



MINUTES OF THE FINANCE AND ESTATES COMMITTEE MEETING

Held on Teams
Thursday 23 November 2023 at 6pm

Present:

Paul Collyer (Chair)	Liz Gilroy-Scott
Dan Hards (Principal)	Anna Mawson
Tim Oliver	Dave Roberts
Claire Douglas	

Stephanie Wiles (Advising Officer)
Catherine Davies (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of interests from Trustees.

2. APOLOGIES FOR ABSENCE

Apologies were received and accepted from Mark Nelligan

3. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 28th June 2023 were approved as an accurate record.

4. MATTERS ARISING

None.

5. REVIEW OF MANAGEMENT ACCOUNTS, CASHFLOW AND COMMENTARY FOR YEAR ENDED 31ST AUGUST 2023 INCLUDING RECONCILIATION TO FINANCIAL STATEMENTS

The Director of Finance and Estates introduced the management accounts for year ended 31 August 2023. She highlighted the following points:

- An additional capital allocation of £88,882 for energy efficiency projects was spent on speeding up the LED light replacement programme.
- Adult Education income has decreased but it is still cost neutral.
- Lettings income continues to outstrip budget expectations.
- Teaching salaries were below forecast and above budget.
- Estates costs were above forecast and budget due to higher utility costs, RAAC survey, property strategy work including the space needs assessment and the environmental pathway report.

- EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) was on target against the forecast and below budget. A large part of this reduction against budget is as a result of salary and utilities reforecasting.
- The College Financial Health is “Outstanding”.

The Chair commented on the excellent income from lettings and thanked the Director of Finance and Estates and her team for ensuring the main assets are fully booked.

The Committee approved the Management Accounts, cash flow and commentary for year ended 31st August 2023.

6. DRAFT REPORT AND FINANCIAL STATEMENTS FOR 12 MONTHS ENDED 31 AUGUST 2023

The Director of Finance and Estates introduced the draft report and financial statements for 12 months ended 31 August 2023.

The Director explained that the financial statements have recently been reviewed by the Audit Committee and a query by the Committee relating to Note 24 (page 54) of the report had been clarified by the Director to the Chair of the Audit Committee who agreed with the accounting entry.

The Committee considered going concern and approved this approach for the accounts.

The Chair asked the Director of Finance and Estates if any control issues were raised by the external auditor and the Director replied that the auditor recommended a review of the fixed asset register which is due to take place in the coming months.

The Committee thanked the Director and her team for their excellent work.

The Committee approved the Draft Report and Financial Statements for 12 months ended 31 August 2023.

7. REVIEW OF MANAGEMENT ACCOUNTS, CASHFLOW AND COMMENTARY FOR 2 MONTHS TO 31ST OCTOBER 2023

The Director of Finance and Estates introduced the Management Accounts for 2 months to 31st October 2023. She made the following points:

- Funding has increased due to the increase in the ESFA funding rate (the rate increase is to fund the teacher pay award). The Committee discussed the funding increase against budget projections and the Director commented that she will re-forecast salaries in the new year.
- Interest income is above budget.
- There has been a high level of spend within Health and Safety including a fire door audit and water treatment work.
- The College is again on track for outstanding financial health.

The Committee approved the Review of Management Accounts, cashflow and commentary for 2 months to 31st October 2023.

8.UPDATE ON PAYROLL MIGRATION

The Chair gave an overview of the background to migrating the College payroll from Surrey County Council to a new payroll service provider in time for the December 2023 pay run. The Director of Finance and Estates added that the College has clubbed together with other S7 Colleges to work with the same new provider which has been beneficial and made it an easier process. She briefed the Committee regarding the trial runs in October and November and the processes in place for the live run in December.

The Principal thanked the Director of Finance and Estates for her hard work working with a new Finance Team at the College to progressing the payroll project.

9.UPDATE ON ESTATES AND ENVIRONMENTAL COMMITTEE

The Director of Finance and Estates briefed the Committee that the works over the summer break were completed in a timely manner (replacement of theatre roof and windows in Y block). The new catering company has received positive feedback. The Director congratulated the Staff Leader and the students of the Environmental Committee for achieving the Green Flag Award. New Solar panels have been installed at the College and this action plus the LED lights replacement programme have led to a Display Energy Certificate (DEC) grading improving by one level for the main College building.

The Planning Application to extend the College estate is considered in Item 11 of the Minutes.

The Committee congratulated the Staff Leader of the Environmental Committee for his commitment and leadership of the group.

10. REVIEW OF THE HEALTH AND SAFETY POLICY

The Health and Safety Policy was approved by the Health and Safety Committee in June 2023. The Principal added that since June there have been some staff changes that will be reflected in the Policy. A Trustee asked if a chart showing the Management Structure for Health and Safety could be revised to show the responsibilities of staff members in a clearer manner.

Action: Job titles and Management Structure chart in the Health and Safety Policy to be revised to reflect current staff responsibilities.

The Committee approved the Health and Safety Policy 2023 and asked that the amendments to job titles and management structure chart be made to the next update.

11. HEALTH AND SAFETY REPORT

The Director of Finance and Estates informed the committee that there had been 12 accidents this Academic Year; none required notification to the HSE. Normal maintenance and servicing activity continues.

The Committee thanked the Director for her briefing.

12.BUSINESS CASE FOR NEW EXTENSION BUILDING

The Principal outlined the business case for building a new extension at the College and commented that the new space will improve the student experience for the current student roll and is not to meet an increase in student numbers. The planning permission for the temporary classroom block is due

to cease in 2026 and the current provision in the block is not a good educational experience due to the temporary nature of the accommodation. The new extension would allow for a flexible modern space to be used for teaching, independent studying and laptop storage and be adapted to hold talks or exam sessions.

The Director of Finance and Estates added that the temporary classrooms were installed to meet the requirement for additional guided learning hours (GLH) for students, the requirement is now permanent, but the classrooms are temporary.

The Chair asked the Director of Finance and Estates to outline how the new extension building would be funded. The Director explained that when the planning permission for the project was submitted it was expected that a Post-16 Capacity Bid would be launched, and the College would apply for matched funding, but this funding option has not been released this month (it may be that central government funding is being diverted to RAAC related projects in the UK instead).

The Committee discussed using the cash reserves held by the College to fund the building project. A Trustee commented that if the College receives matched funding from central government, he would be more comfortable in supporting the spend rather than the College using a significant proportion of its own reserves to fully fund the project. The Trustee accepted the need for new permanent classrooms but questioned the long-term build strategy of the College when considering the current secondary school bulge classes will have moved through the education system in 5 years' time and the falling birth rate.

The Director of Finance and Estates replied that the Study Centre and Drama studio were fully funded by the College and the cash reserves quickly built back up to the current level. Additionally following all the aims of the 2017 Property Strategy being met the College carried out a space needs assessment that has driven the need for more classroom space. In the long term an environmental pathway will guide the College to focus on reducing the College's carbon footprint rather than extending the estate. The Principal added that the demand for places at the College is high with a large number of applicants turned away this year and there is a risk of prospective applicants not applying if the College is not able to provide a good student experience. A Trustee agreed with the view that the College should aim to provide the best possible student experience.

The Director of Finance and Estates added that the College owns a strip of land adjacent to the Merrywood housing development that could be sold to release funds if the cash reserves need to be built up.

The Committee discussed the location of the new extension building (at the front of the main building where the student entrance currently stands) and then turned to the volume of the cash reserves and how the external auditor had viewed them. The Director of Finance and Estates added that the current level of the College reserves is double the normal benchmarked level. The Chair added that the budget for the coming year is balanced.

Action: The Chair summarised that the Trust Board should view the business case but with revisions made to the document to include:

- a) Reconfirm the student roll and why an additional permanent building is needed to meet the roll.
- b) What is outlined in the planning application, which part of the application relates to the new extension building project and where it will be built. (The application is for a larger sized project).
- c) Approval given to carry out a detailed costing of how the budgeted figure will be reached.
- d) Confirmation of the value of excess land to be sought.

- e) How the space could be used in 5 years’ time if the student roll was to drop due to external factors such as the falling birth rate.

The Committee agreed that if a Post-16 Capacity Fund bid is launched then the Senior Leadership Team will consult with the Chair and Chair of Board of Trustees before making an application.

The Committee agreed to spend £40,000 on drawing up a fully costed planned project for the new extension building.

13 ANY OTHER BUSINESS

The Director of Finance and Estates outlined a proposal by Sigma Homes to access College land to lay electricity cables from Hampton Court Way to the Merrywood development in return for a payment. The Committee rejected the proposal due to the disruption, safeguarding issues and issues with the land being accessed again in the future.

The Director of Finance and Estates updated the Committee on the approval given by the Chair on the 20th October 2023 to roll over £2million on deposit for 12 months at 4.77%.

The Director of Finance and Estates outlined an option from the College’s energy supplier to switch to a higher priced tariff that will ensure electricity comes from 100% renewable sources for 2 years. The Committee advised the Director to investigate alternative offsetting options instead.

14. DATE OF NEXT MEETING

The date of the next meeting is Wednesday 13th March 2024 at 6pm. The Chair proposed that this meeting takes place in person at the College so that the Committee can view the estate.

Action: Clerk to send calendar invite for in-person meeting on 13th March at 6pm.

*The meeting closed at 7.27pm
Attendance was 87%*

Signed.....

Date.....

SUMMARY OF ACTIONS

1	Job titles and Management Structure chart in the Health and Safety Policy to be revised to reflect current staff responsibilities.
2	The Chair summarised that the Trust Board should view the new extension business case but with revisions made to the document to include: <ul style="list-style-type: none"> a) Reconfirm the student roll and why an additional permanent building is needed to meet the roll. b) What is outlined in the planning application, which part of the application relates to the new extension building project and where it will be built. (The application is for a larger sized project). c) A detailed costing of how the budgeted figure will be reached.

	<p>d) Confirmation of the value of excess land to be sought.</p> <p>e) How the space could be used in 5 years' time if the student roll was to drop due to external factors such as the falling birth rate.</p>
3	Clerk to send calendar invite for in-person meeting on 13 th March at 6pm

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

C/S	Minute	Topic
S	5	The Chair commented on the excellent income from lettings and thanked the Director of Finance and Estates and her team for ensuring the main assets are fully booked.
	8	The Principal thanked the Director of Finance and Estates for her hard work in setting up a new Finance Team at the College to administer the payroll going forward.
C	12	The Trustee accepted the need for new permanent classrooms but questioned the long-term build strategy of the College when considering the current secondary school bulge classes will have moved through the education system in 5 years' time and the falling birth rate.
	13	The Committee advised the Director to investigate alternative offsetting options instead.