Minutes of Finance & Resources Committee

Date: 23rd April 2024 **Time:** 3.30 pm

Location: In College, S10

Present:	Mr R Parke	Mr A Scott
	Mr T Grant	Mr D Holloway (virtual via Teams)
	Mrs S Carter	Mrs E Barrett
	Mrs R Stratton	Mr B Jones
	Miss F McIntyre	

Apologies: Ms L Court

1 Apologies

1.1 Apologies received and accepted as above.

2 Declarations of interest

2.1 None in addition to those previously declared.

3. Minutes of the last meetings – 30th Jan 2024

3.1 Amendment: 4.7 age to page
Minutes **approved**.

3.2 Matters arising
None

4 Management accounts report, including Itchen Company

4.1 Report distributed to Governors prior to the meeting covers seven months to the end of February. Group surplus of £7000 which is reflective on the pressures which include an increase of 189 students and reduced student tasters.
Other ongoing cost pressures are transport and staff absence.
There has been £25,000 to £28,000 cost for agency staff for the year. Not had this expense for a long time. It is a key staff member having a long term absence.
Q: Do we know what has brought about this?
A: It is three different cases for different reasons. One was disciplinary action and suspension, one pregnancy related and stress related. Two were from one area so had more impact as the ability to cover was removed. The third was a niche area and did not have the expertise to cover this.
Q: How long was a member of staff suspended for?
A: Eight weeks.
Due to the increase in student numbers do not have the spare capacity to cover.

Q: With the increase in student numbers for next year will the staff absence costs increase?
A: Yes it may become the norm while the student numbers remain high. Trying to work in tight parameters and not over staff so when demographics dip do not have too many staff. Do need to consider and budget for this.

4.2 Nursery and community
Continue to provide cash flow

4.3 Health score would be into RI but on cusp so hoping for a good rating and working towards. Considering pressures under is not unreasonable.
Q: If we got a RI what in real terms is the effect?
A: As it is the first time it would be put on a watch list. If it continues year on year it would be a different story.
Looking at other elements does reduce the concern. Numbers on role, cashflow.
Would not be in breach of the covenant. Would need to be in deficit three years in a row.
Q: £7,000 to the end of February, is this likely to get worse or better and what would be drivers for this?
A: That is the forecast based on what is known. It is based on assumptions. Do not know the final exam bill or utilities. Could be higher or lower.
Q: The risk is not on the income but the expense side?
A: This is correct.
Q: What are the areas of risk?
A: Exams and utilities. Very hard to forecast exam fees accurately.
Q: What are the issues?
A: It is complex and modules are all different. Do not know who will be included in exams. The administration of getting this right has outweighed the need.
It is being worked on.
Q: In the absence of having the information how do you estimate?
A: It is simplistic and looks at the exam costs per student every year.

In terms of income there is some adult education which is not included in these accounts. They may not be in June or July.
There is still the possibility of further summer taster income. The figures are based on the worst case scenario.

4.4 Income - page 3
Shows income and variances to original budget.
16-18 increase which includes the in year growth and the staffing costs grant.
£572,000 income over budget
Income still to be identified - 1% is still at risk.

4.5 Expenditure - page 4

Agency staffing - £25,000 over budget
Recoverable income - transport costs. Were hoping to make savings as told that was a possibility but not come through. Have now agreed to pay the bus company for the rest of year weekly and they will give a 1.5% discount.
There are other providers out there and will do a full re-tender agreement next year. Drawing up a SLA agreement so there cannot be any changes for 2024/25 for price or routes.

Q: Wll use Xelabus 2024/25 and then will re-tender?
A: Yes and may end up with a mixture of providers as some are interested in only some of the routes.
Current monthly cost is £30,000 to £50,000 so will be approximately £10,000 weekly.

4.6 Adult education - page 6
Toward the end of February struggling to identify available subcontract activity. Final figure £740,000 against £8 £133 adrift. Since the report had notifications successful in two skills bootcamps which overall is just under £400,000 for both. They are to be delivered April 2024 to Sept 25 and 20% can be taken in this academic year so around £75,000.

Q: What are the costs?
A: Not been finalised but 50% margin. Likely to have a higher margin this year as would be recruiting staff to manage so would have the full cost.

Q:What did we have to do to secure this work?
A: It was a successful bid. Looked at process and areas confident in the areas. There are possibilities to look at other areas.

4.7 International - Page 7
International fees exceeding £27,000. Taster and summer school falling behind. Still looking at £61,000 unidentified. Had more enquiries so going will go well.
Positive is the progress of 2024/25 first draft tentative income of £485,000 and £475,000 identified.

4.8 Nursery
Outturn of £5000 against budget of £8000. March initial figures have gone up but some staff are going on maternity leave. It could be up to £10,000.
There was a closure of a local preschool which brought about increased applications but it has reopened due to uncertainty of the other one hoping it will stay.

Q: Will the new build affect the nursery due to proximity?
A: It should not affect it. They will be coming in from the other end. Worst on construction noise in summer

4.9 Company - page 9
Catering gross profit 23% up year on year. Increased student numbers have helped. Staffing costs

4.10 Community
Tracking at break even. Prudent estimates the moment as do not know what holiday income will look like. The surplus will increase.

Q: Previously, it has been a reverse, the catering has lost and the community was making money. What has caused the switch?
A: Would need to go back and look for more information. There has been different funding for holiday clubs which has changed which would have an impact.

4.11 Capital expenditure- page 10
LRC refurbishment, net new build, door access system and some refurbishment.
New build on the right hand side has the total estimated costs with architect, survey, and professional fees.
Fixed and fittings are not going to be enough but over and above what would be in the annual program. What can be kept out of the huts will be kept and reused.
There is a contingency line.

SSE will need to run a cable and there is a seven month lead time. This has been guaranteed.
If it could not have used the existing substation it would have been £90,000 for new substation but will be around £25,000.

4.12 Cashflow - page 12
Does incorporate the match funding.
Still does look healthy.

4.13 Performance indicators - page 13
Do meet all bank covenants. Deficit would not affect this year. There is some red in terms of not meeting budget or next meeting FE commission benchmarking but understandable with the challenges facing this year with students on role that do not have funding for. Working hard to improve.

4.13.1 *Q: How often do financial benchmarks update?*
A: Every four years. FE benchmarks are if there are major concerns. Not comparing like for like as having more on role.
Q: What is the adjusted current ratio?
A: Current assets less the current liabilities. Included are deferred capital grants and holiday pay.

5 Budget

5.1 Still very fluid as additional costs or staffing needed are added. Variance year to year increase of £1.384 million. Most of which is allocation funding. Funding is based on a higher number of students doing T levels so some may need to be returned.

5.2 Expenditure

A 4% settlement for teaching and support staff is included. Some organisations are only including 3%. Will usually be confirmed November or December time but has been later.

Following discussions and questions regarding agency staff costs will be included.

5.3 College £176,000 operational surplus with a group surplus of £300,000.

5.4 *Q: Recruitment for September, what are cost implications for unfunded students?*

A: It is being taken into consideration. Staffing on the basis of applications.

Q: Will energy bills be higher when the new build is completed?

A: Likely will be offset by the removal of the huts.

6 Impact and Action Review

Reviewed figures.

Challenge - staff cover costs andexam costs

7 AOB

Governors were informed that the boys football team are national champions.