

GREENHEAD COLLEGE CORPORATION
Minutes of the Finance & Estates Committee meeting held in Room M11
Monday 13 June 2022, 4.30pm

Govs present: Adrian Barrass; Chris Kneale; Craig Shannon; John Holroyd (Chair); Lisa Wilkinson (from 16.50); Richard Armstrong (Vice Chair); Simon Lett (Principal)

In attendance: Sharon Roper (Clerk)

Apologies: Ian Lavan; John Blake

AGENDA ITEM	DISCUSSION	ACTION
1. Welcome, apologies, chairing	JHO welcomed participants. Apologies as above.	
2. Declarations	No declarations of pecuniary/prejudicial interest.	
3. Minutes 14/2/22	<p>3.1 Minutes 28/04/22, previously circulated, agreed by Committee, signed by Chair, returned to Clerk for filing.</p> <p>3.2 Matters arising not covered on agenda:</p> <p>1. SLT have discussed HOD Allowances further and agreed that HODs should receive the full allowance at the start of their new role. SLE confirmed that if there was a concern about a HOD's performance this will be line managed and there are formal processes in place. HOD Allowances will also be reviewed more frequently in future.</p> <p>CSH said his original concern was there was no flexibility built into the HOD allowances and SLE replied that SLT did not want a two-tier system. RAR suggested that 'normally' could be added to the policy wording so that flexibility could potentially be used.</p> <p>ABA asked if allowances were variable depending on the department size and does this approach encourage HODs to drive recruitment, SLE said that in some cases HODs undertake liaison work in conjunction with the marketing department.</p> <p>SLE stated that the HODs are now aware of the updated Allowances. Feedback received so far is that some HODs in smaller departments feel their role is more demanding as they do not have a second in department and they have a smaller team with which to manage student issues. Some</p>	Clerk

	<p>HODs in larger departments had an expectation that the allowance would be bigger in line with the increased number of students, but there is a cap in place. ABA asked whether HODs earning more than some members of SLT was a potential issue, RAR responded that there is a pay difference between role responsibilities and pointed out that from a resource point of view funding is also required to build and update the college infrastructure. CSH remarked that he has never seen salary benchmarking data, SLE replied that JNO did benchmark during the HOD Allowance review and SLE feels the offer is fair. The committee approved the HOD Allowances.</p>	
<p>4. Accounts</p>	<p>Committee noted March 2022 management accounts and considered April 2022 draft management accounts & narrative, previously circulated, SLE summarised the main points which included:</p> <ol style="list-style-type: none"> 1. Additional income received from ESFA- 2. KPI's outturn 70.2% of payroll and non-ESFA income is 3%. 3. Projected end of year surplus is £1.2 million. <p>4. JHO asked why April accounts are marked as draft copies, Clerk replied that JBL has been absent with Covid, so the accounts haven't finally been checked.</p> <p>5. CSH has noticed a trend since January that the year-end surplus projection has been reducing month on month and falling below the original budget, making it £85,000 short, and he has been unable to reconcile the reasons for the decline across the circulated spreadsheets and wondered whether there was an underlying problem.</p> <p>6. RAR referred back to his question at a previous meeting in connection with the financial management of the budget and gave an example of the £9000 drop in expected surplus from March to April's accounts figures which he was trying to understand.</p> <p>7. CSH noted that the commentaries that have been added by JBL have begun to help explain some of the figures and said that he expects the finance director to ensure the college meets its budget.</p> <p>8. CSH said the year-end surplus does not show an additional £370,000 in total which is the amount of the funding increase received. The surplus is only showing an additional £285,000 to the original budget. JHO confirmed an explanation is needed in the monthly pack as to why the year end surplus figure is moving. SLE said that he will raise this with JBL so that he can explain the reason for this.</p> <p>9. ABA asked why the additional income received hasn't been spent on education purposes, RAR explained the extra funding was the result of an increase in student numbers, additional staff were already recruited, and the</p>	<p>JBL</p>

	<p>government has paid the funding in-year when the budget has already been set and it is not something we could have anticipated.</p> <p>10. JHO pointed out that in March accounts the catering loss is £30,000 and in April accounts this has increased to £60,000.</p> <p>11. JHO said that he used to receive the accounts from JBL in advance of them being circulated more widely and he will try to ensure this happens.</p> <p>12. CSH has noticed that some of the variances on the April draft accounts are wrong and gave the pay expenditure as an example. Some incorrect figures have therefore been carried forward further in the spreadsheet.</p> <p>13. LWI asked what the mandate is for the finance director as she noted that a lot of meeting time is regularly being spent balancing the spreadsheets and trying to understand the numbers. SLE replied that the mandate is to set a budget agreed by Corporation, to continually forecast, and to ensure an accurate financial picture is provided so the college can fulfil its strategic intent.</p> <p>14. CSH said that he has historically made suggestions to JBL of improvements to the spreadsheets that can prevent errors.</p> <p>15. ABA asked if appropriate accounting software is used. As JBL was absent nobody knew exactly what was used.</p>	JBL
<p>5. Draft 22-23 Budget</p>	<p>Committee considered Draft Budget 22-23, previously circulated, which SLE summarised:</p> <p>SLE believes that the points raised at the last F&E Meeting (28/4) have been considered by JBL, but a narrative has not been attached to the budget to explain its context .</p> <p>SLE said the costs reflect a 3.5% pay rise and increments for teachers and support staff and 5% for cleaners. The budget includes next year's expected funding. Payroll costs are projected to be 67% of income. The annual Surplus is projected to be £2,242,000.</p> <p>1. JHO asked if SLE and JBL have discussed the budget, SLE replied that they hadn't discussed the budget immediately prior to this meeting because JBL has been absent with Covid. However, in response to CSH question, SLE confirmed that SLT has seen and agreed a version of the budget and, going forward, they will look at it every year.</p> <p>2. JHO asked how certain the projected 3.5% pay rise is, SLE said the SFCA conduct the negotiations and he expects to find out more at the upcoming SFCA conference (22-23/6). A contingency has been included in the draft budget.</p> <p>3. RAR said that historically Greenhead have always had to fund any pay rises. Due to the ONS potential</p>	

	<p>reclassification of sixth forms it's unclear if the government will help fund them if the college is reclassified.</p> <p>5. It was agreed that the budget is approved subject to any information received at the SFCA conference. If any changes are needed to the budget, SLE and JBL will meet to discuss and also inform SLT. F&E governors will be advised of any proposed changes by email prior to the Corporation Meeting (4/7).</p> <p>It was also agreed that the budget should be actively managed in year.</p>	
<p>6. Benchmarking Figures</p>	<p>Benchmarking spreadsheet, previously circulated, discussed by committee members.</p> <p>SLE had studied some of the data. He thought that the most relevant comparisons were 17 Norvic or Maple Colleges, which aren't academies, with Greenhead and he summarised some of his findings – bearing in mind that the data is based on 2019 figures.</p> <p>The Staffing costs of the 17 colleges range from 65% to 80% and Greenhead was 74%.</p> <p>Greenhead's dependency on ESFA income was the highest.</p> <p>In the ratio of staff to PC's and student to PC's we were the second lowest. Our IT spend on hardware and software was high compared to the other colleges.</p> <p>SLE said the spend on support staff was low in comparison, although investment has been increased in relation to support staff since 2019.</p> <ol style="list-style-type: none"> 1. CSH asked where the data was from, SLE replied that it's from the ESFA. 2. LWI suggested analysing student mix to funding and use it as a baseline. RAR said that increasing STEM students is not currently an option because there is physically no room to accommodate more. 3. CSH said that to make best use of the data more analysis is required against defined questions which tie in with the college strategy and priorities. 4. SLE said he would task the Director of Information Services (PDI) to undertake the analysis. JHO suggested a student could potentially take on the project and get paid for it. 5. ABA said defining the questions for the analysis was key and JHO said governors should send their ideas into SLE. 	<p>SLE</p> <p>ALL</p>
<p>7. Long Term Forecast</p>	<p>Committee considered the forecast, previously circulated:</p> <ol style="list-style-type: none"> 1. SLE said it was agreed at the SLT Strategy Day that student numbers will be 2800 every year and the forecast needs revising to reflect that. 	

	<p>2. Staffing costs in 2027/28 are over 75% and forecast to be higher in subsequent years and action will be required based on the underlying assumptions.</p> <p>3. In relation to the proposed further capital expenditure CSH said that JBL should quantify the size of any funding gap and the actions on how it might be filled, otherwise it's difficult to know the options and this is vital to make a decision on the new build.</p> <p>4. RAR pointed out there are 2 spreadsheets, one has a £6 million loan, and the other doesn't. RAR said a narrative is required with the spreadsheets so committee members can understand why they are different and the reasons behind them. JHO said the assumptions differ in that there is a 2% assumed funding increase whereas pay is predicted to increase at 3.5% and other expenses are forecast to rise at 5% hence the decline in cash. RAR also noted a difference on the capital item spend between the 2 spreadsheets. JHO said that JBL needs to work further on the forecast and bring it back to the committee at the next meeting.</p> <p>5. LWI questioned staff to income ratio of 79.92% in 2029/30, CSH replied that it was a passive forecast with no management intervention and RAR said the forecast assumes that there will be no extra funding after the next 3 years. SLE said JBL's figures are showing high staff to income ratio because we don't know what the funding settlement will be in the future. The committee said they wanted a sensitivity analysis with a narrative and suggestions as to what actions might need to be taken.</p> <p>6. RAR agreed the forecast needs further work as a decision will need to be made about the potential new build being affordable</p>	<p>JBL</p> <p>JBL</p>
<p>8. Innovation Fund</p>	<p>SLE summarised the Innovation Fund paper, previously circulated and asked for feedback from the committee members.</p> <p>1. CKN asked if small or large scale projects were expected, SLE replied that a mix will be good.</p> <p>2. ABA commented that it might be too limiting to say it must be achieved within a year. LWI thought it should be timebound, as without a deadline it's endless.</p> <p>3. CSH asked how £20,000 was decided upon and he said it reads like it's being driven as a curriculum/enrichment focussed innovation. RAR said SLT decided on the amount and depending on demand it may be increased or carried forward to the next year.</p> <p>4. SLE will make some refinements to the paper following this discussion.</p>	<p>SLE</p>
<p>9. ONS potential reclassification of sixth forms</p>	<p>SLE said ONS are looking at a potential reclassification of sixth forms bringing them from the private to the public sector. He is expecting this to be discussed at the SFCA</p>	

	<p>conference and may have more information that he can share at Corporation Meeting (4/7). Potential impacts for the college are becoming part of the VAT rebate scheme but in contrast the college may not be able to borrow money commercially.</p> <p>A watching brief is required.</p>	SLE
10. New Build Risk Register	<p>RAR said the impact of the decision to stop the build during exams is not yet known.</p> <p>CSH asked about the risks outside the college's control, SLE said DfE have said they are willing to share further information, but he hasn't seen this yet.</p> <p>ABA said he thought the GT Health & Safety Plan was good, he had some suggestions that he shared with JBL.</p>	
11. Covid Risks	<p>SLE said a very small number of students had missed exams due to Covid. In response to LWI's question the college can apply for special consideration for students if they miss exams, and the final decision lies with the exam board.</p> <p>In response to ABA's question SLE does not know how exam absences compare to previous years as yet.</p>	
12. Policies to review	<p>1. Redeployment Policy: JNO has not made any changes to this policy which has been used in the past. JHO asked why priority was given to staff on maternity or shared parental leave, RAR said these staff have protected status. Policy approved.</p> <p>2. Fees & Charges Policy: Amendment made to the baseline charge for a student aged over 19 to £5400. Policy approved.</p>	
13. Terms of Reference	<p>Tor, previously circulated, RAR highlighted the changes, college estates and facilities have been added into the purpose and into the main duties. This was approved by the committee.</p>	
14. Scheme of Delegation	<p>RAR explained that he has amended the document, this will go to every committee to be checked, governors are asked to feedback to RAR any amendments, and the final version will go to a future Corporation Meeting.</p> <p>CKN asked why the limit on capital investment projects is £156,442 (line 105). RAR said he hasn't changed the</p>	

	<p>amount and this value was agreed by a previous Corporation.</p> <p>In response to JHO's question, RAR explained the purpose of the Remuneration Committee.</p> <p>JHO questioned why the finance officer is responsible for the monthly management accounts rather than the finance director.</p> <p>RAR said that going forward it had been suggested that the College Finance Officer who prepares the accounts which the Finance Director checks, should attend the F&E meetings, and present the accounts to the committee.</p> <p>CSH said that JBL's absence from the F&E meeting due to Covid exposed the reliance on him to explain the numbers and suggested delegation should be to the Finance Officer to explain the monthly figures, with the Finance Director commenting on the wider College budget and long-term forecast.</p> <p>JHO confirmed that comments regarding the Scheme of Delegation are to be sent to RAR.</p>	Committee Members
15. Any Other Business	None.	
16. Confidentiality	No confidential aspects identified.	
17. Date next mtg	Mon, 10 Oct, 4.30pm <i>(Subject to Corporation sign off 4/7/22)</i>	

Minutes prepared by Sharon Roper (Clerk to the Corporation) on 16/6/22

Approved & signed by Chair, John Holroyd on 10/10/22