Minutes of Finance & Resources Committee

Date: 30th Jan 2024 **Time:** 3.30 - 5.55 pm

Location: In College, Principal's Office

Present:	Mr R Parke (Chair) Mr T Grant	Mr A Scott Mrs D House
In attendance:	Mrs S Carter Ms M Malcolm (virtually via Tams) Mr B Jones	Miss F McIntyre Mrs B Stratton *[left 1606, 4.11]*
Apologies:	Mr D Holloway	

1 Apologies

1.1 Chair welcomed everyone to the meeting. Apologies were received and accepted as above.

2 Declarations of interest

2.1 None.

3 Minutes of the last meetings – Nov 2023

3.1 Minutes approved as a correct record.

4 Management accounts report

4.1 Management accounts are for the first five months to December 2023. Not a great forecast but was aware of the challenges with the student numbers. The budget was set prior to realising how many students there would be.

4.2 There was an increase of 189 students. Majority will be unfunded for this year. Will receive some growth funding.

4.3 *Q: How much growth funding?*
A: Do not get funding for the first 100. No information yet on the figures. Made assumptions and shown in accounts. Will be February or March.

4.4 Reduced opportunities for adult education sub contract work. What is out there does not fit with what the college can deliver.

4.5 There are ongoing cost pressures of student transport.

4.6 Forecasted outturn as is, would be the RI category. Not unusual since carrying so many students. On the cusp of good so work to do in the next seven months to achieve this. But important to have in mind it is a possibility.

4.7 Income analysis - age 3.

4.7.1 Topline main funding. £660,000 includes the additional grant for staffing settlement and an estimate for in year growth. Been prudent with estimates so hope it will come in higher.

4.7.2 Reduction of income in adult education of £174,000. A lot of activity has a cost associated. So there is a reduction in cost because of reduced activity. Contribution to the bottom line will be around £50/60K under budget. Still hoping more will come through.

4.8 Expenditure

4.8.1 Transport - when putting together the budget they offered savings which have not materialised. Variance of £50,000.

4.8.2 £12,000 on administration which is largely IT support. Been helpful in cementing what was an at risk provision to College. Now in a strong position.

4.8.3 *Q: Did the bus company find any savings?*
A: No. Savings offered were around the table never in writing.

4.9 Staffing cost - page 5

4.9.1 Demonstrates from last year's actual to this year's budgets to where we are now in forecast. Increased around £380,000. Received £180,000 which was due to settlement which was fully funded.

4.9.2 *Q: Additional 2.5% settlement what is this?*
A: Budgeted for 4% and it came in ast 6.5% which was funded.

4.10 Income streams - page 6

4.10.1 Adult education, seen reduced activity in the area despite the work that has happened within the department. Reduced income but reduced costs alongside this. Variance in budget of £66,000. This is the current position and there is seven months to go.

4.10.2 The contracts secured to date and 47% of contracts will be completed by the end of March. Much of the work beyond March has not been made available yet so may be work available. The Multiply contract estimate is prudent.

4.10.3 Will receive availability of what we can bid for in next few weeks of what will be available from April.

4.10.4 Some of the contracts are carried on from last year so need to be realistic of what the next few years may look like.

4.10.5 Considering if reactive and proactive to meet demand and ensuring provision is sustainable moving forwards. Been fortunate over the last couple of years to be able to access pots of money but did know there would be time when not so readily available but do not want to downsize so cannot react quickly to meet demand when available.

4.10.6 *Q: Where are we appointing another assistant principal?*
A: Still in process. Shortlisted four but two withdrew. Decided to not go ahead. Re-advertised with slightly amended job description. There were no applicants from FE whereas last time they were all FE. Hoping to get a more competitive base.

4.10.7 Still looking to get someone in for summer term.

4.10.8 *Q: Is the cost budgeted?*
A: Yes as soon as the decision is made to appoint it is in budget.

4.10.9 Comment: difficult to get the work if it is not there. There is still Hampshire and Southampton and it is interesting to see the government and non government funding. Such as Palladium and Abri. The strategy going forward could be going into non government pools. There seems to be greater risk associated with non government.

Clarifying: Abri and Palladium are government schemes. Palladium is work for refugees. Both funded from central government pots. There for a set amount of time.

Current government is committed to reviewing how adult education is delivered in future. Should be coming through for September. Lots of pots of funding will be amalgamated into a central fund. Should be in a good position for this.

Q: Is there more competition for work?

A: Contacted this time last year by City and RT. City tender was to a training provider. RT cannot subcontract. Not about competition but withdrawal.

The City college group gets £3m in adult funding but will struggle to spend.

To a certain extent the money in the central fund could be advantageous.

4.10.10 Only College doing Multiply main contractor for Hants and Southampton. Other Colleges view it as too peripheral.

[RS left at 1606]

4.11 International - Page 7

4.11.1 £64,000 positive variance to budget as it stands with some caveats.

4.11.2 Have achieved £460,000 against a budget of £450,0000 against fees. The caveat involves summer taster. Budgeted income for taster and summer is £310,000. Guaranteed £55,000. Still a lot of interest which is being firmed up.

4.11.3 Twenty places from Thailand to come in April.

4.11.4 Summer school adverts only just gone live and got some interest.

4.11.5 If it does not come through there are costs associated so the bottom line is not impacted as heavily as may first think.

4.11.6 Adult education supported College previously whereas international is coming up and adult education is going down. Good policy to have both income streams.

4.11.7 The international department was shrunk but not broken up to keep the skills set there. Been able to be reactive to the market. Now need to consider how to do the same with adult education. There is a big staffing demand in the department. Need to be able to react and be proactive to income streams. Help College when in a lag funding situation. Rely on these incomes to sustain.

4.11.8 Next year identified fee income £174,000 for next year which is on par for the same time last year. Have to be careful of our own success as student numbers look high for next year so need to carefully consider how everyone is accommodating without damaging reputation.

4.11.9 Interesting area over the last few years has been the China market. There is a Chinese taster group currently and they promised fifty students and have sent five. The visas and taking currency out of the country are difficult. Reviewing the China market. Have a member of staff out there teaching English to bring students in. Need to review as not getting the expected numbers

4.11.10 *Q: How is that comparable with other Colleges?*

A: Similar situation and more students are going to university. Visas for younger students are more difficult. So not unique to Itchen.

4.11.11 Relationships matter and College has been good at maintaining this. But there is no work coming through.

4.12 Nursery - page 8

4.12.1 Looking reasonably good at the moment. Cumantive to date in deficit due to August salaries when nursery not open.

4.12.2 The total number is increasing from 78 to 90.

4.12.3 Two members of staff going on maternity leave.

4.12.4 Exceeding budget on the forecast but this will reduce by end of the year.

4.13 Company - page 9

4.13.1 Focus on catering which performs well and fulfilling budget operating surplus. It is doing well with the increased number on role and up 28% year on year in terms of gross profit. MItigated by the cost of the staffing settlement. Staffing levels have remained constant. Provision is working very well.

4.14 Capital work - page 10

4.14.1 LRC was finalised at £885,000 with minor furniture to come through. Less than original forecast of £1m. It looks good for that amount of money

4.14.2 New build - £205,000 spent so far on project management fees, planning design fees. Have been able to draw funding of £180,000 towards this.

4.14.3 When the final project cost is known then need to adjust how much is drawn down.

4.14.4 Uncertainty around newbuild and match funding any other major works is on hold.

4.15 Cash flow - page 12

4.15.1 The figures shared with governors in the report does include match funding.

4.15.2 For every week the build gets pushed back into the next year is good as spreads the cost.

4.15.3 Above FE measure and strong position.

4.16 Financial indicator - page 13

4.16.1 Demonstrates the difficult year in terms of challenge of year end surplus, cash down, £885,000 LRC and expecting to pay out funds before end of July for new build.

4.16.2 Health score would be 160
Good would be 180
Do have time to turn this around and identify additional adult education funding or international better, or higher levels of in year growth funding. Difficult year to find cost savings due to number of students on site. Exams costs are fixed and liner to student numbers.

4.16.3 Report is the absolute worst case scenario. A lot of potential. Have seven months to turn it round. Would be more worried if this is the situation in May.
Would still have 100 unfunded students so not a great picture but for positive reasons.

4.17 New build

4.17.1 Planning is imminent and the contractor is getting to figure that is within the budget. By the end of February should be in position to proceed.

5 Initial Discussion on Budget

5.1 Governors were reminded that the first draft of the budget does not have the funding for next year. Toolkits due February and funding allocations in March. It is a starting point
Based on 1567 students. There is one more return point to go through to confirm numbers.

5.2 High needs is £420 to 530,000 based on89 students that should be funded next year. This is lagged also.

5.3 Based on this year's activity. Over the next few months will add more detail.

5.4 Forecast of £750,000 income

5.5 Salaries 2%. Discussion if this is enough. If much higher it would need to be funded. The 2.5% increase for this year was not for one year only but carries on so hopefully be funded. Around March should get an idea.
Increase to 3% would be an additional £80,000 which is acceptable on the bottom line.

5.6 Curriculum resources will need to be increased with the number of students.

5.7 Bus company has given the cost for next year. Increased cost £138,000 for year with reduced service with removing lunchtime bus route.

5.8 *Q: What is the total charge?*
A: £600,000.
Q: How many buses?
A: Seven plus three lunchtime for 36 weeks.

5.9 Majority of routes the increase is 16%. Shortest route which takes 30 mins increased 53%. Overall 27% in total.

5.10 Gone back and asked to start a conversation and had an abrupt answer that was welcome to go out to tender. No other provision.

5.11 *Q: How much revenue is raised?*
A: £390,000 in budget for next year. Would need to increase cost. £240,000 this year.

5.12 There is a bus company in Gosport and this is one of the longer routes. Some of the local routes looking at Bluestar. Looking to reduce reliance on Xelabus.

5.13 *Q: Is there competition?*
A: Not really, Barton Peverill use Bluestar but very expensive.
Q: How many students use the service?
A: Close to 500.
Q: Is there a subsidy?
A: Yes, always been there. Best year £120,000

5.14 £160000 College surplus
£300000 overall group

5.15 Q: What does AoC say about the burden on all their Colleges for transport? Obviously an issue for Barton Peverill and a sector issue.
A: It is a proportion of the sector. Unusual to be a city college and running own transports. Only ten or so other Colleges do. Peter Symonds do not run their own buses.

Barton Peverill do not run their buses, they hand it over to Bluestar.
Not a national issue.
Q: What are other Colleges doing and why cant we do same?
A: Other Colleges have public transport links or students that walk. 1000 students do make their way to College without buses.
Q: If we stopped buses altogether how many students would we lose?
A: More than the £200,000 subsidy. It is a difficult position. Barton and Peter S have natural public transport available.

5.16 Part Of funding is student bursary - majority of students will have it spent on bus pass. At other colleges this is spent on resources.

5.17 Discussion alternatives and what can be done.
The conversation with Bluestar would not be about private buses but if they can adapt their existing routes to allow students to use. Need to be creative in negotiations. Would need to make a payment to vary the route but would not be the same as paying for a route.

5.18 *Q: What other local College use buses?*
A: RT and City do not.
Q: Is there any room to bus share with other Colleges?
A: South Hampshire college group would be best for this. May be able to share some of the burden there.
Q: What do the rural Colleges do?
A: Not sure.

5.19 City council have contacts with Bluestar. Will continue to work creatively and look for other options.

6 AOB

6.1 *Q: Is there any chance of the adult ed work coming back?*
A: RT cannot do it. Another possibility and can ask.

7 Action Review and Impact

Impact - strongly challenged for bus provision
Good discussion around international
Good discussion around adult and community work with challenge
Company and community looking positive

8 **Date of next meeting** - 23rd April 2024