

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the meeting of the Finance and Resources Committee held on Monday 4th March 2019

Present: Mr C Wiper, Chair
Prof L Oglesby OBE
Mr D Warman
Mr A Wilson

Apologies Mr T Fisher, Principal
Mr J Dean

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

01/19 Declarations of interest

There were no declarations of interest.

02/19 Minutes of the previous meeting

The minutes of the meeting held on Monday 22nd October 2018 were **accepted** as a true record and **approved** for signing by the Chair.

03/19 Matters arising

There were no matters arising.

04/19 Expansion Project Update

Mr Hargrove gave a verbal update on the progress of the expansion project.

The College's funding application to the Capital Improvement Fund (CIF) had not yet been approved. A decision was expected at the end of March.

Planning permission had not yet been granted. The planners wanted to understand the impact the anticipated increased number of students would have on the local area, particularly traffic and parking, and what could be done to mitigate any issues.

The Chair challenged and expressed concern about the possible inclusion of a Section 106 agreement, or any other legal obligations, as a condition of the grant of planning permission. The committee confirmed they did not have any appetite for complex legally binding planning conditions.

The College had appointed Transport Planning Associates to conduct a travel and transport survey and to provide a report for the College and the planning authority.

Mr Hargrove distributed a table from the draft report which showed how staff and students typically travel to and from the College each day.

Mr Hargrove said that the College anticipated providing a graded response to the planners. The measures taken to mitigate any traffic issues would depend on the size of any future increase in student numbers.

In response to a question from the Chair, Mr Hargrove said that even if funding was approved at the end of March it would be too late to complete the project this year [2019]. Mr Hargrove explained that the College would have two years to complete the project from the date funding is granted.

The Committee expressed their surprise at the low number of students and staff that cycled to and from College each day. Mr Hargrove said there was provision at the College for parking for about 90 bicycles but typically there were rarely more than 10. Mr Hargrove suggested having a bike awareness week and/or offering cycle training as a means of encouraging more people to use bicycles.

05/19 LED lighting proposal

The Chair highlighted the potential savings in electricity consumption which had not been quantified in the Introduction (Chapter 1) of the AA Projects report. Combined with the estimated annual savings from, 'reduced maintenance' [the new LED equipment has a longer life and will have to be replaced less often than the existing equipment] this gave a payback period of 6.32 years.

The Committee questioned the electricity consumption calculation and potential savings. Mr Hargrove explained that the consumption and savings figures were relative to each other. If the consumption had been over or under calculated then the savings will be over or under calculated to the same degree. The differential between cost and savings would remain pretty much the same.

Mr Hargrove explained that the payback period was determined by the potential savings. The annual repayments would be calculated to be equal to the annual savings so there would be no impact on cash flow. Once the loan had been repaid the College would benefit from the savings.

Professor Oglesby asked if the proposed new extension would have LED lighting. Mr Hargrove said that it would and that LED lighting would definitely be the preferred option.

Mr Warman asked if taking out the Salix loan would impact on the College's financial health assessment. Mr Hargrove said that a loan of this size would reduce the College's Borrowing as a % of Income score by 10 points which would have to be made up elsewhere if the College was to continue to be assessed as, 'outstanding' in the 2018-2019 financial year. The energy and maintenance savings would however contribute to an increased EBITDA as % of Income which would go a large way to gaining an additional mitigating 10 health points against this ratio.

In answer to questions from the Committee Mr Hargrove said that it would be possible to pay for LED lighting project from capital and confirmed that the College could afford both the new extension and the LED project from existing capital if it chose to.

The Chair asked if Mr Hargrove knew what other colleges' had done about LED lighting. Mr Hargrove said that many colleges in the Norvic group had already completed LED installation using Salix funding and all had reported significant savings.

Mr Hargrove was directed to ask AA Projects if he could approach any of their previous clients to confirm the accuracy and reliability of AA Projects calculations and predictions and the actual savings achieved.

The Committee **agreed** that the College should submit the Salix loan application and await the outcome of the planning application for the new extension.

06/19 HR Update

Mr Hargrove said that there had not been any increase in staff numbers except for the NECOP Coordinator who was externally funded.

Mr Hargrove explained that the role of the NECOP coordinator was to encourage students from areas with low rates of progression to HE to apply for university. The post only started in September 2018 so it was too early yet to know if it has or will be successful. The funding requirement is for the College to engage with students, there are no targets to get additional students to university. The regional and national NECOP fund does however have targets for student progression to HE.

Mr Hargrove explained that it had at times been difficult to identify specific projects for NECOP students because everything possible was being done to encourage all students to attend university anyway.

Professor Oglesby challenged and asked if it was possible to spend the money on projects relating to mental resilience or to proactively recruit students from disadvantaged areas. Mr Hargrove said that training in mental resilience was being delivered to all students as part of the College's NECOP strategy.

Professor Oglesby suggested communicating with families to raise awareness and aspirations and to encourage support for students who had the potential to go to university. Mr Hargrove explained that communication with families does happen not only to NECOP families but other student families too.

The Committee agreed that they would like to see hard data about the success or otherwise of the NECOP project at QE. **Mr Hargrove was directed** to speak to Mr Baker, the SLT member overseeing the project, about providing a NECOP report for Governors.

The Committee **accepted** the HR Report.

07/19 Finance Report to January 2019

Mr Hargrove said that the operating surplus for the six months to January 2019 was slightly down on budget (£172,000/£185,000). This was for various reasons but none of any great concern. The full year operating surplus was forecast to be £37,800 better than budget.

Cash flow was currently £200,000 higher than budget for January and was forecast to be £230,000 higher than budget by the end of the year.

The Committee spent some time considering the explanations for the variations to budget for the six months to January 2019.

The Committee **accepted** the Finance Report to January 2019

08/19 Funding and costs update 2019-2020

Mr Hargrove explained that the funding and cost update was an early version of the budget for 2019-2020.

Mr Hargrove distributed the, '16 to 19 revenue funding allocation statement: 2019 to 2020' for QE which had been received from Education and Skills Funding Agency after the papers for today's meeting had been distributed.

Mr Hargrove explained that despite an increase in student numbers funding was down on the previous year because the retention factor was 1% down on the previous year. The fall in retention was not drastic but it was a move in the wrong direction. The College would need to focus on retention in the future.

The Chair asked if there was a common factor for students leaving. Mr Hargrove said he was not aware of any common factors. Professor Oglesby challenged and stated that given the numbers of students leaving had increased slightly last year, Governors would like more information.

Mr Hargrove was directed to provide a report on retention for the next meeting of the Finance and Resources Committee to include background to the issue, data from previous years and national data, if available.

In answer to a question about the funding allocations in the revenue allocation statement with £0 against them Mr Hargrove explained that the reasons varied. For example Advanced Maths Premium Funding related to schools and colleges that had successfully increased the number of students studying maths. With Condition of Funding Adjustment a figure of £0 was a maximum - if applied the figure would be a minus.

Mr Hargrove explained that the budget for 2019-2020 was still in its early stages and mentioned some external factors, for example continued funding for the increase in the employers contribution to the teachers' pension scheme and the loss of external funding for adult courses, which had yet to be clarified.

Mr Warman challenged about future student recruitment now the demographic dip had passed. Mr Hargrove said that despite the end of the demographic dip applications for entry

in September 2019 are not as high as anticipated. Student numbers are up in partner schools and this is reflected in future student applications from partner schools but applications from non-partner schools are currently lower than last year.

Mr Wiper speculated that this could be a consequence of non-partner schools, for example Richmond School, doing more to retain their sixth form students after last year's exodus to QE.

The Committee **accepted** the Funding and Costs Update 2019-2020.

09/19 Confidentiality

There were no confidential matters.

10/19 Date of next meeting

Monday 17th June 2019