

Scarborough Sixth Form College

FINANCE & ESTATES COMMITTEE MEETING
Tuesday 4 June 2019 at 4.00pm
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 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 26 March 2019 meeting were approved at the 9 April Corporation meeting and signed by the Chair.

b. Updates from Clerk or College Management

None.

c. Review of action agreed

Members considered Actions agreed and the following was noted:

Item 8 (iv) (26/04/19) – Clerk to contact the Venn Partnership for feedback on how they assess their committees - Clerk advised she was attending the NorVIC Clerks networking meeting this week and has asked for this to be put on the agenda for discussion and she will bring the outcome to the next meeting

Item 8 (v) (26/4/19) – Phil to look at SFCA Governance for guidance on how to assess the performance of committees – Phil advised this was on-going.

d. Matters arising not covered in agenda – Discussed under confidential and restricted item.

4 **Updates on potential changes in provision, staffing, performance and pay issues**

a. **New Financial Risks or Opportunities**

Linda advised this is covered below under Item 7 Finance Update.

b. **Pensions or other Pay issues**

Linda advised there was no issues to raise with the committee.

5 **Standing items**

a. Principal's expenses – actual and planned (for the Chairman's approval) – The Chair signed these prior to 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 – None.

d. Health & Safety Update – Significant Estate Related Issues Only

Linda raised a health and safety concern she has over the IT PAT testing which has been allowed to fall behind. It has been emphasised with the IT manager on numerous occasions that he needs to ensure this is up to date as it is a health and safety issue. All of his team with the exception of the IT Apprentice have had PAT testing training and they should be able to carry the testing out over the summer term and during the summer holidays. Other College areas have less technicians and they have completed their areas.

The Chair asked what equipment should be tested and Linda advised that it was all of the IT equipment across the IT suites and classrooms in the College and she felt it was necessary to advise the committee of the issue.

The Chair agreed with Linda's concern and observed that having IT equipment not tested is a significant health and safety issue for the College which should not be ignored as a student or member of staff could be injured due to faulty untested IT equipment. The Chair asked Phil to inform the IT Manager of the governors' serious concerns that the testing has not been carried out and their expectations that the IT PAT testing is a priority and should be completed over the summer with an updated report to come to the committee in the Autumn term.

ACTION AGREED

Phil to speak to the IT manager and emphasise the governors' serious concerns and expectation that the IT equipment PAT testing is completed over the Summer with an update to go to the Autumn committee meeting.

6 Receive Estates Update

Linda tabled an Estates Update for Finance & Estates Committee June 2019 paper and advised that the summer's major building project is aimed at improving the social and study space within the College. The following projects were noted:

- LRC & The HUB Projects
 - Conversion and sound proofing of the upper level of the LRC into a multi-use space
 - Opening up of the wall between The HUB and Café
 - The total cost is anticipated to be around £200k and is intended to be treated as capital expenditure as these works should be able to be considered as improvements
- Re-Roofing Works
 - The College was successful in its Condition Improvement Fund bid and has been allocated £95,300 grant for flat roof works in the main block – the QS has costed the project out at £112,800 inc. VAT and fees with the balance of the cost to be funded from unspent funds from a previous CIF project.
- Block E Refurbishment
 - Previously the Askham Bryan block this has been refurbished and now houses the Apprenticeship unit. The total cost £56,000 with £25,000 treated as capital expenditure. £12,000 has been contributed by Coventry University by way of sponsorship.
- Summer Works
 - Funds available for planned maintenance this year is low due to the decreased budget therefore there will be a limited summer programme primarily redecoration of some areas and spot-decoration of others to maintain the standard of decoration of the college.
- Energy Efficiency
 - Exploration of Salix loan to fund energy efficiency works was addressed and approved at the last Finance & Estates meeting. This work is ongoing with the works to be funded by the loan still to be determined.

RECOMMENDATIONS TO THE CORPORATION

- i) The Corporation approve the LRC and The HUB projects
- ii) The Corporation approve the CIF funded re-roofing project

7 Finance Update

a. Budget Update

Linda referred members to Paper D Commentary on the Budget Update for May 2019 (August 2018 to April 2019) and briefly took members through the following:

Income & Expenditure:

- Budget approved by governors in July 2018 was for a year-end operating surplus of £22k. The latest forecast is for a deficit of £42k i.e. £65k overspend compared to budget, but £10k better than the previous QE forecast – if the Apprenticeship figures are excluded then there is a small forecast surplus of £8k.

Funding Body Income:

- £63k more income compared to budget (£2k less than previous forecast)

Other Income:

- £27k more income compared to budget (£22k more than previous forecast)

Staff Costs:

- £18k extra costs compared to budget (£2k increase compared to previous forecast)

Operating Costs:

- £97k extra costs compared to budget (£14k increase compared to previous forecast)

Apprenticeship

- Apprenticeship numbers are below those predicted in the original business plan and following scrutinization of the current budget and forecast by management there is a greater deficit than expected with no expectation of any increase in income to improve the situation
- There has been no new apprentices recruited since February
- There are students on the waiting list but the College has not been possible to put them in place due to funding not being available and therefore probable that these students have found another provider
- Inclusion of the Apprenticeship financial situation will push the College in to requires improvement financial health category

Phil observed that as previously discussed with the committee that the College's financial plan for last year had already triggered the early intervention soft touch process by the ESFA and that as a result he had received a letter but as yet no further action has taken place. The ESFA representative is working closely with the College to monitor the situation. But the Apprenticeship finances could prompt further involvement from the ESFA.

Linda advised that if additional information became available before the Corporation meeting about any significant extra costs (e.g. apprenticeships, restructuring) then she would incorporate these into the figures to be submitted to the Corporation.

b. Budget Proposals 2019-20 and 2 year Financial Plan

Linda referred members to her commentary which accompanied the draft budget for 2019-20 and 2 year financial plan and advised that the latest budget update for the current financial year (2018-19) shows our financial health category as "good" but in reality it is borderline between "good" and "requires improvement". CMT have had numerous discussions on the College's financial position and acknowledges the financial challenges faced by the College. Therefore the 2019-20 proposed budget includes some significant savings and it will be a major challenge to turn these into real savings/income which will need the full support of College managers at all levels combined with a strong steer from governors regarding what financial targets they want CMT to achieve during the planning period.

The Chair observed that the governors had always sought to get value for money but that the governors also want the College to achieve educational excellence and asked Phil if this was doable on the proposed budget.

Phil advised that staff will be asked at the start of the academic year what their departments essential needs will be and made clear that that there will be no easy fix if their requests cannot be accommodated. He noted that staff are generally aware of the budgetary limitations in education but it will need to be communicated that any future increase in funding per student is likely to do no more than off-set the recent increase in teachers' pensions.

Linda highlighted that the financial position for this year has benefited from lagged funding but this is likely to be reversed next year.

The Chair noted that the main concern was that the EFSA would try to push the College into an arrangement with another provider because the College was unable to cope financially. Therefore the College needed to demonstrate to the EFSA that the College can manage the financial challenges ahead and that both CMT and the governors are aware of the work that needs to be done to return to financial stability.

Linda advised that the LongTerm overview document includes a sensitivity analysis which explores the financial impact of less optimistic assumptions. Though it is unlikely that all of these would materialise the analysis helps give an indication as to the level of risk in the financial plan.

Phil advised that CMT will need to re-model the Long Term overview in October after the September intake has settled to obtain a realistic picture of student numbers.

Linda highlighted that this will be the last time College will need to submit financial figures at this time of year as the EFSA is changing the submission date to January which will enable the Long Term overview to reflect the actual September recruitment numbers.

Linda suggested that the Commentary and Overview be submitted to the Corporation meeting in July.

Members agree that this would be appropriate.

c. **Summary of the Financial Limits in the Financial Regulations and Financial Objectives**

Linda referred members to Paper F – Appendix 1: Summary of Financial Limits for 2018-19 and advised that there were no proposals to make any changes to the limits since the last review in July 2018.

Members noted the paper was fit for purpose with no matters raised.

8 **Review Financial Regulations**

Members had received the paper setting out the College's Financial Regulations prior to the meeting and Linda advised that there were some changes highlighted in the document for members to consider and took them through the proposed changes.

Members considered and agreed the highlighted amendments.

Ian proposed the following further amendments namely:

- Item 4.4 Fraud & Corruption – since the Frauds Register is considered by the Audit Committee it was proposed that it should be the Audit Committee that was responsible for approving, monitoring and reviewing a “Fraud & Financial Irregularities Policy and Response Plan” and not the Finance & Estates Committee
- Item 4.5 – since it is the Audit Committee which includes a statement as to value for money in its annual report that it should be the Audit Committee which was responsible for approving, monitoring and reviewing a “Value for Money Policy” and not the Finance & Estates Committee
- Item 8 Pay Expenditure – 8.1 General – since the Corporation is only responsible for the terms and conditions of employment of Senior Post Holders it was proposed to remove the following sentence:” The Corporation will determine what other benefits (if any) are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.”

The proposed amendments were agreed and Linda will include them in the final draft of the Financial Regulations for approval by the Corporation.

Members agreed to recommend the updated Financial Regulations to the Corporation for approval.

RECOMMENDATION

The Corporation approve the updated Financial Regulations.

9 **Review Management of Bank Accounts Procedure**

Members had received the paper prior to the meeting and discussed the procedure with Linda noting the minor amendments proposed to the wording.

Members approved the document subject to the minor amendments proposed.

No further matters were raised.

10 **Travel & Subsistence Rates for Staff**

Members noted the paper and the proposal that there was to be no change to such rates this year and to review again in Summer 2020.

The Chair thanked Linda for her input and she left the meeting at this juncture.

11 **Consider any items discussed as “Confidential” or “ Restricted”**

Members considered and agreed there were no other items discussed that came under this category save item 3d.

12 **Any Other Business**

None raised.

13 **Date of Next Meeting** – 3 December 2019

There being no further business the meeting closed at 5.30pm.