the Data Protection, FOI, Publication Scheme & Environmental Regulations charging policy and agreed that no revisions were required.

John Wilson, as Chair of the Corporation, reported, with reference to Data Protection matters, that he had held an agreed annual meeting with Bill Jackson, Director of Network and Information Systems, to receive assurance concerning his access to appropriate resources to carry out his role as Data Protection Officer and the existence of appropriate procedures for avoiding conflicts of interest/maintaining independence in relation to the role. The Committee noted that, while Bill Jackson was the College's designated Data Protection Officer, in practice Data Protection issues were managed by a small group consisting of the Director of Network and Information Systems/Data Protection Officer, the Assistant Principal (Quality), and the Registrar.

The Committee received a report on procedures in place to avoiding conflicts of interest/maintain the independence of the Data Protection Officer role.

(Bill Jackson and Alan Woodcock left the meeting).

Financial Matters

263.9 Management accounts, incl. KPIs & cashflow

(Julie Peaks, Deputy Principal, joined the meeting during this item).

The Director of Finance, Tony Wilmot, presented the management accounts for September 2019, which were considered.

Members noted that:

- The operating surplus shown in the management accounts for the 2 months to Sept. 2019 was £46.9k compared with the budgeted surplus of £17.2k i.e. a positive variance of £29.8k;
- The primary reason for the positive start to the year was due to the College attracting 5 overseas students, resulting in fee income of £30k, with the budget having been set cautiously i.e. assuming no overseas students;
- Significant variances to date included trading income above budget expectations, with the main overseas student fees, as noted above;
- The College also had 2 adult fee paying students;
- Catering income for the month was above budget, compensated for by direct costs also being above budget;
- Overall catering operations were performing well but were still being closely monitored to ensure the budget surplus was achieved;
- College lettings had been brought back in-house from Sept. 2019, with it being anticipated that budget income would be exceeded;
- Music tuition and Campus fees both showed positive variances with a high level of recovery earlier than anticipated in budgets;
- Non-pay expenditure showed an overspend compared to budget, with the most significant variances and explanations being above budget teaching department and teaching support expenditure e.g. due to an overspend in the area of sport (compensated by grant income) and the cost of course materials and books for the new engineering course;
- Other variances in non-pay expenditure included higher than expected expenditure on the Foundation Art areas, the costs of hiring a marquee to provide additional student space for the first half term, Corporation costs above budget due to the cost of legal advice taken;
- *[Confidential minute]*;
- With reference to pay expenditure, total pay costs were below budget, with provision having been made in the budget for a teaching and support staff pay award of up to 2% from 1 Sept. 2019, as agreed in the 2019/20 budget approved by the Corporation in July 2019, and provision had also been made for all teacher and support staff pay scale movements which would be accounted for in the Oct. 2019 salary payments;
- ESFA recurrent income was in line with expectations, with capital grants released higher than budgeted due to allocation of the 2018/19 Devolved Formula Capital (DFC) grant received and the timing of expenditure (compensated for by the depreciation charge);
- The College had also received additional bursary and free meals funding although this did not impact net surplus as these funds would either be spent or carried forward at the year end, with any positive variances countered by the adverse variance under student support.

Members considered the Balance Sheet, noting that bank and cash balances had increased due to the fluctuating level of ESFA funding received, with fluctuations in the current account bank balance managed through the use of funds from the College's instant access account.

The Committee considered key financial performance indicators, including actual performance against target/budget for the year to date. With reference to the 3 key ratios that were used in the calculation of the College's financial health grade by the ESFA rating, members noted that the College's ESFA overall financial health grade remained Requires Improvement (which had replaced the former grade of Satisfactory in the ESFA's new financial health grading system). The Director of Finance confirmed that any changes to the financial health grade methodology and points scores would not be implemented by the ESFA before financial plans were submitted to the ESFA in Jan. 2020.

Members noted a healthy cashflow forecast, noting that the total cash balances reached their lowest point, as usual be in Mar. due to the ESFA payment profile i.e. with cash shown as £0.5 million in Mar. 2020. The Director of Finance confirmed that the cashflow forecast included additional ESFA funding from Aug. 2020 (with the ESFA's lagged funding system reflecting increased student numbers during autumn 2019) and increases in per student funding and that the overall cashflow forecast showed that there was no immediate concern in terms of liquidity to meet commitments.

With reference to capital expenditure, it was noted that the capital report showed £67k of current year additions, both invoiced and committed, mainly in the area of IT and that, of the current year additions, £36k had been funded from the 2018/19 DFC grant which had been received in May 2019, with a further £30k funded from the remains of the additional grant funding received in early 2019. It was noted that at Sept. 2019, there was £15k of DFC funding yet to be allocated against current year capital spend and that, of the current year total capital budget, £73k remained unspent in Sept. 2019.

It was noted in response to members' questions:

- Annual student fees paid in full at the start of the year had not been accrued for;
- Increased premises costs included expenditure of £14k in relation to heating system repairs i.e. the addition of Glycol anti-freeze to the ground source heating system in advance of the winter period, as advised.

[Confidential minute].

With reference to the achievement of the 2019/20 budget, the Committee noted that, although there had been improvements in future funding, funding remained tight in 2019/20, with expenditure continuing to be tightly monitored.

The Committee received the management accounts for September 2019, noting an operating surplus of £46.9k compared with the budgeted surplus of £17.2k.

263.10 Report on bank covenant testing at 30 Sept. 2019

The Director of Finance presented a report on bank covenant testing at 30 Sept. 2019, which was considered.

The Committee received the Sept. 2019 bank covenant testing report, noting that all banking covenants were being met.

263.11 ESFA financial health assessment letter (Oct. 2019) & ESFA financial dashboard/ benchmarking

The Committee considered a letter from the ESFA dated 23 Oct. 2019 which confirmed that the College's financial health grade was Requires Improvement for 2018/19 and 2019/20, which was in line with the assessment in the 3-year financial plan approved at the Corporation's July 2019 meeting and submitted to the ESFA. Members noted that the financial health grades used by the ESFA were: Outstanding, Good, Requires Improvement (formerly Satisfactory) and Inadequate

The Director of Finance reported that the grade of Requires Improvement (which could be considered to be the equivalent of a 'strong' Satisfactory financial health grade under the ESFA's former grading system) had not triggered the ESFA's early intervention or formal intervention process.

The Committee also considered the ESFA financial dashboard report, which had been issued with the ESFA letter of 23 Oct. 2019, noting that it recorded the College's results for the financial years 2015/16 to 2017/18 and forecast results for the financial years 2018/19 to 2020/21. The report also compared the College's results with the results of other sixth form colleges e.g. just over 60% of sixth form colleges had been shown in the report as having a forecast financial health grade of Outstanding or Good for 2018/19 (2017/18: 80%).

Members noted in discussion that the College's income for 2020/21 had been prudently forecast in the 3-year financial plan approved at the Corporation's July 2019 meeting, which had contributed to the forecast financial health grade of Requires improvement i.e. it had not included any increase in student numbers or the increased per student funding for 2020/21 recently announced by the government.

The Committee received the ESFA financial health assessment letter (Oct. 2019) and the ESFA financial dashboard report.

263.12 Report/recommendations on settlements as required under the Financial Regulations

The Committee noted that the HR Manager, Jenny Anderson, had confirmed that no proposed settlement agreements were due to be presented to the Nov. 2019 F&GP Committee meeting for approval.

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

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

263.14 Energy suppliers report

The Director of Finance reported that, as agreed at the Sept. 2019 F&GP Committee meeting:

- The College, which was currently part of the East Riding procurement consortium for gas and electricity supply, had informed the East Riding of Yorkshire Council that the College would not be renewing its contract from Sept. 2020;
- 2 brokers [*confidential minute*] had been asked to undertake a market wide review of fixed rate options and to make proposals to the College.

Members considered a report on formal proposals and pricing options on electricity and gas supply provided by the specified brokers.

It was noted in response to members' questions that:

- With reference to compliance with the College's tendering procedures, the Committee was currently being asked to decide which broker should be used rather than making a decision on tenders;
- As the College's annual expenditure on electricity was around £200,000, any contract for electricity would exceed the threshold at which invitations to tender by public sector bodies must be advertised in the Official Journal of the European Union (OJEU);
- Fees to brokers were included in supplier prices;

- With reference to the proposals, usage figures for the previous year, including day and night usage, had been provided;
- The prices quoted in the proposals were all inclusive fixed prices per kilowatt hour;
- Proposals for 4 year contracts had been requested to allow for comparison with the 4 year variable rate energy supply contract offered by the East Riding of Yorkshire Council procurement consortium;
- Some suppliers approached would not quote for contracts of more than 2 years

Members discussed the possibility of the College reducing energy usage, noting that, in addition to brokerage, both organisations approached offered energy efficiency solutions, which the College could use if it wished, but that such ancillary services would incur charges.

The Director of Finance reported that the Director of Finance was investigating, as part of the development of the College's property strategy, how electricity consumption might be reduced [*confidential minute*].

The Committee agreed that, based on the information provided in the proposal documents considered and taking into account value for money, Lumina Energy should be engaged to undertake a further review of the energy supply markets and to supply the College with pricing options for consideration and agreement for both electricity and gas supply on the basis of 4 year fully fixed inclusive contracts in order to ensure certainty of pricing from Sept. 2020 to Sept. 2024.

Action: TW

The Director of Finance confirmed that, given the value of the contract for electricity supply to the College would exceed the OJEU (Official Journal of the European Union) threshold, Lumina Energy would be instructed to follow OJEU requirements.

Action: TW

263.15 Pension report

It was noted that: the College's employees were entitled to belong to one of two principal post-employment benefit plans: 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 the East Riding of Yorkshire Council; both were multi-employer defined-benefit plans.

The Director of Finance presented the annual report on the East Riding Pension Fund (ERPF), with it being noted that there had been a net increase in the College's share of the overall scheme deficit from £281k as at 31 July 2018 to £605k at 31 July 2019.

The Committee received, for information, the East Riding Pension Fund report on the actuarial valuation for FRS 102 purposes as at 31 July 2019.

263.16 Annual Wyke 100 Club lottery report

The Director of Finance presented the annual Wyke 100 Club lottery report, reporting that the Wyke Staff 100 Club was a Small Society Lottery registered and licenced with Hull City Council under the Gaming Act 2005 Schedule 11. The Committee received an annual report to receive assurance that the lottery was conducted in accordance with the licence issued.

The Committee noted that the current annual licence expired on 22 December 2019, with all regulatory returns having been submitted to date and the licence renewal having been arranged.

Members discussed the Club's accumulated net funds. It was noted in response to

members' questions that: about 120 staff members were members of the lottery; subscriptions were deducted from members' monthly salaries; 50% of the proceeds were paid out in prizes following a monthly draw, with the remainder transferred to the College Hardship Fund; £4k had also been transferred to the College Hardship Fund from the Alderman Sydney Smith fund; staff were reminded each time the lottery draw took place to let the College know of any student requiring help from the Fund.

The Committee received the College's report on the Wyke Staff 100 Club, for information and monitoring purposes.

263.17 Financial Regulations: minor amendment

It was noted that the Corporation had last approved revisions to the College's Financial Regulations in March 2019.

The Committee noted that: during 2018/19, the Corporation had delegated approval of Home student tuition fees to the F&GP Committee, agreeing at its Sept. 2019 meeting to delegate approval of Overseas student fees to the Committee; minor amendments to the College's Financial Regulations reflecting this change had been drafted for review by the Committee.

The Committee agreed to recommend to the Corporation minor amendments reflecting the Corporation's delegation of approval of Home student tuition fees to the F&GP Committee.

Action: Clerk/TW

Student residential & overseas visits

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

Julie Peaks (Deputy Principal) presented a report on overseas, residential and other out of hours visits, reporting on 27 visits of which 15 were residential. The Committee noted the staff commitment which made it possible to offer students this form of curriculum support and/or enrichment.

The Committee received an update on College's residential/out of hours visits.

Strategic matters

263.19 Verbal report on strategic matters, incl. Venn Partnership matters

The Principal gave a verbal report on strategic matters and local educational partnerships and relationships, including matters relating to the Venn Partnership Ltd (informally known as the Venn Group).

The Committee noted that the College's Open Evening on 24 Oct. 2019 had been successful, with an increase in the number of potential students attending compared to the figure recorded for the equivalent Open Evening in 2018. Due to restricted on-site parking for the event, minibuses had been used to ferry potential students and their parents from and to parking on the former William Gee School site, which had been well received.

[Confidential minute].

The Committee received an update on strategic matters.

Annex A

263.20 It was noted that agenda items: 6 (student numbers report) had been considered earlier on the agenda.

Annex B: Documents/links from outside bodies

263.21 Documents/links from the DfE, ESFA, SFCFA & other outside bodies

The Committee considered the following documents/links:

- (i) Bournville College: TES report, ESFA letter & report (July 2019)
- (ii) BBC News: Wakefield City Academy Trust wound up (Sept. 2019)
- (iii) Letter to Principals & Chairs from Lord Agnew, Parliamentary Under-Secretary of State for the School System (with responsibility for the further education provider market, including quality and improvement), & Richard Atkins, FE Commissioner
- (iv) SFCFA updates (Sept. – 4 Nov. 2019), including election manifesto

Members noted that documents/links (i) and (ii) above highlighted governance issues in the institutions listed and that document/link(iii) referred to the importance of good governance and financial sustainability.

[Confidential minute].

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

Deferred items

263.22 Deferred to Dec. 2019

It was noted that consideration of the following items had been deferred: annual review of confidential minutes, committee checklist & Pls, & F&GP effectiveness checklist.

Final matters

263.23 Any other business

There was no other business.

263.24 Risk management – items identified at the meeting

The Committee reviewed new items of risk identified at the meeting [confidential minute].

263.25 Date of next meeting

It was noted that the Committee was next due to meet on Tues. 3 Dec. 2019 at 4.30pm.

Fiona Bagchi, Clerk to the Corporation

**FINANCE & GENERAL PURPOSES (F&GP) COMMITTEE OF CORPORATION
MINUTES OF MEETING 264, MONDAY 9 DECEMBER 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), Tony Wilmot (Director of Finance), Alan Woodcock (Premises Manager)

264.1 Apologies for absence.

There were no apologies from Committee members. Apologies were received from the following member of the senior manager: Julie Peaks (Deputy Principal).

264.2 Declaration of interests

There were no declarations of interest.

Minutes & matters arising

264.3 Minutes of meeting 263 held on 5 Nov. 2019, incl. the confidential minutes

The minutes of meeting 263 held on 5 Nov. 2019, including the confidential minutes, were approved.

264.4 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 Sept. 2019 F&GP Committee minutes had been amended as agreed (263.3).

2 The Committee had agreed, in discussion of staff pay costs, that it would be useful for staff numbers to be included in the budget proposal in future i.e. from June 2020 (263.4).

Action: TW

3 Approval of Overseas student tuition fees would be added to the Committee's 2020/21 standing agenda item list (263.4).

Action: Clerk

4 The Committee had agreed that when, its meeting schedule was agreed for 2020/21, no meeting should be arranged for Sept. 2020 (263.4).

Action: Clerk

5 A proposal from Lumina Energy was on the agenda, as agreed (263.14).

6 The Director of Finance, Tony Wilmot, reported that, given the value of any College contract for electricity would exceed the Official Journal of the European Union (OJEU) limits, Lumina Energy had been instructed to follow

OJEU requirements in relation to electricity procurement (263.14).

Actions arising from the confidential minutes

1 [Confidential minute].

264.5 Annual review of confidential minutes

It was noted that the above item would be presented to the Jan. 2020 meeting of the Committee.

Student numbers & funding

264.6 Student numbers & funding report

The Director of Network and Information Systems, Bill Jackson, presented the Dec. 2019 student numbers and funding report, which was discussed.

The Committee noted that:

- The first Individualised Learner Return (ILR) (F04) return of 2019/20 had been sent to the Education & Skills Funding Agency (ESFA) and would form the baseline for the lagged number calculation for the funding for the 2020/21 academic year;
- [Confidential minute].

Members reviewed student retention, noting the tables showing the analysis of students still on-programme but noting that it was currently too early in the year to discern any trend compared to previous years.

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

Health & Safety (H&S) & property matters

264.7 H&S Committee report

The Director of Finance, Tony Wilmot, reported that: the College's H&S Committee met termly and had not met since the meeting on 23 Oct. 2019, the minutes of which had been presented to the Nov. 2019 F&GP Committee meeting; with the exception of the clipping of the wing mirror of a College minibus, there had been no accidents recorded since the report made to the F&GP Committee's Nov. 2019 meeting.

264.8 Verbal report on property strategy

The Director of Finance, Tony Wilmot, gave a verbal report on the draft property strategy which had been formulated by the College's senior management team (SMT), including a possible bid to the ESFA's Condition Improvement Fund (CIF) [confidential minute].

(Bill Jackson left the meeting).

The Committee noted that ensuring the solvency of the College and the safeguarding of its assets was a non-delegable Corporation responsibility under the Articles of Government, noting that while approval of the 2020/21 budget could not be given by the Corporation until the College's 2020/21 grant allocation was known, in principle approval might be given for capital works to allow the budget to be formulated [confidential minute].

[Confidential minute].

In response to members' questions concerning other aspects of the draft property strategy, it was noted that the College's SMT was considering minor accommodation works for summer 2020, which would be presented to the Committee in due course and included in the 2020/21 budget, and was also considering how electricity consumption might be reduced [confidential minute].

The Committee noted that the College was currently at capacity and would be unable to increase student numbers further without providing additional classroom and social spaces.

It was noted, in response to members' questions concerning the need for additional teaching space in order to deliver T-Levels in Health & Social Care and Digital Technologies from Sept. 2021, that it was not yet known whether capital grant funding for such works would be available from the ESFA.

[Confidential minute].

The Committee received a verbal report on the College's property strategy, noting in particular the College's intention to submit a CIF bid to the ESFA by the deadline of 13 Dec. 2019.

Action: TW/PAB

Financial Matters

264.9 Management accounts, incl. KPIs & cashflow Oct. 2019

The Director of Finance, Tony Wilmot, presented the management accounts for Oct. 2019, which were considered.

Members noted that:

- The operating surplus according to the management accounts for the three months to October 2019 was £49.9k compared to the budgeted surplus of £24.7k i.e. a positive variance of £25.2k;
- With reference to income, trading income was above budget expectations by £57k, including fees of £6k from each of 5 overseas student (with income from overseas students having been prudently assumed to be nil when the budget was approved) plus fees from 2 adult students;
- Catering income was above budget by £9k, with direct costs also above budget by £9k;
- College lettings had been brought back in house from Sept. 2019, with it currently being expected that budgeted income would be exceeded;
- *[Confidential minute];*
- With reference to Educational Health Care Plans (EHCP) funding, negotiations with Hull City and East Riding of Yorkshire Councils indicated that final agreed funding would exceed budget expectations i.e. with EHCP funding in the region of £71k and £47k from, respectively, Hull City and East Riding of Yorkshire Councils;
- Non-pay expenditure showed an overspend of £24k compared to budget, with the most significant variances being on teaching department and teaching support expenditure (e.g. an overspend in sport compensated by grant income and with reference to course materials for the new engineering course) and in premises costs where a negative variance of £25k was primarily due to significant expenditure in relation to heating system repairs;
- With reference to pay expenditure, total pay costs were below budget. with a positive variance of 0.5%, with the majority of teacher and support staff pay scale movements included in the Oct. 2019 salary payments and provision made for those to be processed in Nov. 2019, provision had also been made for a 2% pay award for all staff from Sept. 2019, with national negotiations ongoing;
- Holiday pay provision was £10k, which might be released during the year;
- ESFA recurrent income was in line with expectations although capital grants released were £2k higher than budgeted due to the allocation of the 2018/19 Devolved Formula Capital (DFC) grant received and the timing of expenditure, with a variance in the depreciation charge which compensated.

The Committee considered the balance sheet, noting no issues, and considered key financial performance indicators, including actual performance against target/budget for the year to date, noting, with reference to the 3 key ratios that were used in the calculation of

the College's financial health grade by the ESFA rating, that the College's ESFA overall financial health grade remained Requires Improvement.

Members noted that cash balances had increased due to the fluctuating level of ESFA funding received. Members considered the 13 month rolling cashflow forecast, noting that cashflow remained healthy, with total cash balances reaching their lowest point as usual in Mar. due to the ESFA payment profile. The Director of Finance confirmed that forecast figures from August 2020 took into account the higher student numbers being funded in 2020/21 and the increased level of per student funding and that the overall cashflow forecast showed that there was no immediate concern in terms of liquidity to meet commitments.

With reference to capital expenditure, it was noted that the capital report showed £75k of current year additions, both invoiced and committed, mainly in the area of IT grant funding, with the extraction unit in the Ash Building workroom having recently been installed. The Director of Finance reported that, of the current year total capital budget, £65k remained unspent, with a re-prioritising exercise currently being undertaken in relation to IT expenditure, which would be reported on at future meetings. It was noted that capital expenditure would remain within the limits specified in the relevant Barclays' loan covenant.

It was noted in response to members' questions that the budgeted surplus for the year was £115.7k and that the Director of Finance did not currently expect the year end surplus to be lower than £100k [*confidential minute*].

The Committee received the management accounts, noting an operating surplus for the three months to Oct. 2019 of £49.9k and a current forecast year-end surplus of £123.6k.

264.10 Report on covenants relating to bank loans

It was noted that, under its standing agenda item list the Committee reviewed bank loan covenants at each meeting, with the Director of Finance presenting a report to assure the Committee that all banking covenants were being met and no breach of any individual covenant was forecast.

The Committee received a report from the Director of Finance, noting that, as at Oct. 2019, all banking covenants were being met and that, based on forecast ratios, there was no immediate need to consider any waiver of covenant limits.

264.11 Annual report & financial statements for y.e. 31.7.19

The Director of Finance presented the College's annual report and financial statements for the financial year ended 31.7.19, which were considered.

Members noted that:

- The annual report and financial statements had been considered by the Audit Committee on 2 Dec. 2019 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;
- Minor typographical amendments had made following review by F&GP Committee and Audit Committee members of the draft version e-mailed to members prior to the Dec. 2019 F&GP and Audit Committee meetings, with additional minor amendments made following review by Audit Committee members at the Audit Committee meeting held on 2 Dec. 2019 and in response to recommendations from Richard Lewis of the College external auditors RSM UK Audit LLP (RSM) e.g. the addition at Note 6 to the accounts (Staff costs and key management personnel remuneration) of information on the former Principal's remuneration;
- The amended final draft had been e-mailed to Corporation members for review at the Corporation meeting to be held on 12 Dec. 2019.

The Committee noted that:

- The College's annual report and financial statements for the financial year ended 31.7.19 recorded that the College had declared an operating deficit of £157k (2017/18: surplus £140k,000) after charging depreciation of £735k (2017/18: £777k);
- The reconciliation of the July 2019 management accounts to the financial statements for the financial year to 31 July 2019, which was due to be considered at agenda item 264.14, noted that there had been no adjustments to the results as presented to Corporation in Sept. 2019 other than the pensions' adjustment in respect of movement in Local Government Pension Scheme (LGPS) pension deficit;
- Issues arising from the Lloyds Bank case on Guaranteed Minimum Pension (GMP) equalisation would be considered at agenda item 264.15.

The Chair congratulated the Director of Finance on the accuracy of the July 2019 management accounts.

Members discussed the statement at Note 9 to the accounts (Taxation) i.e. that 'The Governors do not believe the College was liable for any corporation tax arising out of its activities during either year'. The Director of Finance noted that the statement was a standard phrase from the model financial statements applicable to FE colleges, drawing members' attention to the statement at Note 1 to the accounts (Accounting policies) which recorded that the College met the definition of a charitable company for UK corporation tax purposes and was, accordingly, potentially exempt from taxation in respect of income or capital gains to the extent that such income or gains were applied exclusively to charitable purposes.

In response to members' questions it was noted that: a charity would not be liable for taxation where the level of trade that was not primary purpose fell below the charities' small trading tax exemption limit i.e. £80k in any one year, noting that the College's letting income was below this level [*confidential minute*]; colleges with non-primary purpose trading income in excess of £80k would normally trade through a subsidiary company.

It was noted in response to members' questions that: as set out in the reconciliation statement to be considered at agenda item 264.14, items offset against expenditure in the statutory accounts included bursary funding offset against student support costs, free meals offset against student support costs, and trip income netted off against costs (with the exception of a few trips funded by the College e.g. geography field trips); the provision of catering for students would be considered to fall within the College's primary charitable purpose.

The Committee considered the College's draft annual report & financial statements for the y.e. 31.7.19 and agreed to recommend them to the Corporation for approval.

Action: Chair

264.12 2018/19 financial KPIs & objectives

The Committee considered the ratios and KPIs included at page 2 of the financial statements, noting in particular the following:

- Borrowing as a percentage of income was 39.1% against a target of 39.3%;
- Pay expenditure (excluding restructuring costs) as a percentage of income (excluding capital grants) was 61.8% against a target of 67.5%;
- The College's calculated financial health rating for 2018/19 was Requires Improvement, which was also the forecast rating for 2019/20, noting that during 2018/19 the ESFA had revised the health ratings, including replacing the former rating of Satisfactory with Requires Improvement;
- The report recorded that the rating of Requires Improvement was not considered to be a significant issue for the College given its underlying financial health assessment points score and taking into account that the announced increase in per student

funding and the increase in student numbers would significantly improve the College's financial health rating in 2020/21.

The Committee reviewed and received the report on performance indicators for 2018/19.

264.13 College accounting policies

The Committee considered the accounting policies included at Note 1 to the financial statements, noting that the College's external auditors considered them to be appropriate.

264.14 Reconciliation of the financial statements to the management accounts

The Director of Finance Committee presented a reconciliation of the July 2019 management accounts to the financial statements for the financial year to 31 July 2019.

The Committee received a reconciliation of the July 2019 management accounts to the financial statements for the financial year to 31 July 2019 and agreed that, when presented to the Dec. 2019 Corporation meeting a typographical error on page 1 should be brought to members' attention i.e. that 'deficit' should read 'surplus'.

Action: Chair

264.15 RSM financial statements Audit Findings Report y.e. 31.7.19

The Director of Finance presented, for information, the financial statements Audit Findings Report for the financial year ended 31 July 2019 from the College's external auditors, RSM UK Audit LLP (RSM), noting that it had been considered in detail at the Audit Committee meeting held on 2 Dec. 2019.

Members noted in particular, with reference to pension scheme liabilities that the report recorded that:

- The College had adopted bespoke assumptions which RSM had reviewed for reasonableness and benchmarked against other pension schemes in the sector, with no issues reported;
- The Guaranteed Minimum Pensions (GMP) equalisation liability had not been accounted for in the College's financial statements on the advice of the scheme actuary, noting that RSM had assessed the likely impact using the information available and had concluded that the estimation of the possible liability was not material to the College's financial statements, with the estimated liability of £16,000 an unadjusted misstatement to the financial statements.

The Committee considered two recommendations on internal control which had arisen from issues which had come to RSM's attention during the course of their audit and regularity work i.e. a recommendation relating to the need for novel expenditure to be approved by the Corporation, which would be considered at agenda item 264.16 below, and a recommendation arising from the fact that the College's procurement policy did not explicitly mention the link between conflicts of interest when assessing procurement.

The Committee noted, with reference to the recommendation on procurement and conflicts of interests, an amendment to the College's Financial Regulations proposed by the Director of Finance, which would be included in the revised Financial Regulations, which were due to be considered by the Committee in Jan. 2020 for recommendation to the Corporation.

Action: TW

The Committee agreed that declarations of interests should be added as a standing item to any College's tender opening ceremony documentation and that written evidence relating to the tender opening ceremony should record whether those involved had declared any interests, noting if none were declared this should be recorded.

Action: Clerk/TW

The Committee received, for information, RSM UK Audit LLP financial statements Audit Findings Report for the financial year ended 31 July 2019, noting the useful report on emerging issues relevant to the college sector included at Appendix B to the report.

264.16 Consider recommendations arising from RSM's audit finding report: procurement/register of interests & Christmas party expenditure authorisation

The Director of Finance presented the external auditor's recommendation that novel expenditure should be approved by the Corporation, which had been made with specific reference to the College's subsidy of the 2018 staff Christmas party, noting that, while staff had paid for tickets for the event, the College had also subsidised the cost by £536. Members noted in discussion that, in addition to approval of novel expenditure as proposed by the external auditors, it was also appropriate for the Corporation to approve expenditure which would benefit the Principal as a staff member.

The Committee considered a proposal that the College should subsidise the 2019 staff Christmas party at an expected cost of around £600. Factors taken into account by the Committee when considering the proposal included the following issues: the College was an exempt charity whose beneficiaries were its students; any expenditure made by the College should be in accordance with the terms and conditions under which funding was provided to the College by the government through the Education & Skills Funding Agency (ESFA); the proposed subsidy would be a contribution to the cost of the event, with ticket sales contributing the greater part of the cost; the event had a team building aspect.

The Committee agreed to recommend to the Corporation that the College should subsidise the 2019 staff Christmas party, with the expected cost being in the region of £600.

Action: Chair

264.17 Recommendations on tenders/notification of forthcoming tenders

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

264.18 Procurement of Utility Contracts

The Director of Finance presented a report on the procurement of contracts for the provision of gas and electricity, reporting that: the Committee had previously agreed that the College should not continue to participate in the East Riding of Yorkshire Procurement Consortium for the provision of electricity and gas after Sept. 2020 and that Lumina Energy should be commissioned to obtain quotes for the provision of electricity and gas from Oct. 2020.

The Committee considered the report, noting that: Lumina Energy had been engaged to undertake a review of the markets and supply the College with pricing options for consideration and agreement on the basis of fully fixed inclusive pricing, with options for 4-year contracts; as the value of any contract for electricity would exceed the Official Journal of the EU (OJEU) limits, Lumina Energy had been instructed to follow OJEU requirements in relation to electricity procurement and these requirements had been followed but in order to ensure best value for money had, in addition, directly invited quotes from a number of potential suppliers; the value of any contract for gas supply was significantly below OJEU limits.

Members considered the results of the procurement exercise undertaken by Lumina noting that: fixing at the quoted prices for the supply of electricity from Scottish & Southern Energy would be approximately 2.6% higher than the College's 2018/19 expenditure but that the unit rates with the College's current supplies had increased by approximately 8% from Oct. 2019 based on the average rate for 2018/19 [*confidential minute*]. [*confidential minute*]; the cost of gas supplies had increased in the three years to July 2019

by 39% and by 12% from October 2019.

[Confidential minute].

The Committee considered whether Corporation approval should be sought for the proposed deal from Scottish & Southern Energy, noting that approval of tenders over £25k fell within the Committee's remit under the College's tendering contracts procedures.

Members discussed whether it was possible to obtain an efficiency savings in relation to current energy usage levels, noting that the Director of Finance had previously reported that Lumina Energy could provide advice on this is required.

The Committee agreed that Lumina Energy should be instructed to arrange contracts for the provision of electricity and gas from Scottish & Southern Energy with such contracts being fixed for 4 years and coming into effect from 1 Oct. 2020, as outlined in the proposal presented to the Committee, noting that the main purpose of accepting fully fixed inclusive pricing for a defined period was to obtain certainty in relation to budgeting.

Action: TW

264.19 Student Association accounts

The Director of Finance reported that it was intended that the Student Association accounts for the financial year ended 31 July 2019 would be presented to the Feb. 2020 Corporation meeting.

Action: TW/Clerk

264.20 Recommendations on settlements

The Committee noted that the HR Manager, Jenny Anderson, had confirmed that no proposed settlement agreements were due to be presented to the Dec. 2019 F&GP Committee meeting for approval.

Governance & Committee matters

264.21 Eversheds' Sutherland Governance Plus subscription

It was the Clerk reported 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 receives a report from the Clerk on the Corporation's Eversheds' Sutherland Governance Plus subscription for 2019/20, noting that the subscription was unchanged from 2018/19 and that it had been agreed that the subscription only required F&GP Committee approval where there was an increase in the annual subscription of more than 10%.

264.22 Annual completion of F&GP performance checklist & grading of financial & risk management effectiveness checklist

The Committee considered the Committee's 2018/19 performance checklist, noting

that it was fully compliant.

A draft questionnaire on financial management & risk for 2018/19, adapted from the LSIS model, was presented for completion at the meeting, including agreement of grades.

The Committee agreed, with reference to the questionnaire on financial management & risk, the following grades for 2018/19: checklist sections 1 & 2 as grade 2 (good), section 4 as grade 1 (outstanding) and sections 3 & 5 as not applicable. The Committee agreed the following additions to the actions column: at section 4 add 'E-mail monthly management accounts to all Corporation members'; at section 5 add 'Governance in general would be reviewed at the Corporation strategic planning event in March 2020'.

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

264.23 F&GP standing agenda item list

The Clerk reported that the Sept. 2019 Corporation meeting had agreed that Corporation's committees should, from 2019/20, approve their own annual standing agenda item lists, taking into account, in each case, the relevant committee terms of reference approved by the Corporation.

The Committee considered the re-allocation of Student Committee items, agreeing that the annual report on the 16-19 Bursary Fund should be presented to the F&GP Committee from Jan.2020, with the F&GP Committee's 2020/21 standing agenda item list amended accordingly.

Action: Clerk

The Committee noted that the Student equality & diversity report, which had previously been presented to the Student Committee before presentation to the Corporation would be presented directly to the Corporation in future.

Action: Clerk

Student residential & overseas visits

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

The Principal presented the Dec. 2019 update on the schedule of overseas, residential or other relevant student visits, noting that the schedule of visits for autumn term 2019 had been completed and drawing attention to planned visits in the spring and summer terms.

It was noted in response to members' questions that visits were subject to appropriate risk assessments, including geography student visits to volcanoes.

The Committee received the College's report for Dec. 2019 on overseas, residential or other visits the College considers should be brought to the Committee's attention.

Strategic matters

264.25 Report on strategic matters, incl. Venn Partnership matters

The Principal reported that an update on Venn Partnership matters would be given to the Dec. 2019 Corporation meeting.

Action: PAB

Documents from outside bodies

264.26 Documents/links from the ESFA, SFCA, DfE & other outside bodies: (i) SFCA update (22 Nov. 2019) & (ii) ESFA IFMC & College Financial Planning Handbook 2019 v.2

The Clerk reported that, under its standing agenda item list, the F&GP Committee received,

for information, relevant funding body circulars and new regulations and/or documents from other external bodies, if any, at each meeting.

(i) ESFA IFMC & Financial Planning Handbook briefing

The Committee considered a briefing note, e-mailed on 26 Nov. 2019, from the Head of Prevention (Provider Market Oversight) at the Education & Skills Agency (ESFA) on the introduction of the ESFA's Integrated Financial Management for Colleges (IFMC) from Jan. 2020 and the publication of a revised, second edition of the ESFA Financial Planning Handbook (2019), noting that 'The model aims to bring together the existing financial returns from colleges while providing enough financial information to understand the current and forecast financial position of colleges'.

Members noted that:

- The IFMC return consolidated into one, 4 previous financial returns i.e. the July financial plan return, the Dec. finance record (which would be submitted for the last time in Dec. 2019), and the cashflow against debt serving return and the cashflow template introduced earlier in 2019;
- Colleges would still be required to submit audited annual financial statements, the external auditor's audit findings report and the Audit Committee's annual report by 31 Dec. annually.
- In 2019/20, the deadline for colleges to submit the IFMC return to the ESFA was 28 Feb. 2020. From 2020/21, the submission date would be 31 Jan. annually;
- The Clerk was recommending that the meeting of the Corporation's F&GP Committee scheduled for Tues. 25 Feb. 2020 should be cancelled and replaced by a Corporation meeting at which the IFMC would be considered for approval and that from 2020/21, a Jan. meeting of the Corporation should be scheduled annually, replacing the F&GP Committee meeting normally held in Jan.

(ii) SFCA update for 22 Nov. 2019

The Committee considered SFCA update for 22 Nov. 2019, including an update on funding and campaigning.

The Committee received, for information, the documents noted above.

Appendix A

264.27 ***It was noted that agenda items 3-4 (minutes/action plan) had been considered earlier on the agenda.***

Deferred items

264.28 ***It was noted that the following agenda items had been deferred to Jan. 2020: the annual review of confidential F&GP Committee minutes; the review of F&GP Committee Pls.***

Final matters

264.29 **Any other business**

There was no other business not already on the agenda.

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

The following item of risk was identified: political uncertainty.

264.31 **Date of next meeting**

It was noted that the Committee was next due to meet on Tues. 28 Jan. 2020 at 4.30pm.

264.32 Replacement of 25 Feb. 2020 meeting with Corporation meeting & introduction of Jan. Corporation meeting from Jan. 2021

The Committee agreed that the meeting of the F&GP Committee scheduled for 25 Feb. 2020 at 4.30pm should be cancelled and replaced with a Special Corporation meeting at 5.00pm to meet the ESFA's IFMC return schedule for 2019/20 which had been discussed earlier on the agenda. Action: Clerk

The Committee agreed that from 2020/21, a Corporation meeting should be held in Jan. instead of an F&GP Committee meeting i.e. to meet the ESFA's IFMC return schedule from 2020/21 which had been discussed earlier on the agenda.

Action: Clerk

Fiona Bagchi
Clerk to the Corporation