



MINUTES OF THE FINANCE AND ESTATES COMMITTEE MEETING

Held on Teams
Wednesday 9th March 2022 at 6 pm.

Present:

Paul Collyer (Chair)
Jane Duscherer
Declan Mason
Mark Nelligan
Kate Parsons
Fran Stewart

Dan Hards (Assistant Principal)
Daniel Loughlin (IT Director)
Stephanie Wiles (Director of Finance and
Estates, Advising Officer)

Mark Penfold (Item 3 only)
Mike O'Hanlon (Item 3 only)

Ken Kehoe (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of interests from Trustees.

2. APOLOGIES FOR ABSENCE

Apologies were received and accepted from Dan Dean and Tim Oliver.

3. UPDATE ON BUILDING WORKS

Mark Penfold and Mike O'Hanlon briefed the committee on the progress of the two current building projects. The new Dance Studio was on track for completion by Easter. The new Student Support building was behind schedule due to unforeseen groundworks and some delays in procurement due to changes in design. A recovery programme was in place and it was expected that the building would be completed by the summer holidays, with the external drainage works being carried out over the holiday period. The contractors were working with the College to reduce disruption over the examination period.

Turning to the finances, the initial budget had reduced the contingency by £40k. With hindsight, that and the fitting out allowance had been too low. The contingency had been used up on the unexpected groundworks. The expected overspend was £75k on construction costs, 5% over budget. The overspend reflected the construction cost inflation (running at 8 or 9%) over the last year and the design

changes, probably in equal amount. The introduction of the moveable wall had been the main design change but it would make the building more flexible in terms of usage. The other change was the dancefloor where the specification had been improved.

Trustees asked the following questions:

- What is the handover date for the Student Service building? The build would be completed by 29 July, with external works carried out over the summer so that it was ready for September.
- Why had the specification of the dancefloor changed? This reflected changes in staff at the College and changes to College requirements. The new specification would support the new BTEC in Dance course.
- How robust is the £75k estimate of the overspend? The advisers said that they believed that they had now flushed out the problems. This was the most challenging of the projects that they had worked on for the College.
- Could the College meet the overspend from reserves? The Director of Finance and Estates assured the committee that the College had the necessary reserves.

In discussion, Trustees agreed that, against a background of the pandemic and rapid construction cost inflation, a 5% overspend was not a bad performance. They noted that the College had completed several building projects over recent years and these had always come in on, or below, budget.

The committee approved the £75k overspend.

4. PROVISION OF COLLEGE IT DEVICE FOR TEACHING STAFF

The Director of IT introduced his paper seeking approval to spend £300k in the current financial year to acquire laptops, tablets and pen devices for teaching staff. The rationale for the procurement was to improve staff productivity and the teaching experience. A pilot study had been carried out. The Assistant Principal briefed the committee that the devices had had a beneficial effect on staff productivity and allowed for a more flexible use of space.

Trustees asked the following questions:

- Were the participants in the pilot study largely early adopters? The Director of IT assured the committee that the participants had been drawn from a range of departments and had included those that were hesitant as well as early adopters.
- What would the ongoing costs of the procurement be? The depreciation cost would be £75k per annum but offsetting that there would be a reduced need to replace staff PCs. There was a requirement to replace about a fifth of the PC stock, 100 PCs, every year.
- Why was the proposal for procurement in a single year rather than a multi-year procurement? The Director of IT explained that a staggered procurement would reduce flexibility across the estate and prevent training being carried out for all staff together.
- Did the IT Department have the capacity to carry out the procurement and training this year? The Director assured the committee that the Department did. If the procurement went ahead, there would be training at the start of the next academic year.

The committee approved the budget of £300k for the procurement of the laptops, tablets and pen devices for teaching staff.

5. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 24th November 2021 were approved as an accurate record.

6. MATTERS ARISING

The Chair asked about the risk of ESFA clawing back the Trust's reserves. The Director of Finance and Estates explained that the Academy Trust Handbook allowed for the ESFA to investigate the reserve holdings of Trusts and that the College had added £2m to its reserves since it had become an Academy. The Trustees asked the Director to circulate the relevant extract from the Handbook.

Action: The Director of Finance and Estates to circulate the extract from the Academies Trust Handbook [Clerk's note: The Director circulated paragraph 5.29 of the Handbook to the committee, by email, the day after the meeting.]

There were three other matters arising:

- **F&E3-002 (FROM JUNE 2021 MEETING)** The Director of Finance and Estates should commission a survey of the roof condition in the next academic year. **The Director advised that this had been carried out the previous week. She hoped when she received the report to use it as the basis of a CIF bid.**
- **F&E1-001** Clerk to amend draft minutes of 21 June 2021. **Done.**
- **F&E1-002** Director of Finance and Estates to update the committee when she had confirmation that the required orders had been placed or, if the orders were not placed, provide advice on implications. **This had been covered by agenda item 3.**

7. MANAGEMENT ACCOUNTS, PLUS FORECAST OUTTURN, CASHFLOW AND COMMENTARY FOR 4 AND 5 MONTHS TO 31.12.21 AND 31.01.22

The Director of Finance and Estates briefed the committee on the changes she had made to the layout of the report and on the changes to the figures. On the income side, the ESFA grant was slightly lower but there had been higher than expected receipts from the TPS grant, general funding, lettings income and the re-imbursement of the costs of mass-testing so overall income was slightly up. On expenditure, salaries were below budget, partly because of a lower than budgeted pay increase, but there was an over-spend on overtime for lettings and learning support. Salaries would be re-forecast in February. Estate's expenditure was also above budget, partly due to higher than expected utility costs. Exam expenditure was lower than budgeted because of a higher than expected credit from the examination boards.

Overall predicted EBITDA was 9% and, as at end of January, the cash balance was £5m.

Trustees asked:

- What is the planning assumption for salaries? The Director advised that this year's pay increases had already been agreed. She would budget for next year from April and use best estimates for next year's pay award.

- Were Trustees comfortable with the cash holdings being held in two High Street banks?
Trustees agreed that spreading the reserves so that each holding was within the compensation limit would be too onerous and might carry unforeseen risk.

The committee approved the Management Accounts, forecast outturns, cashflows and commentaries for periods to 31 December 2021 and 31 January 2022

8. DRAFT SCHOOL RESOURCE MANAGEMENT SELF-ASSESSMENT RETURN

The Director briefed the committee on the draft SRMSA return, noting that as a 16-18 institution it was impossible to answer the benchmarking question as data on comparable institutions was not collected. Trustees asked about the possibility of benchmarking against S7 Colleges. The Director explained that this would be difficult as particular Colleges would be easily identifiable and there may be competition issues.

The committee approved the draft school resource management self-assessment return.

9. HEALTH AND SAFETY UPDATE

The Director advised that there had been 8 accidents thus far, compared to 7 in the same period last year. None of the accidents required notification to the HSE.

All regular checks had taken place.

10. MINUTES OF THE ENVIRONMENTAL SUSTAINABILITY GROUP MEETING OF 23RD FEBRUARY 2022

The Director briefed the committee that the Environment Champion was enthusiastic and very active. The College had investigated seeking assistance from the Carbon Trust to carry out a review to get the College to a net zero position but the Carbon Trust did not wish to engage. The Director was instead working with S7 Finance Directors to develop plans to reduce the Colleges' environmental impact.

Trustees welcomed the update but they noted that it was important that general sustainability was looked at, not just environmental sustainability. They also agreed that the College's target should be to reduce its environmental impact, aiming for carbon neutrality rather than net zero.

11. ENVIRONMENTAL STATEMENT OF PLANNED ACTIVITY

The Director briefed the committee on planned activity, including work to establish how the newly installed car charging points would be charged for.

12. ANY OTHER BUSINESS

Trustees asked about the damage that the College had sustained in the recent storms. The Director of Finance and Estates briefed that a soil pipe, a canopy, a fence panel and a couple of tree branches were the extent of the damage.

13. DATE OF NEXT MEETING

It was agreed that the next meeting should be scheduled for Wednesday 29th June 2022.

*The meeting closed at 7.33pm.
Attendance was 75 %.*

Signed.....

Date.....

SUMMARY OF ACTIONS

F&E2-001	The Director to circulate the extract from the Academies Trust Handbook Done. The Director circulated paragraph 5.29 of the Handbook to the committee by email the day after the meeting.
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SUMMARY OF GOVERNOR CHALLENGE [C] / SUPPORT [S]

C/S	Minute	Topic
C	3	Update on Estates The Trustees scrutinised the reasons for the delay in the College's construction projects.