

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the meeting of the Finance and Resources Committee Held on Monday 17th June 2019

Present: Mr J Deane, Acting Chair
Mr T Fisher, Principal
Prof L Oglesby OBE
Mr A Wilson

Apologies: Mr D Warman
Mr C Wiper

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

16/19 Declarations of interest

There were no declarations of interest.

17/19 Minutes of the meeting 4th March 2019

The minutes of the meeting held on Monday 4th March were **accepted** as a true record and **approved** for signing by the Chair.

18/19 Matters arising

Ref: 04/19 Professor Oglesby asked for an update on the expansion project.

Mr Fisher replied that planning permission for the expansion project had not yet been received but was imminent.

Professor Oglesby asked if the transport survey had been completed.

Mr Hargrove replied that the transport survey had been completed and a report had been received. The report made a number of suggestions to reduce car usage and to mitigate congestion outside the College at key times.

Mr Fisher and Mr Hargrove explained that they expected the planning permission for the expansion project would come with conditions. A potentially contentious issue was the possible inclusion of a Section 106 agreement, which is a legal obligation, which would require the College to provide additional parking spaces if student numbers exceeded a given level. Mr Hargrove said the College hoped to be able to avoid a legally binding section 106 agreement by including 15 additional parking spaces at Abbey Road sports fields in the planning application if necessary.

Ref: 05/19 Professor Oglesby asked if Mr Hargrove had confirmed the accuracy and reliability of AA Projects calculations and predictions and actual energy savings achieved.

Mr Hargrove said Salix had provided him with a scoring matrix which showed that AA Projects savings calculations were backed by good evidence and the Salix assessor 'is satisfied with the detail of evidence provided'.

Ref: 06/19 Professor Oglesby asked if the NECOP Report had been prepared for Governors.

Mr Hargrove replied that the NECOP report was in hand and would be produced after the completion of the academic/NECOP year.

Ref: 08/19 Retention

Mr Hargrove explained that the College had received the funding agreement for 2019/20, which based on 2017/18 retention, showed a retention factor of 0.968. This has reduced funding for 2019/20 by £259,848.

Mr Hargrove said that the College retention rate of 95.6% was very good compared to the national figure of around 92%. Retention for 2019 should be 96%.

Mr Hargrove said that a close study of the College retention data had fully highlighted how retention data is used by the Education and Skills Funding Agency and how the retention factor is calculated. Actions have been taken by the College to ensure that all leaver/course change data is reviewed prior to submission to the ESFA to ensure that retention and therefore funding is optimised. An improvement of funding of £50,000 a year was anticipated for 2020/21 as a result of an anticipated improvement in the retention factor for 2018/19.

Professor Oglesby asked if there was a list of reasons why students left, particularly for those reasons that could be within the control of the College. Mr Fisher replied that 96% is a high retention figure. Students leave for a whole host of reasons, many are positive, for example securing a place as an apprentice or getting a job.

Mr Deane asked if students ever left unexpectedly.

Mr Fisher replied that usually a student leaving was expected. Often a student's attendance would fall before they left.

Mr Fisher explained that Mr Job would be staying in touch with the first year students during the school holidays to encourage them to return for the second year.

19/19 Minutes of the Special Meeting 4th April 2019

The minutes of the special meeting held on 4th April 2019 were **accepted** as a true record and **approved** for signing by the Chair.

20/19 Matters arising

There were no matters arising that were not covered by today's agenda.

21/19 Finance Report to April 2019

Mr Hargrove introduced the Finance Report for the 9 months to April 2019 which had been circulated in advance with the papers for the meeting.

Mr Hargrove said he was pleased that the operating surplus was £115,000 ahead of budget for the year to date, (negative £286.3 against a budget of negative £401.8). The forecast surplus for the year was now £29,000 against an original budget of £18,000.

Mr Hargrove highlighted some of the more significant variances from the original budget, in particular the increase in exam costs as the full financial effect of the new linear A levels became clearer.

In reply to a question from Mr Deane Mr Hargrove confirmed that the unexpected higher exam costs had been included in next year's budget.

The committee **accepted** the Finance Report for the 9 months to April 2019.

22/19 Accommodation update

The 'Space' currently occupied by Drama, which is being removed from the curriculum this year, will be emptied, cleared and re-carpeted for use as double space tutor room.

Routine painting and re-carpeting will be taking place over the summer holidays.

23/19 Financial strategy 2018-2021

Mr Hargrove highlighted the key financial objectives which are listed in section 2 of the report.

Mr Hargrove explained that by introducing borrowing by taking the Salix loan the College would lose 10 financial health points and is forecasting to go from outstanding to good financial health (240 points is judged as "outstanding", 230 points is "good")

Mr Hargrove explained that it would be possible to use the College's own cash reserves to pay for the LED lighting and retain the outstanding financial grade by not taking the loan but it was more prudent to use the interest free Salix loan for this purpose and retain the College's cash reserves.

The committee **approved** the College's recommendation to consciously move from outstanding to good by taking the Salix loan.

Professor Oglesby expressed concern about the increase of the ratio of staff costs % to income for 2018-2021 to 76% compared to 74.3% to date. Professor Oglesby asked if it was possible to see the increase analysed by staff departments.

Mr Fisher said that funding had effectively remained static since 2013. Additional costs outside the control of the College, for example national wage awards including the increase in the National minimum wage, the apprentice levy and increased employers pension costs, have effectively been absorbed and paid for by the College.

Professor Oglesby suggested it might be a good idea to add a footnote to the Financial Strategy explaining these increased costs during the prolonged period of static funding.

Mr Hargrove explained that the College had previously identified savings of up to £500,000 a year in anticipation of the fall in income due to the demographic dip. These savings could be implemented at any time if necessary. If the funding rate did not increase then significant savings will have to be made in 2020-2021.

The committee **accepted** the Financial Strategy 2018-2021

24/19 Budget Report 2019-2020 and Two year financial forecast 2019-2021

Mr Hargrove explained that the budget for 2019-2020 included some efficiencies in teaching and support staff compared to 2018-2019. The lower running costs due to the electricity savings had also been included.

Maintaining £4.3 million of cash keeps the College in a strong position.

A conscious decision to go from outstanding to good financial health by taking the Salix loan is financially the right decision and adds no real additional gearing risk to the College. The loan repayments are matched/funded by electricity savings.

Mr Hargrove explained that the two year financial forecast 2019-2021 continued the same numbers in the budget report 2019-2020 but was subject to funding settlements and other as yet unknown external factors.

The committee **approved** the Budget Report 2019-2020 and two year financial forecast 2019-2021 and recommended them for approval by the Board.

25/19 Student bursaries and financial support

Mr Hargrove explained that the bursaries aimed to use all the money provided to support students in need. The matrix that had worked well in the past continued to be appropriate for the coming year. A change to the wording, which allowed the College to use more discretion to increase or decrease awards, had been introduced this year.

The Committee **approved** the Student bursaries and financial support for 2019-2020.

26/19 Tuition fees

Mr Hargrove explained that as of next year the College will not receive any external funding for courses for adult learners. All courses are now full cost recovery.

Both adult learners and staff had been questioned and surveyed to help decide which courses should be offered next year. Certification will not be automatically included for language courses, saving on costs.

The Committee **approved** the tuition fees for adult learners for 2019-2020

27/19 Contract renewals and approvals

The Committee considered the AA Projects tender report for the lighting replacement scheme that had been received 24 hours earlier.

The Committee **accepted** AA Projects recommendation to award the contract to K-Two M&E Services subject to the completion of satisfactory financial checks.

The committee also accepted/ratified the previous agreement to sign a 5 year contract (5 year value £280,162) with Capita to provide software support and licencing for the College's central student management systems.

28/19 HR update

Mr Fisher confirmed that all teaching staff were in place for the predicted student numbers next year.

There were a couple of internal appointments to be made but these were in hand.

The Committee **accepted** the HR update.

29/19 Confidentiality

There were no confidential items.

30/19 Date of next meeting

Monday 4th November 2019