

**Minutes of a Meeting of
the Finance and General Purposes Committee
on Monday 9 September 2019 at 5.30pm at Richard Huish College**

Committee Governors in Attendance: Jonathan Langdon (Chair)(part), Dave Tomaney (Vice Chair), Anthony Smith, John Abbott (Principal) and Karuna Tharmananthar.

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

Apologies: Guy Adams and Duncan Alexander.

Dave Tomaney presided as the Chair at the meeting until Jonathan Langdon arrived at item 3.

FGP 1 **Declarations of Interest (agenda item 2)**

There were no declarations of interest.

FGP 2 **Minutes of the Meeting of the Previous Committee (agenda item 3)**

RESOLVED: that the Finance and General Purposes Committee minutes dated 10 June and 1 July 2019 be agreed and signed as a true record.

FGP 3 **Matters Arising Report 2018-19 (agenda item 4)**

The Matters Arising Report was noted:

- it was agreed to move the Oak House Disputes mechanism to a Committee standing agenda item to be raised only when information was available, **Clerk**
- construction for the 3G pitch was planned for May 2020, subject to planning approval in January 2020 and the College's ability to secure gap funding, and
- the finalised Strategic Development Plan be agreed at the Corporation meeting on 23 Sept 2019 for circulation to all Committees during the autumn term.

FGP 4 **Management Accounts to 31 July 2019 Year End and Capital Project Update (agenda item 4)**

The Committee considered the management accounts for period twelve of the financial year and the performance ratios for 2018/19. The KPI table showed an improved picture for the year end compared to the base budget. The report also provided the Committee with the ESFA financial health score forecast for 2017-18 and 2018-19.

In response to detailed questions and challenge, further information and clarification was provided on the following:

- the VP-F informed the meeting of an ESFA funding audit that was currently in place and the potential for funding clawback,
- the financial health score was Good for 2017-18 and had dipped into the RI score for 2018-19, missing the Good threshold by only 10 points, the EBITDA measure had improved slightly,
- Governors discussed the release of £50K Devolved Formula Capital Grant (DFCG) to income, instead of using it to augment future capital investment funds. There was no impact on the following financial year. The meeting noted the potential of penalties that might arise from the ESFA funding audit that could reverse any upside movement, any funding adjustment would be known by 23 September 2019. Regardless, this was seen as a good

outcome for Huish and demonstrated that there was a cross College commitment to maintaining a reasonably healthy financial position,

- the impact of the pension liability on the balance sheet, which had been stripped out of the Financial Health Score,
- discussion centred on the trip balance and the creation of a bursary fund for disadvantaged students,
- the potential for providing for Oak House rooms not rented.

RESOLVED:

1. that the RHC management accounts for July 2019 be noted,
2. that the VP-F review the release of £50K Devolved Formula Capital Grant (DFCG) to income, with the external auditors, instead of using it to augment future capital investment funds to provide a financial health score forecast of Good for 2018-19.

VP-F

FGP 5 RHC Accommodation Strategy 2019-2025 (agenda item 5)

An Accommodation Strategy assisted the Corporation to manage and develop its property to ensure premises were properly equipped and maintained to deliver education and training for which it was funded. Huish had done exceptionally well in recent years to resolve all of its poor quality buildings issues and optimise buildings. Whilst this was a fantastic achievement. It also meant that should Government funding priorities remain condition-based it would be more difficult to attract grants in the future for any expansion projects. Further analysis was needed to establish if there was a theoretical maximum capacity for the South Road campus.

In response to detailed questions, challenge and scrutiny, further information and clarification was provided on the following:

- currently the 16-19 student enrolment for 2019 was 1888 (30 additional students compared to this time last year), there was five weeks remaining to the census point,
- site capacity restrictions and the impact of exploring additional off site campuses,
- discussion centred on the constraints and priority around social space and study space with its dependency on the teaching model, it was very difficult to gain funding for social space,
- clever design had increased space in the dining area and staggered timed dining could be introduced, however Huish 30 required students in study centres,
- car parking was also constrained, and bus travel costs were potentially a barrier to some families, a transport strategy was highlighted. Other local competitors were able to provide students with a free bus service,
- the apprenticeship delivery on this site was undertaken by assessors. Business, Health and Social Care didn't lend itself to a joint working model, consideration was being given to moving the apprenticeships off site,
- the Oak House student boarding accommodation building and its break clauses in the rental agreement were clarified,
- the potential for extending the current footprint of the College with a new build proposal and the challenges around the financing of such a scheme with banks since the introduction of the Colleges Insolvency Regime,
- work had been undertaken with architects and FfS to establish viable spaces within the main campus boundary, the result was detailed in appendix 1 of the report. The reality was that there were no easy development options, many suffered from potential planning constraints that restricted height/floor area; they all had varying degrees of complexity linked to construction; the associated increased costs made the buildings less attractive and none of them generated a footprint that returned a large block of development space,
- the proposed solutions in the strategy had included a cost estimate with a lead in time and risk analysis,
- the strategy would be fine-tuned to prioritise solutions to ensure that the constraints did not impact on the student experience, learning and enrichment.

RESOLVED: that the Richard Huish Accommodation Strategy 2019-25 be agreed by the Corporation on 23 September 2019. The appendix to the Strategy entitled 'Modular Build' would

also be submitted to the Corporation for information.

FGP 6 LGPS Briefing Note (agenda item 6)

Governors NOTED the Local Government Pension Scheme report dated 10 June 2019 and the potential impact of the McCloud/Sargeant's ruling on pension accounts disclosures. An actuarial valuation from the LGPS had been provided last year to support the accounts.

The VP-F agreed to request performance benchmarking for pension fund managers as part of the Somerset Group of Colleges.

FGP 7 Bournville Letter to Colleges (agenda item 7)

Governors NOTED the Bournville letter and investigation report to College Chairs dated July 2019, previously circulated to all Governors electronically. The ESFA letter to chairs with 15 actions had been completed by the Clerk with compliance against the actions in relation to Richard Huish College.

FGP 8 Revised Funding Agreements with ESFA (agenda item 8)

Governors NOTED the information on the revised funding agreements with the ESFA. The new requirements would apply to all funding streams as ESFA was bringing everything together in a single Education and Skills Agreement. The SFCA was making the case against adding further bureaucratic burden on the sector.

FGP 9 External Audit Dates for the Financial Year 2018-19 (agenda item 9)

Governors NOTED the key external audit dates for the financial year 2018-19.

FGP 10 College Accounts Direction 2018 to 2019 (agenda item 10)

The College Accounts Direction 2018 to 2019 (Feb 2019) set out Education and Skills Funding Agency's (ESFA's) financial reporting requirements for sixth-form and further education corporations. Compliance with this accounts direction was a requirement in corporations' funding agreements with ESFA. Key changes in this version were highlighted in the report:

- that corporations and their auditors need to be mindful of the new insolvency regime in preparing accounts,
- that annex D had been substantially updated to include additional reporting and transparency arrangements in the members' report.

RESOLVED: that the College Accounts Direction 2018 to 2019 be noted.

FGP 11 Governor Liability Insurance Renewal for 2019-20 (agenda item 11)

The Corporation had agreed to raise governor insurance liability to a new level of £2m indemnity, at its meeting dated 23 September 2013, this level remained in place for 2019-20. The Committee noted that the insurance premium had increased.

RESOLVED: that the College governor insurance liability indemnity renewal for 2019-20 be noted.

FGP 12 AoB – Items for next Committee Meeting dated 9 September 2019 (agenda item 12)

The Chair informed the meeting that there were two additional items of AoB.

- (i) Resolution to add the RHC Bank Account to the Lloyds Commercial Banking Online Platform

Currently the College used the Lloyds Bank 'Lloyds link' online platform for all its day to day banking transactions primarily to process BACS and faster payments, this was currently being phased out and would no longer be available for use after December 2019.

It was proposed that the College moved across to the alternative platform offered by our Bankers Lloyds Bank 'Commercial Banking Online' which was familiar to us as this was the platform used for the Richard Huish Trust. This platform had increased security protocols over 'Lloyds link' and should offer an easier to use and more efficient internet platform when making enquiries and processing payments.

A resolution was required to make this change and the Commercial Banking Online form 5.1 signed as directed.

- (ii) An amendment to the Financial Regulations 'Banking Arrangements' Section 9.

RESOLVED:

1. that the resolution to add the RHC Bank Account to the Lloyds Commercial Banking Online Platform be recommended for Corporation approval on 23 September 2019,
2. that the 2019 Financial Regulations (Sec 9) amendment, to increase the BACS authorisation arrangements limits from £10K to £100K for Pool B: Group Financial Controller and Director Marketing, Admissions and International, be recommended for Corporation approval on 23 September 2019.

With no further business the meeting concluded at 7.30pm

The minutes were agreed and signed

Chair.....

Date.....