

MINUTES OF THE FINANCE AND ESTATES COMMITTEE MEETING

Held on Microsoft Teams Wednesday 24 June 2019 at 6 pm.

Present: Paul Collyer (Chair) Dan Dean (Principal) Berzek Sanda Tim Oliver

Fran Stewart Tom Webb Mark Nelligan Simon D'Arcy

Stephanie Wiles (Advising Officer) Ken Kehoe (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of business interests from the Trustees.

2. APOLOGIES FOR ABSENCE

There were no absences.

3. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 11 March 2020 were <u>approved</u> as an accurate record.

4. MATTERS ARISING

FE2-001:<u>I</u> Item 7, UPDATE ON PROPERTY STRATEGY: The Director of Finance and Estates to investigate with ESFA whether any CIF underspend could be retained to fund this year's CIF bid. The Director of Finance and Estates informed the committee that she had proposed to the ESFA that the ratio of funding should be kept at 60:40 even though the total cost of the project was now lower. They had not responded directly but had confirmed that they will make the April and May payments, bringing the total ESFA funding to £973k. This would be in line with her proposal. The committee welcomed the approach adopted by the Director. **Closed.**

FE2-002: Item 7, UPDATE ON PROPERTY STRATEGY AND RESERVES: The Director of Finance and Estates is to write to the committee setting out the value of those parts of the Performing Arts project that will be subject to full tender. The Director of Finance and Estates had written to the committee on 30 April, setting out the details of the Performing Arts project. She noted that the project was expected to go to planning in the following week and that they would need to do the groundworks for the project in the summer holidays to avoid disruption. The committee asked whether the Director was concerned about the cost and availability of building supplies due to the current crisis. The Director advised that they were not seeing big price increases and the supply chain was working but you had to be organised and order with sufficient lead time. The committee asked whether the Director was comfortable that the use of the existing contractor for the build was good value for money. The Director assured the committee that she was, as long as the contractor's rates remained the same. **Closed**.

5. COVID 19 IMPACT

At the request of the Chair, the Director of Finance and Estates set out the impact of the COVID 19 crisis on the College's finances. In the current year, there had been increased expenditure on cleaning supplies, the costs of re-opening the site and the cleaners had been paid throughout the period. These additional costs had been partially offset by lower utility bills and fewer repairs being required. Costs currently totalled some £50k, excluding savings. In terms of the capital project, the new build was some 13 weeks behind schedule, which exceeded the contingency of 6 weeks that had been built in to the programme, but they were now trying to make up the lost time and hoped to have additional class rooms available shortly after the start of the Autumn term.

In discussion, the committee asked about the impact of the crisis on the College's financial position over the next couple of years. On costs, the Director thought most had already been incurred.

The Director continued that the biggest potential impact may be on income. The funding for next year was guaranteed as it was based on enrolment this year, but there could be an adverse impact on 2021/22 if there was a depressed intake next year because of the COVID 19 crisis. The budget assumed enrolment at 1920 students but if there were 120 fewer students then EBITDA would be -1%. The Director noted that if the TPS grant were included then the EBITDA would still be positive.

The Chair asked the Principal for his assessment of the risk of a reduced student intake because of the crisis. The Principal said it was difficult to predict. Prospective parents and students may be risk averse and want to avoid moving institutions and possible travel on public transport. But he noted that the College had taken a cautious approach to offers, that the withdrawal rate was 4% below its level last year and there had been a very positive response from existing parents to the online provision that the College had made. The College would only know the impact on enrolment on 26 August.

The committee asked about the impact of the crisis on other income streams, in particular catering. The Director of Finance and Estates said that this was a difficult issue. The Government had only committed to paying for Free School Meals. The College had agreed to make up the balance of the salaries of the staff furloughed by the catering contractor until the end of August. Discussions with the caterers on the nature of autumn term provision are ongoing.

In discussion, the committee:

- welcomed the Director's approach but noted that they would be concerned if the salary guarantee was extended beyond August;
- invited the Director to seek legal advice as appropriate; and asked
- the Director to update the committee on developments with the catering contact before the next meeting.

Action: The Director of Finance and Estates to update the committee on discussions about the catering contract, after legal advice.

6. FINANCE AND BUDGET REPORT TO 30.04.20 AND 24 MONTH CASH FLOW FORECAST

The Director of Finance and Estates introduced the Finance and Budget Report and the 24-month Cashflow Forecast. She made the following points:

- The College was on track to meet the "outstanding" measure, even though as an academy it was no longer judged against this measure;
- There was an expected overspend on salaries because the original budget had not made allowance for the pay award for support staff from last year and an unbudgeted appointment
- Income was above budget, as the Director had put in a prudent allowance for the Teacher pension and pay grants but they had received substantially more (£174k).

The Principal noted that, in consultation with the Chairs, it had been decided to use the extra teacher pay grant to pay staff an award for the work that they had done for the students and the College in the crisis. He was immensely proud of the staff and the unprecedented positive feedback from the parents was testament to their efforts.

The Director noted that the cash flow projection was healthy.

The committee <u>approved</u> the Budget and Finance Report, the commentary and the 24-month Cash Flow Forecast.

7. PROVISIONAL BUDGET 2020-21 AND FINANCIAL PLAN

The Director of Finance and Estates introduced the Provisional Budget for 2020/21 and the Financial plan. She noted that, with lagged funding, the position next year was comfortable. They were anticipating a 10% surplus. The Teachers' Pay and Pension grants had been guaranteed to April 2021; they had been assumed to August 2021. If these were stripped out the surplus would drop 9%. She had not assumed that the grants would be continued after next year. On spending, the main cost was staff. The budget assumed 2.5% for support staff and the same for teachers from January and then 2% thereafter. The capital expenditure included all known IT and build projects plus ongoing maintenance.

The cashflow looked healthy even with all the capital expenditure. It was based on 1920 students from 2021/22 onwards and no new capital spend in the second 12 months.

In discussion, the committee raised the following points:

Were any funds on deposit due for renewal? The Director said that there two amounts of funding, £1m and £0.5 m, that were due for renewal in July. The Director would get quotes from the larger banks and clear with the Chairs of the Board and the Finance Committee. She noted that, given the limit of £85k on deposit protection, it was prudent to place funds with the larger banks. There was a further £1m on 90-day deposit; this would be left in place.

<u>How confident was the Principal in the assumption of 1920 students?</u> The Principal said he would have been very confident without the COVID 19 crisis, but they had been cautious in their approach to admissions.

Did the experience of online provision suggest that there was scope for expansion of online delivery in future years? The Principal said that, while the online provision had been a success, it would not replace the overall experience of being in College.

<u>Is there any capital expenditure that had not been budgeted for</u>? The Director said the Budget covered all capital projects plus £150k for general building work. This is a provision to support the 20-year maintenance plan.

The committee <u>approved</u> the provisional Budget, commentary and 24-month cashflow for 2020/21 and the Financial Plan for recommendation to the Board of Trustees.

8. UPDATE ON PROPERTY STRATEGY

The Director of Finance and Estates updated the committee on the Property Strategy, noting that some items had been touched on earlier in the meeting:

- The new Canteen build had been delayed 13 weeks by the crisis but the classrooms would be available early at the start of the next term and the remainder of the project by the October half term. In response to a question, she said that the project added about a third to the current capacity of the canteen, as well as offering 3 new classrooms;
- The 3G pitch had started and with a project time of 16 to 20 weeks that would also be finished about the October half term;
- She did not yet know the outcome of the bid for funding to move to LED lights;
- On the Performing Arts build, she expected to have planning consent within the next couple of weeks and for the groundwork to be done over the summer holidays.

The Chair noted that the College was well maintained and that much work had been done over the last 6 years. He commended the Director of Finance and Estates on her work and said that he would be open to providing extra resource if she and the Principal thought it would be helpful.

9. HEALTH AND SAFETY REPORT

The Director of Finance and Estates informed the committee that there had been 15 accidents this year compared with 13 the previous year. There was no cause for concern. She further noted that the College had followed the insurance company guidance on the maintenance of the site during the closure. They had drawn up a meticulous plan for the safe re-opening of the site that had included a deep clean of the site during the half term and the addition of a day cleaner. An infection control section had been added to the Health and Safety Policy which would be coming to the Finance and Estates committee at its meeting in November.

In discussion, the committee asked the Director to confirm the Health and Safety arrangements for staff working at home, in light of the College's duty of care.

Action: The Director of Finance and Estates to ensure consideration is given to the Health and Safety arrangements for staff working from home.

11. ANY OTHER BUSINESS

None.

12.Date of Next Meeting: Wednesday 18th November 2020.

The meeting closed at 7.05pm. Attendance was 100%.

Signed.....

Date.....

SUMMARY OF ACTIONS

F&E3-001	ITEM 5: COVID 19 IMPACT	
	The Director of Finance and Estates to update the committee on discussions about the catering contract, after legal advice.	
F&E3-002	ITEM 9: HEALTH AND SAFETY	
	The Director of Finance and Estates to ensure consideration is given to the Health and Safety arrangements for staff working from home.	

SUMMARY OF GOVERNOR CHALLENGE [C] / SUPPORT [S]

C/S	Minute	Торіс
S	5	The committee welcomed the Director of Finance's approach to making up the salaries of the staff that had been furloughed by the catering company.
S	8	The Chair commended the Director of Finance and Estates on her work on the budget and the property strategy.
С	9	The committee asked the Director of Finance and Estates to confirm the Health and Safety arrangements for staff working at home.