

GREENHEAD COLLEGE CORPORATION
Minutes of the Finance & Estates Committee meeting held in Upper Greenhead House
Monday 12 June 2023, 4.30pm

Govs present: Adrian Barrass; Chris Kneale; John Holroyd (Chair); Lisa Wilkinson (from 16.37); Richard Armstrong; Simon Lett (Principal)

In attendance: Mark Jones; Sharon Roper (Clerk)

Apologies: Connie Laing; Craig Shannon; Mohammed Usman

AGENDA ITEM	DISCUSSION	ACTION
1. Welcome, apologies, chairing	JHO welcomed participants. Apologies as above.	
2. Declarations	No declarations of pecuniary/prejudicial interest.	
3. Minutes 27/4/23	<p>3.1 Minutes 27/4/23, previously circulated, (Min 4.7) 'annotised' needs to be changed to 'amortised', subject to the above amendment, 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 3.2.1) ESFA instructions for cash days: cash and all investments divided by annual operating costs and interest charges, multiplied by 365. JHO asked that this information be sent to all committee members and asked for cash days to be formulated like this with effect from May's accounts.</p> <p>2. (Min 5.3) MJO has been given a verbal value of the Hirst Building of £26 million and he will chase up an official notification of this. JHO asked who will provide the valuation, MJO said the DfE.</p>	<p>Clerk</p> <p>MJO</p> <p>MJO</p>
4. February accounts & narrative	<p>4. Committee considered April 2023 management accounts & narrative, March and April's previously circulated.</p> <p>1. The operating surplus to the end of April is £819,000, an expected decrease and less than budget by £544,000.</p> <p>2. One of the changes in the surplus is due to the catering credit which is less than expected due to the adjustment of free school meals value from £3.50 to £5.</p>	

	<p>3. An unexpected payment received from ESFA was made in error and has been returned to them.</p> <p>4. Pay is higher than budget at £10.6 million, which makes the KPI out by 0.7%.</p> <p>5. Non pay is £429,000 over budget. Utility bills and premises have contributed to this excess.</p> <p>6. Devolved Formula Capital of £66,000 is expected from ESFA.</p> <p>7. Although smoother payments should be received next academic year, the schedule has not been received yet.</p> <p>8. ABA asked about Non-Pay being £429,000 over budget, MJO said this relates to higher utility costs and additional premises spend, and there will be more premises spend to come.</p> <p>9. RAR asked about the purchasing Agency we use for utilities and how far ahead they have advance purchased. MJO said we contracted with them in November 2022 and they buy rolling futures. RAR asked how far ahead are we locked into a higher price, MJO will find out and then a decision can be made about potentially fixing a new contract.</p> <p>10. CKN asked about the variance to budget for catering, £129672 against zero. JHO said it should be shown in expenditure. LWI questioned why it's not cost neutral. RAR asked what has happened to the Aramark £120,000 upfront investment which was delayed because the kitchen is moving to Hirst building.</p> <p>SLE said the Aramark spreadsheet shows an operating profit year to date of £121,000. MJO will ask Aramark to clarify the profit share clause and capital investment in his meeting with them on 13/6/23.</p> <p>11. JHO said the out-turn figures predict a net loss of £20,000 for catering and asked why the predicted loss on next year's budget for catering is £40,000, MJO said we need some new catering equipment for the kitchen in Hirst. MJO will work through the legacy items in the move to Hirst to find out what is owned by GC and what is owned by Aramark.</p> <p>12. RAR asked if the forecast out-turn is likely to keep moving to the end of the year, MJO is still expecting it to move although he is working to minimise this, certain works will have to be done this year. RAR questioned that the forecast out-turn does not appear to include the premises work which we know still needs completing.</p> <p>13. JHO asked that the reconciliation that has been added into the accounts be continued as it's helpful.</p>	<p>MJO</p> <p>MJO</p> <p>MJO</p> <p>MJO</p> <p>MJO</p>
<p>5. Draft Budget & Proposed Restructure for MIS</p>	<p>5. Committee considered draft budget and assumptions, both previously circulated.</p> <p>1. The budget is based on student numbers of 2723, with an anticipated 1450 A1 intake in September.</p>	

	<p>2. The operating surplus is £815,000, this is significantly lower than previous years, pay costs and non-pay costs have increased.</p> <p>3. Expected income is £15 million.</p> <p>4. Learner support is expected to be the same as last year, £58,000.</p> <p>5. Aramark are paid £5 per day per student (approximately 170 students), MJO is looking at decreasing this amount for Aramark and funding the difference to the students by another means. Many students entitled to free school meals aren't using the canteen facilities, but Aramark are being paid regardless because of the clause in their contract. CKN asked if it was usual to have a catering contract with this clause, MJO has looked into it and has found examples of the same clause elsewhere.</p> <p>RAR said decreasing the money that Aramark receives does not incentivise them to improve quality.</p> <p>LWI asked how these students are identified - it shows on the till when they use the canteen.</p> <p>RAR asked how many students who qualify for free school meals are using the canteen, MJO will find out.</p> <p>Governors are concerned because the students are not getting the benefit of their free school meal money, and LWI added if they don't use the money, it should be returned to the government.</p> <p>6. A campus fee is charged to A1 students of £40.</p> <p>7. The bank rate of interest is assumed to be 4.5% for the year.</p> <p>8. Investments are paid an average interest rate of 3.49%, the maximum rate is 4.5% and the minimum is 1.6% (notice has been given on this).</p> <p>There is currently £910,000 uninvested in Flagstone. MJO and SCE will put this on investment.</p> <p>JHO said the budget assumes that £3 million is invested and said if the cash flow can be managed more should be invested.</p> <p>SLE asked if we are allowed to make investments following the ONS reclassification, RAR said there is nothing detailed about restrictions on investments and JHO added that he is aware that academies can invest, and like us they also follow public sector accounting rules.</p> <p>RAR asked about the balance of cash held at Barclays, MJO will check the interest rates with Barclays (who are also on the Flagstone platform) and get the best rates for investment.</p> <p>9. Pay increase is assumed at 3.5%, with a contingency of 1.5%. Teaching blocks have been increased in Maths, Spanish, Music and Law (£138,000), IT restructure (£93,000) and a marketing assistant (£26,000).</p> <p>Agency staff have been used in the security team as it's been more cost effective, there will be permanent recruitment for this role in September.</p>	<p>MJO</p> <p>MJO/SCE</p> <p>MJO</p> <p>MJO</p>
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SLE said pay will be discussed at next week's SFCA conference, a minority of NORVIC colleges have budgeted for 6%.

RAR asked about the additional role in marketing and if it was linked to the free school – it is a new role and is not linked to the free school.

10. Teaching departments will have the same budget and a 5% contingency will be in place.

SLE said the same budget value in all departments is causing an issue with some departments like Art, and there will be a meeting scheduled with the affected departments.

ABA and RAR commented that some departments who have underspent coming to the end of the year ensure they use their budget but there is a genuine need in other departments who have no budget left. ABA wants to see teachers provided with the assets they need.

JHO asked about the 5% contingency, MJO advised that this is held by the Assistant Principals.

11. CKN asked if there is anything extra in the budget for the departments moving to Hirst building, there isn't a provision but there is a risk and MJO is expecting some unforeseen costs.

12. LWI teaches an enrichment at GC and said the chairs in the classroom are not fit for purpose. MJO said the department should report this issue. When departments move to Hirst some of their furniture will be repurposed. He will investigate the issue LWI has raised.

13. LWI asked about GC's surplus and can this be used for educating, RAR said this is dependent on the outcome of our capital expansion plans.

ABA asked if potential spend on the capital expansion has been added to the budget – it hasn't. RAR said the potential spend for expansion will be in 2025/26.

14. Teaching support, other support and admin has caused a 5% increase on the out-turn.

15. In general expenses examination costs have increased from previous years. RAR asked if it's a cost increase as there will be less A2's next year, MJO said the exam boards have increased costs.

16. Catering costs are £228,000 which includes income to Aramark, VAT charges, repairs to kitchen equipment, and till software. MJO will discuss capital investment and profit share with Aramark (Min 4.10, above).

17. Utilities are based on annualised year to date costs plus 5%. If utility prices reduce the budget will be adjusted to reflect this.

18. Premises costs have a 5% increase allowance. Any costs for Hirst building and vacating the science block are unknown.

19. Base rate of 4.5% throughout the year is assumed in the budget.

20. RAR asked about the budget for other income being £2000 which is much less than the receipts this year. MJO

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thinks this year's figure of £130,000 may have been mis-posted.

CKN said Huddersfield Choral Society no longer use the college facilities to rehearse and more should be made from rentals in the future. RAR said when we occupy the new building the facility should be rented out where appropriate. RAR said an obstacle to rentals is the unavailability of catering out of hours.

MJO said the MUGA can also be rented out as it has been signed up for community use.

MJO will investigate the other income line.

21. SLE said that it's unclear if the capital grants from DfE will be repeated this year following the ONS reclassification, and in response to JHO's question it's not easy to find this information.

22. JHO asked what the biggest risks are in the budget. MJO replied there are unknown Hirst costs, moving Aramark to the new build, utility bills is a positive risk, and he hopes there will not be any further premises surprises. SLE added that student recruitment is also a risk although measures have been introduced this year to mitigate this. RAR feels the budget is safe and the allowances made have been on the safe side.

23. JHO summarised that income is relatively fixed, we may potentially get more money from DfE, we need to utilise our facilities to generate other income, anticipated out-turn is down by £848,000, staffing costs are £600,000, pay rises and additional staff are to fund, non-pay expenditure is £200,000 and there is a catering cost. Committee members agreed to recommend budget to Corporation for approval.

24. JHO said although he favours sensitising the budget, in this instance he doesn't think there is much to be gained. RAR said that if student numbers are lower than anticipated we will have recruited staff that we don't need, but we will know the numbers in September.

LWI asked why the concern about our numbers next year, SLE replied that we have had our highest number of applications, we have prioritised minority subjects, then offered places for STEM subjects, and increased staffing in maths – all to maximise the spaces we can offer. RAR said exam results are a big factor for enrolment. LWI asked about the mix of students, SLE said there are more students who want STEM subjects.

SLE added that the continuing building work may put some students off, although the Hirst building will be in use from September.

25. Further unknowns are if we will go ahead with the capacity fund bid and if we will be successful with the free school bid.

RAR said if we don't build a new facility on a Greenhead site, we need to think about adding more labs into the Hirst building as STEM is where the student demand is. SLE said

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	<p>we are restricted to 2800 students by the planning department.</p> <p>26. JHO asked for a sensitivity calculation if we were 100 students short at enrolment and RAR asked for a cover note for the Corporation meeting (3/7/23) of JHO's summary as to why the budget is recommended by F&E committee.</p> <p>5.1 Proposed restructure of MIS, paper previously circulated.</p> <ol style="list-style-type: none"> 1. MJO said the restructure has been accounted for in the budget. 2. RAR asked about the question EWY raised at Corporation about the reporting arrangements and management of the data analyst role. ABA added that if the data analyst is not given structure they will get lost in data rather than analytics, PDI's support and expertise should be used to grow the data analyst with focussed and directed work. PDI will need to delegate but retain supervisory control. EWY is happy to support with this. 3. The committee agreed the restructure subject to the (Corp 15/5/23 min 4.1.2) being actioned. 	MJO
<p>6. Estate Management Update</p>	<p>MJO provided a verbal update on estate management.</p> <ol style="list-style-type: none"> 1. Fire risk assessments for the existing buildings and Hirst building will be completed in the summer holidays. 2. Premises team are working with Protech regarding our current fire provision to bring it up to the same standard as Hirst building. The total cost to do this is £75,500, it is optional and can be completed in stages. The plan is for Rostron and Cooksey (£11,500) to be upgraded during the summer. JHO asked what the cost relates to – it will upgrade the protection to the same level as Hirst (from L3 to L1), this puts sensors into rooms, this work is intrusive and will be phased. 3. Following the water survey, WCS have been asked to complete the work that is required following their survey, this will cost £2500, premises are chasing them to complete this. 4. PAT testing is complete, this will now be undertaken annually, although all equipment will not be tested every year. 5. There is a sink hole outside Upper Greenhead House, there will be a temporary patch until the permanent repair in the summer holidays. 6. On 16/6/23 there is a Phase 3 meeting to discuss the red line and hoardings and access arrangements. 7. GC have options to present to DfE around the temporary changing facilities not having shower facilities, the options 	

	<p>for showers will be in the main building. SLE said whatever DfE would have spent on showers needs to go on the shower spend and this will result in permanent showers being installed on site.</p> <p>8. Four toilets will be refurbished over the summer.</p> <p>9. Furniture will be purchased for Hirst and legacy furniture will also be used.</p> <p>10. MJO has had an insurance renewal meeting, the annual cost has increased by £2500, the wage bill has been under-reported by £3 million in previous years on the policy.</p> <p>11. There has been concerns that the six photocopiers won't fit in the new Reprographics room in Hirst, they are now at the end of their life, they will be reduced to three machines, and these will fit in the new room. MJO prefers to lease the new machines rather than buy them.</p> <p>12. JHO asked how the governing body can fulfil their responsibility in respect of compliance with estate and maintenance matters. SLE said MJO can produce an end of year report. MJO said he wants to work towards a dashboard that shows the status of estate and maintenance items that governors can also access.</p> <p>13. RAR asked about updating the Estate Maintenance Plan which also needs to reflect the phasing approach to works and compliance and incorporate the refurbishment plan. MJO said he can have this ready for the next F&E meeting in September.</p>	<p>MJO</p> <p>MJO</p>
<p>7. Catering</p>	<p>7. Catering was discussed by committee members.</p> <p>1. SLE said we need to be clear on the timeline for retendering the catering contract and thinks it should take place late 2023 to early 2024. This will allow us to give 6 months' notice to Aramark and gives them a chance to improve in the autumn term in the new kitchen in the Hirst building.</p> <p>MJO said if we don't extend with Aramark the contract officially ends at the end of August 2024, and we'll need to give them notice by the end of February 2024.</p> <p>2. LWI asked if there will be any changes in their management or staffing during the remainder of the contract. MJO said the only changes will be if they require extra staff. LWI asked what will improve if the personnel stay the same, MJO replied that they have use of a new kitchen in a new building with increased footfall.</p> <p>3. ABA asked if there is enough time to organise a tender, make a decision, and be ready for the end of Aramark's contract. SLE wants to hold the retender interviews before Christmas.</p> <p>RAR asked that this be set out in a timeline.</p> <p>JHO said we need to start thinking about who we will invite to be in the tender process. ABA asked if catering in-house is a potential option – it is.</p> <p>CKN asked if Aramark want to retender.</p>	<p>MJO</p>

	<p>4. SLE felt the shortlisting, interview and decision process went well in the last catering tendering process. The issue has been that there wasn't proper scrutiny of the contract and then covid happened.</p>	
<p>8. New Build Risk Register</p>	<p>A Risk Register review meeting will be arranged. MJO sees the main risk as Phase 3. There has been some building noise during exams, this was higher today when MJO's contact wasn't on site. CKN said that the highest scores on the register are fire evacuation, and the end design of the new build doesn't meet college needs. There have been numerous fire alarms recently and the fire evacuation procedure has been tested during these. CKN asked how the end design of the build not meeting college needs is mitigated. SLE said initially departments need to settle into the building. ABA expressed concern that governors have not been able to visit the building yet. SLE said he has visited the building and there still seems a lot of work to do. ABA said he doesn't want GC to be pressured into the handover date on 25/8/23 if it isn't ready. MJO has a meeting scheduled on 28/6/23 to review progress on the building. ABA offered to join meetings with DfE and GT, he has experience of commissioning new buildings. SLE said if necessary, he can write formally to the DfE. RAR reiterated that as the end users of the building if we're not happy we will not accept the handover at the end of August.</p>	
<p>9. Covid risks & mitigation</p>	<p>SLE said this is a watching brief, no issues have manifested in the exams so far. It was agreed that this can be removed from the agenda as a standing item from the next academic year.</p>	<p>Clerk for agenda</p>
<p>10. New Policy for approval</p>	<p>Management for Legionella and Water Control Policy</p> <p>MJO summarised this new policy, which was previously circulated. Committee members agreed the policy which will now go to Corporation for approval.</p>	<p>Clerk for agenda</p>
<p>11. Any other business</p>	<p>1. RAR asked if there is an EV-Charging Policy ready for when the EV charging machines are switched on in the car park. MJO said he needs to find out how the machines work and if a tariff shipper is required. The machines should be</p>	

