



GREENHEAD COLLEGE CORPORATION
Minutes of the Finance and Estates Committee Meeting
Held on Monday 23rd September 2019 at 4.30 pm in Principal's Office

Present: Richard Armstrong* (Acting Chair), Sue Douthwaite*, Chantal Forrest*, Simon Lett* (Principal), Craig Shannon*

In attendance: John Blake (Director of Finance & Resources), Hilary Thomson (Clerk to the Corporation/Committees)

* *Governor*

Meeting began: 4:30pm

Meeting closed: 6:55pm

Quorum: 3 Governors including Principal as Accounting Officer

Attendance: 83%

The Acting Chair (RAR) welcomed attendees to the meeting.

The meeting commenced with a presentation from a senior architect from DarntonB3 who provided preliminary drawings and outlined initial thoughts regarding the 'Greenhead Masterplan' for future development of the site. Committee members asked questions and sought further clarification.

Action: Director of Finance and Resources to prepare written brief for DarntonB3 to address condition of existing science block and options for possible areas of expansion (2 weeks) with revised drawings (1-2 weeks) and presentation (further two weeks)

Action: Finance and Estates Committee to meet again before October half-term to review revised plans and agree recommendations to Corporation

Action: Governors Strategy Meeting to be scheduled for late November

1. Apologies for absence

Apologies for absence were received from Colin Blair.

2. Items for discussion under Any Other Urgent Business

No additional items were identified for discussion under any other urgent business at agenda item 12 below.

3. Declaration of pecuniary / prejudicial interest

Committee members were invited to declare any direct, indirect, pecuniary, personal or prejudicial interest relating to any item on the agenda for the meeting. No interests were declared.

4. Minutes of previous meetings (10/06/19 and 01/07/19)

4.1 To approve minutes of previous meeting

Committee members considered the previously circulated minutes of the Finance and Estates Committee meetings held on 6th June 2019 and 1st July 2019. No amendments were requested.

RESOLVED: that the minutes of the meeting held on 06/06/19 and 01/07/19 were approved as correct records and authorised for publication.

4.2 To consider matters arising

The following matters arising were noted:

Minutes of 06/06/19

Item 6.1 (2019/20 Budget) – 2019/20 budget documentation had been finalised as soon as outstanding appointments were confirmed and circulated to Committee members.

Item 8.2 (Project management forms for consideration) – Project management forms for toilet refurbishment and Cooksey Building ventilation projects would be considered at agenda item 11.3 below.

9.1 (Review of Financial Regulations) – The Director of Finance and Resources (JBL) confirmed that the Financial Regulations had been updated as per previous discussions.

Action: DFR (JBL) to email updated version of Financial Regulations to Clerk for circulation to committee members.

5. 2018/19 Financial Report

5.1 Latest monthly management accounts (June 2019)

The Director of Finance and Resources (JBL) provided further detail regarding the latest (June 2019) monthly management accounts and accompanying commentary which had been previously circulated to all Governors and responded to questions. The following points were noted:

- The full year projections showed a forecast deficit of £530k consisting of an operating deficit of £265k (against a deficit budget of £307k) together with an increased provision for severance costs of £256k arising from restructuring exercise. Full year projections still included a £30k contingency.
- Pay costs were well controlled despite higher than anticipated supply costs due to three December resignations
- Non-pay costs were as expected. Increased student numbers and higher reliance on IT resulted in increased costs for hardware and software. Exams costs exceeded budget by £10k due to increase in student numbers.
- £122k of £154k 'little extras' funding had been spent with remaining £31k to be carried forward

5.2 Year End (2018/19) update

Year end (July 2019) management accounts would be circulated to Governors when available. Regularity audit was underway and final audited accounts would be available by the end of the following week.

Outcome of a legal case on age discrimination in relation to the Local Government Pension Scheme was awaited and this would impact on future obligations and liabilities. This would be made clear in the annual accounts.

6. 2019/20 Financial Report

The number of students on roll in Week 1 2018/19 was 2491 with 2453 on census day meaning that the College was funded for an additional 86 students in 2019/20 (£339k). The retention reduction had also decreased by £26k, disadvantage funding had increased by £41k and a Maths premium payment of £38k would be received which equated to an additional £443k on 2018/19 income.

7. Financial Key Performance Indicators (KPIs) 2019/20

Committee members noted the proposed financial KPIs for 2019/20 which the Principal would report against at each Corporation meeting. These were as follows:

Teaching staff % of total staff costs	76.0%
Payroll costs as % of total recurring income	76.0%
Non-ESFA income as % of total recurring income	3.9%
ESFA Financial Health	Good
ESFA Financial Health Score	220
Cash in hand days	27
End of year surplus	£340k

Q: Was the 2-3% improvement in Teaching staff %age of total staff costs against the previous year's actual in line with projections?

A: The 5 block teaching model would have taken the figure down to low seventies and the option 9 adopted (4.5 blocks) to mid seventies so this KPI was in line with projections

Q: When would the increase in funding rate per student take effect?

A: From 2020/21 so no impact this year

Q: Why had the Non-ESFA income as a %age of total recurring income dropped?

A: Teachers' Pension Grant had inflated ESFA income rather than non-ESFA income having decreased.

Comment: Only looking at cash days on 31st July as a KPI is not particularly informative. Alternatives would be to look at average cash days through the year or the idea of not breaching a minimum level of cash days at any point in time.

Response: Advice could be sought from ESFA on what would be an appropriate KPI to set with regards to cash in hand days

Action: *The Director of Finance and Resources (JBL) to contact ESFA for advice and feedback response to committee members*

In the meantime the Committee agreed to recommend approval of the financial KPIs to Corporation (7/10/19)

8. Update on Longer Term (5-year) Strategic Planning

8.1 Financial outlook post Chancellor's Autumn Statement (2020/21)

Committee members noted the impact that the recently announced increase in funding rate (£4188 per student from 2020/21) would have on the College's finances. The three year strategic plan had been updated to reflect the uplift to the funding rate which postponed a predicted deficit from 2021/22 to 2024/25 (deficit of £115k but bank balance of £3.3 million) assuming no increase in student numbers. The financial impact of increasing student numbers by 150 and enrolling international students was also considered.

8.2 Three Year Strategic Plan 2019-20 – 2021-22 and Looking Beyond to 2022-24

The three year strategic plan had been updated to reflect the increased funding rate. Further amendment would be required in light of decisions regarding building development. Pay increases would also have to be reflected.

Comment: This gave a partial picture at the moment

Response: There should be a clearer picture by the next Governor's Strategy Meeting in November but the current version could be shared with the FE Commissioner as part of the Diagnostic Assessment

8.3 Greenhead College 'Masterplan'

8.4 Chemistry Block update

Discussed at start of meeting as part of presentation from DarntonB3.

9. Financial Health Update

Committee members reviewed previously circulated information on preparation for the forthcoming Diagnostic Assessment. The Principal (SLE) outlined arrangements as follows:

- All requested documentation would be uploaded to R drive before half term
- Bullet point responses to each of the key questions were being drafted
- A meeting for all SLT and Governors involved in the process would be scheduled for w/c 4/11/19
- It had been proposed that Lead Governor Finance and Lead Governor Quality would be replaced by a small group of Governors (CSH, SDO, CBL) plus IWA

10. Staffing update

Committee members considered the previously circulated staffing report. The following points were noted:

- An advert had been placed for an IT Developer. Consideration was being given to keeping Moodle administration in-house and outsourcing maintenance of Moodle to an external company (cost approximately £3k). The IT Developer / Moodle administrator role was currently being covered by an agency staff member
- Three staff were currently on maternity leave (English teacher, Chemistry teacher and HR Manager). Alternative maternity cover for the HR Manager had been secured for Autumn term 2019 (Carole Bradbourne) as the previous temporary staff member covering the maternity leave had secured a permanent job elsewhere and left at the end of the summer term.
- The number of students studying Computing had decreased as a significant number of students had changed course due to use of different computing language at A Level. Student numbers studying Computing could now be accommodated within the original teaching provision.
- Sickness management procedures were being followed for the two members of support staff on long term sickness absence. One was likely to take early retirement through ill health.

Comment: It would be useful to clarify net or gross costs in relation to staffing.

11. Premises and Estates Update

The Director of Finance and Resources updated the Committee as follows:

11.1 Catering

Feedback from survey / student focus groups on College's catering offer undertaken by catering consultant in summer term was that:

- there was a lack of choice, especially vegetarian / vegan
- there was a lack of healthy options
- prices were too high
- catering areas were too crowded
- Many students purchased food off site

Other points noted were:

- Benchmark figure for average in house catering spend per student per week in sixth form college was £5 but at Greenhead was only £1.50
- Income from current in-house catering was approximately £20k pa
- Consultant has put out option for outsourcing catering to gauge interest and seven companies have responded to date (closing date this week)
- Catering staff had been informed and had been reassured that their jobs and pensions would be secure. Full consultation would be required if decision to outsource catering was taken
- Timescale would depend on whether capital building work was required

Q: Was provision of on-site catering an obligation for a sixth form college?

A: No

11.2 Site development / maintenance

'Little extras' funding (£154k) had been spent as follows:

- Improvements to ventilation in Cooksey Building by reducing CO₂ levels. Work was undertaken during summer holidays and air quality was much improved.
- Toilet refurbishment – main male and female student / visitor toilets adjacent to Hall had been swapped and refurbished
- CCTV had been upgraded (cost just over £3k)
- Bay markings had been installed in main car park
- Access control to College via two entrances (main and student) only with all other access points made exit only

£31k remained of the 'little extras' funding and possible future plans for this included:

- Installation of top opening windows in Hall to improve air quality and ventilation
- Refurbishment of Science Block toilets
- Improved ventilation (similar to Cooksey Building) in the main computer room

11.3 Consideration of any Project Management Forms

Retrospective Project Management Forms were submitted for:

- Cooksey Building ventilation project (£67,357)
- Toilet refurbishment project (£35,265)

Q: As the Project Management Forms were retrospective, who had authorised the work?

A: SLT had signed off the forms due to time constraints

Comment: There was therefore an issue with the process and this needed to be addressed by raising approval thresholds or ensuring that project management process was properly followed

Response: This would be addressed by the planned review of delegation arrangements

Comment: It was important to ensure that the post completion review section was completed and considered by SLT and Corporation before final sign off to complete the project management cycle

Action: *Director of Finance and Resources (JBL) to complete Post Completion Review section of both forms for consideration at next meeting (18/11/19)*

Q: Was there a programme of general redecoration as some areas looked shabby?

A: Painting and refurbishment was an ongoing process via a local painter and decorator with the focus on public areas

12. Any Other Business

No additional items were identified at agenda item 2 above for discussion under any other business at this point in the agenda.

13. Confidentiality

None of the items discussed was deemed to be confidential

14. Date of next meeting

Monday 18th November 2019 at 4:00pm (joint meeting with Audit and Risk Committee and Auditors (Internal and External))

Signed off by Richard Armstrong, Chair, at Finance & Estates Committee 27/1/20