Minutes of Finance & Resources Committee

Date: 19th Sept 2023 **Time:** 3.50 pm

Location: In College, S10

Present: Mr R Parke (Chair)
Mr B Jones
Mr A Scott

In attendance: Miss F McIntyre (Clerk)
Mrs S Carter

Apologies: Mr T Grant

1 Welcome and apologies

1.1 Governors welcomed the meeting. Apologies received and accepted from TG.

2 Declarations of interest

2.1 None.

3 Minutes of the last meetings

3.1 Minutes of the previous meeting held on 27th June 2023 were reviewed and agreed as a true and accurate record.

4 Management accounts report.

4.1 *Q: Gas and oil was below budget - was too much allocated or found savings?*
A: Overall with gas, electricity and oil underspent by £6000. It was budgeting as wanted to flood the budget to be prudent.
Q: Curriculum resources, 50% increases with £93,000 over spent. What was reasons behind this?
A: Just over £30,000 of that was T Level so it was fully funded expenditure. The rest was due to the sports academy with offsite hire.
Did put a low budget of £100,000 to control it. Previously it was £130,000 or £140,000 so £100,000 was too low.

4.2 Exceeded student numbers last year so natural there would be some additional expenses.

4.3 A report on the current position of the Itchen Company

4.3.1 It was a tight year and trying to match significant student numbers from previous years.

4.3.2 Also stung by staffing settlement which needed to be mitigated and also the buses. External cost pressures were challenging.

4.3.3 Just over group surplus of just over £50,000.
4.3.4 Nursery finished with £37,000
4.3.5 Company, despite closure days due to strike or additional bank holidays, with £12,000 deficit. Do not run this to make profit and the closure days have a large impact.
4.3.6 Page 3 shows the gaps between budget and expenditures.
4.3.7 Brought in more than £500,000 than anticipated but spent more.
4.3.8 Adult education £266,000 higher income than anticipated. Overall £67,000 above budget.
4.3.9 International £9000 over budget which is positive.

4.4 Curriculum resources
4.4.1 Staffing, IT manager lost and needed to bring in IT consultants to support and also deal with issues surrounding cyber attack.
4.4.2 IT manager and equipment around £54,000 over.

4.5 Comment: Overall from the governor's perspective it looks positive.

4.6 Page 5 capital expenditure shows investments and refurbishments. This includes an upgrade to the CCTV system which has been really helpful.
Q: Is it monitored?
A: Reception has key areas as have 60 cameras. This is on a separate monitor. All are recording and providing good quality. Kept for two weeks. When a vulnerable student went missing during the day was able to track where they went.
4.7 Various estates updates with £83,000 spent and a lot of work over summer in terms of making new offices and making bigger spaces.
4.8 A lot of spend was to bring the site to bring the space up to a good spec and positive for staff.
4.9 LRC on budget and ongoing.
4.10 Post 16 capacity fund with completion of September 2024 but likely to be later. Spent £123,000 with a £60,000 draw down and a £30,000 the month after.
4.11 *Q: Is this the professional fees?*
A: Yes and this is the professional fees. The cash flow assumes what is spent to date is part of the funding and the difference. If end up having to fund this it would affect the cash flow.
4.12 There is £150,000 contingency but want to keep this ring fenced.
4.13 From original plans drawn up by architects so it had to be value engineered back at that stage. They are working with College. Biggest impact will be on staff offices and some of the classrooms were very large.
4.14 Page 7 Cashflow - May and August next year dips lowest to cushion of £800,000. When approaching this time this can be managed with how bills are paid and funding to mitigate and it can be worked with.
4.15 Does not include any in year funding.
4.16 Financial performance indicators give a reasonable picture. Health grade - good using current formula

4.17 New formula is based on cash generation. It is not brought in yet or included in reports. This year would be RI. Not generated the additional cash but mitigated. Only just RI. Not being monitored against this and not being brought in for this year.

4.18 *Q: Where does international work fit in?*
A: The total income against borrowing which makes the dip. Due to ratios of cash, borrowing and liabilities. Brought a lot of income but also a lot of expenditure.

4.19 Looking at 2023/24 still looking at strong goods for both measures.

4.20 Also assuming no in year funding. If this got then it would be very good.

4.21 Page 10, balance sheet
Pre-adjustments for pension deficit liabilities at year end. Net assets reserves of £3.58millions. Pension deficit reduced significantly with a gain of £1.67 million in the year. Against £130,000 of FRS costs. £1.55million which will push reserves to £5 million. Pensions surplus £206,000.

4.22 When December full board, auditor would suggest whilst show a deficit on balance sheet then when it goes to surplus it distorts accounts and it should be capped and a £200,000 back the other way to show a net zero. If it is bad it has to be shown but if good have to make adjustments.

4.23 This year have been notified of additional funding over budget. The teachers' pay in schools has been agreed at 6.5% and this was not affordable. Increase in funding to help with costs over 4%. Budget put in was for 4% and have to assume it will be 6.5%. £240,000 over budget.

4.24 Budgeted salaries at 4% cost and if it goes to 6.5% would be £180,000.

4.24 *Q: Is the 5% agreed?*
A: College staff are getting confused with school teachers from last year. 5% was paid last year and this year 4% was in budget and the additional funding has been received. Pay negotiations due to take place in coming weeks.

4.25 Any in year funding would be a bonus and on top of this as well. The criteria for the last two years would have been 100 over allocation and any over this would be funded fully up to another 100.

4.26 *Q: If admissions end up at 1600, funded for 1378 so 228 unfunded so can College apply*?
A: Yes, Fully funded for 100 and half funded for 28.

4.27 Held on group sizes and resisted opening up additional sets. There will be additional expenses but difficult at this stage to know. It will be tighter.

4.28 Budget should have a higher surplus but did load staffing costs as expected it to increase and did know this was coming. It was a risk as if the students did not come they would have had additional capacity.

4.29 Based of 1378 students then the budget would have been better on the bottom line.

4.30 Exam fees are going to be high in summer.

4.31 Some costs are going to require mitigating and will see variance on several lines. Issue is not guarantee of no in year funding.

4.32 *Q: If funding is not received will it be an issue?*
A: No, it will be mitigated. Operating on not getting funding and absorbing extra costs as they go through.
Q: When will in-year funding be confirmed?
A: Guidance was released in February this year so would likely be simaler.

4.33 Buses

4.33.1 With increase in students have not seen increase in bus numbers as of yet. In the first two or three weeks of terms they do not have to pay for buses but will need to pay from Monday.

4.33.2 Number of bus passes is more or less the same as last year but expecting it to go up as looked at where students are from.

4.34 *Q: Southampton city council is potentially on edge of bankruptcy, is this going to be an issue?*
A: Bankrupt council will not lose adult education services.
Q: Will EB leaving affect the income?
A: Discussed at SLT and have people in interim positions so by January would need to consider whether to replace. Will monitor. May not be as productive in the short term. Could also look at over arching effects of finance and move things around. It will take time as in more distinct areas and it is SLT as whole to bring together.

5 Review enrolments

5.1 Currently at 1600 and expected by the end of October to be 1578.

5.2 *Q: What will the funding number be for next Sept?*
A: 1578 so £1 million more than it is at the moment.
Q: What is your target for next year?
A: Would need to look at demographics and this was a flat year but goes up again for approx four years.

5.3 Would need to build to fit more in so would need to look at the footprint.

5.4 *Q: What is your ambition for the College population?*
A: Got to be careful in terms of what Itchen is and 1650 would struggle to provide the ethos of the College. So if it gets to that position then income would be sufficient to make profit.

5.5 1650 would be manageable for the College and workload for teachers. Teachers have been asked to do more and more and many are now part time due to workloads. The welfare of the staff is important.

5.6 *Q: Has the ethos of the experience led to the high enrollments?*
A: Yes and would need to look closely at number controls. Do not have a closing date and have continued interviews this week. Would consider this in the future if needed.

5.7 Staff work between themselves to be pragmatic and still in a period of turbulence with student numbers.

5.8 Biggest question going forward would be on international students as would need to consider if this needed to be capped. But would not want to cut off the income stream that would need more in three or four years due to number dips.

5.9 *Q: How many international students this year?*
A: 95. 20 for two years. Looking to increase this number and then could decrease the 75.

5.10 Principal is going to China to look to secure more taster work which is not in term time so helps also.

5.11 Last year 406 bus pass students and 398 students currently. Budgeted for 430 students. Have struggled to administer some of the financial support forms. Some students may have turned up for bus pass and decided to come back, expecting to see more bus passes at the end of the week before Monday.

6 AOB

6.1 EB would have come to these meetings - does a separate report need to be presented? Governors felt this was not needed.

7 Impact and review

7.1 Good meeting with good challenge looking at last year's account.
7.2 Looked at the impact of growth of student numbers.
7.3 Monitoring buses and additional income.
7.4 No actions.

8 Date of next meeting – 21st November 2023

Meeting concluded at 1703 and was quorate at all times.