

**EASTLEIGH COLLEGE BOARD  
FINANCE & GENERAL PURPOSES COMMITTEE  
MINUTES OF MEETING HELD ON WEDNESDAY 18 NOVEMBER 2015, 1700 HRS,  
IN ROOM A115**

**Present:**

Mr Paul Quigley (Chair)  
Mr Steve Johnson  
Miss Shirley Nellthorpe  
Miss Julie Richmond

**In attendance:**

Mr Rob Jarvis                      Finance Director  
Dr Chris Davis                  Clerk to the Board (minutes)

**F.14.15 GOVERNORS' MEETING TIME WITHOUT SMT**

**F.15.15 COMMITTEE MATTERS**

**i Apologies**

Apologies were received from Dr Jan Edrich.

**ii Declaration of interests**

There were no declarations of interests made by those present, financial or otherwise, in any item on the agenda.

**iii Minutes of last meeting**

The minutes of the meeting held on 17 June 2015 were agreed and signed.

**iv Matters arising**

Mr Johnson asked if the action regarding the explanatory note on the budget at the top of page 3 of the minutes had been completed.

Mr Jarvis apologised for the fact that the impairment note had not been explained in the report that went to the Board, but commented that there had been further developments regarding this accounting entry, which he would cover later.

Mr Johnson also said that he felt that there could be a misunderstanding in the terminology used in the eighth paragraph on page 3 of the minutes. The use of the phrase "surplus deficit" would he felt be better defined if the word deficit was taken out.

Governors agreed to this amendment.

There were no further matters arising.

**v Review operation of Committee**

Dr Davis reported that no amendments had been made to the Operation of the Finance and General Purposes Committee.

Mr Johnson asked for the review dates and frequency could be added to item 7, Policy Delegation

Mr Quigley said that he would consult with the Clerk to consolidate the list of policies, which the committee needed to review, together with their review cycle.

**ACTION: PQ/CD**

Governors recommended the Operation, including the Terms of Reference, for Finance and General Purposes Committee to the Board for approval.

## **F.16.15 GOVERNORS' MONTHLY REPORT**

### **i Financial aspects**

Mr Jarvis made a qualification for this recent set of management accounts, due to a processing backlog in contracts. In terms of SFA funding 'budgeted numbers' had to be used in drawing up the accounts, but having now received 'actual numbers' for the new monthly management accounts, they appear not to be too far removed from what was reported in the monthly report.

Mr Jarvis reported that the forecast I&E Account deficit figure of £372k included an anticipated 'one off' impairment charge in respect of Desborough of £701k, which was included in the 2015/16 Budget. This is merely a book entry necessary to bring the Desborough book value into line with the expected disposal proceeds. He explained that a new accounting standard FRS102 would apply to the 2015/16 Financial Statements and that under this standard there may be an opportunity to revalue Desborough and bring it forward onto the new FRS102 balance sheet at a reduced value with the accounting entry for the write down appearing in the Statement of Other Recognised Gains and Losses rather than the Income & Expenditure Account, Mr Jarvis would investigate this further with the College's auditors.

Mr Johnson asked if a reconciliation note could be added to the balance sheets against the impairment charge to clarify this entry.

Mr Jarvis said that he would add a note to clarify this entry.

**ACTION: RJ**

Mr Jarvis stated that the College's current cash and short-term investment balance was £3.7m and that the net current assets forecast position is £7.33m.

### **ii Safeguarding updates**

Mr Jarvis explained that because the report covered the period of the summer break it was relatively quiet in terms of safeguarding issues. The September period was as usual a busy month with many new students on site, with a considerably higher level of reporting of safeguarding issues from the previous month. Mr Jarvis outlined some of the more significant issues and the action taken.

Governors noted the Financial aspects and Safeguarding updates in the Governors' Monthly Report, August/September 2015.

## **F.17.15 TO REVIEW**

### **i Final Capital Spend**

Mr Jarvis explained that the report itemised the final capital spend for 2014/15 and provides details of forecast 2015/16 capital expenditure. He drew Governors' attention to the top three items of expenditures for 2014/15. Although the capital cost of the projects is relatively high, he clarified that they had all been heavily grant funded.

Mr Jarvis also made Governors aware that a decision was taken to restrict routine capital expenditure to £350k in 2015/16, in order to strengthen the College's net current assets position.

Miss Nellthorpe reported that College House were delighted that their soffits and fascia had been replaced.

Governors noted the position regarding Capital Expenditure.

### **ii Major Redevelopment Project – Update**

See confidential addendum

Governors noted progress on the Major Redevelopment Project.

## **F.18.15 TO APPROVE**

### **i College Banking and Insurance Arrangements.**

Mr Jarvis advised Governors that the College's insurances are arranged via a Hampshire college consortium. The present contract with ZMI began in July 2014 under a three-year agreement, with the option to extend for a further two years on completion. He reported that premiums had risen due to large claims being submitted by the College recently.

Insurance premiums are a significant cost and consortium membership has enabled the College to benefit from competitive premiums. He therefore recommended that the College remain in the Hampshire colleges' insurance consortium.

Mr Jarvis recommended that the existing banking arrangements should continue as the agreement with Barclays bank provides that the College does not pay bank charges, (with the exception of some specific matters which incur a small fee). Governors concurred with this recommendation.

Mr Johnson pointed out that the College had previously decided not to take out any Terrorism insurance due to premium of levels and the feeling that the risk was low. He felt that with the terrorism risk level arguably increasing that this may be something the Board would like to reconsider.

Mr Quigley suggested that the committee take this matter to the full Board again in the new year for their opinion. All members of the Committee agreed to this suggestion.

**ACTION: PQ/CD**

- a) Governors approved the continuation of the College's insurance arrangements.
- b) Governors approved the continuation of the College's banking arrangements.
- c) Governors reviewed the schedule of insurance.

### **ii Environmental Policy**

Mr Jarvis reported that no changes had been made to the Environmental Policy.

Governors approved the Environmental Policy.

### **iii Environmental Strategy and Action Plan**

Mr Jarvis reported that he had updated the plan to reflect progress achieved. Under Infrastructure and Operations, reference 4, 'Reduce energy consumption and implement long term strategies for energy efficiency into the planning and development of the estate.' The New Teaching Block (F Block) will have an array of photovoltaic cells on its roof. It is anticipated that 15% of the energy requirements for F and G Blocks will be met by this investment. High levels of insulation on the new buildings will significantly reduce energy consumption. Natural ventilation is being used wherever possible within the two buildings to further reduce energy use.

He also commented that the sector target of a 30% reduction in energy consumption by 2018 is achievable.

Under Reference 5, Monitor and reduce water consumption, usage was down to 49.8 m3 per m2 of internal area against a target of 49.0 m3, due to the repair of leaks in the more recently refurbished and new buildings, using self-cancelling taps and mesh spray filters. The new Advanced Technology Block (G Block) will have a 'green roof' incorporating rainwater harvesting technology, which will supply the toilets in G Block and in B Block.

Governors approved the updated Environmental Strategy and Action Plan.

#### iv **Leave Procedures**

Mr Jarvis highlighted the significant changes to the procedures. There had been a reversal of the decision for teaching staff to take their annual leave during holiday periods with recognition that they should manage their work life balance by utilizing their annual leave at appropriate regular intervals throughout the year. This would ensure that staff were available to interview prospective students during holiday periods.

There were minor amendments to the procedure regarding the granting of compassionate leave.

Mr Johnson asked for clarification of the word 'Inspectors' in relation to the paragraph heading 'Inspectors Duties'.

**Post Meeting Note:** *The heading has been amended and now reads "Ofsted Inspector Duties".*

Mr Jarvis said he would clarify the heading in the procedure to avoid any ambiguity.

**ACTION: RJ/MB**

Governors approved the Procedures for Leave.

#### v **Redundancy Procedure for Senior Post-holders**

Mr Jarvis explained that this procedure only covered the three members of the senior management team and did not include the Associate Directors.

Mr Jarvis began by highlighting a change that was not part of the original amendments in the procedure that Governors had in front of them. The change came at paragraph 1.2 and he now wished to change it to read, "The procedure for termination of employment on the grounds of redundancy will only be invoked if after initial discussion the senior post holder does not wish to consider voluntary measures and is considered to be compulsorily redundant." This was due to the original procedure, which referred to dismissal, and because the process for how a senior post-holder is terminated is very similar. He said he hoped that this would alleviate any misunderstanding.

Governors approved the amendments to Redundancy Procedure for Senior Post-holders.

### **F.19.15 TO RECEIVE**

#### i **Financial Statements for 2014/15**

The Financial Statements were provided for Governors in the agenda papers in their entirety. Mr Jarvis drew Governors' attention to the summary report and focused on the operating surplus of £422k.

Mr Jarvis made Governors' aware that for the first time, both income and expenditure figures in the financial statements had been 'grossed up' by the amount of funding paid to partner sub-contract training providers. The College's financial statements auditors are of the opinion that because of the significant risks relating to this provision which remain with the College, it is not appropriate to adopt the disbursement approach allowed by the SORP, under which only the management fee charged to partners is counted as income.

Mr Jarvis said he would go back to the external auditors to ascertain whether a note is required regarding changes to the accounting policy.

**ACTION: RJ**

**Post Meeting Note:** *The College's auditors are satisfied that note 32 in the accounts adequately deals with the Prior Year Adjustment and change in accounting policy.*

Mr Jarvis then went on to highlight some of the headline figures in the financial report. Restructuring costs in 2014/15 stand at £195k with an FR17 adjustment of £30k, giving an underlying surplus of about £647k, which he said is a very good outturn for the year. Long-term loans at the year-end totalled £3.785m, with cash and short-term investments at the year-end of £3.140m.

Referring to the Balance sheet Mr Jarvis draw attention to the Net Current liabilities of £78k, which is the only weak figure in our accounts. He went onto say that a surplus in the current year will help to address this figure.

Mr Johnson made the committee aware of several typographical errors within in the statement, the first being on page 34 and the consistency and use of full stops and comas within the narrative.

**ACTION: RJ**

A review of the list of Governors on page 46 declared in the Financial Statements for 2014/15 was also required as an action against the Clerk. Recent resignations had not been annotated.

**ACTION: CD**

There had been a duplication of paragraphs on the bottom of page 50 and the top of page 51 which needed addressing.

**ACTION: RJ**

Mr Johnson gave his opinion that he felt the auditors opinion was rather misleading and confusing, instead of getting a reasonable assurance we are now getting a limited assurance regarding the statement for regularity and propriety and compliance. There was also no opinion given, just a conclusion, which he felt read rather negatively.

Mr Quigley and Mr Jarvis attended the previous Audit Committee meeting and both responded by saying that this was an issue raised by the External auditors at the meeting and is now the standard wording used in their financial statements.

Mr Johnson commented that the auditors should change the wording in their engagement letter to reflect the change of wording with regard to conclusion instead of opinion.

Governors recommended the Financial Statement for 2014/15 to the Board for consideration and approval, subject to the above actions being carried out.

## **ii Financial Regulations and Procedures - revision**

Mr Jarvis proposed the following three changes to the Financial Regulations. The College does not in practice maintain an inventory of assets, or security mark assets, other than IT assets for which a full inventory is and will continue to be maintained. The Fixed Asset Register is considered to be a sufficient record for other assets. The Financial Regulations & Procedures state that an inventory record is held for all assets, items security marked and locations tracked. A change to the Financial Regulations to reflect what actually happens in practice was therefore proposed.

Secondly It is proposed that the Associate Director Teaching & Learning and the Associate Director Planning & Development, be permitted to authorise expenditure of up to £10,000 and to authorise tuition fee credits of up to £1,000.

Finally It is proposed that the limit to which the Exams Manager may authorise expenditure should be increased to £2,000 (from £750).

Mr Johnson raised a minor issue regarding presentation. At the bottom of Schedule B it refers to the Financial and General Purposes Committee being required to approve all contracts over £175k, he felt that it would be more appropriate to be imbedded in both Schedule A and Schedule B.

Mr Jarvis said that he would add this note to item 4g in Schedule A.

**ACTION: RJ**

Governors approved the proposed changes to the Financial Regulations and Procedures.

## **F.20.15 DATE OF NEXT MEETING**

### **Wednesday 2 March 2016 commencing at 1700 hrs**

Governors' Monthly Report – financial aspects and safeguarding  
Franchise and partnership provision - annual report 2014-15  
Review of tuition fee guidance (for approval by the Board) & fee level proposals  
Eastleigh College Ltd – interim report  
Support Services SAR outcomes and improvement plan  
Review Risk Reduction Plan  
Review Finance & General Purposes' items on Risk Register  
Partnership working (approval of increased or new contracts)  
Review of Financial Regulations and Procedures (for approval by the Board)  
Personal Relationships Policy and Guidance (if changed)  
Staff Development and Performance Management Policy (if changed)

On completion of Finance and General Purposes Committee business, Mr Quigley provided an update on the Solent Area Review post the first steering group meeting held on the 4<sup>th</sup> November 2015. Mr Quigley outlined the agenda discussed and gave an oversight of the review process to-date. Further discussion took place with Mr Quigley concluding that he would continue to report and brief Governors on any further developments.

There being no further business, the meeting closed at 1805 hrs.