THE COLLEGE OF RICHARD COLLYER

MINUTES OF
THE FINANCE & GENERAL PURPOSES COMMITTEE MEETING
HELD ON TUESDAY, 6th MARCH 2018 at 16.15pm

Present:	Mrs Sally Bromley, Mr Tom Cox, Miss Ann Donoghue, Mrs Helen Smith, Mr Robert Yorke, Mr Sam Uzzell
Apologies received:	Mrs Patrice Mantey
In attendance:	Mr Ian Dumbleton, Ms Andrea John, Mr Dan Lodge, Mr Steve Martell, Dr David Skipp, Ms Nicola Whitehead
In the Chair:	Miss Ann Donoghue

2204. **Declaration of interests** None

2205. **Minutes of the meeting held on 21st November 2017 were approved.**

2206. **Matters arising**

Item 2188: The Finance Director tabled a paper in response to the Committee's query about the proportion of **teaching and non-teaching staff costs**. Over the past two years there had been a 1.3% decrease in the percentage of teaching staff costs as a percentage of income and a corresponding increase in that for non-teaching staff. Overall 2/3 of staff costs related to teaching staff. The Principal explained that the small change was owing to the move to three A level subjects which had helped to keep down teaching costs whereas the growth in student numbers had led to a small increase in support staff. The increased proportion of support staff costs would continue over the next two years as the increase in superannuation was phased in. Members noted that colleges such as Collyer's with limited outsourcing and no area uplift could be expected to have a higher percentage staff cost. Members thanked the Finance Director for the more detailed analysis.

Item 2191: The Finance Director reported on enquiries about colleges' investment policies and treatment of **reserves**. Few colleges were understood to have the opportunity to invest and there was a natural nervousness about anything other than low risk investments particularly given high market volatility at the current time. One or two did use managed funds which were best considered when a 5-10 year investment were possible. Collyer's potentially had the opportunity to use the endowment vehicle, at least in respect of funds not yet drawn down. Members agreed that what was feasible depended largely on how much of the £2m reserve the College was expected to need in the foreseeable future with the Principal expressing some concern at tying up the reserves over a protracted period. In the meantime the Finance Director confirmed that the money was being held on deposit in a range of accounts to seek to get the best possible return. Members agreed that it would be helpful to return to the issue at the summer meeting in the context of a new Treasury Management Report and an updated property view. **(Action: Principal and Finance Director for June meeting.)**

Item 2194: Insurance Update The Finance Director explained that he would be holding a further meeting with Zurich on 22 March prior to providing advice on costs to the summer meeting. Although the Zurich quote had seemed competitive in the autumn, the College's estates management strengths (as demonstrated, for example, in recent fire safety and audit reports) might well suggest a lower premium could be obtainable before the 1st August renewal date. Members proposed etc. that a broker might be able to provide a useful benchmark against which to judge the Zurich quote. **(Action: Finance Director).**

Item 2199: The Principal confirmed that the Staff Welfare Statement was due to be discussed further with the SMCG. **(Carried forward)**.

Item 2200: the Clerk confirmed that the brief on the change in the Insolvency regime had been made available to all governors but would once more be highlighted in sharing key points from the Committee's finance training in which it was covered.

2207. **Management accounts**
Papers: Financial report for the period from 1st August 2017 to 31st January 2018

The Finance Director explained that, with a surplus of £23,928 at the end of January, the situation was more favourable than had been anticipated by some £123k. This was owing to positive variances in income offset in part by some increases in pay and non-pay expenditure. The increases in income by order of magnitude were additional SFA funding (£61k), extra fee-paying international students, funding for Higher needs students and additional student loans income (£6k). The remainder was due to the release of Mercers' funding, albeit offset by corresponding costs. Payroll costs were slightly higher than budgeted (though lower as a percentage of income at 70.3%) owing to an earlier start date in new teachers' contracts for the Autumn term August start date and the additional work in enrolling an increased number of students. Non-pay expenditure was higher owing to overseas agents' commission fees and depreciation on capital purchases. A current ratio of 4.12:1 and cash days in hand (CDIH) of 159 were healthy. Outstanding loans were £764,831.

In discussion, members asked about the figure for staff costs as a percentage of recurrent income (i.e. that from ESFA funding) and how this compared across the S7 colleges. **(Action: Finance Director).** The Principal advised that she would be returning to a 1st September teaching contract start date for 2018 given both the additional c.£6k cost and the ability of the College to manage enrolment with existing resources in the coming year. In summary members noted that the College was well on track to meet the budgeted outturn for the year.

Recommendation: That the Governing Body approve the Management Accounts to end January at their next meeting.

2208. **Mid-Year Update of the Financial forecast for 2017/18**
Papers: MYU figures; e-mail from actuary of 22nd February 18 c/o WSCC

The Finance Director reported that the forecast surplus for the full year had increased by £69,433 to £115,591 owing primarily to the significant additional income from the 4As centre and non-EU fee paying students where the college had enrolled 62 compared to a budgeted 50. There were some additional expenditure items relating to those areas which were generating additional income. The College would also be incurring extra exam costs of circa £10,000 for those additional students who we have recruited above our budgeted number (for whom additional funding would not be received until the next academic year). It had also just become apparent that at least one of the main exam boards had increased its charges by about 6.5%, double the rate of inflation. If replicated by all the exam boards it would mean additional unbudgeted costs of circa £12,000 in the current year. Overall however the College was likely to exceed its budgeted surplus for the year as reflected in the mid-year budget review and revised forecast.

The Finance Director agreed to a small number of changes in headings for the sake of clarity including a new EBITDA heading. The Principal explained that, as an apprenticeship levy payer, the College had also gained from having a past business apprentice and a current one in PE, with interest also being shown by the IT Department. Members clarified further the funding of Adult Ed, careers activities such as the Challenge of Management event and the new HR software system and requested that the Trustees' contribution be shown separately to gain a clearer picture of the College's 'trading' position. **(Action: Finance Director).**

With reference to capital, members noted the continuing discussion of the GB1 final account and potential claim from the contractor.

Recommendation: That the Governing Body approve the mid-year updated forecast taking account of the subsequent positive developments in income.

Turning to the issue of pensions costs, members examined the response from the actuary which suggested that colleges' increased costs were necessary in response to low gilt yields and the higher risk rating following removal of the Government's underwriting of pension risks. Comparisons with Collyer's position were difficult within West Sussex given that it was the only sixth form college (with the S7 colleges, for example, in different schemes and West Sussex under no obligation to benchmark against other Councils). Collyer's was however in a more favourable position than its nearest comparator given the phased introduction of the increase in cost. Whilst recognising that the College had sought support through SFCA and that the next triennial review in Spring 2019 would provide an opportunity to revisit contributions, members were also keen to ensure that every avenue had been pursued. To that end they asked if the College could investigate whether there was an appeals process or similar opportunity for an independent check on the calculations made, especially in the absence of any clear evidence that WSCC had made an independent judgement on the advice of the actuary in respect of the LGPS. **(Action: Finance Director)**

Members noted further that the ESFA had confirmed the College's 'outstanding' financial status following receipt of the latest financial statements with a slightly higher score of 290.

2209. **Funding 2018/19**

The Principal explained that no final allocation for the next academic year had yet been provided. The College had questioned an indicative forecast on the basis that it had been based on 16/17 rather than 2017/18 student numbers. The expectation therefore was for funding for 1953 16-18 students plus nine at 19+. The Government was also offering some additional Maths uplift funding on which clarity as to the conditions had been sought. These appeared challenging faced with the expected local demographic dip given that funding from 2019 was expected to be based on the number of additional Maths students over and above the average number of Maths students from the 2015/16 and 16/17 combined at a rate of £600 per student.

2210. **Fees and Charges schedule 2018/19**

Papers: Fees schedule

The Finance Director explained that the College had been aiming for a steady increase in non-EU student fees in order to be in line with its competitors. As such an increase from £8250in 2018/19 to £8850 in 2019/20 was proposed which would need to be advised in current marketing efforts. The College also intended to follow the market in charging an administrative fee for the small number of EU students coming to the UK without their families. The only other fee increase related to car park permits where a 2% increase would bring the charge to £156 p.a. car parking which members considered to be very modest and possibly worthy of further review. **(Action: Finance Director to raise with RCU).** Members noted that the pricing of adult education varied significantly from course to course and subject to Government policy and would therefore require reference to the adult education brochure in due course.

2211. **Report from the Estates Sub-Committee (ESC)**

Paper: Minutes of the ESC meetings of 5.2.18, H&S Committee meeting of 31.1.18 including H&S officer's report; PPRs for GB1 Roofing Repairs, Kitchen extension and CIF 2017 works

i) Post- project reviews:

Members noted that the Kitchen extension and CIF 2017 works had been successfully completed within budget and helped by the engagement of Murray Birrell. The new project management procedures had been applied to satisfactory effect. The ESC did however plan to review the procedures and their use at their next meeting to take account of the greater experience of their use.

The GB1 roofing repairs had been more challenging in costing, planning and final design but had now been completed successfully and within the £60k budget agreed. Efforts were being made to recover this cost. A wider GB1 post project review would be completed once further progress had been made on the final account. The Principal reported on a recent conversation with the contractor to this end. The contractor had not ruled out arbitration to address their claim which was largely for overheads.

Recommendation: That the Governing Body approve the three Post Project Reviews at their next meeting

ii) CIF funding 2018/19:
A further bid had been made to the ESFA for CIF funding of £260k for window replacement and associated asbestos removal. As decisions on CIF bids were expected around the time of the Easter break, but work would then need to be underway promptly to allow work to be undertaken over the summer, governor approval in principle was being sought on expenditure up to £260k and the choice of contractor who had undertaken similar work at the College to a high standard.

Members sought clarity on the degree of urgency of the work and the adequacy of the budget where a specialist contractor might be required, noting that the Estates Sub-Committee had considered the asbestos consultant's report. **(Action: Principal)**.

Recommendation: That subject to further clarity on the points raised, the Governing Body approve in principle:

- **a) expenditure of up to £260k subject to CIF funding from the ESFA;**
- **b) placement of the contract with West Sussex Joinery.**

iii) Sports Hall:
Members were also asked to note that the College was considering refurbishment works to windows and two classrooms in the Sports Hall to address class size and ventilation with particular regard to increased IT use, the scope and cost of which was currently being assessed. If feasible to be undertaken during the summer break and on cost grounds (currently expected to be to the order of c. £107k for payment in 2018/19), approval would be sought from F&GP, and if necessary the Governing Body, by written resolution.

2212. **Property Strategy**

Papers: Property Strategy 2018-2021

The Principal explained that she had written the previous Property Strategy in the autumn term of 2014 to cover the academic years 2015-2018. The latest strategy sought to identify **planned** and desirable estates and building work for the next three years taking account of an up to date view of the site, current buildings and their functional suitability. As such it included a summary of the main estates' work carried out in the period of the previous Property Strategy and associated costs, most notably £793,956 on minor works and refurbishment, £590,228 of essential work paid for by Condition Improvement Funding and £1.2 million on the new GB1 Building. Members noted that the College had a relatively small loan and could therefore afford to invest further in the college estate as required. An updated room utilisation survey suggested that a new build such as GB2 focussing on classrooms was not immediately necessary. Governors were however asked to consider some alternative business-related approaches.

Part II minutes - Criterion h): **Information considered to be commercially sensitive**

In terms of funding sources, members welcomed the Principal's pursuit of potential S106 money and the recent notification that the College was to receive £562k. Given that its immediate spend was not envisaged, the Finance Director reported on discussions with the College auditor with regard to whether the money could be passed to the trustees given their responsibilities for land and buildings. In view of the auditor's encouraging response and the potential otherwise for a significant exceptional item appearing on the College's profit and loss account, members were content for this option to be pursued with the trustees. **(Action: Finance Director).** Looking forward, a further possible £1.2m S106 funding previously mooted was not expected to be forthcoming. Further funding arising potentially from the North Horsham development could not be expected for at least six to seven years when further student growth could be expected to require increased accommodation.

In response to questions concerning the demand for previously identified projects such as new science labs, the Principal explained these were not immediately required in terms of space but would be welcomed by science staff for state of the art facilities. A number of detailed points were raised in relation to minor updates and clarity on the cash days in hand being a *de minimis* rather than absolute target. **(Action: Principal)**

Recommendation: That the Governing Body approve the Property Strategy at their next meeting subject to some minor changes.

The Principal also updated members on lettings, most notably in respect of a new agreement with West Sussex Music on Mondays and Tuesdays as well as Saturday mornings and a complementary booking with the Horsham Symphony Orchestra on Wednesday evenings. The College had undertaken appropriate risk assessments including the safeguarding implications in respect of younger students being on site.

Part II minutes - Criterion h): **Information considered to be commercially sensitive**

2213. **General Data Protection Regulations: Action Plan**
Paper: Draft GDPR Action Plan

Members noted the draft Action Plan completed by the Principal and structured around *Preparing for the General Data Protection Regulation – 12 steps to take now* published by the ICO May 2017. The Principal explained that the Plan was now being updated in the light of recent training including that from SFCA undertaken by the MIS Manager on 22nd February. He would be leading on operational compliance as 'GDPR Coordinator' at the College supported by the Deputy Principal (DP) and Principal. GDPR would be added to the College External Risks and the risk assessments of all key areas of the college and would be considered in more detail at the next meeting of the Risk Management Group on 28th March with a view to being GDPR ready when the regulations came into force on 25th May 2018.

The DP explained that the College was alive to the need for the College to be able demonstrate compliance with data protection legislation with all communications, forms, notices, contracts, policies and procedures aligning with the new requirements. A key step would be the further development of an information asset register which would inform the action to follow including a review of the Data Protection Policy for consideration by governors. The Chair referenced previous discussion of the implications for governors (and trustees) in handling sensitive data as well as the College's access to their own personal information and asked whether training for governors could be explicit in the plan. She recognised that whilst the GDPR would give employees/governors/volunteers and students/parents more control over the use of their personal data and new rights to transfer or erase personal data, there was considerable work involved in ensuring compliance with the new legal duty as demonstrated by the Action Plan.

[Mr Steve Martell left the meeting]

2214. **HR report**
Papers: Summary paper, KPIs, SMCG meeting notes

The Principal reported on:

a) **KPIs** – as discussed by the Q&C Committee also**,** for example in relation to follow up work on the retention data**.** In response to questions she explained why 100% progression from the first to second year would not be practical given that there might be more suitable courses elsewhere e.g. at Level 1 or 2 as well as a limited number of behavioural issues advising a fresh start. Following the finance training that afternoon, EBITDA would be added to the finance indicators. The Vice Principal (Quality and Curriculum) reported that since preparation of the report the number of appraisals completed to the appropriate Stage 4 had risen from 75% - 97% with just two lesson observations not yet undertaken;

b) **Staff Recruitment** – a number of new appointments were being made in order to be ready for the next academic year as well as some changes in roles for existing staff such as that for the new Director of HE and progression in response to the latest Government policy on careers including the Gatsby recommendations;

c) **Staff capability** – three members of staff were on informal capability. One member of staff had passed their three month probation but had had their probation period extended;

d) **Meeting of Staff Management Consultative Group** on 7th February. The main items of discussion were the teachers' pay award 2017-2018 and the autumn term teaching staff work load. Since the meeting the pay negotiations had been concluded with a 2% pay award for those teachers on points 1-6 of the payscale and 1% for the remainder (and support staff as agreed previously). As 1% had been included in the budget, there would be a small additional cost to the College which would be advised to governors once calculated. **(Action: Finance Director);**

e) **Gender pay gap reporting** - which showed a gender pay gap for staff at the College higher than the median for the education sector. Potential reasons for this included Collyer's lower levels of subcontracting and flexibility on part-time pay (including term-time only working) which could skew the picture but work was in hand to examine the causes more clearly. In terms of possible action, the College was committed to recruiting the best candidate for any position and had identified no issues in E&D reporting in terms of successful applicants relative to the candidate pool. Alternatively members asked if greater assurance could be gained through an approach to reporting based on more like for like comparison.

2215. **Any Other Business:** None

2216. **Governance Quality Framework and Meeting assessment**

Members considered the papers helpful and yet usefully succinct. The full agenda was considered to have been addressed efficiently in just over two hours.

2217. **Date of next meeting:** Monday 14th May 2018 at 16.15p.m.

The meeting ended at 18.36 p.m.

Chair………… ………...

Date ………...

NCW 7/03/18