

THE COLLEGE OF RICHARD COLLYER

MINUTES OF THE FINANCE & GENERAL PURPOSES COMMITTEE MEETING HELD ON Tuesday 14 March 2023 at 16.30

Present: Mr Stephen Avery, Mr Teddy Bridges, Mrs Ann Donoghue, Mr Graham Lawrence, Mr Dan Lodge (Principal), Mr Paul Mittendorfer, Mr Will Power, Mr Dominic Wakefield

In attendance: Members of SMT - Mr Ian Dumbleton (FD), Mr Steve Martell (DP)
Ms Andrea John (VP Pastoral) for the start of the meeting only
Mrs Russha Sellings (Clerk)

In the Chair: Mrs Ann Donoghue

1. Chair's Introductions and Apologies for Absence

The meeting opened as scheduled. There were no apologies. Mr Bridges was welcomed to his first official Committee meeting since his appointment.

The Chair explained the proposed consent items on the agenda which would remain so unless any member wished to raise questions in advance. As there were no matters with respect of the ESFA Bursary Audit, Ms John took her leave of the meeting.

2. Declaration of Interests

None declared with regard to the agenda items.

3. Minutes of the meeting held on 15 November 2022 including Part II

The minutes of the previous meeting including Part II confidential minutes were approved without amendment.

4. Matters Arising

Item 5a (Part II) SL working party – the Chair said the initial matters discussed by the working party had continued to progress with a decision on the agenda for the next Governing Body meeting. Pending the decision, the working party may need to reform with new members. Mr Power expressed an interest in joining any future group. The Chair wished to thank the SL members for their efforts which had been very beneficial in enabling the Governing Body to reach a decision point.

GB actions: Item 7(i) holiday pay final account – the FD confirmed the total of approx. £26k for those on term time contracts and approx. £15k for part time contracted staff, with costs YTD of £27k. The Principal added that the Government had recently gone out to consultation on the holiday pay proposals.

In relation to the previous meeting, the Chair also wished to highlight that updates relating to the ONS reclassification would be covered during Item 7 on the agenda.

5. Finance Matters

Papers: Financial forecast 22-23, Q2 Management Accounts, Balance Sheet, Cash Flow, Financial Regs top sheet with extracted amends, ESFA Bursary Audit, 3 year financial forecast (tabled)

a) Financial forecast for 2022-23 (mid-year update)

Members were invited to ask questions on the mid-year position. Variance against budget for tuition funding at £0 v £34,261 and separately the level of bank interest generated was queried. The FD explained the tuition allocation funding (Covid catch-up) followed after year end. It was unlikely the College will require any additional staffing, therefore the College had made a provision for the full amount as it is expected that all of this funding will be clawed back. The FD further advised the difference in bank interest was attributed to increased interest rates over the period.

Members observed the overall catering income had increased by nearly £30k. The FD agreed the income was significantly ahead of the forecast as well as pre-Covid levels, however he cautioned the margins remained at a minimum, carefully balanced with the need to keep the prices manageable for students and thereby encouraging them to stay onsite. SMT had explored this recently and the Principal concluded that given the timing of the increase it was more likely due to the space created by the new café opening and less of an impact of students spending more time on campus due to enrichment.

Members questioned the impact of the pay award and whether the worst-case scenario had been planned for given the substantial pressure expected on the budget. A tabled paper showing an initial draft 3 year forecast was introduced at the meeting, an exercise undertaken at the request of the Chair of the Governing Body. The Principal explained to members that the SFCA had recently advised SFCs to process and backdate the teaching staff pay award at the offer rate of 5.0% (with higher increases for lower paid staff giving an average increase of 5.25%) despite the ongoing dispute. This was against a budget of 3.5% which was only achievable at this point due to agreed cost efficiencies, and additional income generation made since the start of the academic year. However, the increased pay award will have an impact going forward. While there was growth in numbers, funding was lagged. The College would also come to the end of its current fixed rate energy contract at the end of September 2024, although it was noted that the estimate in the draft forecast was based on energy costs compared with similar colleges as at Autumn 2022, when energy costs are now falling significantly. Members hoped that cost savings due to increased energy efficiencies may be realised over time. Other mitigations were discussed, and the favoured approach was reducing remission as opposed to redundancies. In response to a query about financial risks, it was confirmed that this was kept under review within the College Risk Registers.

Members discussed what might be considered an appropriate surplus to remain financially sustainable and protect the College's financial health rating. The FD said the ESFA advice was a minimum of 3%. EBITDA was understood to be a key indicator of financial health and members took comfort from the fact that the underlying cash position would remain stable. In negotiations with The Mercers' Company, the FD had also prepared a 25 year forecast demonstrating both the current upward trend in demographics as well as projected growth.

There were questions posed on the financial impact of academisation. Although it was challenging to model at this point, the FD suggested overall it was likely to be beneficial, especially in terms of LGPS, cost efficiencies and possibly the VAT exemption, although as previously discussed this may offset against loss of profit from international provision. It was confirmed that it would be possible to maintain separate budgets and reserves in a MAT.

The Chair concluded the discussion by stating that it had been a useful exercise to consider the longer term, however many uncertainties remained. In the current economic and political landscape, it was important for leaders and Governors to be resourceful and remain alert to wider strategic drivers which may mean that the Committee have to consider matters outside the usual cycle of business.

A simple summary of the 3 year forecast would be prepared outlining assumptions and key risks and the Deputy Chair agreed to review this positioning. **(Action: FD)**

Corrections to terminology that had been noted in the finance templates would be made by the FD. **(Action: FD)**

b) Management Accounts to 31 Jan inc. Balance Sheet & Cashflow
Covered under the previous agenda item, there were no further comments.

Recommendations: The Governing Body approve the mid-year update to the financial forecast and the Management Accounts at their next meeting.

c) Interim update to the Financial Regulations (see top sheet)

The CPI percentage terms were queried and the Principal confirmed the new proposed thresholds were rounded for simplicity rather than exactly at CPI+ 21%. The tendering process was also discussed. The Principal believed there were cases where a contract renewal could be applied as acceptable where still presenting value for money, although it was acknowledged that some renewals could have higher values than others and transparency should be maintained throughout. An example of this was the requirement for next stage masterplan development with existing architects HNW.

Members were supportive of the approach which would ease the procurement process in a period of upcoming projects. Requested adjustments to the top sheet would be made in response to the matters discussed before inclusion in Governing Body papers. **(Action: Principal)**

Recommendation: The Governing Body approve the proposed amendments to thresholds and clarity on the contract renewal process within the Financial Regulations.

d) Insurance contract renewal

This was a live example of how efficiencies could be made to the current procurement regulations to allow a contract renewal where the insurance premium was slightly above the level for a retender and may even drop below. The service level was also an important factor in assessing value for money as well as the risk implications of a possible contract transfer. Members observed the recent additions to the buildings in the estate which meant the premium presented greater value for money than in previous years.

e) *ESFA Bursary Audit

Noted as a consent item, there were no comments.

6. Strategy Developments

Papers: Business KPIs, QIP sections 3&4, College strategic plans including appendices

a) KPIs (Business)

The FD gave some updates and informed members of a reduction in payroll costs for the Adult Education budget which would be adjusted. The Chair also requested the cash days reflect the number previously agreed of 60 cash days. **(Action: FD)**

b) QIP updates (sections 3&4)

A member queried whether the point of sale system, a recommendation from the bursary audit, would be included in future iterations of the QIP. The DP said this has recently been discussed at the Business Committee meeting and would progress from there.

c) College Strategic Plans

It was confirmed the two strategy plans and College Strategic Plan were current drafts with the latter including feedback from Stephen Carville's review and subject to consultation. Members asked about the mapping of some objectives to the relevant strategic aims, the categories and overall level of detail. Some wished to emphasise the importance of HR / People strategy which it was suggested might form a separate aim due to being implicit in all areas. The Principal understood the importance, however a dedicated HR strategy was under development to sit alongside Finance and Property. There was a question on the Curriculum Aim (1) and whether more clarity on future provision might be required. The Principal thought it was important to balance detail with future strategy which Governors were aware presented a challenge at this juncture. There was a further observation on the Community Aim (4) and the link with employers and learners and enhancing outcomes.

The Principal would consider questions about the language, detail and formatting in the draft College Strategic Plan in readiness for Governing Body and wider consultation which would commence soon. One member commented on the aspirational tone of the plan which he said left a positive impression with the reader.

With respect of the updated versions of the Finance and Property strategies, it was suggested that there was potential to revisit some areas so there were no unnecessary overlaps with HR.

A wider discussion took place on the strategic aim in the Finance Strategy specific to income and whether the level of profit growth could be more ambitious, enabled through lettings and catering. The DP responded that the Business Committee would be looking at this, however resources this term had been heavily focussed on ensuring the new café was fully operational. There would be time now to consider the use of facilities and catering opportunities and it was suggested seeking the views of students. Mr Wakefield offered his input to the Marketing team if required. **(Action: DP)**

7. Report from the Estates Sub-Committee (ESC):

Papers: Minutes x 2, Estates Masterplan, funding approvals including loan terms (tabled)

a) Current projects update

The Chair of the Estates Sub-Committee gave an update on the new café opening and outcome of the delay review. The new Shelley building was unfortunately also subject to delays, an expert view had been sought on a potential damp issue and it was hoped the final report would be received very soon.

b) Estates Masterplan – planning and funding updates

The Principal was delighted to confirm since the agenda was circulated, The Mercers' Company's commitment to approving a long term loan on favourable terms which were to be finalised. A summary was provided at the meeting. The Principal sought endorsement on value for money prior to an application for approval to the DfE (required since the ONS reclassification). A member questioned what might happen if the College were to default on loan payments at any point during the term of the loan. The Principal responded that detailed due diligence on affordability had been undertaken by The Mercers' Finance Director including stress testing with a 25 year forecast, although security had been discussed, this was not covered under the terms. The loan wouldn't be drawn down immediately and it would still be possible to consider the latest position during the masterplan development. The Committee agreed to refer to the Governing Body subject to the assurances on the outcome in case of default. **(Action: Principal)**

Recommendation: The Governing Body support the loan application to the DfE in principle subject to further clarification to F&GP.

c) Refurbishment projects (inc sustainability)

The Estates Sub-Committee had scrutinised the project needs and costings, which were endorsed as there was no delegated authority for approval. Reference was made to the table showing the relevant approval and endorsements as well as the funding streams. With respect to sustainability, the Principal said it had proved challenging to find a consultant to conduct a holistic assessment of the estate, however a contact provided by an Estates Sub-Committee member now looked promising. The next stages of the design work for the estates masterplan was imperative in order to progress and the Principal would work with the Estates Masterplan Manager on a procurement plan to tender for PM & QS services.

Resolved: The Committee approved the spend of £100k on LED lights and fittings utilising the Energy Efficiency capital funding.

Recommendation: The Governing Body approve the costs for refurbishment projects and next stages of planning and design work for the estates masterplan.

A member wished it to be considered that the older parts of the estate may not be as sustainable as newer parts of the estate, thus resulting in a two tier position.

d) *Report from the Health & Safety Committee (HSC)

Noted as a consent items, there were no comments.

8. Community Update

Papers: SMCG meeting notes (07-11-22, 17-01-23)

a) Pay awards update

The Committee received the latest updates under Item 5 and had rehearsed the implications of meeting the pay award both now and in the coming years. The impacts of strike days were discussed in budgetary terms. Members asked about staff communications and the Principal responded that the approach taken was to continue to liaise through the unions whilst maintaining transparency which was appreciated by staff. The HR team were focussed on meeting the March payroll.

b) SMCG meetings

i) *07-11-22

ii) *17-01-23

Noted as a consent items, there were no comments.

[18.40 – Mr Mittendorfer departed the meeting]

9. Policies

Papers: Admissions Policy, Student Fees & Charges schedule, Fol Publication Scheme, Obtaining the views of stakeholders

i) Admissions Policy

It was suggested and agreed to list the partner schools by name. **(Action: DP)**

ii) *Student Fees & Charges (schedule)

International fees were considered proportionate, there were no further comments.

iii) Fol Publication Scheme

Suggested comments were included in the document for consideration.

iv) *Obtaining the views of stakeholders

Noted as a consent item. There were no comments.

Recommendation: The Governing Body approve the policies as consent items.

[18.50 – Mr Power departed the meeting]

10. AOB

Nothing to report.

11. Meeting Assessment

The meeting had been well chaired with key strategic matters discussed.

12. Date of Next Meeting

The next meeting which would be HR focused was scheduled for Tuesday 23 May 2023, 16.30. The Chair informed the Committee that the Deputy Chair would chair the meeting in her absence. Mr Lawrence also confirmed his apologies in advance for the meeting.

The meeting closed at 18.55

Chair

Date

RRS 17-03-23