

Scarborough Sixth Form College

FINANCE & ESTATES COMMITTEE MEETING
Tuesday 26 March 2019 at 4.45pm
MINUTES

Chaired by: Steve Oldridge

Members Present: Ian Brabbs Mick Paxton Neil Hughes Phil Rumsey

Also Present: Linda Jeffreys – Director of Finance

Heather Campbell – Clerk to the Corporation

1 **Apologies for absence**

No apologies received and the meeting was quorate with 5 members present.

2 **Declaration of personal conflicts of interest**

None.

3 **Minutes of the previous meeting.**

- a. Minutes of the 11 December 2018 meeting. Members agreed the minutes subject to the suggested minor amendments and noted that the Chair would sign them once updated. [*Chair signed the updated version on 20/03/19*]
- b. Updates from Clerk or College Management – None
- c. Review of actions agreed

Item 3 c. (11/12/18)

LAJ tabled a Draft Treasury Management Policy and advised that the policy is quite detailed and asked the member to consider the degree of content that they felt appropriate. Members discussed the paper and the following was noted:

- Some colleges put a lot of content in their policy but key is having the right level of detail that gives the board assurance of the College's approach to treasury management
- Currently only choose a couple of banks to invest with but no long term deposits which was felt appropriate
- Investment of surplus funds is limited to a number of institutions – members consider if there were any that should be removed – Ian suggested the removal of the Police and Fire Authority and members agreed
- Use of External Intermediaries – members agreed to rule out the routine use of brokers or fund managers but agreed that the Director of Finance should be able to access external advice where appropriate.

The Chair asked Neil and Ian to further consider the content of the paper from their respective financial and legal backgrounds and email their comments / suggestions to Linda within 7 days.

The Chair asked members to approve the policy subject to further comments / suggestions made by Neil and Ian to allow the policy to be recommended to the Corporation for their approval.

Members agreed to approve the policy.

ACTIONS AGREED

Neil and Ian to consider the content of the policy and email their comments / suggestions to Linda within 7 days

Clerk to add the finalised Treasury Management Policy to a future Corporation for approval.

d. Matters arising not covered in agenda.

None.

4 Updates on Potential Changes in Provision, Staffing, Performance and Pay Issues

a. Pay Awards

Linda gave an update on the following 2018/19 pay negotiations:

Support Staff

The SFCA notified colleges that they had put forward a pay award proposal to the support staff union to take to their members with a deadline of last Friday. As the proposal was within the percentage ratified in the College budget and the NJC SFCA representative advising colleges that they expected it would be agreed, management implemented the pay award in the March payroll.

Teaching Staff

Teaching Staff offer of 1.6% has been put the teaching unions (3% at the bottom and 1% at the top). This averages out at 1.75% for the College and is still within budget.

Members noted the update and no concerns were raised.

b. Pensions

Linda advised that the employer's contribution has been announced as 23.6%, (previously 16.48%) to take effect from September 2019. Expectation is it will be funded by the government as a one-off grant from 2019-20. Thereafter, it will be considered as part of any increase to the funding rate arising from the comprehensive spending review.

Phil observed that a figure of possibly £200 extra per student is best guess at the moment, but most of this would be needed to cover the pension's increase; so any future Government announcement about increased funding may have little benefit to college budgets.

The Chair asked Linda what the overall cost to the College would be and she advised that she had calculated the cost but had not brought them to the meeting but would confirm the figure with the Clerk to send out to the committee members.

[Since confirmed by Linda as an extra cost of £118k].

The Chair asked if the employees' contribution has been confirmed and Linda confirmed that there were no changes other than the usual increase to the thresholds for inflation.

ACTIONS AGREED

Linda to email the overall pension increase cost figure for the College to the Clerk.

Clerk to email overall pension increase cost figure to the F&E members for information.

5 **Standing items**

- a. Principal's expenses – actual and planned (for Chairman's approval)

Approved and signed by the Chairman at the end of the meeting.

- b. Approval of any issues relating to planned trips overseas

- (1) Senior Staff – None planned.
- (2) Family Members – None planned

- c. **Reporting of issues relating to quotations/tenders**

Linda advised there were none.

- d. **Health & Safety Update (significant Estate related issues only)**

Linda advised there were no issues to report.

6 **Receive Estates Update**

Linda observed that management were looking at the Summer Programme of Works and there are no major works being planned due to the reduced figure this year's budget and the recent refurbishment of Block E (what was the Askham Bryan Unit) to accommodate the Apprenticeship provision. Though there may be some funds from unclaimed accruals from previous years which can be released.

In addition, a condition survey of the site is on-going and the College is exploring energy efficiency options to be funded by interest free loans through SALIX; this has a maximum of eight year pay back and several projects can be wrapped together (e.g. LED lighting, solar panels and boiler replacements).

Linda asked the committee if they would be willing to authorise up to £200k for a Salix loan.

Members considered and agreed to recommend to the Corporation that they approve the £200k Salix loan with a proviso that if costs exceed £200K then management need to consult with the F&E Chair and Mick Paxton to check the appropriateness of the excess costs.

RECOMMENDATION

The Corporation approve £200k Salix loan with a proviso that if costs exceed the £200k then management need to consult with the F&E Chair and Mick Paxton to check the appropriateness of the excess costs.

7 Finance Update

a. Budget Commentary on 2018-19 (1st quarter: Aug-18 to Jan-19)

Members had been provided with the commentary prior to the meeting and Linda advised that the budget approved by governors in July 2018 was for a year-end operating surplus of £22k (excluding FRS102 pension adjustments). The latest forecast is for a deficit of (£52k) – i.e. £74k overspend compared to budget, but £11k better than the previous QE forecast. If the apprenticeships are excluded then the forecast deficit is just (£2k).

All budget headings have been fully reviewed and revised forecasts prepared. Details of the revised forecasts are provided on the budget update sheet and significant variances (>£5,000) noted in the commentary.

Members considered the figures and the following was observed:

- Hair Academy numbers tend to fluctuate but unexpected extra numbers will help with our lagged funding
- Catering income has dropped due to reduced usage— management are looking to change the tills to contactless payment as the current payment is either cash or students have to top up their sQuid card
- Cash balance is £2Mn (reserve)
- The staffing forecasts have been updated to reflect the recent communications from the SFCA regarding pay awards. For both teaching and support the rate varies dependent on pay spine, but average 1.6% nationally.
- For our college the support pay award (incl. NLW implications) averages at 1.95% and teachers at 1.75% these are within the 2% budget agreed previously by governors.
- EBITDA forecast actual is £44,100 which keeps the College within the ESFAs Good financial health category but is borderline

Members noted the figures and no concerns were raised.

b. Confidential and restricted item discussion.

The Chair thanked Linda for her input on the financial update and she left the meeting at this point.

8 **Biennial Review of Committee’s Performance including Terms of Reference and report any findings to Corporation**

Members had received the papers prior to the meeting and considered the PIs in order and the following was raised:

- 12 Solvency – amendment penultimate bullet point from “following review by the F&E committee” to “following review by the Audit committee”
- Last bullet point:
Clerk to check that the College Insurance Policies are reviewed by the F&E and recommended to the Corporation
Clerk to add “Review College Policies” to the Schedule of Business for the F&E committee

Ian highlighted that it he was not sure the current indicators were still relevant and should there be a review of these for all committees. The Chair noted that the current Performance Indicators had been in use for a number of years and that it might be worth reviewing these. Members agreed and the Chair asked the Clerk to contact the Venn Partnership for feedback on how they assess the performance of their committees.

Phil advised he would also look at the SFCA Governor Guidance for any recommendations on Performance Indicators for committees.

The Clerk noted the individual scores for each indicator as follows:

Indicator	2017/18
1. Achievement of Objectives	2
7. Conduct	1
8. Clerking Arrangements	2
12. Solvency	1
13. Financial Monitoring	1

ACTIONS AGREED:

- (i) Clerk to amend IP 12 Solvency – penultimate bullet point amend from “following review by the F&E committee” to “following review by the Audit committee”
- (ii) Clerk to ensure that the College Insurance Policies are reviewed by the F&E for recommendation to the Corporation
- (iii) Clerk to add “Review College Insurance Policies” to the Schedule of Business for the F&E committee
- (iv) Clerk to contact the Venn Partnership for feedback on how they assess their committees
- (v) Phil to look at SFCA Governance for guidance on how to assess the performance of committees

Ian suggested that the F&E recommend to the Corporation that the Search Committee review the Performance Indicators for all committees.

Members agreed.

RECOMMENDATION TO THE CORPORATION:

The F&E Committee recommend to the Corporation that the Search Committee review the Performance Indicators for all committees.

Members considered the Terms of Reference for the F&E Committee and agreed these were fit for purpose.

10 **Standing Item: Consider Confidential and Restricted Access discussions**

Members considered and agreed the discussion under Item 7 b. be classified as confidential and restricted.

11 **Any Other Business**

None raised.

12 **Date of Next Meeting** – 25 June 2019

There being no further business the meeting closed at 6.30pm