

**FINANCE & ESTATES COMMITTEE MEETING**  
**Tuesday 3 December 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 4 June 2019 were approved at the Corporation meeting held on 2 July 2019 and signed by the Chair.
- b. Updates from Clerk or College Management – None
- c. Review of actions agreed

4 June 2019 5 d) 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.

Phil advised that 5 IT suites had been completed but there were still 5 to do and IT manager has advised that these will be completed by February Half Term.

The Chair stated that February Half Term was too late and asked Phil to advise the IT Manager of the governors' concern that this is a health and safety issue and that he needs to escalate completion of the outstanding 5 IT rooms by the end of this term. This item to remain on the schedule of Actions Agreed to enable the position to be monitored.

**ACTIONS AGREED**

Phil to ask the IT Manager to escalate completion of the outstanding 5 areas of PAT testing by the end of this term.

- d. Matters arising not covered in agenda.

None.

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

##### **a. Potential Changes in Provision**

Phil advised that with the drop in student numbers in an attempt to manage future staffing levels management had brought forward the consultations that normally start in the New Year with students that have applied to the College and the first set of these started today. The pupils are being asked to confirm the subjects they want to do and this will help give a more accurate prediction of staffing needs and costs for September 2020. The pupils are advised in the consultation that they will be able to change their options when they come in for Enrolment.

##### **b. Pay Awards**

Phil confirmed that national negotiations in respect of the September 2019 pay review for sixth form teaching staff and support staff were in the early stages but he was aware that the teachers were asking for 5% to bring them in line with schools but the SFCA has said that anything above 2% would be a non-starter.

Phil noted that if the final settlement was less than the school teaching staff settlement pay scales between schools and 6<sup>th</sup> form colleges would start to widen which would have a potential adverse effect on the recruitment of teaching staff in the future.

##### **c. Pensions**

Linda confirmed that the government had agreed to provide additional funding to cover the increase in employer contributions to the Teachers' Pension Scheme but it was not known what would happen thereafter.

Linda referred members to the tabled paper from North Yorkshire Pension Fund being a draft Individual Employer Results report as at 23 October 2019 following an actuarial valuation of the Local Authority Pension Fund which proposed a stepped increase in the employers' contribution from 20% in 2020/21 to 20.9% over 2 years. This increase in contribution is not covered by the government grant.

Linda observed that the paper was for the committee to note and there were no actions required.

Neil observed that the local pensions are good schemes and that is why people staff sign up to them

Members noted the paper and no further matters were raised.

## 5 Standing items

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

Approved and signed by the Chairman prior to the meeting.

The need for supporting receipts which had been identified by the external auditors in their recent report as low risk failing was noted and acknowledged by the Chairman and Principal

- 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 observed there were no issues to report.

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

Linda advised there were no issues to report.

## 6 Receive Estates Update

Linda advised that the summer works programme including work on the LRC and the HUB and roof work on A Block had been completed.

The following was noted:

- Upper level of the LRC now converted to hold events such as talks, seminars, training so as to avoid using the HUB for these events
- The HUB has been extended through to the Café to accommodate more space for students
- Final cost figures have not come in yet but looking likely to be under budget and the works were completed on time
- The works have helped with the student social space issues but now have a problem in getting students through the Café due to a shorter lunch break and on-going issues with the new payment systems introduced in the Café. To address this Management will be looking the timetable at their Strategy Planning Day in January
- A Block roofing – this was part funded through the CIF but the cost was over budget with the contractor the College used to put the bid in claiming that due to the short time available there were things missed in their original costings. The contractors proposed to delay the unfunded part of the work but the CMT decided to have all the work done which meant the College has had to contribute to the cost of the work.

Mick asked whether as a result of the problems in the Café students were going without food or drink over lunch. Phil observed that there had not been any complaints that students were not getting any lunch and although the lunchbreak is shorter the Café staff do get the students through the tills reasonably quickly. Also students do have the opportunity to get something to eat as they may be not have a lesson in their timetable block before or after lunch.

Linda advised that CMT had been looking ahead for next summer programme of work but that no major works were envisaged. The work on the energy efficiency works is continuing.. It had been intended to look at the replacement boiler in the Performing Arts as it is one of the oldest but there are problems with the Sport Hall boiler. Funding should be available from the Condition Improvement Fund. .

Members noted the update and there were no matters arising. .

## 7 **Report and Financial Statement for Year ending 31 July 2019 (including Year End Figures)**

Papers tabled:

- a. Commentary on 2018/19 Year End Figures
- b. Budget Update Summary I&E Year End and Balance Sheet

Members had been provided with a commentary on the 2018-19 Year End Figures prior to the meeting and Linda took members through the commentary covering the following:

### **Management Accounts: Income & Expenditure**

#### **Overview:**

The actual year end **operating position is a deficit of (£122k)** before any pension adjustments as required in the formal accounts. This is a (£143k) overspend compared to the original budget and (£34k) overspend compared to the June forecast. The apprenticeship provision accounted for £76k of the overspend compared to budget and £9k of the overspend compared to forecast.

The I&E Budget Update includes a detailed commentary on the variances. A summary of the key points is given below

#### **Main variances compared to budget (excluding apprenticeships): [£67k net overspend compared to budget]**

- £103k net increase in funding body grants
- £32k net increase in other income
- (£77k) net overspend from a variety of under/overspends on staffing costs
- (£135k) net overspend from variety of under/overspends on non-pay costs.
- £10k net saving on depreciation. Lower capital purchases in 2017-18 and later purchases in 2018-19

#### **Main variances compared to forecast (excl. apprenticeships): [£25k net overspend compared to forecast]**

- (£25k) extra costs listed under staff restructuring – decision finalised after the forecast had been approved
- (£8k) extra costs relating to utilities, incl. a £3k arrears charge on electricity
- £34k adjustment to both income and expenditure in relation to accounting for free meals bursaries (previously dealt with as agency transaction as note to the account, but now have to be included in I&E).

### **Management Accounts: Balance Sheet & Cashflow**

Despite the deficit, the balance sheet figures and other financial ratios remain strong, with cash (incl. short term investments) at the year-end being £2.3mn and only marginally less than at last year end. Further comments on the balance sheet are included in the Audited Accounts commentary below.

### **Audited Accounts:**

The external auditors (Baldwins) visited w/c 30 September. Their management letter confirms that there were only two low risk matters that arose during the course of their work and no adjustments to the accounts. A clean unqualified audit report has been given on both the financial statements and regularity (pages 15-18).

As previously noted the ESFA has moved the date for Financial Plan submission for all colleges to January.

Phil observed that the College is now the smallest Sixth Form College as a result of the academisation of some of the other colleges.

Neil enquired whether CUS would require the return of the sponsorship money provided in respect of the Apprentice Unit, now that the unit had been closed. Linda advised that CMT had discussed the position with CUS who did not want sponsorship money back and had agreed the wording of the sponsorship signage they want to put up in E Block. CMT will be discussing the future use of E Block at their Strategy Day in January.

Members noted the report and there were no matters arising.

#### c. Report and Financial Statements for Y/E 31 July 2019

Linda referred members to the Report and Financial Statements and the following was noted:

- Financial Statements are consistent with the Budget Update and Summary I/E summary and Balance Sheet considered under a. and b. above
- A minor amendment is required to the notes on the pension provisions to take account of a recent ruling before the document goes to Corporation for approval
- The note on the Principal's Pay is a new accounting requirement

Members agreed to recommend approval of the the Report and Financial Statements to the Corporation

Members agreed.

### **RECOMMENDATION TO CORPORATION**

That the Corporation approve the Report and Financial Statements for the Y/E 31 July 2019.

#### d. **Confidential Item** – See separate minute

8 **Confidential Item** – See separate minute

9 **Finance Policies**

Linda advised that it had been her aim to review the College's policies relating to finance and bring these to the committee for approval but due to her workload had not had chance to do so. She will look to see if some of the policies can be absorbed into the Financial Regulations She will prioritise which policies need to come to the committee for approval at the intended meeting in January.

10 **ESFA Finance Dashboard November 2019**

Papers tabled:

ESFA Finance Dashboard November 2019

The Chair referred members to the paper tabled and observed that it shows the College is financially sound compared to benchmarking.

Linda confirmed that the Dashboard reflects the financial data that the College sent to the ESFA in the summer.

Members considered the data and Neil noted that our lack of debt looks good.

Members noted the discrepancy in the forecast of the College's future staffing costs as a %age of income which was substantially at variance with the national average and expressed the view that this was unlikely to be accurate and maybe based on over optimistic forecasting by colleges.

Members noted the paper and there were no matters arising.

11 **Standing Item: Consider Confidential and Restricted Access**

Members considered the nature of the matters discussed during the meeting and determined that items 7 d. and the whole of item 8 were Confidential and should be included in separate minutes marked Confidential.

12 **Any Other Business**

There being no further business the meeting was closed and the Chair thanked Linda for her time and comprehensive input to the meeting and the papers tabled.

13 **Date of Next Meeting** – 10 March 2020.

*There being no further business the meeting closed at 6.00pm*