

THE COLLEGE OF RICHARD COLLYER

MINUTES OF THE FINANCE & GENERAL PURPOSES COMMITTEE MEETING HELD ON MONDAY, 24th JUNE 2019 at 16.15pm

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

The Chair welcomed Mr Mittendorfer to his first meeting as an independent governor. Members were content with the information received and the proposed consent items 5, 11 and 12.

2288. **Declaration of interests** None

2289. **Minutes** of the meeting held on 9th May 2019 were approved.

2290. **Matters arising**

Item 2283b: The Clerk confirmed that she had circulated the **Staff Grievance Policy**, amended to include mediation, prior to the recommendation to approve to the Governing Body. Members were content with the new text.

2291. **Report from the Estates Sub-Committee**

Papers: Summary of 11th June 2019 meeting; Health and Safety Minutes and report of 24th May 2019

Members noted the key points from the recent meeting including the

- i. Follow-up action agreed with regard to the loss adjuster and GB1;
- ii. Planned maintenance programme totalling £66.1k with two further projects of similar amounts drawing on the £151k for 'little extras' granted by the Chancellor;
- iii. Reports from the Estates Manager/ Health and Safety Officer including the annual fire review and water risk assessment and attention to site security.

2292. **Property Strategy**

Paper: Property Strategy Update June 2019

The Principal explained that the **CIF Bid 2019** had been unsuccessful. The College had possibly not been helped by the short-term demographic dip nor the reduction in available funding from £514m to £436m. The successful projects appeared to be of a more modest nature than in the previous year. The Principal's preferred approach moving forward was to resubmit at the next opportunity. Feedback from the CIF team, HNW Architects and consultant suggested any future submission should be supported with more in-depth market tested financial evidence such as a tender exercise for key contractors to inform a detailed cost plan. Members noted the costs of the bidding exercise within the context of the wider MasterPlan underpinning the Property Strategy. Much, though not all, of the investment to-date would be transferrable to future projects.

The Principal anticipated that the outcome to the **BFIG bid** would be in early July, delayed from mid-June, making the planning slightly more difficult to complete by September 2020. The project entailed teaching and independent study space to support the provision of the new T level courses. Given the modest bid for only 50% of a relatively low cost, the College was cautiously optimistic. Members agreed that the project should not go ahead if the ESFA contribution were not secured.

2293. **Management accounts**

Papers: Financial report for the period from 1st August 2018 to 31st May 2019

The Finance Director's report demonstrated that, with a surplus of c. £65k at the end of May, the financial situation was healthier than expected against the initial budget figure of c. £16k. There was a healthy cash balance. Several income areas were performing ahead of budget including adult education loans and fee income, fee paying international students, the refectory and lettings.

There were some additional costs associated with the increased income generation but overall the College remained on track to exceed the budgeted surplus for the year in spite of incurring circa £64,000 of costs for HNW Architects and Sitec Surveying Services for work carried out to support the CIF bid for the new GB2 building. Staff costs as a percentage of recurrent income were in line with budget and slightly more favourable as a percentage of income. Outstanding loans were £633,638.

2294. **Provisional Outturn and Two Year Forecast**

Papers: Budget 2019-20 and 2020-21 Forecast; ESFA returns excerpts (Cover sheet, Schedules 3 and 4); Capital Budget 2019-20; Financial Forecast: Objectives and Commentary 2019-2021; Forward Look 2021 and beyond; Discussion Paper: Financial health

i) **Outturn 2018-19:** The Finance Director explained that the forecast surplus for the current year 2018-19 was now £64,863. This was ahead of the budget for the year of £6,847.

ii) **Budget 2019/20:** The budgeted surplus for 2019-20 was £2,065 but was dependent upon a donation from the Trustees (yet to be agreed) as well as DfE funding of the increase in teachers' pensions costs. It also reflected reduced income from the ESFA owing to lower lagged numbers than in the previous year and the loss of transitional funding.

Members asked questions about higher needs funding, exam fees (expected to be up by £20k to c.£350k) and the cost (and therefore necessity) of agents supporting the recruitment of international students. The Principal explained that the approach was informed by support from the AoC and reflected the competitive market. She also updated members on the (now corrected) error in ESFA funding for disadvantaged students which had been owing to a funding agency software issue related to the changes in grading at GCSE. The Vice Principal (VP) reported some recent good news that the College was due to receive some additional funding of £82k for T levels, potentially reducing the amount to be requested from the trustees in 2019-20.

Members were in receipt of an updated staff utilisation report which demonstrated the work on efficiency alongside the innovations in shorter courses (e.g. for Guangya School) to help increase income. The target number of international students increased from 60 in 2019-20 to 70 in 2020-21 (with a ceiling of c.100 to aid integration).

iii) **Forecast 2020/21:** The Deputy Principal updated members on the very encouraging number of applicants for 2019/20, up 400 from the number at the same

stage the previous year. The forthcoming 'Welcome Days' (inviting c. 1700 potential students) would be a good indicator of the likely conversion rate and subsequent impact on lagged funding due for 2020-21. 47 additional students would address any potential shortfall (subject also to further relief on teachers' pension costs). The College had assumed no increase in the basic funding rate for students aged 16-18 throughout this period.

Members asked about the new partner schools and marketing underpinning the rise in applications, College capacity, scope for a short-term reliance on reserves if needed, and the impact of the local building which had produced the S106 funding. In response to a previous enquiry about the basis for the S106 calculation, the Principal reported that this could vary according to the buildings planned e.g. North Horsham was anticipated to offer fewer large houses.

iv) **Financial health:** In summary members noted that the financial budget and forecasts had resulted in an 'Outstanding' ESFA assessment for the current year 2018-19, and 'Outstanding' for the following year 2019-20. However, the ESFA assessment for 2020-21 was 'Good'. Financial modelling indicated that the ESFA assessment would still be 'Good' in 2020-21 if no funding was received for the increased cost of teachers' pensions in that year. EBITDA remained positive through the period of the budget and forecast.

With reference to the Principal's discussion paper on financial health, members explored the potential levers available to maintain the 'outstanding' grading in 20-21, taking advantage of the ESFA modelling tool. This raised the prospect of using the College's reserves to pay off the loan which would mean that a modest increase in income would suffice. It was agreed that the model should be shared with the full Governing Body as a helpful illustration of what was possible. No immediate decisions or action were required pending the outcome on recruitment and an agreed approach to future capital projects.

v) Turning back to the **capital budget for 2019-20**, members noted that the capital expenditure budget was £549,000 which included an allowance for settlement for the GB Building. £200,000 had been budgeted for the College contribution to the BFIG works due in the summer of 2020. Other capital expenditure included in the budget was in line with what had been budgeted in previous years.

Recommendation: That the Governing Body approve the budget 2019-20 (including capital budget) and financial forecast 2020-21.

vi) **Looking forward** (beyond the data required by the ESFA) **to 2021 and beyond**, members noted the Finance Director's report of significant financial challenges during this period. All transitional relief for funding cuts would have been removed and the College would be facing increased costs that were outside the College's control. Whilst recognising that the ESFA grading did not offer a full picture of financial health, members were in agreement with the SMT's objective to maintain the College's high standing. This approach was supported by the increased interest shown by parents (for example in response to the wider 'Worth less' campaign for schools' funding) and the change to the 'satisfactory' grade from 2019-20.

2295. **Discretionary Financial Support Funds**

Paper: Discretionary Financial Support Funds 2018-19

The Assistant Principal introduced her report which showed how the ESFA funding had been spent in 2018/19 in relation to vulnerable students and others in need of discretionary support. The ESFA had awarded £95,566 for Discretionary Bursaries, £14,169 for Free School Meals and £7,200 for Vulnerable Learners. There had been six students who had applied for and received the Vulnerable Learners Bursary and 120 applicants for the Discretionary Bursary, 109 of whom met the criteria. 84 students had received the Full Discretionary Bursary and 10 a reduced bursary. 15 students had received part-payments either due to late application or leaving mid-course. Approximately 40 students had received free meals. Despite changes the previous year, there was still an expected surplus of £15,562 to roll over to 2019-20.

For 2019-20, in response to ESFA guidance and to ensure funds were directed where most needed, the College would be slightly raising the bursary thresholds and adding travel distance as a further criteria to determine the level of support awarded.

In response to questions, the AP explained the case for the travel element and administration fee as well as teachers' watchfulness in seeking to identify any deserving students who might be missing out. She confirmed that checks were made on household income and that payments were made in instalments. She was confident that those classed as vulnerable learners justified receiving the full sum in line with the ESFA guidelines and interest in this area. Those receiving free meals were obliged to have a main meal as the key element.

Members welcomed the comprehensive report and strategy to ensure the grant was fully spent and well-targeted.

2296. **Worthing Bus Report**

Paper: Worthing Bus Report and paper on subsidised transport; Worthing Bus survey results

Further to the queries at the last meeting, the Principal shared a report on the bus from Worthing introduced in 2016 to attract students from the south of the county and en route from villages such as Findon, Washington and Ashington. Due to the increase in costs in 2017 and 2018 the college was now subsidising the bus whilst recognising that it provided a valuable service, helped to maintain Collyer's position in a competitive market for students and covered its costs through increased enrolments. Members welcomed the proposal that, although Compass offered very good service, further quotes were sought to ensure they remained competitive. They supported the Principal's strategy to keep the costs and quality of service under review.

2297. **Amendments to the Financial Regulations**

Paper: Updates to Financial Regulations and Procedures June 2019

Members noted and approved the few changes necessary since the previous annual review completed in November 2018 including a new provision relating to GDPR.

Resolved: The Committee approved the minor changes to the Financial Regulations.

2298. Fees and Charges Policy

Paper: Fees and Charges Policy

Members noted that the latest SMT review proposed only minor changes to include a point of clarity with regard to the ESFA funding for students between the ages of 19 and 25 on the Employability Programme who had previously attended a special school. Everything else was in line with the fee schedule already seen.

Resolved: The Committee approved the minor changes to the Fees and Charges Policy.

2299. Insurance update

The Finance Director explained that, further to the competitive five-year agreement reached the previous year with Zurich, the annual review had taken place to ensure that the scope and amounts covered remained up-to-date. A 3% increase for buildings and contents cover had been recommended. Whilst the College believed the cover to be comprehensive, the Audit Committee had proposed a short internal audit of insurance for 2019-20 to ensure that there were no new risks which might need to be covered.

2300. HR update

Paper: KPI health check; Staff utilisation report; SMCG meeting notes including Workload review; Support services and facilities Survey Student and staff survey results

i) KPIs: Health Check

Governors noted the financial impact of the **retention** figure to be used for 2019-20 funding which was down slightly from 2018-19. The effect of the recent additional SMT scrutiny in this area was expected to bear fruit the following year given the two-year lagged basis for funding.

Of most note was the large number of first-year **applications** for 2019-20. 2069 applications had now been received with a target for enrolment and funded places of 1970 across the years. The attendance initiatives were considered to have been fruitful with some relative dips in figures owing to the timing of exams. Members heard that 97% of appraisals had been completed to the target-setting stage whilst questioning why the cycle's completion did not conform to the academic year.

ii) Staff Utilisation Report and Staffing Forecast

Committee members noted the second Staff Utilisation Report following finance training the previous year as well as the staffing forecast used in curriculum planning. They noted the potential increase in staff costs as a percentage of income against the target of 72%, based however on a worst case scenario. Questions followed regarding the optimum timing of any required intervention. The Principal commented that an austerity plan was reviewed regularly but that restructuring would be a last resort. To-date the outlook for 2019-20 was promising with an average class size of 20.2 compared with 18.5 the previous year, greater parity between class sizes and reduced slack. Asked about the potential for bursaries to boost smaller subjects, the Principal confirmed that this was indeed to be introduced for Music in response to the new links with West Sussex Music. Swiss students were also going to be joining the College in 2019/20 to study German. The preference was not to exceed 24 in a class for both educational and accommodation reasons.

iii) Meeting of Staff Management Consultative Group

Members noted the SMCG (union group) meeting record and action plan following the Work Load Review which had taken place in the spring term.

iv) Support Services and Facilities Surveys

The Vice Principal commented on the latest annual survey surveys which showed that many areas including HR, Admissions and Student Services were doing very well in spite of the additional pressures with higher student numbers. There were some areas with slightly lower scores, for example in the 'strongly agree' categories. Members noted particularly the comments with regard to cleaning and IT Support. The Principal explained the action being taken including the refurbishment of toilets and additional hours deployed differently to reflect more heavily used areas. The valuable work undertaken by IT Support in building the infrastructure was acknowledged. Following a staff retirement, some restructuring had been undertaken with an associated increase in hours and training was planned. Members commented that the physical location of the IT team might also be a factor in perceptions about accessibility of services. They noted too the ongoing pressures in the Refectory but that the solution of a staggered lunch timetable was not popular.

v) Staff Recruitment Policy: The VP explained that this (former 'Safer Recruitment') policy had returned to a greater emphasis on staff recruitment practice to include the appointment of SMT staff - albeit still with important elements of safeguarding. This complemented the recently revised and more comprehensive Safeguarding and Child Protection Policy. As such its approval had been moved from the Q&C Committee to F&GP.

Resolved: The Committee approved the changes to the Staff Recruitment Policy.

vi) Other issues: The Principal reported on the action with regard to two members of staff on formal capability. Two posts were also being made redundant from 31st August 2019.

2301. **Any Other Business** None

2302. **Annual Meeting assessment**

Paper: Committee SAQU

Members welcomed the clear and comprehensive reports provided by the Principal and SMT to facilitate scrutiny and discussion. They agreed that the Chair had managed full agendas well to ensure meetings were efficient whilst not curbing useful discussion and the potential to support the College.

2303. **Date of next meeting:** Monday 18th November 2019 at 16.15.

The meeting ended at 18.21.

Chair

Date

26/06/19

NCW