

Finance & Operations Committee

Monday 24th June 2024

Minutes

Present: Sugra Alibhai
Peter Green
Adrian Marrocco (Chair)
Ellie Peters
Jeremy Ruff
Andrew Tebbutt

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

In Attendance: Beth Holmes
Ian Hooper
David Lee
Claire Mugridge

Minute	Decision /Action	D/A/R
3.3.4	Claire Mugridge to provide benchmarking data relating to financial KPIs once published.	A
4.4	To recommend the 2024-25 budget and three-year plan to the Board for approval.	R
4.5	To agree the KPIs targets for 2024-25: - Cash days should exceed 60 days - Staff costs should not exceed 80% of total income - In Year Surplus should be at least 2% of total income	D
6.	Beth Holmes to include operations on future agendas and add this to the Committee's Terms of Reference.	A

1. Governance

1.1. Apologies

Jose Morago.

1.2 Declaration of Interest

None.

2. Minutes of the Previous Meeting

The minutes of the meeting of 5th February 2024 were reviewed and approved as an accurate record of the events that took place, with minor amendments, and these would be electronically signed by the Chair. As no item was deemed to be confidential, the minutes would be uploaded to the Trust website in their entirety.

3. Matters Arising

- 3.3.4 Claire Mugridge to provide benchmarking data relating to financial KPIs once published.
- 3.4.4 It was agreed that the purchase of the portacabin would be paused until the arrangements for the ICLMS building are finalised.
- 4.2 Claire Mugridge has forwarded the Insignis due diligence to Jose Morago.
- 4.3 Jeremy Ruff has sent details of his contact who may be able to advise the Trust on IT issues.

Action

4. Finance Report

4.1 Management Accounts

Claire Mugridge presented the management accounts as at 31st March 2024, explaining that the Trust currently has a surplus of £556k, against a budgeted surplus of £64k. It was noted that this increase is largely due to additional funding received for staff pay increases, along with additional lettings income and bank interest.

The Trust is now projecting an overall surplus of £934k for the year and the cash position is £5.7m.

It was noted that Woodhouse is forecasting a surplus of £820k, minus £469k to be spent on capital, meaning that £351k will be added to reserves.

In response to a question from Trustees, Claire confirmed that the new gas contract has not made a material financial impact, as the contract was agreed prior to the rise in energy costs.

It was noted that the main risks were around the increase in the Teacher Pension employer contributions resulting in a negative variance of £75k. However, £101k of funding was received towards this.

It was noted that ICLMS is projecting an operating surplus of £114k, compared to the budgeted figure of £42k. Claire explained that this is largely due to expenditure not being as high as expected, due to the small nature of the school.

In response to a question from Trustees, Claire confirmed that whilst Woodhouse had agreed to transfer £50k to support ICLMS in its first year, this had not been required. At August 2023 there was a surplus balance on the project development grant (PDG) of £49k, this amount will be transferred to ICLMS reserves this year.

4.2 Treasury Update

The Committee received an update on the cash balances as of 31st May 2024, noting that the total amount of reserves is £4.97m across all

accounts, with a total of £1.95m being placed with Insignis and a further £500k being added in June.

In response to a question from Trustees, Claire confirmed that larger amounts have been placed with institutions with the highest credit rating. It was acknowledged that there must be clear governance around this, and the Committee agreed that a maximum of £340k should be placed with ‘A’ graded institutions and a maximum of £170k with ‘B’ graded institutions. It was noted that the current amount placed with Emirates NBD (£400k) would be wound down to £340k in line with this policy.

4.3 Premises & Capital Works

The Committee considered the premises and capital works, noting the large amount of work that has already taken place this year including further refurbishment of the toilets, replacement of flood lights and a kitchen electrical upgrade. Additional work will take place over the summer including decorating at the front of the College and replacement of turnstiles. In addition to this, the Trust was also successful in a CIF bid for the upgrade of the fire doors, with initial work and planning commencing in the summer. Trustees were reminded that the Trust will be contributing £69k towards this.

In response to a question from Trustees, Claire confirmed that the Trust is already beginning to consider CIF bids for next year, but this will likely be only one bid, as there is not the internal resource to manage more than this.

Noting that the CIF bid to improve the heating in the College was unsuccessful, **Trustees asked** what the long-term plan for this was. Claire confirmed that this is something that is being appealed by the Trust. However, the proposal submitted included the replacement of pipes and a wider scope of work but, in the meantime, the College could make some temporary improvements.

Trustees expressed some concern around the large surpluses that have been accumulated in recent years and, after some discussion, it was suggested that the Trust considers how it would spend a large surplus to enhance the student experience in future years.

In response to a question from Trustees, Sugra confirmed that the DfE has written to the Trust about its level of reserves, and she had written back explaining that this was due to plans to redevelop the estate. It was agreed that the Premises Working Group should be convened to move these plans forward.

4.4 Budget 2024-25

The Committee received the draft 2024-25 budget, noting that this projects an operating surplus of £276k.

It was noted that the main assumptions include a 4% pay increase, additional staff (the expansion of the Senior Leadership Team, Head of Digital Innovation, Exams Assistant and Student Support Assistant) and increased IT costs. Lettings income has been estimated at £335k and interest income at £100k.

In response to a question from Trustees, it was confirmed that the issue with the Dell servers had not yet been resolved, which is why the Trust is planning to hire servers until Christmas 2024. However, it was noted that the IT spend (£40k) also includes external support.

The Committee received the three-year plan, noting the Trust is projecting deficits of £68k in 2025-26 and £121k in 2026-27. **In response to a question from Trustees**, Claire confirmed that these deficits are as a result of staff costs, including 3% pay increases, and overall cost increases of 4%

In addition to this, ICLMS funding in 2025-26 will move from ‘current funding’ to ‘lagged funding’, in line with the usual ESFA funding model. However, it was noted that ICLMS may receive a grant for exceptional growth, if the school grows by more than 40 students in one year, which would equate to around £85k. It is hoped that ICLMS would end 2026-27 with a surplus of £22k.

The Committee discussed the sensitivities, which included higher pay increases than expected, ICLMS not receiving in-year growth funding and student recruitment being lower than anticipated at either institution. Trustees were informed of the financial impact of these assumptions.

It was noted that the proposed capital budget for ICLMS includes the Nexus IT project (£35k). Woodhouse’s capital budget is £380k and includes furniture for the staff and conference rooms, new flooring across the campus, IT switches and the donation towards the CIF fire door project. **In response to a question from Trustees**, Claire confirmed that this figure could be changed later in the year, once the Premises Working Party has been convened and a long-term strategy agreed.

The Committee was informed of how the Trust charges both schools, with ICLMS being charged a percentage for Trust-wide staff, as well as IT licences and audit costs. **In response to a question from Trustees**, Claire explained that the disparity in the charge for teaching A ‘levels at Woodhouse is due to Woodhouse teaching chemistry for ICLMS this year.

Trustees questioned how the charges are signed off and whether a service-level agreement between the two institutions is needed. However, Sugra explained that this is still being established but it was agreed that this should be formalised and future-proofed once settled. It was suggested that this should be presented to the Finance & Operations

Committee on an annual basis and shared with the internal auditors to confirm that this is not unreasonable.

It was noted that the cash flow projects total reserves of £4.7m at the end of 2027.

It was agreed to recommend the 2024-25 budget and three-year plan to the Board for approval.

4.5 KPIs

It was noted that the KPI ‘staff costs as a percentage of total income’ is 83% in 2026-27, which is the first time that the number has been this high.

The Finance and Operations committee agreed the following KPI targets for 2024-25:

- Cash days should exceed 60 days
- Staff costs should not exceed 80% of total income
- In-year surplus should be at least 2% of total income.

4.6 Trading Company

It was noted that lettings income has been forecast at £335k next year and the Trading Company Board would meet next week to agree the budget.

5. Personnel Report

Ian Hooper presented the personnel report, informing the Committee that the Trust had not had the high number of resignations that it had received this time last year.

Noting the staff survey, **Trustees questioned** why the feedback around effective safeguarding has declined this year. Sugra confirmed that, as the survey is anonymous, further feedback could not be obtained. Staff were given the option to share further feedback directly, but no one decided to take this up. It was confirmed that safeguarding practices are effective across both institutions.

6. Operations

The Chair reminded the Trustees that the Committee is also responsible for operations, and this may need to be made more prominent on the agenda, such as procurement, premises and IT strategies.

It was agreed that large strategic discussions would be brought to the Committee first, prior to being discussed at Board. The Committee also agreed that fundraising and a premises strategy should also be featured on the Finance & Operations agenda. It was agreed that the Clerk would include this as a standing item and add it to the Terms of Reference.

Action

7. **AOB**
None.

The meeting concluded at 6:30pm.