

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the Special Meeting of the Finance and Resources Committee held on Thursday 4th April 2019

Present: Mr A Wilson, Acting Chair
Mr T Fisher, Principal
Mr D Warman

Apologies: Professor L Oglesby
Mr C Wiper

In attendance: Mr S Hargrove, Chief Financial Officer
Mr S Dowson, Clerk

11/19 Declarations of interest

There were no declarations of interest.

12/19 Nomination of Chair

The meeting nominated Mr Wilson as Chair.

13/19 Salix Energy Efficiency Loan

Mr Hargrove introduced the Salix Energy Efficiency Loan documents which had been circulated prior to the meeting.

Mr Hargrove explained that since the Finance and Resources meeting on 4th March the energy savings that could be achieved as a consequence of replacing the existing lighting with new LED bulbs and energy efficient control mechanisms had been recalculated and reduced from £47,760 to £42,561 a year.

Reducing the estimated annual savings reduces the annual repayments, which match the savings, and has the effect of extending the period of the loan from 6.8 years as reported at the F&R meeting on 4th March to 7.6 years. Salix have confirmed that an interest free loan of £344,000 would be issued to cover the full cost of the works and would be repayable in 8 instalments of £43,000 per year.

Mr Hargrove said that Salix had described the technical assessment that had been submitted by AA Projects as, 'robust'.

Salix and AA Projects are satisfied that the life expectancy of the bulbs and control mechanisms was at least 20 years, substantially longer than the payback period of 8 years, after which the savings of £43,000 a year would directly benefit the College.

Mr Hargrove said that other Norvic colleges that had taken advantage of the Salix Energy Efficiency Loan scheme had reported lower energy consumption in line with the calculated savings.

Mr Warman asked when the work might begin and how long the project would take. Mr Hargrove said that work would start in the first week of July and be completed by the third week of September.

Mr Fisher explained that work in essential areas would be completed first to minimise any possible disruption to students at the start of the new academic year.

Mr Fisher said he thought that some areas, for example the library, already had LED lighting which would not need replacing.

In reply to a question Mr Hargrove said he was confident that the AA Projects assessment had taken account of areas that had already been converted to LED lighting. In any case the tenders for the project would make it clear which areas were to be replaced. If the project cost less than the estimated £344,000 then a lower amount would be borrowed but the repayment would still be over 8 years.

Mr Hargrove explained that he was investigating alternative ways of managing the project to see if savings could be made on the proposed professional fees of £26,000.

Mr Hargrove reminded the Committee that any loan would reduce the College's financial health score by 10 points which would reduce the overall grading from outstanding to good. Mr Hargrove explained that it might be possible that the 10 points could be made up elsewhere but this was not guaranteed.

Mr Hargrove summarised the benefits of taking the loan.

- The loan is interest free
- There is no impact on cash flow, the repayments will be covered by the savings
- Once the loan has been repaid the savings of £43,000 a year will directly benefit the College
- Reducing energy consumption will benefit the environment
- An estimate of up to £22,000 per annum could be saved on current maintenance costs relating to repair and replacement of light bulbs and light fittings

Mr Hargrove explained that the loan is, 'academy compliant'. In other words taking the loan will not prevent the College converting to an academy in the future should Governors decide this would be in the College's best interests.

The College currently has more than sufficient money in the bank to pay off the loan in full at any time in the future.

The Committee **agreed** to recommend to the Board that the College should take the Salix Energy Efficiency Loan.

14/19 Support Staff pay increase

Mr Fisher explained that the support staff pay increases had been agreed with the unions. The increases are £5,993 under the budgeted amount. (£26,547 actual £32,540 budget). Mr Fisher said he would like the Committee to approve the payment of the new rates from 1st April rather than wait until the next meeting in June; not least so that support staff on the minimum wage would receive the new rate as soon as it was due.

The Committee **approved** the payment of the support staff pay increases from 1 April 2019

15/19 Central Student Management System – Capita

Mr Hargrove tabled a paper outlining the five year cost associated with the Central Student Management System provided by Capita.

Mr Hargrove explained that the College was already committed to a five year Support Service contract.

However a decision was required, by August 2019, on the Licensing and core system cost.

Mr Hargrove described two scenarios, one a five year contract costing £280,162 and the other an annual contract renewed each year for five years which would cost £298,688. Mr Hargrove recommended the five year contract.

The Committee indicated its support for the five year contract for the Licencing and core system cost.