

**Minutes of a Meeting of
the Finance and General Purposes Committee
on Monday 28 January 2019 at 5.30pm at Richard Huish College**

Committee Governors in Attendance: Jonathan Langdon (Chair), John Abbott (Principal), Duncan Alexander, and Karuna Tharmananthar.

Also in Attendance: Xanne Blythe (Clerk to the Corporation) and Paul Lonsdale (Vice Principal - Finance).

Apologies: Guy Adams and David Tomaney (Vice-chair).

FGP 20 **Declarations of Interest (agenda item 2)**
There were no declaration of interests for any agenda item.

FGP 21 **Minutes of the Meeting of the Previous Committee (agenda item 3)**
RESOLVED: that the Finance and General Purposes (F&GP) Committee minutes dated 5 November 2018 and the finance section of the Joint F&GP and Audit Committee meeting dated 12 November 2018 be agreed and signed as a true record. A section of the F&GP minutes (FGP 15) (b) dated 5 November 2018 under Capital Projects would be withheld from publication due to commercial sensitivity.

FGP 22 **Matters Arising Report 2018-19 (agenda item 4)**
Updates on outstanding items raised in previous meetings were discussed:

- Oak House, out of the designated ten twin rooms, six rooms were not suitable for dual occupancy due to a health and safety issue with low rooflines and head space. The Corporation had agreed, at a meeting dated 24 September 2018, to pursue a potential claim against the architect and developer. Works had not been completed during the December holidays as these rooms had been occupied. The formal dispute trigger was discussed and the Committee requested a written report to be submitted to the next Committee meeting for clarity on the dispute trigger mechanisms. Discussion ensued on the number of rooms to be remedied during the Easter holiday period, and the financial implications for the College, in relation to single room versus twin room occupancy.
- The VP-Finance updated the Committee on his overseas trip to Hong Kong in November 2018 along with the Director of Marketing, Admissions and International. The Director of Marketing was scheduled to visit Hong Kong again in February and November 2019. The VP-F advised that the student demographics in Hong Kong for 2018-19 and 2019-20 were lower than normal and this coupled with increased local and global competition had made international student recruitment more difficult. International agents had provided good feedback from families with students studying at Richard Huish College.

RESOLVED:

1. that the Matters Arising report for 2018-19 be noted, and
2. that a written report be submitted to the next F&GP Committee meeting in March 2019 for clarity on the dispute trigger mechanisms for Oak House.

PLO

FGP 23 **Financial Reports (agenda item 5)**

(a) Management Accounts – December 2018 (Period 5)

The Committee considered the management accounts for the first five months of the 2018/19 financial year and the performance ratios for 2018/19. The year to date pre FRS 102 deficit was £36K, £43K favourable to profile.

The VP-F highlighted key variations in the forecast outturn compared to the base budget, which included:

- Apprenticeships – reduced by £101K.
- Accountancy tuition fees - £67K reduction as a significant number of starts have been converted to apprenticeships
- HE Foundation Degrees - £8K reduction
- International tuition - £95K reduction
- Music tuition increased by £10K
- Huish enrichment - £70K increase £40K coming from year end deposit balances release
- International accommodation - £50K (there has been an increase in flexi-boarding and homestay activity from the previous month)
- Shared Services income increased by £35K
- Interest receivable increased by £4.5K

In response to detailed questions and challenge, further information and clarification was provided on the error in the original apprenticeship forecast calculation. Funding data taken from the ESFA FIS system had been incorrect and this had led to significant forecasting errors across much of the sector. The calculation errors had been resolved, but had left the College short of the overall income target, meaning that far more apprenticeship starts were now needed to achieve the level of income in the base budget during the remaining seven months of the contract year; consequently, the overall apprenticeship income had been reduced by £101K. The Senior Management Team was continuing to closely scrutinise all areas and make savings to improve the budget position wherever possible. The Governing Body would need to understand this error was out of the College's control and that had the error not been made the College would be achieving £100K better than base budget. The formal interview for the Director of Apprenticeship's post was being held on 29 January 2019. The Committee Chair reiterated that the College was reliant on this additional stream of income for a balanced budget.

Further discussion centred on the following:

- No agreement had been reached at national level on the pay settlement, the Sixth Form Sector continued to lobby the Government on the extension of the schools funding settlement that had enabled them to pay a 3% award.
- £10K of the admin increase was offset by increased charges to the Trust for HR and Payroll services. The remaining increase in forecast was down to anticipated pay savings at the budget stage that had been only partially realised.
- The increased costs for estates had arisen because of a failure to recruit and retain caretaking and cleaning staff. Where we had increased advertised salaries to compete with the school sector and Hinckley Point existing staff salaries had been increased to match the higher level.

Key movements in the forecast outturn were discussed, notably:

- Teaching and delivery reduction of £56K
- Teaching support increase of £22K
- Admin increase of £56K
- Estates increase of £11K
- Agency and contracted-out increase of £6K

The number of 16--18 year olds in Somerset had, as previously reported, declined in recent years and the local demographic was not expected to improve until 2020/21 with the associated lagged funding.

RESOLVED: that the management accounts for December 2018 be noted.

(b) Capital Projects Update

- 3G Pitch

Further progress with the Football Foundation and Sport England had negotiated the 3G pitch positioning, orientation, boundary and access routes prior to the submission of a planning application in January 2019. An ecology survey was underway on the site. There was a possibility of the College acquiring some freehold land adjacent to the plot.

The funding application was expected to be submitted to the January or April 2019 funding panel for consideration, subject to planning condition approval prior to the submission. The project was scheduled to be built by August 2020.

- Other Capital Projects

Aspen building had a slight sound containment issue in a live studio that was being resolved and the surrounding gate and bollards would be replaced to a higher quality standard. Maple building's flat roof leaks had been resolved over the December holiday period, the Sports facility building was having its snagging defects repaired.

- Somerset Centre for Integrated Learning (SCIL)

Governors were updated on the current RHT situation with the Tenancy at Will for the SCIL building and that the open market would be tested for other tenants. Should the College look at using some of the rooms a business case should be prepared following testing on the open market.

RESOLVED: that the verbal update on capital projects be noted.

(c) ESFA Early Intervention Letter dated November 2018

In line with the ESFA's published policy, an early intervention letter dated November 2018, had been received informing the College that an assessment met one or more of the triggers for early intervention. There has been a significant ($\geq 20\%$) decline in the College's financial health score over three years and the College's projected financial health score was a weak 'satisfactory', that is, the total score for the current ratio plus the earnings before interest, taxes, depreciation, and amortisation (EBITDA) ratio was less than, or equal to 80 points, relating to the College plan for the 2018/19 year. This assessment was based on the College's financial plan that was submitted in July 2018.

The letter explained that at present no action would be taken in respect of this assessment. The College's situation would be monitored and the ESFA would confirm their approach following the submission of future financial plans and records. Governors noted the published guidance for the Insolvency Regime. [Further education bodies: insolvency guidance](#)

In response to a Governor's query, the meeting noted that the external auditor provided assurances that the College could meet its liabilities for the next 12 month period.

RESOLVED: that the ESFA Early Intervention Letter (dated November 2018) and published insolvency regime guidance for FE be noted.

FGP 24 Budget and Forecast Discussion 2019-22 (agenda item 6)

A presentation entitled 'ESFA Funding Trends', dated 20 November 2018 had been circulated for Governors ahead of the meeting for information outlining the following areas: 2018 to 2019 funding report, financial health trends, restructuring, adult funding, apprenticeships and T levels and work placements.

Discussion ensued on the budget and forecast for 2019-22. The 'little extras' capital funding allocations would soon be published. Schools and other eligible institutions could spend this additional funding on capital projects to meet their own priorities, there was flexibility for schools and colleges to spend the funding over the following two financial years, if necessary.

The Committee asked for a written report to be submitted to the next Committee meeting in March 2019, when the 16-18 funding allocation would be available.

RESOLVED: that a report on the budget and forecast for 2019-22 be submitted to the March Committee meeting. **PLO**

FGP 25 **College Committee Health and Safety Report (agenda item 7)**

The College's Health and Safety Committee notes dated 17 December 2018 had been circulated to the Committee for comment, along with a report, as requested, updating Governors on the employers' health and safety checks. An anonymised incident/accident report was included and an apprenticeship active employer insurance, health and safety data check update, with a H&S Work Placement Assessment checklist.

In response to detailed questions and challenge, further information and clarification was provided. The following areas were covered in particular:

- The caterer had responded well with staff training for students with allergies, actions had been put in place and system changes made.
- The meeting noted that the number of active employers with apprentices requiring College health and safety checks had been greatly reduced, checks and updates were ongoing with the Apprenticeship team and CIS updating the reports on Staff Advantage.
- New measures were in place to streamline employers' data, with regular reviews and cross team communications taking place. Apprentices were only placed with employers once all the insurance and health and safety checks were complete. In response to a Governor's query all employers had been willing to forward their documentation.

RESOLVED: that the College Committee Health and Safety report dated 17 December 2018 be noted, with a further update at the next meeting. **PLO**

FGP 26 **AoB – Items for next Committee Meeting dated 18 March 2019 (agenda item 8)**

- Management accounts for January 2019 (Period 6) and CIF Bid Update.
- Clarity on the dispute trigger mechanisms for Oak House.
- Mid-Year Estimate 2018-19.
- Review of Budget and Forecast 2019-22.
- College Health and Safety Monitoring .
- Health and Safety Annual Report 2017-18.
- RHC Financial Regulations Annual Review.
- Calendar of Meetings 2018-19 and Committee's ToR.
- Guidance for governors on the new insolvency regime for further education and sixth-form Colleges.

With no further business the meeting concluded at 7.10pm

The minutes were agreed and signed

Chair.....

Date.....