

Finance & Operations Committee

Monday 7th November 2022

Minutes

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

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

In Attendance: Ian Hooper
David Lee
Claire Mugridge
Beth Yap

Minute	Decision /Action	D/A
3.4	Claire Mugridge to present benchmarking data relating to financial KPIs when available.	A
4.3	Jeremy Ruff to liaise with the Trust to identify potential contractors for capital work.	A
4.6	Claire Mugridge to circulate College energy usage figures to the Committee.	A
4.7	Confidential action.	A
6.	To approve David Lee and Alex Christodoulou as Trust signatories.	D

1. Governance

1.1. Apologies

None.

1.2 Declaration of Interest

None.

2. Minutes of the Previous Meeting

The minutes of the meeting of 20th June 2022 were reviewed and approved as an accurate record of the events that took place, with one amendment, and would be electronically 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

- 3.4.1 Claire Mugridge confirmed that the Maths School Grant would now be shown separately within the management accounts.
- 4.3 The Committee continues to receive regular updates on the progress of the installation of the fire alarm.
- 4.4 Claire Mugridge explained that no benchmarking data has been released regarding financial KPIs, but this would be presented to the Committee when available.

Action

4. Finance Report

4.1 Draft Year End Accounts 2021-22

Claire Mugridge presented the draft year end accounts, highlighting that Woodhouse College ended the year with a surplus of £675k and ICLMS £83k, creating a total operating surplus of £758k. The final surplus was significantly higher than the latest forecast for the year which showed a surplus before ICLMS of £480k.

Claire explained the key variances that led to this increase, emphasising that the income received from college lettings was the highest on record at £238k.

Staffing costs remained within budget, despite a significant increase in invigilator costs, as well as additional costs for tutors providing extra tuition, which was funded by the Covid Tuition Grant.

Maintenance and premises costs were under budget, as some contingency was included to deal with emergency works. Claire explained that the College was unable to complete as much capital work as expected, due to companies having long lead times for projects, which is something that needs to be considered when planning work next year. Claire explained that a premises working party would be established to review bigger capital projects to ensure that these do not lose momentum.

The Committee congratulated the leadership team on the management of the finances this year but **requested** that decisions regarding capital expenditure be made earlier, so the Trust does not end the year with a large surplus.

In response to a question from Trustees, Claire explained that the underspend was largely due to a combination of additional income and underspends in expenditure, particularly in premises costs.

An underspend in capital also contributed to the larger surplus, although some capital projects were carried out this year, some projects such as the installation of smart boards or the addition of security gates to the bike shed were completed in September and would be included in next year's accounts.

The Committee questioned whether the Trust should have a target surplus of between 3% and 8% of income but Sugra Alibhai explained

that this could lead to money being spent unnecessarily in order for this target to be achieved.

Following a query from a Trustee, Claire confirmed that the contribution towards capital expenditure is shown as a transfer between reserves. This contribution to capital is included in our income and expenditure budget and is a change of format between academy and college accounting.

In response to a question from Trustees, Claire explained that, as a result of this year's large surplus, Heads of Faculties have been told to speak to the finance team if they require additional funds to improve the overall student experience in their area. Sugra explained that other institutions offer online resources, both inside and outside of the classroom, which is something that the Trust could consider.

Noting that there is the possibility of industrial action, **Trustees questioned** whether some of this surplus could be used towards a one-off cost-of-living payment for staff but were reminded that the Trust is bound to the decision of the SFCA who negotiate nationally on behalf of all sixth form colleges. It was noted that the SFCA are still in discussions regarding pay awards and the sixth form college community should stay united during this time.

The Committee then considered the cash flow and KPIs, noting that these are as expected, with the exception of capital expenditure which was significantly lower than budget. The Committee noted that the Trust remains in a strong position regarding cash flow and there are no concerns regarding going concern.

4.2 Management Accounts 2022-23

Claire Mugridge presented a verbal update on the 2022-23 management accounts, explaining that there had been no significant variances so far and the budget is currently being updated to reflect the staff appointments that were made over the summer.

The Committee was reminded that the budget included a 5% pay increase for staff but this is now anticipated to be higher. Claire explained that each additional percentage equates to around £75k.

Trustees were reminded that the College had strong student recruitment this year, with over 1500 students currently enrolled. **In response to a question from Trustees**, Claire explained that, as the main census day has now passed, the College will receive lagged funding for these students.

4.3 Premises & Capital Works

Claire highlighted the capital work that has taken place over the summer, explaining that the canteen tills were identified as a weakness in the College network and have now been replaced in order to strengthen cyber security.

The work in relation to the fire alarms is ongoing, with the Premises Team conducting a large amount of testing. The contractors are coming to review this work and no further costs are being incurred.

In response to a question from Trustees, Claire explained that little progress has been made on the refurbishment of the toilets due to the difficulty in finding contractors. The Committee requested that consideration is given as to whether this should be made into a larger project with a number of toilets being replaced during the summer holidays. It was also agreed that Jeremy Ruff would work with the Trust to identify potential contractors.

Action

4.4 CIF Proposal

The Committee noted that the guidance for the 2022-23 Condition Improvement Fund has been released, with a clear focus on leaking roofs, fire alarms and gas safety, which, if not addressed, could lead to school closure. Therefore, as the Trust does not have any such issues, a CIF bid would not be submitted this year.

4.5 Trading Company Update

The Committee reviewed the Trading Company accounts for the year, noting that £238k of lettings income was received and costs were lower than usual due to the annual pitch maintenance taking place during the October half term of 2022-23, rather than during the summer holidays.

In response to a question from Trustees, Claire explained that these costs could not be accrued in last year's accounts, as the work did not take place before 31st August 2022.

It was noted that £200k of bookings have already been secured for 2022-23. The Lettings Manager has conducted an analysis of lettings costs in the area and the College's prices have been increased in line with these. **In response to a question from Trustees,** Claire explained that the salaries related to lettings are taken into account when calculating the overall lettings contribution.

In response to another question from Trustees, Claire explained that the Trust continues to hold a separate 'sinking fund' for the 3G pitch and contributes £25k per year to this. Claire explained that this is a 10-year sinking fund and the Trust is currently in year 7.

4.6 Energy Costs

The Committee considered a paper outlining the Trust's energy costs, noting that the current provider has issued a letter notifying of a modest increase as the Trust was in a fixed term contract. Trustees expressed their gratitude to Carol Kirkland for committing to a 5-year energy contract.

Noting that other schools are facing increases of 200% to 300% as a result of energy costs, **Trustees questioned** whether the Trust could accrue for these costs. Claire explained that the academy accounting rules do not allow for this and the Trust will have to budget for an

increase and reduce its surplus when the fixed term expires. It was noted that the government's energy price cap will not apply to the Trust.

In response to a question from Trustees, Claire explained that the College has invested in a number of energy-saving initiatives but is unable to collect any meaningful benchmarking data from other institutions, given the potential differences in site and size. It was agreed that Claire would circulate information relating to the College's usage figures to the Committee.

Action

4.7 Treasury Policy

Claire presented the draft Treasury Policy, reminding the Committee that, as interest rates are now increasing, it is now time to give this serious consideration.

The Committee discussed the draft Treasury Policy, noting that Woodhouse's pre-academisation policy had been amended to comply with the Academy Trust Handbook.

The Committee also reviewed the proposed Treasury Strategy, noting that the Trust currently has £2m of cash, or 3 months of payroll costs, in an instant access reserves account and proposed to invest surplus funds in longer term notice accounts to achieve better interest income.

Confidential minute.

5. Personnel Report

The Committee considered the personnel report, noting in particular the likelihood of industrial action taking place this term.

Trustees noted that, since the pandemic, there has been an increase in the number of staff requesting to work part time and Ian Hooper explained that the College seeks to accommodate this where possible in order to retain strong staff. **In response to a question from Trustees,** Ian explained that there are challenges in managing this, such as ensuring that all staff have access to training and communications, but highlighted that some of the College's strongest departments have the highest number of part time staff so this trend does not appear to be impacting performance.

In response to a question from Trustees, Sugra Alibhai explained that the College has taken a cautious approach to increasing staff numbers, such as recruiting an additional interim accountant, and should continue to grow organically rather than using the surplus to accelerate growth. The Committee agreed that the surplus should be used to improve the estate and overall student experience, but specialist expertise could be instructed to lead on individual projects.

Confidential minute.

6. AOB

The Committee approved David Lee and Alex Christodoulou as Trust signatories.

Decision

The meeting concluded at 7:45pm