



Dr Edrich said that the covenant situation would be covered elsewhere in the agenda. With regards to the claims basis point, the issue is that the College previously would always have had allocations that the College would draw down on. The situation has now changed, with regards to apprenticeships from May 2017 the process now requires the loading of all paperwork and the College then claims payment retrospectively. Nothing can be loaded until the employer has paid their contribution causing a huge delay. She concluded by saying the claims are dependent on many different strands being correct, which is extremely complex and often resulting in claims not being processed in a timely way.

There were no more matters arising from the minutes of the meeting held on 4 September 2019.

**v Review Operation of Committee**

The Clerk made Governors aware that he had reviewed the operation of the Committee and on this occasion did not propose to make any amendments.

Councillor Grajewski asked for the Environmental & Sustainability Policy to be reviewed annually rather than on a bi-annual basis.

This proposal was agreed by the Committee.

**ACTION: CD**

The Chair raised a question over the use of the word 'ensuring' in article 1.12 and said this needed clarification or change. He felt that the use of the word was unsuitable in this instance and perhaps needed changing.

The words 'focusing on' were agreed by the Committee as a more suitable and accurate reflection of the Board's responsibilities.

Mr Johnson made an observation about the Committee's ability to obtain outside legal or other independent professional advice. He thought that this was an opportunity that the Committee should take advantage of should there be something that required professional advice.

The Committee recommended the Operation, including the Terms of Reference with the necessary amendments, for the Finance and General Purposes Committee to the Board for approval.

**F.28.19 GOVERNORS' MONTHLY REPORT – OCTOBER 2019**

**i Financial aspects**

Mr Sarll reported a deficit of £104k compared to a budget of £275k at period 3 and that the forecast year-end outturn cost deficit was now a £280k deficit, compared to the original budget surplus of £324k.

The Chair asked if this was a normal position to be in at this time of year.

Mr Sarll said that normally the College would be behind budget at this time of year, so to be in front of the budget was unusual.

He gave Governors some potential positive news around the Levy income and around the full cost work being carried out. There was also further savings to be made around pay costs which were not yet reflected in the forecast.

Mr Johnson felt that it might be helpful for all Governors to see the forecast outturn to be shown on the very first page of the Governors monthly report 'Key Financial Performance Indicators', to highlight what the main issues are:

- EBITDA
- The adjusted current ratio
- Borrowing as a percentage of income

- Forecast outturn

This proposal was agreed by the Committee.

**ACTION: JE/RS**

Mr Johnson said he would be happy to come and liaise with the Finance Controller to produce a report that was perhaps more simplified and concise, enabling the reader to understand the issues involved.

Dr Edrich was happy for this to happen, but reiterated the importance of providing a 'trail'.

Mr Sarll concluded by giving an update on the closing cash position, which stands at £2.5m.

**(Confidential item)**

#### **Financial Position 2018/19**

(See Confidential addendum)

**(End of Confidential item)**

#### **iii Matters arising**

Dr Edrich asked Governors if they had any questions or concerns with the content of the report, which had not already been dealt with previously.

There were no other issues raised concerning the Governors' monthly report.

Governors noted the Financial aspects and matters arising in the Governors' Monthly Report, October 2019.

### **F.29.19 TO REVIEW**

#### **i Financial Position 2018/19** (see minute F.28.19, ii above)

#### **ii Financial Statements for 2018/19**

The Financial Statements for 2018/19 were discussed at great depth in item F.28.19, ii Financial Position 2018/19.

Mr Johnson raised a point about the statements concerning item 19, Defined benefit obligations and the Total pension cost for the year, the column for 2019 subtotals did not add up and needed to be revised.

**ACTION: RS**

The Chair asked whether the Committee were in a position to recommend the Financial Statements for 2018/19 to the Board for approval.

It was agreed that it would be recommended to the Board, subject to the discussions with Lloyds bank at the meeting on the 6 December 2019 (resolution of the loan).

Governors' recommended the Financial Statements for 2018/19 to the Board for approval, subject to the discussions and outcomes of the meeting with Lloyds bank on the 6 December 2019 (resolution of the loan).

**(Confidential item)**

#### **iii Joint Venture Development**

(See confidential addendum)

**(End of Confidential item)**

**iv Tuition Fee Guidance and fee level proposals (for approval by the Board)**

Mr Sarll explained that the reason for this report was to seek approval for the basis on which tuition fees will be increased for 2020/21.

He outlined the College's current tuition fee levels in line with ESFA guidelines.

The latest CPI figures show an annual inflation rate of 2.0%, which is subject volatility.

It was the College's aspiration to continue to maintain the subcontractor management fees at 22.5%.

He concluded by informing Governors that it was College's overarching strategy to maintain a significant footprint in the market and to maximise tuition fee income, it was therefore considered that a 3% general increase should be applied in 2020/21 and that this will not have a detrimental effect on student numbers.

Governors' reviewed the Tuition Fee Strategy and Fee Level Proposals for 2019/20 and recommended it to the Board for approval.

**v College Banking and Insurance Arrangements**

Mr Sarll advised Governors that the College's insurances are arranged via a Hampshire college consortium of ten FE Colleges. The present contract with independent advisor, Risk2Value, to manage the tendering process to appoint insurers for a three-year period commencing in 2014/15, using Crescent Purchasing Consortium's (CPC's) Framework.

He made Governors aware that during the summer of 2018 the consortium had managed to negotiate a 20% discount on premiums for 2018/19 and 2019/20 in exchange for taking the option to extend for a further two years.

Mr Sarll then took Governor's through the emerging risks identified by Risk2Value:

- **Cyber cover**, the additional premium for this would be a maximum of £3,500 for a limit of £1m cover. The recommendation is that the College takes this further cover.
- **Crime cover**, the College already has fidelity guarantee in place (which protects against theft by employees) for a premium of £1,589 on a £500k limit. Crime cover on the same limit of £500k offers the same cover and more for a premium of £2,200, or £2,700 for a £1m limit. The recommendation is that the College takes the crime cover in place of the fidelity guarantee cover.
- **Continuation of terrorism insurance**, the premium for terrorism cover is £8,498 and in light of the two previous risks mentioned, which are felt to be a more likely threat to the College, there is the possibility that we gain crime and cyber cover at no further expense.

Mr Sarll then explained the College's Banking arrangements. There is an agreement with Barclays, the College's bankers, is that the College does not pay bank charges, providing the balance on its current account is at least £5k. There are some specific exceptions to this arrangement in respect of which a small fee is incurred. The total amount involved however is minimal but Barclays are content to continue with the arrangement.

Mr Sarll concluded by saying that overall these arrangements provide extremely low cost banking to the College and it is therefore recommended that the College's existing banking arrangements be continued.

Dr Edrich reported that a paper will be going to the Board outlining a future banking arrangements in the very near future.

Governors approved the continuation of the College's insurance arrangements.  
Governors approved the cyber cover insurance.  
Governors approved the crime cover insurance.  
Governors approved the continuation of terrorism cover.  
Governors approved the continuation of the College's banking arrangements.

**vi Final Capital Spend**

Mr Sarll explained that the report itemised the final capital spend for 2018/19 and provided details of the 2019/20 expenditure to-date.

He reported the outturn net capital expenditure of £601k compares to the original budget of £735k, the difference being that a couple of larger capital projects were stopped during the year in the lead up to the potential merger.

Mr Sarll went on to outline the expenditure this year to date, which stood at £436k.

Governors noted the position regarding Capital Expenditure.

**F.30.19 TO APPROVE**

**i Sub-contracting Policy (for approval and signature)**

Dr Edrich said that the majority of the amendments were minor changes. She added that the policy also reaffirmed the quality improvement process.

Governors approved the Sub-contracting policy. The policy was signed by the Chair of the Board and the Chief Executive and Principal.

**ii Financial Regulations & Procedures**

Dr Edrich provided a verbal update on amendments to the Financial Regulations & Procedures. The changes required she said were primarily focused around the staff who negotiate services on behalf of the College (low level 1), this will now form an annex to the Regulations.

She confirmed that all negotiations are reviewed and agreed by the SMT.

The amended Financial Regulations & Procedures will be presented to the next F&GP Committee for approval.

**ACTION: JE**

**iii Grievance Procedure for Senior Post-holders**

Dr Edrich said the procedure had been reviewed by the SMT in November 2019. They had made some minor amendments involving new GDPR Act 2018.

Governors approved the Grievance Procedure for Senior Post-holders.

**iv Parental care and Statutory Flexible Working Procedures (Establishment Procedure Appendix 2)**

Dr Edrich said the procedure had been updated to reflect statutory changes around adoption leave and eligibility.

Governors approved the Parental care and Statutory Flexible Working Procedures (Establishment Procedure Appendix 2).

**v Procedure for Leave**

Mr Sarll said that minor changes had been made,

- Winter Closure arrangements
- Medical appointments
- Overtime
- Compassionate Leave
- Dependent Leave and Emergency Dependent Leave

- Maternity, Paternity, Adoption, Parental, Dependent and Fertility Treatment Leave

Governors approved the Procedure for Leave.

**vi Alternative Instalment payment mechanism**

Mr Sarll introduced the paper by saying that of the £1.8m of tuition fee income in 2018/19, approximately £450k of that income had come directly from the learner as opposed to from their employer.

He said the current options for a learner to pay their tuition fee is, upfront in full, or up to a maximum of three instalments at the start of each term.

He said the College has identified an organisation, Oriel Collections Ltd, who provide a service called FlexEd which gives the learner the benefit of spreading the fee over as many months as they would like within the period of their course.

The process would be that the learner pays a first instalment to the College (recommended to be 20%) and the remaining balance is transferred to FlexEd whereby an instalment plan is agreed. There is a cost to the learner of £6 per instalment which is payable in full at the time of the first instalment. There is no cost to the College for this service (other than a very minor one-off set-up fee).

The proposal is that an alternative payment mechanism be offered to learners through Oriel Collections Ltd and the FlexEd service.

Governors approved the proposal for an alternative instalment payment mechanism.

**F.31.19 TO RECEIVE**

**i ESFA Financial Health Assessment letter**

Dr Edrich explained that the ESFA Financial Health Assessment letter and the Finance Dashboard come together and is the Funding Agency's assessment of the financial health of the College. The agency has concluded that the appropriate assessment grade based on the financial plan is 'Requires Improvement' for 2018/19 (the latest outturn forecast year) and 'Good' for 2019/20 (the current budget year) based on data submitted in July 2019.

Governors noted the Financial Health Assessment letter.

**ii ESFA Finance Dashboard November 2019**

Dr Edrich informed Governors that the Financial Dashboard incorporates various key performance indicators and measures those against both target benchmarks and benchmarks achieved across the sector.

Governors noted the Finance Dashboard November 2019.

**iii Environment & Sustainability Strategy Action Plan**

Dr Edrich reported that the figures included in the Action Plan had all been updated and now include the impact of the new buildings.

Mr Johnson felt that where 'ongoing' target dates were not helpful and were un-smart, please could they be more smart.

Dr Edrich said she would pass this message back to Mr Phelps.

**ACTION: JE**

Councillor Grajewski asked if the data reflected measurement in terms of the College's carbon footprint.

The answer was unclear, more clarification would be sought from Mr Phelps.

Governors received the Environment & Sustainability Strategy Action Plan.

**F.32.18 DATE OF NEXT MEETING**

**Wednesday 26 February 2020 commencing at 1700 hrs**

Governors' Monthly Report – financial aspects and matters arising  
Franchise and partnership provision - annual report 2018-19  
Eastleigh College Ltd – interim report  
Support Services SAR outcomes and improvement plan  
Review Risk Reduction Plan  
Review Finance & General Purposes Committee's items on Risk Register  
Partnership working (approval of increased or new contracts)  
Financial Regulations & Procedures  
Review Financial Regulations & Procedures (for approval by the Board)  
Staff Development and Performance Management Policy (if changed)  
Remuneration and Reward Policy (if changed)  
Environment Policy  
Personal Relationships Policy and Guidance (if changed)

There being no further business, the meeting closed at 1810 hrs.