

GREENHEAD COLLEGE CORPORATION
Minutes of the Finance & Estates Committee meeting held in Room G17
Thursday 27 April 2023, 4.30pm

Govs present: Adrian Barrass (via Teams); Chris Kneale (via Teams); Craig Shannon; John Holroyd (Chair); Lisa Wilkinson (from 16.42); Mohammed Usman (via Teams); Simon Lett (Principal)

In attendance: Mark Jones; Karen Wood (via Teams) (from 16.38); Sharon Roper (Clerk)

Apologies: Connie Laing; Richard Armstrong

AGENDA ITEM	DISCUSSION	ACTION
1. Welcome, apologies, chairing	JHO welcomed participants. Apologies as above.	
2. Declarations	No declarations of pecuniary/prejudicial interest.	
3. Minutes 20/2/23	<p>3.1 Minutes 20/2/23, 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. (Min 3.2.4) MJO will check with ESFA about 140 cash days and if we should report total cash or liquid cash and how cash investments should be treated.</p> <p>2. (Min 4.4) JHO asked about the schedule of mandatory testing, MJO and premises are still working on this.</p> <p>3. (Min 4.4) JHO asked about moving all estate maintenance documents to share point, MJO confirmed premises have moved items to SharePoint and documents will continue to be stored on there.</p>	<p>Clerk</p> <p>MJO</p>
4. February accounts & narrative	<p>4. Committee considered February 2023 management accounts & narrative, previously circulated.</p> <p>1. The operating surplus to the end of February was £349,000, less than budget by £571,000. Expected out-turn reduced to £1.664m.</p>	

2. Exam fees were £52,000 higher than anticipated in the budget, there was an 8% increase and also a higher number of students taking exams than budgeted for.

3. Learners support income is £42,000 less, KWO had assumed the income received in October would be replicated each month, but two of the invoices raised were for the full year. The overall charge now for learning support is a true reflection of what is expected this year.

4. Teaching staff 5% pay increase was paid in March, the contingency was maintained in March, although this is no longer needed as it's assumed any bigger pay award will be funded by DfE. In the budget 5% increase has been assumed as the cost to GC this year.

5. Two Advanced funding payments for AY 2023/24 of £449,000 each have been received in February and March. Notification of phasing for next year hasn't arrived yet. JHO queried these payments and asked if they were smoothing payments following the ONS reclassification. KWO said an updated schedule has not been received for this year. MJO to ask ESFA what these payments are.

6. In April £425,000 capital funding has been received, this is for use until March 2025 on capital projects that will improve the estate.

7. CSH asked what the devolved formula capital allocation is.

KWO said it can be used for repairs and maintenance. It can be shown in the income statement in its full amount, and it doesn't need to be amortised. The legionella works and fire alarm works fall into this category.

8. CSH asked why the projections at last week's CDC meeting are higher than this years out-turn and in the draft budget for next year.

MJO said there has been a lot of work on the figures over the last few weeks and there has been significant movement since the infirmary site predictions were done.

9. JHO asked KWO how comfortable she is with the accuracy of the out-turn for the year.

KWO said pay is now tidier with the 5% being paid. With non-pay utility bills are still being estimated and the premises costs in the out-turn need to reflect further expenditure requirements for the rest of the year.

MJO said he is aware that the figure keeps rolling backwards and feels the starting point was incorrect.

SLE said the expected surplus is likely to be revised downwards again.

10. SLE said his reading on the pay award is that 5% is likely to be this year's pay award. NEU is still in dispute with the government and negotiations are ongoing, and any further increase will have to be funded by the government.

MJO

<p>5. Draft Budget & Proposed Restructure for MIS</p>	<p>5. Draft budget and assumptions discussed, both previously circulated.</p> <p>1. MJO said the operating surplus of £957,000 is significantly lower than recent years, some of the differences are pay costs, additional teaching staff costs, and higher utility costs. Further work has been done since the draft budget was circulated and the surplus has reduced by a further £60,000.</p> <p>2. Extra teaching staff for certain subjects will mean increased students on site but the benefit is not felt in the funding until the following year. SLE added that it's crucial that we achieve 2750 students next year, we missed this figure 2022/23 because we couldn't accommodate students who wanted to study STEM subjects. The assumptions say we will recruit 1400 students this year, but the correct figure is 1500 from 2060 offers sent out. A large number of these students want to study A Level maths and that's why the staffing needs increasing in this subject. JHO asked for the calculation showing the benefit of the extra expenditure versus the future income. LWI asked if there was any concern that we won't recruit the required number of students. SLE said we have made our highest number of offers ever and he doesn't anticipate any problems with enrolment numbers.</p> <p>3. MJO will find out the value of the new Hirst Building.</p> <p>4. A similar amount to this year has been assumed for Learner Support, until the A1 cohort enrolls the number of students is unknown. MJO needs to further understand how this income is claimed.</p> <p>5. CSH asked why in 2021/22 there was nothing in learner support and was it included in other income. KWO said it is now being shown separately. KWO said the difference in figures may be the top up tuition funding which has been returned to DfE.</p> <p>6. CSH asked why the catering income and expense are identical in this years expected out-turn and not identical in the draft budget. KWO said there are no means to recover the cost of the kitchen equipment repairs or the software charges. MJO agreed that the catering income and expense for this year cannot be the same figure considering unrecoverable VAT, repairs, maintenance, and management charges. MJO and KWO will look at this year's out-turn catering figure.</p> <p>7. JHO commented that the position appears to be worsening for next year compared to this year. KWO said the figures are more realistic.</p> <p>8. The assumption on interest received is 4.25%, JHO said realistically this figure is probably lower than base rate. MJO will find out the rates received from Flagstone Investments.</p>	<p>MJO</p> <p>MJO</p> <p>MJO</p> <p>MJO/KWO</p> <p>MJO</p>
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	<p>9. SLE said at a recent Norvic meeting most principals have budgeted for 5% pay increase like GC. Inflation is forecast to fall and SLE asked if a figure closer to 3% is more accurate.</p> <p>JHO said his opinion is that we should include a figure of 5%, keeping 3.5% in the pay lines with a 1.5% contingency. SLE said at the Norvic meeting three colleges are making redundancies or cutting course provision following the 5% pay award.</p> <p>10. CSH asked for an explicit economic scenario to build the financials on with contingencies included.</p> <p>11. JHO asked if the proposed staffing increases have been assumed in the draft budget – they have.</p> <p>12. JHO asked if we should expect future surpluses to be less than £1 million in the coming years.</p> <p>CSH said the budget surplus reducing can be absorbed this year however if this is a structural step change around budgets and cash flow going forward this will fundamentally impact our future plans for GC.</p> <p>MJO said he will work out next year’s income based on this year’s changes.</p> <p>KWO noted that income has only increased by 2% this year but in the budget, costs have increased by 5%. CSH said these two diverging over a period of time will have consequences.</p> <p>SLE said the planned operating surplus figure in the draft budget is anticipated to fall further and he thinks the budget will be challenging next year due to one-off costs attached to the new building, ongoing premises work and we have less funding because of a smaller cohort this year. SLE said these are one-off costs rather than recurring ones and funding should increase the year after so feels that the surplus drop is for one year rather than ongoing.</p> <p>13. JHO asked for updated budget figures plus an updated forecast including explicit assumptions that include student numbers, ESFA income increases, pay rises, maintenance costs and key economic metrics.</p> <p>SLE suggested this be emailed to committee members prior to the next F&E meeting (12/6/23) so governors can give further feedback before the meeting.</p> <p>14. CSH said if a 5% increase is built into the Costs lines and the cost centre holders are aware of it, it’s more likely to be spent. MJO said everyone could be held at their existing budgets and 5% could be rolled into the contingency line.</p> <p>A decision about keeping 5% as a contingency needs to be made before the next meeting.</p> <p>15. MUS asked have we previously done any sensitivity to these assumptions in previous forecasts and budgets so we can assess what will change a surplus to a deficit.</p> <p>JHO said this hasn’t happened in his tenure, occasional sensitivity analysis has been done, historically it’s been a rush to get the budget signed off by Corporation in July. It</p>	<p>MJO</p> <p>MJO</p> <p>SLE/MJO</p> <p>SLE/MJO</p>
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<p>6. Catering Update</p>	<p>MJO provided a verbal update on catering.</p> <ol style="list-style-type: none"> 1. MJO continues to have regular meetings with Aramark, and he visited one of their outlets in a college in Pontefract. Following this meal deals and offers have been introduced to the provision at GC. 2. Aramark have audited the overcharge themselves; the value has reduced because the value of free school meals and the quantity of them has increased, the amount now owed by Aramark is £54000. SCE, Senior Finance Officer, has checked this figure as well. 3. GC pays Aramark directly for every free school meal student (£5 per day for per student), even those who don't use the Aramark service. <p>MJO is looking into this clause in the Aramark contract. CSH asked if the free school meal money is reflected on the profit and loss sheet, MJO confirmed it is taken from the bursary fund which is on the balance sheet. CSH asked what happens if the student doesn't use the free school meal money, MJO said their card doesn't get topped up above £25. CSH said there could be an education issue around the use of it, MJO said there's no way to tell that it's a free school meal on the students cards, and he will speak to bursary about explaining the system to the students.</p> <ol style="list-style-type: none"> 4. MJO is working with Aramark regarding the move to the Hirst Building. <p>JHO asked who is paying for the catering infrastructure in the Hirst Building. Some is provided in the contract but tv screens and tills aren't provided. JHO said we need to quantify what needs spending. MJO said if we renew the contract after capital has been spent on the Hirst building kitchen, he will have a discussion about what capital costs we get back. 5. LWI asked how long it will take to decide if their performance is satisfactory, MJO said they're moving to Hirst Building with new equipment in September, and by Christmas we should know, it's difficult to quantify now as exams are starting and half the cohort are not regularly on site. 6. SLE asked what the timeline is for making a formal decision about the Aramark contract and the notice we need to give them. MJO will find out the exact dates for the timeline. <p>The committee members agreed that we should retender, and Aramark are to be included in the retender.</p> <ol style="list-style-type: none"> 7. JHO said when the initial contract was agreed, governors were told there would be a profit from the catering. CSH asked if the figure was neutral, MJO said it was a cost to GC due to equipment costs, repairs, and VAT. CSH said GC profiting from students may not be the right thing to do and Mark replied being cost neutral would be an aspiration. </p>	<p>MJO</p> <p>MJO</p> <p>MJO</p> <p>MJO</p> <p>MJO</p>
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<p>7. Proposed capital spend on maintenance costs</p>	<p>MJO gave a verbal update on the proposed capital spend on maintenance costs.</p> <ol style="list-style-type: none"> 1. There are more maintenance costs to come this academic year, this cost is already over budget. 2. The main focus this summer will be moving to the Hirst Building. 3. CSH asked if we are able to budget yet for maintenance, MJO said the costs are still unknown. MJO said a lot of estate issues will go in phase 3 when the building is demolished. <p>JHO said that details of estate maintenance, timelines and costs are needed for the five year forecast.</p> <ol style="list-style-type: none"> 4. Water update: £2600 of work is being undertaken on the priority one issues in the Legionella Survey. The main costs are to improve the testing schedule. 5. Fire update: MJO is working on getting a fire risk assessment for the whole site, following the assessment there will be priority work to complete. The assessment will be done in the summer and won't include the phase 3 demolition areas. The fire alarm system is currently being updated. 6. JHO said when estate maintenance is quantified, we need to understand if they are revenue or if they will be capitalised, in order to avoid capital costs we are unaware of. 	<p>MJO</p> <p>MJO</p>
<p>8. Additional capital spend & approval</p>	<p>8.1 Solar batteries, paper previously circulated.</p> <ol style="list-style-type: none"> 1. £115,000 Energy Efficiency Grant was received. 2. GT has agreed to install batteries on the Hirst Building roof to combat overnight use. This will cost £38,782. 3. SLE confirmed the remainder can be spent on any capital project. 4. JHO said we made a commitment to be carbon neutral by 2038 and agreed sustainability should be discussed at every meeting, this should be considered when deciding to spend the remainder of the grant. 5. CSH asked if we lose the grant if it isn't spent – we don't. 6. JHO asked if we receive all the grants that we are potentially entitled to, CSH said this should be someone's responsibility to check and JHO suggested Kerrie Norman may have knowledge around this. 7. CSH asked if it is feasible to install batteries on the main building roof as well, MJO said he will ask SST, Sustainability Lead, if this idea can be extended on the estate. <p>8.2 Toilet refurbishment, in Dawson Building and the Main Building, paper previously circulated.</p> <ol style="list-style-type: none"> 1. Several quotes received, ranging from £84000 to £113,000 plus VAT, the most detailed quote is from Lauren James. 	<p>MJO</p> <p>MJO</p>

	<p>2. SLE said the toilets are in a poor state and need updating, and it's especially embarrassing that visitors to the college use them.</p> <p>3. LWI said that one of the GC governors, JWA, works for a bathroom company and he may be able to help with sourcing the bathroom fixtures. She asked that the toilets get a full refurbishment as all the fixtures including doors need attention.</p> <p>She also said that the entrance to GC needs attention, and it doesn't fit the GC image.</p> <p>4. CSH asked which academic year this cost will fall into. MJO said it could go in either and it's not been built into the figures yet.</p> <p>5. MJO has become aware of further expenses: -IT switches are at end of life, £140,000 -IP phones, £16500 -Wi-Fi units are at end of life, £62000 -Furniture for Hirst Building, cost unknown -Equipment for 2 science labs in Hirst Building, cost unknown</p> <p>6. SLE suggested these items come from this year's budget, as next year's surplus is tighter. KWO said a lot of this is capital spend, £150,000 is available in the current out-turn.</p> <p>JHO said there is also the £425,000 capital funding available that must be spent before March 2025.</p> <p>7. CSH said these items don't feel optional.</p> <p>JHO asked for a paper to understand what governors are committing to and explain where the money is coming from. The governors will turn the paper round quickly and they don't anticipate saying no.</p> <p>8. JHO asked if Lauren James will sub-contract the work out, MJO said he has worked with this company before and some of it will be sub-contracted.</p> <p>JHO asked if this was a declaration of interest for MJO, he replied he has only previously used them as contractors.</p>	MJO
<p>9. New Build Risk Register</p>	<p>MJO said the register has been reformatted, the scoring is unchanged, and after mitigation the risks have all moved to low risk.</p> <p>Two A&R governors have volunteered to work with MJO to re-rate the risks and check they are still relevant and identify any new risks.</p> <p>The same process will be followed with the college risk register.</p> <p>CSH asked what the shading related to on the register, these are for MJO to review.</p>	MJO
<p>10. Covid risks & mitigation</p>	<p>SLE said this is a watching brief particularly as formal exams start in May.</p> <p>There is a new variant and the impact this might have on education is unknown.</p>	

<p>11. Policies to review</p>	<p>Health & Safety Policy</p> <p>MJO has reviewed the existing Health & Safety policy which seemed incomplete.</p> <p>He has proposed a new policy document, the contents include the organisation and how it works, who is responsible for what, how it's actively and reactively monitored and the areas that are controlled.</p> <p>The policy needs further work, MJO will liaise with JRE, H&S Lead, and it will be brought back to F&E and then Corporation for approval.</p> <p>The timeline is for the policy to be in place for the next academic year.</p> <p>CSH asked if our existing policy leaves us exposed, MJO replied that the old policy has been in place since November 2021 and was due for renewal in November 2022.</p>	<p>MJO</p>
<p>12. College Financial Statements</p>	<p>SLE said this is formal acknowledgement that GC's financial health in 2021/22 was outstanding. This was noted by the F&E committee.</p> <p>Information, previously circulated, about accessing the College Governing Body Finance Dashboard.</p> <p>JHO said that the dashboard can help us benchmark against other colleges, and asked MJO to provide benchmarking data at a future date.</p>	<p>MJO</p>
<p>13. Any other business</p>	<p>1. Due to the ONS reclassification, MJO had to complete a return to ESFA in relation to Managing Public Money. The questions included borrowing, writing off large items and severance pay, and the dates reported were from 29/11/22 (the date of reclassification).</p> <p>CSH asked if this is an annual return, MJO thinks it will be annual.</p> <p>2. SLE gave a short update about the Post 16 bids, there are positive developments in relation to the University of Huddersfield, they will provide a schedule of accommodation.</p> <p>CSH asked where the Huddersfield University site is, MJO said it's Southgate, the old sports centre site.</p> <p>CSH asked about the geographical proximity, SLE replied that the location could be made to work.</p> <p>The remainder of the discussion is confidential.</p>	
<p>14. Confidentiality</p>	<p>Trinity West (min 13.2).</p>	

15. Date next mtg	Next F&E; Mon, 12 June, 4.30pm	
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Minutes prepared by Sharon Roper (Clerk to the Corporation) on 11/05/23

Approved & signed by Chair, John Holroyd on 12/6/23