

Finance & Operations Committee

Monday 20th June 2022

Minutes

Present: Sugra Alibhai
Peter Green
Lucy Harrison
Adrian Marrocco (Chair)
James Marshall
Ellie Smith
Andrew Tebbutt

1.	Governance
2.	Minutes from Previous Meeting
3.	Matters Arising
4.	Finance Report
5.	Personnel Report
6.	Any Other Business

In Attendance: Ian Hooper
Claire Mugridge
Beth Yap

Minute	Decision /Action	D/A
3.3.1	Treasury policy to be reviewed.	A
3.4.1	Maths school grant to be shown separately within the management accounts, so the total costs for the College are clear.	A
3.4.2	Committee to receive regular updates on the progress of the installation of the fire alarms.	A
4.3	To recommend the reserves policy for approval, subject to this being confirmed with the College auditors.	R
4.3	Reserves policy to be reviewed by the Committee annually.	A
4.4	To recommend the budget, three-year plan and KPIs to the Board for approval.	R
4.4	Financial KPIs to be reviewed in the autumn when benchmarking data becomes available.	A

1. Governance

1.1. Apologies
Jeremy Ruff.

1.2 Declaration of Interest
None.

2. Minutes of the Previous Meeting

The minutes of the meeting of 28th February 2022 were reviewed and approved as an accurate record of the events that took place and would be signed by the

Chair. As no minute was deemed to be confidential, it was agreed that the minutes could be uploaded to the Trust website in their entirety.

3. Matters Arising

3.1 It was noted that the reserves policy would be discussed at this meeting, but the treasury policy was a longer-term project that still needs reviewing. Action

4.1 In relation to the Committee receiving more detail relating to the ICLMS finances, Claire Mugridge explained that this has been included in the budget and, once the maths school becomes a separate entity, this will be separated in the management accounts. However, it was agreed that the maths school grant should be shown separately so the total costs for the College are clear. Action

4.2 **In response to a question from Trustees**, Claire confirmed that some of the fire alarm phase 1 issues have now been resolved but this continues to be a painful process. It was noted that the Trust has not made the retention payment to the phase 1 contractor and is now using the phase 2 contractor to rectify this work. The Committee requested that regular updates on this are received. Action

4. Finance Report

4.1 Management Accounts

Claire Mugridge presented the management accounts until March 2022, highlighting that the projected outturn of £400k is largely due to additional lettings income, as well as savings in training and marketing. However, there has been some increased costs such as extra invigilators and additional BEAT tuition. Overall, the Trust remains in a good position.

In response to a question from Trustees, Claire acknowledged that the ICLMS spend in the management accounts includes accruals to match the income received, it was agreed that it would be clearer to separate out ICLMS costs and income. The accounts will then reflect the income received in advance in respect of these grants and not match the income and costs, it was noted that a large amount of grant income has been received in advance of the costs being spent.

Finally, Claire explained that temporary staff costs have been higher than expected but there have been savings on permanent staff.

4.2 Premises & Capital Works

Claire explained that SLT have had a number of conversations regarding the priorities for the College campus, which include improvements to the car park, lighting and CCTV, as well as security and health & safety upgrades. Other general improvements are also needed, such as placing doors on the cycle shelters to make these more secure.

There are also a number of more exciting projects, such as replacing the furniture in the canteen, hub and conference room. However, it has been difficult to obtain quotes for this, as companies do not always respond.

In response to a question from the Committee, Claire confirmed that the Trust has received a quote to refurbish the toilets but are struggling to find someone who can complete the work this summer. However, there are plans to make this a bigger project and improve a number of toilets on campus during the next academic year.

Regarding IT, Claire reminded the Committee that a budget of £45k was set to replace computers but this did not take place as only the memory was increased. Therefore, some of this remaining budget will be used to improve the canteen tills as well as seeing what departments need, such as additional smartboards and monitors.

Claire explained that she and the Premises Manager have started to conduct a site survey, drafting a 10-year plan to refurbish the College as many of the rooms need redecorating. This work will start in the summer with the art studio and staff room. It was noted that there are also some ambitious long-term plans around new buildings which will need support from Trustees.

Trustees questioned whether any more was known regarding the timelines of the ICLMS build. Peter Green explained that there has been a significant delay as the original contractor revised their quote from £6m to £9m. The DfE are happy to go ahead with a budget of £9m but now must retender the project. It is hoped that the ICLMS can open as planned in 2023 but this may be in temporary accommodation on the Woodhouse site, potentially sharing facilities with the College. Should this be the case, then only 40 students would be recruited in the first year. In addition to this, guaranteed planning permission would also be needed by September 2022. Peter explained that this poses complicated and significant risks to the project and the Steering Group is considering the best way forward in order to mitigate these. It was also noted that ICLMS recruitment has now been put on hold.

4.3 Reserves Policy

Claire explained that the Reserves Policy was agreed when the first set of Trust accounts were approved but the Committee had requested that this be reviewed.

Claire went on to remind the Committee that academising has meant a cultural change for Woodhouse regarding reserves, as previously its financial health was judged as a sixth form college based on the KPIs being met and its level of reserves. However, the ESFA advise that academies should not retain high levels of reserves.

The Committee then considered the draft reserves policy noting that this suggests a minimum £1m of reserves, which is based on two month's payroll costs as well as an amount for emergency capital work, such as an issue with the boiler. **In response to a question from Trustees**,

Claire explained that the ESFA advise holding at least one month's worth of payroll costs and as the Trust is in the process of opening a new school there is an argument to hold slightly more than this, as many of the costs are still unknown.

In response to another question from Trustees, Claire confirmed that funds from reserves would only be used for capital projects and not for general running costs. The Trust would aim to ensure that it has a balanced budget each year. After a long discussion, it was noted that these funds would be available to both institutions and would be approved by Trustees on a case-by-case basis.

Trustees questioned whether these reserves could be impacted by pension costs, but Claire explained that the pension reserves are separate to this and these reserves would not be impacted by an increase in pension contributions.

Claire explained that the Trust plans to spend £200k per year on refurbishment but that the College is also looking at whether it is possible to develop the site further to provide additional studying spaces for students.

The Committee agreed to recommend the reserves policy to the Board for approval but requested that Claire confirm this with the auditors first. It was also agreed that the policy is reviewed by the Committee annually.

Recommendation

Action

4.4 **Budget 2022-23**

Claire reminded the Committee that the Trust is required to produce a budget and three-year plan annually and submit this to the ESFA.

It was noted that the budget projects an operating surplus of £153k in 2022-23, but Claire reminded the Committee that this year's budget project a surplus of £265k compared to the current forecast of £505k. Claire also drew attention to the summary document which includes the assumptions and reminded Trustees that this is a conservative budget.

It was noted that staffing includes an additional member of SLT, as a new Vice Principal is starting in September with Ian Hooper dropping to 3 days a week. In addition to this, music will no longer be provided by BEAT and the College has recruited additional teachers for this provision.

In response to a question from Trustees, Claire explained that there is a potential deficit for the ICLMS but it is hard to project the costs for running the building as well as central services such as HR and finance.

In response to another question from Trustees, Claire explained that academies do not need to include depreciation in their income and expenditure budget as this is charged against the fixed asset reserves. Depreciation has been calculated and will be included in the trust's Budget Forecast Return to the ESFA.

Trustees questioned the Trust's energy contract and Claire confirmed that this is fixed at £125k per year until 2024 and there is no reason to believe this company will not be around by then.

The Committee went on to discuss staff pay increases and it was generally acknowledged that when a large increase is agreed the DfE is likely to fund this in the same way it has in previous years.

The Committee then reviewed the proposed KPI targets:

- Cash days in hand – 60 days
- Overall Trust staff costs as a percentage of overall total income - 80%
- Overall Trust surplus as a percentage of total income – 3%
- Premises cost per student - £372

The Committee recommended the budget, three-year plan and KPIs to the Board for approval. However, it was agreed that the KPIs should be reviewed in the autumn when benchmarking data becomes available.

Action

4.5 Woodhouse Trading Company

The Committee noted that lettings income is at £180k with £8k of costs. The Trust is projecting £214k of income with £25k costs.

5. Personnel Report

Ian Hooper presented the personnel report, highlighting that there has been a slow-down in staff churn since the Committee last met, as it seems many staff had put their plans on hold during the pandemic.

It was noted that a staff survey has been conducted and some changes have been implemented as a result of this. Ian explained that the staff body is even more positive after the Ofsted inspection and brought the College together again, particularly after the disruption of the pandemic. **In response to a question from Trustees**, Ian explained that the main concern amongst staff was around communication from SLT. However, it was noted that the survey was conducted during a particularly difficult week for staff, which included a parent evening and the marking of mock exams.

The Committee was pleased to note that, in the Ofsted staff survey, 97% of staff were proud to work at the College and 94% feel that it is well managed, which is overwhelmingly positive. However, there are still opportunities for improvement, such as developing staff in super-curriculum and streamlining systems around IT.

In response to a question from Trustees, Ian confirmed that he has not received any feedback from staff regarding the changes that have been made as a result of this survey. It was agreed that this would be conducted in the spring term next year.

7. AOB

None.

The meeting concluded at 7:55pm