

GREENHEAD COLLEGE CORPORATION
Minutes of the Finance & Estates Committee meeting held in M11
Monday 17 June 2024, 4.30pm

Govs present: Chris Kneale; John Holroyd (Chair); Lisa Wilkinson (from 16.35); Simon Lett (Principal)

In attendance: Richard King (Associate Governor); Lauren Metcalfe (DOFF); Sarah Walters (DOEO); Sharon Roper (Clerk), Mo Bunter (Deputy Principal)

Apologies: Adrian Barrass; Connie Laing; 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 7/5/24	<p>3.1 Finance & Estates minutes 7/5/24, previously circulated. Minutes approved by Committee subject to the amendment below, signed by Chair, returned to Clerk for filing.</p> <p>RKI queried (7/5/24 Min 4.3) Expected cash at year end is £826,000. LME said this is an in-year figure, Clerk to amend.</p> <p>3.2 Matters arising not covered on agenda: Matters arising/outstanding actions document, previously circulated.</p> <p>1. JHO asked who will own the equipment if OCS invest £50,000 – SWA said that GC will own it.</p> <p>2. The matters arising document details the minutes from a meeting date of 7/6/24 this is an error and should say 7/5/24, Clerk to amend.</p>	<p>Clerk</p> <p>Clerk</p> <p>Clerk</p>
4. April accounts & narrative	<p>4. Committee considered April 2024 management accounts & narrative, previously circulated.</p> <p>LME summarised key points:</p>	

1. At the end of April there was an operating surplus of £767,000.

2. SWA and LME have prioritised repairs and capital assets resulting in a significant drop in the in-year cash surplus, this is planned in the current year because the budget for next year has a deficit figure.
LME has provided a list in the circulated papers of where the £435,000 expenditure will go. It is hoped that all the proposed works happen over the summer and be reflected in this year's accounts.

3. RKI asked about £150,000 cost in the planned maintenance sheet – this is for the solution for heat issues in Cooksey which will not be completed in this academic year.

4. RAR said the intention was to manage the bottom line within the overall set budget and asked if there is any surplus within the budget lines – LME is not aware of excess in departmental budgets, and SWA said most areas have spent their budget.
RAR asked if budget holders need finance approval before they spend their budget - they can spend it to an extent but generally they go to HODs or APs first.
JHO said if an invoice is raised it's too late because the money is spent and asked that areas holding surplus are identified and MBR added that staff could be asked to spend on essential items only.

5. RAR asked if SWA has reprioritised non-essential work – she has.

6. RKI asked about an extra £110,000 depreciation in the cumulative projections in July – LME said a system will be introduced that calculates depreciation monthly without the need for manual adjustments. LME will double check the calculations for the depreciation figure.

7. JHO asked what the timescale is for having a fixed asset register – it will be ready this summer and LME will share it. GC has a new system (Smartlog) that will monitor and manage the assets once the fixed asset register is in place. RKI asked if the Capital tab will make more sense when this is actioned – it will.

8. LME is forecasting that the outturn for the year end is £867,000. This reason this figure has reduced is due to the increase in estate spend.
The swing over the next few months is due to significant repairs, exam invigilation costs and the increase in pay costs while using the tutor fund.

9. RKI asked about auditors asking for potential £150,000 write off – this will be in next year's budget.

10. The valuation of the Muga is reduced to £348,000 which has been reflected in the accounts.

11. Bank interest income is higher than planned and LME is proposing to increase this going forward by setting parameters through the Treasury Management Policy.

12. Pay costs are 8.7 million to April, forecast to £11.8 million by the year end. Pension contributions have risen

LME

but equally the income has increased to reflect that. Teaching costs are 73% of the budget. There is a historic difference with cleaning staff as the original budget didn't include the Hirst building. Payroll costs are 68.9% of total income and forecast 69.9% by the end of the year.

13. Bursary is an overspend due to the Aramark contract where they receive school meals money regardless of the student spending money with them. This changes when OCS take over.

14. Enrichment is predicted to be an overspend, LME is working with NHA to improve this in future, and they are looking at sponsorship, and increasing subs etc.

15. General expenditure is mainly driven by exam costs and is a positive variance due to the percentage increase the exam team anticipated. For next AY Exams team have requested an 8% increment.

16. LWI asked about teachers' pay at 73% against total staff pay benchmarked against the sector – RAR said the recent pay settlement is driving this figure up and LME added that sector benchmarking when it is released is usually at least a year behind. MBR said that SFCA have released pay figures recently but it's a breakdown of leadership roles. SLE said the historic benchmark figure of 70% is no longer valid in the context of the recent pay award and thought the current sector figure is likely to be 74%.

17. Administration overspend is down to reprographic costs.

18. Repairs and maintenance will be overspent and there are refurbishments that cannot be capitalised.

19. JHO asked if the estimated outturn might go up rather than down because we might not be able to spend everything that is planned – yes, it might increase.

20. SWA said work in the capital proposal will happen over the summer, but the college financial year end is 31/7/24, and it might be difficult to get some of the spend into the accounts for this AY.

21. RAR said if the spend goes into the next AY the budget will be overspent, and this may cause an issue with ESFA and asked if GC can take the money from the reserves. RKI said that an amount of capital work contracted can be declared and JHO added that invoices can be requested for work.

22. The walls are a refurbishment cost and subject to planning approval. MBR asked if it can be justified taking money from the reserve – it can. JHO said this is a liability arising from a past event and there is a legal requirement to rebuild the wall and we might be allowed to accrue this. LME will update as the works progress.

23. RKI asked about the reprographics contract which is more expensive than the previous one. This discussion is confidential.

LME

5. Draft Budget 2024/25

LME summarised the draft Budget 2024/25, previously circulated.

1. The earlier version of the draft budget was breakeven but now it has moved to deficit.
2. RKI asked what LME means by zero based budgeting – she starts from scratch.
2. There has been an additional £91,000 allocated to the staffing line, this will take next year's payroll costs to total income ratio to 70%. This will drop slightly the following year.
3. Extra depreciation has been added due to significant capitalisation.
4. A HR budget has been allocated to the HR manager.
5. General expenses has increased by £46,000 due to the anticipated exam fee increase of 8%.
6. Although the budget is a deficit LME predicts that we will maintain the Outstanding financial status.

JHO asked how the Outstanding status is measured – it is:

- solvency (current score 100 points)
- percentage of borrowing costs versus income (current score 90 points), GC's loan is due to be repaid in 2030 .
- a performance indicator which looks at EBITDA – surplus or deficit and add depreciation, as a percentage of income, GC needs performance to be 5%+ (50 points).
- 240 points required to keep Outstanding status.
- Further spending allowed before we drop down to good is £140,000.

JHO asked if it matters if the financial status drops to good – LME said it's part of the strategy to maintain it at outstanding. In 2026/27 GC would have to overspend by £600,000 to lose outstanding, the rationale of the budget for 2024/25 can be explained.

MBR said that attention from the FE commissioner starts if a college drops below good.

7. RKI asked about the downward trend over the last three years – RAR said the education sector has high pay settlements versus lower increases in funding.

8. RKI asked what will happen if the student enrolment target is missed – LME said the sensitivity includes figures if 50 less students are enrolled this year, if the target is subsequently missed in other years the outlook will worsen, RKI asked for this to be built into the sensitivities.

Bridging day attendance this year is more than 1000 students, previously the highest attendance was 800 students, and enrolment has moved to GCSE results day. JHO said it makes clear how important students on roll at day 42 is to the college. RAR added that the ongoing building work might impact enrolment.

9. RKI asked for circular references on the forecast spreadsheet to be corrected.

LME

	<p>JHO doesn't want an imprudent budget and said that the key number is the staff cost.</p> <p>14. RAR asked about non-pay 'other support' increasing by 30%. – this relates to allocating a budget to HR and CLT and several other reclassifications splitting out into the correct areas.</p> <p>RAR asked about provision in the budget next AY for new furniture as the building work won't finish until summer 2025 – SWA said it will be ordered in advance and it will be delivered when GC is ready for it. JHO said it should be depreciated the following year.</p> <p>15. JHO asked about CIF funding for the roof – if the grant is not agreed, SWA said in the short term there can be repairs and maintenance on the roof. The bid will go in for CIF funding by December and the decision will be April 2025. SWA said the priority for CIF funding is the fire doors, this work must be completed regardless of the outcome of the bid, and she doesn't recommend waiting for a re-bid. RAR said that CIF funding may be affected by the upcoming elections.</p> <p>LWI asked about safety issues in regard to the fire doors – SWA said the fire doors will work, they are 30 minute rated, but they are not up to current standards, some fire doors are being replaced this summer, and GC can demonstrate the actions in place to address this issue. SLE confirmed that GC has not been told that they can't operate with the current doors.</p> <p>16. RKI asked about catering income being zero – the catering contract is a zero budget, profits above the set budget will be 100% return to GC. OCS have projected a return of £9000 in the first year, but this is not guaranteed.</p> <p>17. MBR advised F&E members of proposed changes to CLT, which are not included in this budget.</p> <p>The proposal will go to Remuneration committee for approval.</p> <p>This discussion is confidential.</p> <p>Subject to clarity requested above and the Remuneration meeting, F&E members agreed to recommend approval of the budget to Corporation.</p>	LME
<p>6. Estate Management Update</p>	<p>The Capital Proposal form, previously circulated and SWA also provided a verbal update on estate management:</p> <p>SWA said most of the capital proposal has already been covered in the accounts and budget discussion.</p> <p>1. The capital proposal is to address the urgent health and safety priorities and the student experience to help student recruitment. Drab areas in the college are being refurbished to make them look inviting and exciting. In comparison to Hirst some of the other buildings look outdated.</p> <p>Investment will be made in outdoor social space which will include canopies that can be used throughout the year. This</p>	

	<p>summer the focus will be on three outside areas and if the space doesn't work the furniture fitted will be moveable.</p> <p>2. JHO asked about the rolling maintenance plan - this went to strategy day; it's currently over three years and SWA is building this up to five years.</p> <p>3. Three highlighted areas in the capital proposal (Park lift refurbishment, ventilation works in Cooksey and security of rear car park), might be difficult to complete in this financial year.</p> <p>3. JHO asked about the decision around capital or revenue and the auditors then deciding if this needs qualifying in their report, and LME should take the judgement. RKI suggested getting clarity from the accountants in advance.</p> <p>LME asked the auditors about the roof repairs, the auditors said if it enhances the building it can be capitalised. RKI said to confirm to the auditors that the governors have endorsed this</p> <p>4. A consultant has sent a proposal to run scenario modelling on Cooksey regarding the heating issues. The scenarios will look at how Cooksey should have operated initially, with different solutions and what effect this will make to ensure the correct investment is made. RAR said that it is right to find the best solution, but communication to staff is key so they understand why there is a delay.</p> <p>SLE said that warm weather is due so it will be an opportunity to see if the solar film that has been fitted in Cooksey is working.</p> <p>MBR said there is also an issue in winter when Cooksey is too cold. SWA is still working with Monodraft around the coldness issue.</p> <p>5. Demolition restarts on 24/6/24, some of the demolition work will be close to other buildings.</p> <p>SWA pointed out to GT that if they rearrange the timeline of works students will soon be off site. SWA refused to let GT close the main corridor through Conway, Cooksey and Dawson because it's a fire escape route, so they will do this during weekend work.</p> <p>Governors recommend approval of the Capital proposal to the Corporation board.</p>	<p>LME</p> <p>LME</p> <p>SWA</p>
<p>7. Catering</p>	<p>9. SWA gave a verbal catering report:</p> <p>Aramark are ending their contract with GC on 31/7/24, OCS start on 1/8/24.</p> <p>OCS mobilisation is going well.</p> <p>TUPE Out meetings were held 17/6/24 and TUPE In meetings are next week.</p> <p>Work is underway around the design, rebrand and refresh of the catering areas.</p> <p>SWA is canvassing opinions from GCSA about designs and names, to make the outlets appealing to students.</p>	

	<p>GC are investing in three coffee machines and a self-service machine from OCS. The machines are a couple of years old, have been serviced and tested, and will cost £10,000. A new machine would have cost £12,500. OCS have provided the first draft of the new menus. There will be a Freshers feel to the first two days of term, OCS will give away free products and create a buzz around the catering options.</p> <p>LWI asked if the staff are retained and given a new contract – they are, unless they decide to move on. There will be an increase in cooking from scratch.</p> <p>JHO asked about the change in menus – they are much better than the menus from the previous supplier, SWA anticipates that OCS will respond to feedback and make changes where necessary.</p> <p>LWI asked if the catering facilities will be available at open days – they will.</p>	
<p>8. New Build Risk Register</p>	<p>The New Build Risk Register and Summary was considered by committee members, previously circulated.</p> <ol style="list-style-type: none"> 1. Six risks have moved to monitor. The MUGA risk has been archived because it is now operational and in use. 2. The risk for demolition works has reduced, there is mitigation in place, and this is being monitored, there continues to be noise impact. 3. Risks E11H (disruption to supplies and utilities) and T2H (teaching and learning) are sitting outside the college risk appetite, as there is still an element of uncertainty until the demolition ends. This is being monitored and will reduce as soon as possible. 4. RAR asked that for a reminder at CDC meeting 26/6/24 about the works that are scheduled when the students return after the summer. There will be an estates Presentation at the CDC meeting. 	<p>SWA</p>
<p>9. New Policies to recommend to Corporation</p>	<p>9.1 Procurement Policy and associated documents:</p> <ol style="list-style-type: none"> 1. This replaces the Project Management Policy. The Procurement Policy has operational documents behind it. The new policy links into the Financial Handbook and the policy sets up a robust procedure. 2. RAR asked that it's made clear in the policy that education works for the public good and procurements can deliver social value to our community to offset some of the costs and that the tender process does not exclude organisations from bidding if it delivers social value. SWA asked if social value sits outside value for money – RAR confirmed it does and can be found in Treasury guidance. SWA will research this and build it into the policy. 	<p>SWA</p>

	<p>3. There will be an annual procurement plan setting out the key contracts for the year. This will come to each F&E meeting for discussion. SWA expects an average of five contracts per year.</p> <p>4. SWA and LME are working on a Contracts Register, identifying contracts for procurement, building up preferred suppliers and contractors and an annual report of cost savings.</p> <p>5. A supplier brief has been drafted, and a template will be used for all procurement activity to ensure the process is standardised.</p> <p>6. One document contains whole process of the business case, project management, project evaluation and checklist.</p> <p>7. RKI asked what the financial criteria is for the procurement process – SWA said projects of £10,000 or more, LME added that the process is for out of the ordinary operations and repairing does not normally fall within this. RKI asked about exceptional repairs and SWA confirmed repairs like the boundary walls and roof would fall within the policy.</p> <p>8. RKI asked what procurement values should come to F&E – the Clerk confirmed that the delegated limit for F&E is £156,442. F&E members agreed that procurements of £50,000 plus must come to F&E committee.</p> <p>9. JHO asked who is responsible for the process being followed – the Principal is accountable; this should be made clear in the policy.</p> <p>10. RKI asked that approval of the business plan before it's presented to F&E is added to the process.</p> <p>11. JHO asked which members of the governing board sign the transactional threshold at £100,000 plus. RAR said anything over £50,000 comes via F&E which will have more than two governors in the meeting.</p> <p>12. JHO said (16.1) which confirms adherence to financial regulations does not make sense. SWA will review this paragraph.</p> <p>13. Subject to the above amendments, F&E members recommend approval of the Procurement Policy to the Corporation. RAR thanked SWA for her work on the policy and documentation.</p> <p>9.2 Treasury Management Policy-</p> <p>1. LME has outlined the risks that the college is prepared to accept in relation to investments, together with guidance and the rationale behind it. This sits within the college risk appetite in relation to investments.</p> <p>2. The policy states that investments will be at three-month intervals.</p> <p>3. Deposits up to £250,000 can be invested into banks with an A rating.</p> <p>4. RAR and JHO asked about investing for longer than three months. JHO added that funds necessary for wage payments and suppliers must not be invested.</p>	<p>Clerk- add to agenda</p> <p>SWA</p> <p>SWA</p> <p>SWA</p>
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	<p>5. RKI suggested investing £2 million for 12 months as this is not required in the short term.</p> <p>6. The budget confirms that £3 million will be invested.</p> <p>7. JHO asked that (9.3) College will be expected to make future provisions of 1% to build future reserves is changed to a minimum of 1% to build future reserves.</p> <p>8. JHO asked if the amount equivalent to 1 month's salary (9.2) will be kept in the current account – LME confirmed it will.</p> <p>9. Subject to the above amendment, F&E members recommend approval of the Treasury Management Policy to the Corporation.</p> <p>LWI asked about putting the large balance in the current account into a savings account. JHO suggested negotiating with our current account provider.</p>	<p>LME</p> <p>LME</p>
<p>10. Policies to review</p>	<p>Fees & Charges Policy, previously circulated.</p> <p>There have been no changes, MBR checked the policy with LME.</p> <p>CKN asked about the student printing quota – LME said this is being looked at for September.</p> <p>MBR said that the printing reports have been examined, paper use is high and there are knock on costs with toner and electricity. Placing a limit on students will reduce this. JHO asked if this is policy is reviewed annually – it is.</p> <p>F&E committee members approved the Fees & Charges Policy.</p>	<p>LME</p>
<p>11. Draft Annual Cycle of Business</p>	<p>Draft Annual Cycle of Business, previously circulated.</p> <p>Clerk has drafted the cycle of business and asked CLT for input.</p> <p>JHO asked for the draft budget to be earlier in the cycle.</p> <p>RKI asked what the benefit of this is – JHO said it will create more visibility earlier. RKI said the funding is not confirmed until April. MBR said that teachers are recruited in Spring in anticipation of student enrolment in August.</p> <p>F&E members agreed that oversight of the draft budget be added as an agenda item to the final meeting in term two.</p> <p>Procurement updates need adding as an agenda item for each meeting.</p> <p>F&E committee members recommend approval to the Corporation</p>	<p>Clerk</p> <p>Clerk</p>

14. Any other business	<p>JHO said the IT restructure was approved several months ago and asked how governors can review the outcome of the restructure.</p> <p>SLE said the impact on student experience should go to Q&S committee and monitoring the financial benefit should go to F&E committee.</p>	<p>CLT</p>
15. Confidentiality	<p>CLT restructure. Photocopying contract.</p>	
16. Date next mtg	<p>Next F&E; Monday 30 September 24, at College</p>	<p>Govs to note</p>

Minutes prepared by Sharon Roper (Clerk to the Corporation) on 12/7/24

Approved & signed by Chair, John Holroyd on 30/9/24