



GREENHEAD COLLEGE CORPORATION

**Minutes of the Finance & Estates Committee meeting held virtually using Teams
Monday 26 April 2021, 4.30pm**

Govs present: F&E members: Craig Shannon; Ian Lavan; John Holroyd (Chair); Lisa Wilkinson (Associate) (to 6.04pm); Richard Armstrong; Simon Lett (Principal) (from 4.41pm) / other Govs: Stuart Irving; Daniel Bellanfante (from 5.16 to 6.15pm)

In attendance: John Blake; Ian Leedham (Clerk)

Apologies: none

| AGENDA ITEM | DISCUSSION | ACTION |
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| 1. Welcome, apols | JHO welcomed participants. No apologies. | |
| 2. Declarations | No declarations of pecuniary/prejudicial interest. | |
| 3. Minutes 8/2/21 | <p>3.1 Minutes 8/2/21, previously circulated, agreed by Committee, signed by Chair, returned to Clerk for filing.</p> <p>3.2 Two matters arising not covered on agenda:</p> <ol style="list-style-type: none"> 8/2/21 min 3.2.2 (ESFA meeting): discussion of potential timeline for Ann Marie Edwards meeting 8/2/21 mins 5.4 & 9.3 (SFCs' Capital Fund & whole-site maintenance plan): awaiting DfE details on Fund & Mace/DfE feedback on what is within/without DfE scheme scope – to update at next F&E 14/6/21 – JBL to bring whole-site maintenance plan for consideration at F&E 14/6/21. | <p>Clerk</p> <p>JBL; Clerk re agenda items</p> |
| 4. Financial update | <p>4.1 JBL summarised Feb 2021 management accounts and narrative, both previously circulated. No cause for concern viz income, spend, positive net assets, bank balance, cash days. Liquidity ratio 1.76:1, improvement on this time last year. Staff costs to income ratio 72.3% compared with 75% last year & target 71%. Gov discussion points included:</p> <ol style="list-style-type: none"> CSH questioned basis of pay award budget calculations – JBL to include clear narrative in subsequent accounts RAR questioned staff costs to income ratio trajectory – projected outturn c.72.3% – looking closely at staffing costs 2021/22 now – to feed back at F&E 14/6/21 RAR questioned 'other income' ALS students line (income down) alongside learner support (spend up) – JBL confirmed that additional spend has been on IT staff – JBL will include clear narrative in subsequent accounts discussion of ESFA payment schedule across year, in response to RAR question: 12 equal payments would be | <p>SLE>JBL</p> <p>Clerk re agenda</p> <p>SLE>JBL</p> |

6. Approach to surpluses/ Profitability & reserves

6.1 Committee discussed Corporation/College approach to cash surpluses & reserves, informed by future budget scenario/sensitivity analysis, feeding into new Reserves Policy. Informing this, budget sensitivity spreadsheet & document, previously circulated, set out scenarios related to no change, capital spend across existing site, purchase of new sports hall and refurb of old sports hall, 100 extra students, teachers' pension grant removed, and combinations of the above. Cash balance remains good, even in the most ambitious scenarios.

6.2 Governor discussion points and implications for fine-tuning the analysis included:

1. need to factor in cash liabilities including loans and their repayment (including Barclays loan), so that 'cash balance' equates to pool of cash available for use
2. factor in worst case scenarios, e.g. that student numbers could fall (especially in new build timeframe), funding per student could fall (however unlikely given manifesto commitments), and future pay rate increases could be above 2.5%
3. factor additional expansion in student numbers into the scenarios
4. potential for matched investment from Sport England in respect of new sports hall, especially if facilities could be rented out for community use
5. Barclays loan could be paid off earlier, saving annual repayments (capital £108k, interest £25k)
6. develop list of investment priorities that could be readily considered by this Committee and Corporation when cash balances allow (priorities will include cross-campus investments alongside the new build, including IT developments, informed by upcoming Mace feedback, and might include replacement of Park Building and an 'innovation fund' to encourage innovative ideas from staff and help translate these into reality)
7. develop appropriate Reserves Policy that reflects and supports the above investment priorities alongside various contingencies, to give a clear picture of levels of reserves being aimed for (e.g. 3-5% surplus p.a.) to be in a stable ongoing position as a business, to further develop the asset base, and to demonstrate how these reserves will be put to best use over time and as balances allow.

6.3 Agreed scene setting, preparatory work (including consideration of above & related investment priorities) to be undertaken by SLE/JBL and this Committee and reported at 14/6/21 & Sep meetings (this will include developing scenarios 5 & 6 in particular). Beyond that, work will need to be informed by overall strategic plan – so strategic plan and associated investment priorities and Reserves Policy will be fully considered at Governors' Strategy Development Day to

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| | <p>be arranged for Oct/Nov.</p> <p>6.4 JHOL has reviewed financial statements from some other specific SFC's, and felt most were stronger in respect of balance sheets & net assets – he will circulate details.</p> | <p>agenda</p> <p>JHOL</p> |
| 7. Barclays loan: waiver & variation letter | <p>JBL introduced Barclays loan <i>Waiver and Variation Letter</i> dated 29/3/21, previously circulated, to avoid defaults and unnecessary paperwork. Committee agreed this is in College's interests and agreed JBL to contact Barclays to find out precisely how to progress, whether this involves this Committee or Corporation per se to accept T&C's, and in what format. This Committee, as a Committee of the Corporation, endorses signing up per the above.</p> | JBL |
| 8. Policies | No existing policies to review/refresh on this occasion. | |
| 9. Catering, cleaning, premises, estates update | <p>9.1 Premises/estates: (1) Highfields Road (sports field). Discussion of improvements needed e.g. viz drainage, changing rooms (floor, showers, etc), security. (Related, JBL received quotes from Portakabin: rent c.£39k+VAT p.a., purchase £195k + ground works c.£40k). Sport England would like provision to be hired out to local community and could contribute to support this. Following discussion, mindful of interface with capital development scheme, agreed RAR to [<i>confidential action</i>] in respect of Highfields.</p> <p>9.2 Premises/estates: (2) replacement of central heating boilers x 2 (30 years old). JBL referred to 2019 guideline prices from consultant colleague and Clifford Cooper contractors (c.£95-100k for boilers & pumps plus strip-out costs at c.£35-40k) and £35k Salix Energy Efficiency interest free loan over 9 years secured against this (recently replaced by Public Sector Decarbonisation Scheme), which needs to be spent by Mar 2022. Discussion of options. Agreed to hold fire to enable full options appraisal (including potential link-up with capital development scheme) and tender exercise, even though this will mean losing Salix loan. JBL to feed back to consultant colleague.</p> <p>9.3 Premises/estates: (3) cleaning procurement. Tender exercise undertaken – Tenet analysing the 2 tenders received – feedback to come in c.2 weeks, which JBL will use to compare with current arrangements and discuss rationalisation of service with Cleaning Supervisor. JBL to feed back to JHOL and subsequently to F&E 14/6/21.</p> <p>9.4 Catering. JBL happy with latest version of Aramark contract. Aramark to take over 7/6/21, initially on same</p> | <p>RAR</p> <p>JBL</p> <p>JBL>JHOL; Clerk re agenda</p> |

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| | <p>basis as current offer & testing student market in Jun/Jul & Sep, then:</p> <ol style="list-style-type: none"> 1. Y1 Oct 2021 to Sep 2022 (nil cost to College apart from VAT charge-back c.£15k, which is less than current College loss) 2. Y2 Oct 2022 to Sep 2023, envisaged College profit share will be greater than VAT charge-back 3. contract renegotiation Sep 2023 based on 2 years of performance; option to pull out or agree further 2 years, which would include additional outlets in new build 4. confirmed Aramark would need to give 6 months' notice of intention to pull out, and College would retain any facilities improved as result of Aramark investment up to that point 5. Committee agreed Aramark contract on above basis. <p>9.5 Update on recent capital development business:</p> <ol style="list-style-type: none"> 1. Galliford Try architects are re-shaping some specific design aspects, e.g. new building stonework, in response to Planners' requirements, before formal Planning submission 2. plans will be shared with Committee before submission 3. drilling under main car park will inform how foundations are laid for new building 4. SLE has chased Mace today in respect of timescales for receipt of 'scope of works' mini-feasibility document; SLE hoping to receive before end of academic year. | SLE, JBL |
| 10. AoB | None. | |
| 11. Confidentiality | <i>Minute 9.1, RAR Highfields Road sports field, is a confidential action.</i> | |
| 12. Date next mtg | Next F&E Committee Mon 14 Jun 2021, 4.30pm, Teams. | Govs note |

Minutes prepared by Ian Leedham (Clerk to the Corporation) on 7/5/21

Signed off by John Holroyd, Chair, at Finance & Estates Committee 14/6/21