

GREENHEAD COLLEGE CORPORATION
Minutes of the Finance & Estates Committee meeting
Monday 13 November 2023, 4.00pm, G17

immediately followed by Joint Meeting with Audit & Risk Cttee and Auditors, 5.00pm

Govs present: Adrian Barrass; Chris Kneale (from 4.11 pm); John Holroyd (Chair); Mohammed Usman; Richard Armstrong (Vice Chair); Simon Lett (Principal); Richard King

In attendance: Jess Norcliffe (to 17.10) ; Karen Wood; Mark Mitchell (to 17.10); Mo Bunter (to 17.10); Sarah Celensu (to 17.35); Sharon Roper (Clerk)

Apologies: Connie Laing; Lisa Wilkinson

+ additional A&R joining from 5.00pm:

A&R Govs: Ed Wynn; Stuart Irving

Auditors: Mike Benson (Murray Smith) (from 4.50pm); Rosalind Armstrong (AuditOne, via Teams)

AGENDA ITEM	DISCUSSION	ACTION
1. Welcome, apologies	JHO welcomed participants. Apologies as above.	
2. Declarations	No declarations of pecuniary/prejudicial interest.	
3. Minutes 25/9/23	<p>3.1 Minutes 25/9/23, previously circulated, the following amendment is required: (Min 9.4) ABA said the Project Management Policy needs to be broader, include relevant documentation in the policy, have the right staff in place to work on it, and it probably doesn't need to come back as early as the next F&E meeting. This was agreed by the Committee, subject to the above amendment being made, signed by Chair, returned to Clerk for filing.</p> <p>3.2 Matters arising not covered on agenda:</p> <ol style="list-style-type: none"> 1. SLE has produced a note of outstanding action points, which include which staff member is working on it and when it's likely to be actioned, this has been circulated to all committee members. 2. (Min 6.3) RKI asked why the invoice for the toilets was higher than expected. MJO had a budget for this refurbishment and did not inform SLT or the F&E committee that costs were escalating although he was made aware of this. MMI said the higher costs related to extra plumbing for the shower installations, upgrades to the sinks and unforeseen plumbing work. RAR asked if 	<p>Clerk</p> <p>Clerk</p>

	<p>the increased cost of the invoice is genuine – SLT have an itemised invoice and have confirmed it is correct. JHO said governance of costs must be managed correctly when the new postholders are in place, ABA added that the Project Management Policy must be clear about the authority levels of any expenditure.</p>	
<p>4. September management accounts & narrative</p>	<p>4. KWO summarised, and Committee discussed September management accounts and narrative, previously circulated:</p> <ol style="list-style-type: none"> 1. The information provided covers August and September. 2. Additional funding received from ESFA of £479,000 for additional costs. 3. £89,000 tuition funding is available, expenses need to be submitted to claim this, this is not detailed in the budget, the net effect of expected outcome is nil. 4. Additional costs for the Hirst Building include lab equipment £39,000, furniture £43,000, total invoices are currently at £104,000. 5. Currently the additional £299,000 surplus to budget is showing as a contingency, this figure will be broken down so we know what's spent against it and will be an increased expected out-turn. 6. RKI asked about the capitalisation policy, KWO said furniture will be capital. 7. Budget for pay looks too high even with the 6.5% pay rise. KWO to analyse this. 8. KWO to work on the depreciation figures to check this figure is right in the budget. 9. Pension funding expenses will increase by 5%, currently it's unknown when the ESFA funding increase to support this will arrive, so this will be shown as a charge from October. 10. JNO asked if it's employer contributions to the teachers pensions that is rising by 5%. KWO said it will increase from April. 11. RAR said that the intention is that operating surplus should achieve higher than budgeted where possible. 12. ABA asked if we need to rebudget because some of the variables like pay are now known. KWO will analyse pay and feels that depreciation will come right, and the other lines are in line. 13. ABA asked about the reduction of £1.215 million operating surplus on the same period last year, KWO explained that the majority of funding was received in September last year, this year the payments are evenly spread out. 14. RAR asked KWO to advise governors if she feels the budget need rebalancing, SLE said this will be decided early in 2024. 	<p>KWO</p> <p>KWO</p> <p>KWO</p> <p>KWO</p> <p>KWO/SLE</p>

<p>5. 2022/23 Year-end Report & Financial Statements</p>	<p>2022/23 Year-End Report & Financial Statements, previously circulated, JHO pointed out that an updated document was distributed to governors 13/11/23 which included minor amendments.</p> <p>JHO said the process is that F&E committee members agree the document and then it goes for approval to Corporation on 4/12/23.</p> <p>RAR asked that a note is added by Murray Smith regarding a severance payment made, confirming the date it was paid and that this was prior to the ONS reclassification.</p> <p>RKI said that as these are GC's accounts, we can make changes to the report ourselves.</p> <p>JHO said that MJO's departure date should be added to the document.</p> <p>RKI asked that the variance of £2.4 million to £1.6 million has an explanatory note.</p> <p>Governors approved the Year End Report and Financial Statements subject to the above amendments.</p>	<p>SLE</p> <p>SLE</p> <p>SLE</p>
<p>6. Photocopying contract</p>	<p>JNO gave a verbal update:</p> <p>Photocopying is a legal issue and is confidential.</p>	
<p>7. Catering</p>	<p>MMI summarised the Catering Contract Review paper which was distributed to participants during this item.</p> <ol style="list-style-type: none"> 1. When Aramark were appointed, they promised investment and profit share. 2. Under the signed contract we pay a management fee, non-recoverable VAT and for any repairs. 3. The cost of catering to GC last year was £51,395. Aramark have asked us to invoice them for profit share which may be approximately £10,000. The previous year, the loss to the college was £56,000. 4. Feedback from staff and students say that prices have increased, and quality is poor. 5. In-house catering made a profit of £33000 2017-18, and a loss of £17000 2018-19 (the reason for the loss is unknown). <p>RAR said that quality and service were poor when catering was in-house, although this hasn't improved with Aramark either.</p> <p>6. Bringing catering in-house is being considered although financial projections are required.</p> <p>RKI asked what capital investment is needed for an in-house model – catering is now in the Hirst building in new facilities, the catering consultant will be consulted about what else might be required.</p> <p>7. Red Box have been appointed as catering consultants. ABA asked if the consultant's objective is to review in-house and outsourced options – currently it's only to look at the in-</p>	

	<p>house model.</p> <p>8. SLT will decide if they want to do a tender process from local external companies, feedback from other colleges confirm the same issues with national companies as we have with Aramark.</p> <p>9. RAR said there's enough time to work on an in-house model and do an external tender so this can be benchmarked, and our options remain open. MMI said the cost for this will be approximately £6000.</p> <p>RAR expects to see quality and customer satisfaction built into the metrics, and the ability to change following feedback. ABA added that both models need to demonstrate measures of performance both financial and with customer satisfaction.</p> <p>10. RAR said the contract process also needs to be managed so that any signed contract reflects what's been promised.</p> <p>11. The next F&E meeting is 15/1/24 and asked that governors are consulted offline if necessary, so the timeline is maintained.</p> <p>12. SLE said that Aramark being asked to tender needs consideration. A meeting is scheduled with a director from Aramark this week. There has been a slight improvement since the move to Hirst.</p> <p>12. Governors agreed that they want to see a comparison between an in-house and an external tender.</p>	MMI
<p>8. Premises & Estates Update</p>	<p>SLE gave a verbal update:</p> <ol style="list-style-type: none"> 1. Phase 3 has started with the hoarding now in place. It's too early to comment on the invasiveness of the demolition as they are in the early phases of stripping out the science block and the main hall. 2. DfE and Mace will confirm the Phase 3 timeline in the next scheduled meeting. 3. Within a day students had adapted to the new layout and routes around college. Initially the G1 study area was unused but this has changed, it's a calm area and the corridor through it is working well. 4. Good to see Hirst being used by students and staff and the study areas are popular. 5. There is a large snagging list, DfE commented that they're surprised the list is so big. There was an issue with heating, which CKN said has been resolved. Wi-Fi issues have also been resolved. 6. Student and staff feedback is positive. 7. ABA thanked everyone for all their hard work. 	
<p>9. Bursary</p>	<p>MBR gave a verbal update on Bursary:</p> <ol style="list-style-type: none"> 1. Funding is time lagged; we receive FCM (Free College Meals) funding this year for the number of students on FCM 	

	<p>last year, which was 163 students. This is not timely, as obviously the numbers of students on FCM varies from year to year.</p> <p>2. From MBR's research she has identified that the amount of FCM on the funding statements did not match what we had recorded in terms of paying FCM last year. PDI confirmed that up until the new till system was installed FCM was claimed for all bursary students.</p> <p>3. The Aramark contract also requires us to pay the FCM money that we are putting on to student cards, directly to them. The till system was changed so that we could record and monitor such payments. We now only report to the DfE the exact amount of FCM that we are paying for.</p> <p>4. From this year we have to return any unspent FCM to the DfE. This is only applicable to this year.</p> <p>5. MBR will research the DfE portal, to better understand their approach to the formula applied, and why we are being allocated the funds that we are.</p> <p>6. MBR cross checked everything that the Bursary manager processed which highlighted the differences detailed above (Min 9.2).</p>	
10. Flagstone Investment	<p>SCE summarised the Flagstone Deposit Options and Flagstone Statement, previously circulated.</p> <p>Governors asked SCE to start investing the funds, with reputable companies for no longer than 3 months.</p> <p>Governors agreed that all Flagstone Investments must be approved by a nominated member of CLT before the funds are invested.</p>	<p>SCE</p> <p>SCE/CLT</p>
11. Policies	<p>Fees & Charges Policy: The attendance figure below which we reserve the right to charge has been removed. Policy was approved.</p>	
12. AoB	Further confidential photocopying discussion.	
13. Confidentiality	Photocopying is a legal issue and is confidential.	
14. Date next mtg	F&E Committee, Mon 15 Jan 2024, 4.30pm. <i>(This date has changed from 19/2/24).</i>	Govs note
JOINT MEETING	Joint Meeting with Audit & Risk Committee and Auditors, 5.00pm, to consider 2022/23 Year-end Report & Financial Statements, External Audit Report 2022/23, all previously circulated	

(these Joint Meeting minutes are replicated in A&R Committee minutes).

Joint Meeting with Finance & Estates Committee, 5.00pm, to consider 2022/23 Year-end Financial Statements, External Audit Report 2022/23, all previously circulated

(these Joint Meeting minutes are replicated in F&E Committee minutes).

Joint-1. Year-end Financial Statements, previously circulated.

1. This year Murray Smith were asked by MJO to complete the accounts in full.
2. The report at the front is updated by GC with statutory paragraphs included.
3. SLE said there are some further amendments to make.
4. EWY said it was good to see principal risks in the report but there is no assurance about the plan to manage the risks and this can be considered for future reports.

SLE

Joint-2. External Audit Report 2022/23 (Audit Completion Report). Mike Benson reported:

1. Page 9 gives a summary of results over the last three years; the income has increased this year due to additional students and increases in funding per student. Staff costs haven't increased by the same ratio. There is a £1.5 million surplus which is a significant increase.
2. Good result as five years ago staff costs were very high compared to income.
3. The balance sheet (page 10) shows cash and investment balances rise from £3 million to £5.5 million.
4. A key measure to determine the strength of the college is to look at net current assets, that's increased from £2.5 million to £4.6 million.
5. A pension asset is reported this year on the local government pension scheme. There's a debate in the industry as to whether these assets are recognised. ESFA have refused to provide guidance to say if the assets should be recognised. Murray Smith is happy for colleges to recognise the asset. EWY asked if the same approach is taken with liability – under FOS102, liability is recognised. RAR said in the past it's been recognised when it was a liability, it's now a small asset which won't be material in the context of our overall financial health. MBE said that when ESFA assess financial health they ignore it whether it's an asset or a liability. EWY said the figure is a £1.3 million swing. MBE said the only impact is that at certain times the local government increase or decrease contributions. The teachers' pension doesn't appear in the accounts. JHO asked about the actuarial review of the teachers' scheme which was reviewed in 2016. A recent review

has been issued in the last few days; a 2020 valuation will be used from April 2024. Murray Smith are waiting to hear if the pro forma accounts need changing and will advise GC if they do.

Teachers' pension has increased by 5% EWY asked that pension contributions are considered in the budget planning cycle. Increases in teachers' pension contributions continue to be funded by the government

6. Statement of Cash flows (page 11) shows what happened to the money generated by the college, the money was used to pay back some of the loan. The purchase of fixed assets was mostly covered by grant income. Cash increased by £2 million.
7. Overall, it's been a good result.
8. EWY asked how the new building funded by the DfE is reflected financially. It is brought into the accounts at handover as a fixed asset, and as a deferred capital grant liability. Each year the asset is depreciated and releases the money from the grant into the p&l and they match. RAR said that DfE have said the building value is £14.1 million.
9. SIR asked if there is any restriction on the amount of cash built up. MBE's experience is that colleges operate surpluses between £2 -£6 million, so GC is at the high end, there is no limit. RAR said that following the ONS review the government will review in 2025 if cash balances can be retained by colleges.
10. Internal controls (page 13) – three recommendations were made:
some policies are identified as past their review date, purchase authorisation – tightening needed for invoices to be signed off in accordance with financial regulations, credit card expenditure and expenses need authorisation evidence (fraud often happens in smaller amounts eg. on credit cards).
11. Unadjusted misstatements (Page 15), this was a clean audit, there is a minor potential adjustment on depreciation which they don't recommend adjusting on the accounts.
12. MBE said his team at Murray Smith want to thank SCE for her help and efficiency with the production of all the information they needed.

Joint-3. Murray Smith letter of representation, this is a standard document that all colleges Murray Smith work with are asked to sign.

It also confirms that there is no fraud that governors haven't made Murray Smith aware of.

The only change from previous years is following the ONS reclassification that there are no issues with managing public money.

RAR said the letter is dated in November, but he will sign the letter after approval at Corporation meeting in December.

	<p>RKI asked if there is anything outstanding on the audit, MBE said there's nothing substantial, his team are still working with SCE on minor items.</p> <p>JHO asked about how we compare with other colleges; MBE said most colleges have had a better result this year than last year principally due to the increased funding per student and GC is at the higher end. GC cash has moved from the bottom to the top of colleges that Murray Smith deal with over the last few years. RAR said GC has benefited from the high value courses that are popular in our curriculum.</p> <p>RAR said there is a small typo (Financial Highlights, page 10, second paragraph) that says, 'sort term' not 'short term'. RAR asked about trade creditors which have increased even though our financial position is stronger, MBE said this number is only 10% of our other operating expenses and is probably one or two purchases and KWO said it will have been on the purchase ledger, it was agreed that it was down to timing.</p> <p>SLE clarified that the documents will come to us via Document Share for signing, after approval and signing by Corporation and the Chair, then they're uploaded to ESFA. Financial returns and the Audit Completion Report is also sent to ESFA.</p> <p>Regularity Self-Assessment questionnaire also goes to the board for approval in December, this needs sending to Murray Smith when it has been signed off.</p> <p>MBE will send information to SLE confirming what needs sending to ESFA.</p> <p>The deadline to submit these documents is the end of December.</p> <p>JHO thanked MBE and Murray Smith for their help.</p>	<p>Murray Smith</p> <p>SLE</p> <p>Clerk</p> <p>MBE</p>
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Minutes prepared by Sharon Roper (Clerk to the Corporation) on 24/11/23

Approved & signed by John Holroyd, Chair on 15/1/24