Minutes of Finance & Resources Committee

Date: 24th June 2025 **Time:** 3.30 - 5.00 pm

Location: In College, S10

Present:	Mrs M Harris-Bridge - Chair Mr B Jones Mr A Scott - Principal	Mr R Parke Mr T Grant
In attendance:	Miss F McIntyre - Clerk Mrs E Barrett - Vice Principal	Mrs R Stratton - Deputy Principal Mr D Wade - Vice Principal
Absent:	Miss C Wilson	

1 Welcome and Apologies

MHB is taking over as Chair of the Resources Committee since this will be RP's last meeting.

2 Declarations of interest

There were no declarations of interest made.

3 Minutes of the last meetings

Clarification: 3.2 capital million not thousand.

Matters arising:

- Investing College money – this may be limited by DfE so need to ensure operate within guidelines.
- Snagging for Colmer building - is ongoing. The contractor did not ask for extension of time needed and still ongoing issues with variations that have not been substantiated. Total is now £300,000 variations. Meeting next week between Cliftons and Stepnells.
  There is an agreed invoice from the beginning of April that has not been invoiced by Stepnells.
- 5.1 partial success - covered in report
- *Q: 5.2 not wanting to increase international students, why?*
  A: Difficult to get Homestays but equally balancing space within classrooms and not creating an imbalance between home and international.
  Q: Have you got an optimum plan?
  A: Trying to move from short stay to longer term. Trying to get more A level rather than one term. Longer stay students have more commitment to learning.

Q: Nursery decking - why concrete?
A: Current status: trying to secure a contractor but taking longer. The softer surfaces are very expensive and not as durable. The hard surface is fine and durable.

4 Management accounts report

A surplus of £421,000 has been predicted at the end of year. Adult education has been the driver behind this.
Q: P11, budget year totals across is budget and forecast - what are colours?
A: This is the balance sheet, green in the current year and blue is previous year.

DW is working on a redesign of the report to make it clearer and more concise.

4.1 Company and nursery both have surplus and position has increased since the report and the previous meeting.

Q: Why are nursery fees down £60,000 and grants gone up £70,000?
A: The children get to an age when parents can draw funding. It is difficult to predict numbers with criteria for funding constantly changing. Some households are entitled and some are not. The state income is there but it is different funding. It is better to have non funded children as parents pay more.

Q: Why are funded less?
A: The government sets the rates.

Q: Why are we charging more than the government?
A: It is standard to charge more. Nursery is under funded.

Q: Can we look at optimum balance?
A: Can do but cannot turn down applicants. Government rules are also changing to 9 months for funded places next year; which is positive for parents to go back to work. For many parents it is prohibitive to work without funded places.

Q: Does it have an impact on staffing with ratios?
A: Yes and funding rates are different for different ages. This is factored into staffing.

Q: Marketing budget of £25,000 is this enough?
A: The College has just recruited a new senior marketing officer into the department and bringing a wealth of experience not available to college. Looking at the ways of marketing. A lot of marketing is low cost social media with high impact.
Also work done in schools would come in through staffing costs not the marketing budget.

Q: What about other stakeholders such as employers?
A: We will consider this. Action?

Governor challenged the College to consider if the budget was sufficient.

4.2 Governors were made aware of increasing costs and that water rates have risen 14% since April. £2 to £2.90. There should be saving in oil costs but this will increase gas which is cheaper when the new boiler work is completed.

Governor suggests speaking to the new MP regarding the unsuccessful SIF bid for boiler funding.
AS - he does take interest in College and meet regularly so can raise. Action AS

4.3 Cashflow
DW highlighted the following points regarding cashflow:

- The national insurance grant will be £143,000 which will come in during September.
- Boilers and toilets work have £120,000 in contingency
- Should be back above the £800,000 by mid October. Will not be below £450,000 at any point.
- Facing some challenges over summer but positive improvements in cashflow.

Q: Orange lines take into account the money owed to Stepnells and boilers?
A: Yes.

Q: Do we expect the surplus to remain around £420,000?
A: Majority of income confirmed so yes.

Comment: College should be congratulated on surplus as the year started with small surplus and to increase with the building projects that are being paid for is commendable.

Money marketing fund discussed whereby we can make interest on our bank balance.- as low risk as funds can be. Can be same day fund access. DW to explore and advise at a later meeting. Action DW

5 **Community Engagement and Business Development report**

- Ending the year in a strong financial position. Efforts over the past few months have been focused on securing a pipeline of work for the coming year. The accompanying report outlines both the contracts secured to date and those that remain outstanding.
- It was noted that the recent TA bootcamp bids were unsuccessful. A meeting was held with representatives from Hampshire, who also expressed disappointment with the outcome. While this is frustrating, it was observed that some competing providers who were awarded contracts have underperformed. In contrast, the College has consistently upheld its reputation as a reliable provider of choice for Hampshire and it is anticipated that opportunities may arise again in future cycles.
- A response is still awaited regarding the Solent bootcamps, specifically the potential extension to the Early Years contract. Although the College has not

previously worked with Solent, if successful, the contract is valued at approximately £440,000.

- Hampshire Learners is expected to initiate a procurement process and allocate work through a framework. This has not yet been published. It is possible that two separate projects may be combined into a single tender opportunity.
- The "Connect for Work" contract represents a significant opportunity as a large-scale programme delivered nationally. The College is optimistic about securing funding in the region of £100,000.

Comment: the breadth of the organisation's work is impressive and reflects a strong commitment to both income generation and community support.

5.1 The current budget prudently assumes that no additional income from outstanding bids will be received. This is considered an appropriate and cautious approach; however, it was suggested that some reasonable assumptions regarding potential income could be incorporated where justified.

The income streams secured during the year not only contribute financially but also align with the College's mission to support the wider community. Smaller funding opportunities are being actively considered and pursued where they are deemed to be a good fit for both the College and the community it serves.

5.2 International

Recruitment for the next academic year is progressing well, with full-year student targets already achieved.

There has been success in transitioning from short-term to longer-term student placements, contributing to greater stability. While progress is steady, it is acknowledged that growth in this area is gradual rather than immediate. Demand for international courses remains high.

The College is currently on track to meet targets for both the September and January intakes. There remains capacity to admit additional students in January, and a final decision will be made once September numbers are confirmed and after assessing interest from the Chinese taster market.

AS and EB are scheduled to travel to China in September. Discussions are ongoing with two schools that are interested in A-Level provision: one is a newly established school, and the other previously worked with the College prior to the COVID pandemic. These partnerships follow a model of one year of study in China, followed by two years at Itchen College. In addition to full enrolments, these partnerships also generate income from short-term taster visits.

It was noted that student fees are paid directly by parents/sponsors. The College's recent Ofsted grade is expected to support and enhance international recruitment efforts.

5.3 Nursery

There are funding arrangements changes for the next academic year, with 30-hour funding now available for a nine-month olds

The nursery is expected to generate a surplus of £14,500 for the current year, with a projected surplus of £13,270 for the upcoming year.

Q: Has the nursery reached its full capacity, given limitations?
A: It is likely that the nursery is now operating close to its maximum sustainable capacity. While the surplus can fluctuate between £10,000 and £20,000 annually, further growth is constrained by room size and staff-to-child ratio requirements. However, there is an opportunity to slightly increase numbers by including the covered outdoor space in the calculation of usable square footage.

A governor visit to the nursery was suggested for September or October.

5.4 Company

An additional taster group is expected to visit in July, which will generate further income. This will enable the College to meet its taster income target for the current financial year.
Catering has performed well throughout the year; however, there have been challenges due to long-term staff sickness. As the service cannot operate with reduced staffing levels, temporary cover has been required, incurring additional costs. In addition, a number of significant equipment maintenance expenses have impacted the budget.

Catering is currently reporting a loss of £9,500. Despite this, the Company overall is projecting a surplus of £21,000 for the year.

Q: When does Taster company income go through Company?
A: If it is during the holidays otherwise college. When it is a bespoke provision it goes through the Company.

Q: How is staffing now?
A: All back and problems are unlikely to reoccur. There have been genuine reasons for absence and unfortunately been a lot of it this year.

Sales have increased £29,000 up on previous year.

Q: Is there a subsidy?
A: Not on food. We add a margin on to the cost. Need to be careful as want students to be able to afford it. Also they will go offsite if College is too expensive so a balance.

Q: Has there been a decrease in students going to Tesco or is this unknown?
A: This is unknown, however we will never be able to compete with their buying power.

We have a new sandwich provider from September. Provider coming into the welcome event on Monday to give samples out.

5.5 Sport centre
There is a £4000 outturn forecast
Remains an area that is being looked at. Working with marketing to get classes out to the community. Starting with an art class.

Q: Do we benchmark against Tauntons and should we?
A: Looking at Peter Symonds and what they are doing and whether appropriate for our community.

RS left at 440pm
TG left at 440pm

6 Finalise and Agree the Budget for recommendation to the Governing Body.
Two key points were noted in relation to the financial forecast:

- £143,000 is not included - national insurance. Increase the income and the costs included.
- Allocation for funding is confirmed.

Q: Does the NI funding fully cover the associated cost
A: Not entirely. While it offsets some of the cost, it does not fully cover it.

Without securing additional bootcamp contracts, the projected group surplus for 2025/26 currently stands at £384,000. With the inclusion of NI funding, this figure increases to approximately £520,000, excluding further potential income from Adult Education Budget allocations

Q: Is there any disadvantage to reporting a larger surplus?
A: There is no direct downside. The purpose of generating a surplus is to reinvest in staff development and site improvements. While some planned projects were delayed due to summer cashflow constraints, they will now be reviewed and prioritised. There is a recognised need for investment in IT infrastructure. Importantly, there is no external scrutiny applied to predictive surpluses.

It was confirmed that the surplus is part of a wider strategic plan. Architects have been engaged to support the development of an estates strategy.

Q: Will we get NI funding in subsequent years or is it a one off?
A: It may be reflected in funding rates in the future.

In light of new information, it was recommended that the updated financial forecast be referred to the full Board. It was agreed that the NI funding would now be included in the forecast; however, pipeline work would remain excluded at this stage. **Agreed**.

Pay against percentage of income does look high so will be looked at. **Action DW**

Q: What is enrolment looking like?
A: Looks healthy. Predictor 2100. Likely 1970.

Q: Can we cope with this increase?
A: Yes but tight

Q: Demographic is falling so why is it still increasing?
A: Reputation and work with schools.

Agreed to propose the full board with NI included.

7 Prepare and agree the three-year financial targets.

The financial forecast projects a significant surplus of £855,000 in Year 2, which is expected to reduce to approximately £480,000 in subsequent years. This decline reflects the expectation that while funding levels are likely to remain broadly stable, costs—particularly staffing—will continue to rise.
It was agreed that the next one to two years represent a key opportunity to undertake significant strategic investment, while remaining mindful of potential long-term financial pressures.
Staffing remains the largest cost area. Although student numbers are expected to remain consistent over the next three years, staffing costs are forecast to increase annually. A 4% year-on-year increase has been factored into account for pay and inflation-related pressures.
The curriculum budget has been allowed a 10% uplift to ensure that course delivery standards are maintained and meet expected quality levels.
It was noted that adult education income is likely to be understated in the forecast, with potential for additional revenue depending on future contract outcomes.
The £143,000 in National Insurance funding is still not reflected in the current figures. This will be incorporated into the version presented to the full Board.

It was agreed to recommend the updated financial forecast, with National Insurance funding included, to the full Board for approval.

8 Review Terms of Reference

Capital projects queried but agreed it would be looked at estates brought to finance - agreed.

9 AOB

MHB to meet with DW to discuss finance preparation.

Q: Why is the cash reserve limit set at £800,000?

A: The college would be able to cover outgoings if there was a funding issue. It would cover payroll. It is a rule of thumb not policy. For the next meeting will put something together to consider whether the current level is appropriate. Also considering interest levels.

Payroll £11.6m next year. So £900,000 may be the correct level. **Action DW**

10 Impact and Action Review

10.1 Impact:

Recommending budget - with changes made from challenge

Good amount of challenge for adult ed and income streams.

Challenge on marketing.

10.2 Action:

income and staff income ratio

10.3 Visit:

Nursery visit

11 **Date of next meeting – *TBC at FGB***