



## MINUTES OF THE FINANCE AND ESTATES COMMITTEE MEETING

Held At Esher College  
Thursday 8<sup>th</sup> March 2018, at 6.00 pm.

### Present:

Robin John (Chair)  
Dan Dean  
Ian Leigh  
Adrian Mills

Tim Oliver  
Fran Stewart

Stephanie Wiles (Director of Finance & Estates)  
Sharon Kelly (Deputy Clerk)

### 1. BUSINESS INTERESTS IN AGENDA ITEMS

There was nothing to declare.

### 2. APOLOGIES FOR ABSENCE

Apologies were received and accepted from Hannah McKean and Simon D'Arcy.

### 3. MINUTES OF THE LAST MEETING

The minutes of the meeting of Wednesday 15<sup>th</sup> November 2017 were agreed as a true record.

### 4. MATTERS ARISING

**FE1-001:** Financial Regulations will be reviewed post academy conversion decision

**FE1-002:** Property Strategy - The Committee met with the architect, prior to the meeting

**FE1-003:** The date of the autumn term meeting had been adjusted

### 5. UPDATE ON PROPERTY STRATEGY INCLUDING CIF 2017/18 BID

The Committee had considered proposals for the Property Strategy, with the architect, prior to the meeting. The plans include, amongst others, a new dance studio. The College has two adequate performance areas, but with these timetabled for teaching, rehearsal space is an issue. Rehearsals regularly take place in the College Theatre and, as a consequence, other departments are unable to utilise the theatre for group teaching or external guest speakers. Other plans include additional communal and general teaching space. The next step would be discussions with the planning authority. It will be a while before the plans could be implemented and would depend upon, not the least, financing.

A bid of £166,000 has been submitted to the Condition Improvement Fund for upgrading of fire safety systems. The College would contribute £40,000. If the bid is unsuccessful, the most urgent fire safety improvements will be addressed.

An automated gate has been installed at the rear of the campus, entry is by swiping ID lanyards.

## 6. HEALTH AND SAFETY REPORT

A fire safety review had been commissioned. There were no significant issues to report and minor repairs are being carried out by the Estates team. A decision was taken to replace the curtains in the Drama Studio and College Theatre as there was no evidence that the curtains were fire resistant. As mentioned, the automatic gates were installed over half term.

There had been 15 accidents this term compared to 10 reported in January of last year. These were primarily sports injuries, with a small number relating to art subjects.

## 7. ENVIRONMENTAL STATEMENT OF PLANNED AND PRIOR ACTIVITY AND MINUTES OF THE ENVIRONMENTAL SUSTAINABILITY GROUP MEETING (7<sup>th</sup> FEBRUARY 2018)

The Director of Finance and Estates presented the annual Environmental Statement which details the sustainability actions taken by the College during the year and plans for the future. With no major building work undertaken, the statement had not changed significantly. The ID lanyards purchased for students and staff were made from recycled PET. The student representative on the Environmental Sustainability Group has organised a Greenpeace speaker to give a talk at the College. Green Week activity included a 'leave your car at home day' and a focus on a reduction in printing. Caterers have now stopped using polystyrene food trays and encourage use of personal coffee cups, as opposed to cardboard cups, in the Costa Coffee outlet.

Q: Have you considered solar panels or green roofs? The feed in tariff for energy from solar panels is not particularly attractive at the moment. We can consider the green roof suggestion when developing the Property Strategy plans.

Q: In section 2, line 1 of the statement, is 'reduce' recycling correct? No, that is a typo, I will amend it to 'increase'.

Q: What is the 'cycle to work' scheme? A government initiative whereby the College purchases a bike for a member of staff and effectively leases it back to them.

The meeting noted the Environmental Statement and the minutes of the Environmental Sustainability Group.

## 8. FINANCE AND BUDGET REPORT 01.08.17 – 31.01.18

The Director of Finance and Estates reported that the College was on target to meet its budget at the six month point. There is an overspend in salaries which will exceed the budget this year and the forecast has been amended accordingly. We continue to have a number of unexpected recruitment costs, including maternity covers and sickness absence. The financial report was completed prior to the teachers' pay settlement. The national agreement is for an increase of 1% on teachers' pay, with a targeted increase of 2% on pay points 1 to 6. The agreement will take effect from 1<sup>st</sup> September 2017. The increase on pay points 1 to 6 amounts to c. £3,000.

The meeting approved the unbudgeted/additional pay increase on pay points 1 to 6, as this was not felt to be material.

A new window detailing current budget progress for Adult Education and Lettings has been added to the bottom of the Income and Expenditure account. A new 'dashboard', showing key performance indicators, has been added.

Q: Should we include a contingency in the budget for unexpected recruitment costs? We could look into that.

The Committee agreed that the addition of the dashboard was very helpful.

The Management Accounts for the six months to 31 January 2018 were approved.

Proposed by: Ian Leigh      Seconded by: Robin John

The Committee agreed that there was no financial reason to convert to an academy and would report this to the Corporation.

## 9. 24-MONTH CASHFLOW FORECAST

There are two investments which are about to mature. The Director of Finance and Estates had investigated savings bonds, but these are only for individuals or for trusts with individuals. It was agreed to roll-over the deposits with Lloyds for a period of six months and review when the outcome of academy conversion is known and if interest rates improve.

The meeting noted the 24-month cash flow forecast and agreed to the deposits with Lloyds for a period of six months.

**ACTION: Director of Finance and Estates** to reinvest 2 x £1 million deposits with Lloyds Bank, as agreed above.

## 10. UPDATED FORECASTS WITH 3-YEAR PROJECTION

The Director of Finance and Estates presented two updated financial forecasts. One demonstrating the impact of a 1% pay increase and the other a 2% pay increase. Both assumed flat rate funding and rising costs. Unsurprisingly, the projections for 2021-22 onwards are of some concern. There was a lengthy discussion on possible options for generating more income and/or reducing costs. A significant increase in student numbers is not possible without investment and expansion of the campus. Communal spaces and classrooms are already close to capacity. Ultimately, further cost-cutting may be necessary and this may have an impact on quality. It is the same situation for all other colleges as the funding rate has remained at the same level since 2013/14.

As requested by the Corporation and its committees, every staff vacancy is scrutinised and there are several examples of cost savings in this area. The curriculum offer is constantly under review. Cutting costs here need to be considered alongside the attraction of the broad curriculum to applicants.

Q: Are administration services, for example HR and Payroll, outsourced? Payroll is outsourced. We recently completed an exercise looking at staffing levels in the Finance Department. We had fewer members in the department compared to our S7 counterparts. We apply the same approach to each vacancy that arises. That is, do we need to replace and, if so, on the same basis?

Q: What is the maximum number of students that the College could accommodate? We will produce a paper focusing on income.

**ACTION: Director of Finance and Estates/Principal** to produce a paper considering maximum student intake and associated income.

Q: Do we know the cost per subject? The Director of Finance and Estates is currently working on a breakdown.

Further strategic ideas were explored, including the sale of land, as a one-off transaction. This would provide a cash injection but did not present a long term financial solution.

The Financial Forecasts were recommended to the Corporation for further discussion.

**11. ANY OTHER BUSINESS**

The meeting was informed that the Headteachers' Board met on 1<sup>st</sup> March 2018 and approved the application to convert to a Single Academy Trust. No conditions appeared to be attached.

**12. DATE OF THE NEXT MEETING – Thursday, 28<sup>th</sup> June 2018**

*The meeting closed at 7.05 pm.*

*Attendance was 88% (6 out of 7 members)*

Signed.....

Date.....

**SUMMARY OF ACTIONS**

<b>FE1-001</b>	<u>Item 4. Matters Arising</u> – Financial Regulations will be reviewed post academy conversion decision.
<b>FE2-001</b>	<u>Item 9. 24-month Cashflow Forecast</u> : <b>Director of Finance and Estates</b> to reinvest 2 x £1 million deposits with Lloyds Bank.
<b>FE2-002</b>	<u>Item 10. Updated forecasts with 3-year projection</u> <b>Director of Finance and Estates</b> to produce a paper considering maximum student intake and associated income.

**SUMMARY OF GOVERNOR CHALLENGE [C] /SUPPORT [S]**

<b>C/S</b>	<b>Item</b>	<b>Topic</b>
C & S	5	<u>Property Strategy</u> - governors met with the architect prior to the meeting to hear the proposals for the Property Strategy, and were able to question him and ensure that they had the information necessary to support the College going forward.
C	7	<u>Environmental Statement of Planned and Prior Activity and Environmental Sustainability Group Minutes</u> – governors sought assurance that the College had considered the use of solar panels or green roofs as sustainable options.
S S C	8	<u>Financial Statements</u> – The meeting agreed that the Dashboard created by the Director of Finance and Estates provided helpful information. The committee supported the implementation of the national pay increase for staff at the College. Governors suggested that the Budget might include a contingency for unexpected recruitment costs.
C	10	<u>Updated Forecasts with 3-year projections</u> – governors suggested other areas that the College might explore to make further financial economies. They requested further data on the maximum number of students that the College could accommodate.