

## Finance & Operations Committee

### Via Microsoft Teams

**Monday 15<sup>th</sup> June 2020**

### Minutes

**Present:**

**Governors:**

Aisha Adesanya  
Delia Goldring  
Peter Green  
Adrian Marrocco (Chair)  
James Marshall  
John Rubinstein

**In Attendance:**

Ian Hooper  
Carol Kirkland  
Claire Mugridge  
Beth Yap

1.	Governance
2.	Minutes of the Previous Meeting
3.	Matters Arising
4.	Finance Report
5.	Woodhouse Trading Company
6.	Risk Management
7.	Personnel Report
8.	Premises Report
9.	Marketing Report / Fundraising
10.	AOB
11.	Dates of Next Meetings

Minute	Action, Decision or Recommendation	A/D/R
4.1	To recommend the management accounts for the first nine months of the financial year to the Board for approval.	R
4.3	To recommend the 2020/21 budget to the Board for approval.	R
4.4	To approve the following KPIs for 20-21: <ul style="list-style-type: none"> <li>To hold a minimum of 90 days cash</li> <li>Payroll/ total income not to exceed 75%</li> <li>Capex (net of capital grants) should not exceed 80% EBITDA (using 3-year average)</li> </ul> EDITDA as a % of Income: 4% (Financial Status will be Outstanding).	A
4.5	To agree that Claire Mugridge and Heidi Dixon become bank signatories.	A
6.	John Rubinstein to write to all potential students and ask that, if they have decided not to attend Woodhouse, to let the College know.	A
8.1	To include further information, such as provisional costings, to the medium and long-term projects in the accommodation plan.	A
10	Governors to email the Clerk with any suggestions of how they would like data presented at future meetings.	A

**1. Governance**

**1.1 Apologies for Absence**

Lucy Harrison.

**1.2 Declaration of Interest**

None.

## 2. Minutes of the Previous Meeting

2.1 The minutes of the meeting of 9<sup>th</sup> March 2020 were approved and would be signed by the Chair.

2.2 As item 7 was deemed to be confidential, this would be removed prior to the minutes being uploaded to the College website.

## 3. Matters Arising

4.1 At its next meeting, the Quality & Standards Committee to obtain feedback from students with additional needs regarding their experience at the College.

4.4 Claire Mugridge confirmed that, as requested by the Committee at its last meeting, she has looked into whether the College would need a reserves policy on becoming an academy. Claire explained that, rather than drafting a separate reserves policy, a note would be included in the end of year accounts outlining cash reserves and retained income.

## 4. Finance Report

### 4.1 Management Accounts

Claire Mugridge presented the management accounts for the first nine months of the financial year and reminded the Committee that, due to Covid-19, there has been a large amount of change since the last meeting.

Claire informed the Committee that all lettings have been cancelled, which means a loss of around £100k of income. Claire went on to explain that there are additional losses due to staff holiday accruals and the cancellation of trips, which amount to a further £50k.

However, **in a response to a question from governors**, Claire explained that the holiday accrual is not an actual loss; it is an accounting entry and will be balanced by a credit in next year's accounts. The amount is the result of the College changing its annual leave start date from 1<sup>st</sup> April to 1<sup>st</sup> August combined with the impact of Covid and the consequent delayed leave of many staff.

Claire confirmed that the College is anticipating some savings following Covid-19, such as utility costs, but the figures for these are not yet known.

**Governors questioned** whether a saving would be made on catering due to the College being closed. Carol Kirkland explained that the College must pay a fixed amount for every day that it is closed. However, as Caterlink have furloughed their staff, 80% of this is being credited back to the College, which means the impact is less than it might have been.

**In response to a question from governors,** Claire explained that the College was expecting to make a small saving on pension costs but, due to auto-enrolment, 3 members of staff have re-joined the scheme. Claire reminded the Committee that the staff pay award has now been agreed and will be paid in the June payroll.

Claire explained that the projected EBITDA is currently £110k, which is £96k less than budget and £69k less than the projected position in January.

Claire then drew attention to the cashflow forecast, explaining that the College is slightly down on cash compared to the forecast for this year. Claire explained that the College was hoping to receive a refund for exam costs but this is unlikely to happen. However, it may be that there will be no costs incurred for any exams that are taken in the autumn term.

Claire then drew attention to the planned capital works, explaining that, as it has been left for another year, the cost of the hall floor repairs has increased: the College is getting additional quotes from other companies before proceeding with this. Claire also informed the Committee that the work on the emergency lighting is not being carried out this year (£3k).

The Committee noted the 3-year rolling average KPI (capital as a percentage of EBITDA) and agreed that this figure should be used when proposing capital works.

Therefore, the Committee agreed to recommend the management accounts for the first nine months of the financial year to the Board for approval.

Recommendation

#### **4.2 KPIs**

Capital expenditure as a percentage of EBITDA is currently 47%. However, this is expected to be 179% (against a target of 80%), due to the reduction in the expected EBITDA. Claire assured the Committee that there has been no change to the capital expenditure that was approved at the last meeting.

#### **4.3 Budget 2020-21**

Claire presented the 2020-21 budget, explaining that funding rates have increased significantly this year with the College receiving an additional £900k. Claire informed the Committee that the Teachers' Pension Grant has been confirmed until March 2021 and it is assumed that this will continue until 2022.

Claire explained that the College must be mindful of the costs associated with Covid-19, particularly those around lettings, as there is much uncertainty around when these will recommence. Claire explained that lettings income has been assumed to be £150k in 2020/21 and £200k in 2021/22. Claire also informed the Committee that the student bursary has reduced.

The Committee noted that, even with an increase of £900k, this is still a tight budget. The Committee requested that the pension adjustment remains the same as last year (£153k).

Claire confirmed that the savings from being able to reclaim VAT has not been included in the budget, nor any other streams of funding for academies, and this would be reviewed at the point of academisation.

The Committee considered the sensitivity analysis, which included increased pay awards, lettings income being zero, the withdrawal of the Teachers' Pension Grant and a reduction in student enrolments. The Committee noted that none of these factors would reduce the College's financial health status to less than good.

The Committee then reviewed the cashflow forecast for the next two years, noting an overall small reduction in cash balances but agreeing that the College remains in a strong position.

The Committee then discussed the capital budget. Claire explained that the College is considering moving from desktops to laptops for teaching staff, which allows work to be undertaken from home. The College is planning to trial this with around 10 teachers.

**In response to a question from governors**, Claire confirmed that the College is planning to install video conferencing software in the conference room.

The Committee then discussed the 'student house', a long-term project for the Caretaker's Cottage that would provide a central location for student services. This would also free up a number of classrooms in the main building. The Committee agreed that the College should begin to draft a costed plan for this project.

The Committee requested that the capital budget is updated regularly when costs and information is known.

Therefore, the Committee agreed to recommend the 2020/21 budget to the Board for approval.

Recommendation

#### 4.4 KPIs 21-22

The Committee reviewed and approved the following KPIs for 20-21:

- To hold a minimum of 90 days cash
- Payroll/ total income not to exceed 75%
- Capex (net of capital grants) should not exceed 80% EBITDA (using 3-year average)
- EDITDA as a % of Income: 4% (Financial Status will be Outstanding).

Decision

#### 4.5 Bank Signatories

Noting the retirement of Carol Kirkland, the Committee was informed that Claire Mugridge would become the Assistant Principal of Finance. Therefore, it was agreed that Claire Mugridge and Heidi Dixon, MIS

Decision

Manager, would become bank signatories. In response to a question from governors, Claire explained that two signatories are required for payments over £100.

## 5. **Woodhouse Trading Company**

Claire Mugridge informed the Committee that the Board of the Woodhouse Trading Company met last week. Claire explained that the outstanding debtors list has been reduced from £5k to £4k. Claire reminded the Committee that, as many of these are sports coaches who have not been able to earn any income during the lockdown, the College has taken the decision not to chase hard for payments present.

## 6. **Risk Management**

John Rubinstein presented the risk management plan, explaining that staff recruitment has continued during lockdown and the College has recruited 11 new members of staff.

John explained that, despite the lockdown being a tough time for staff, communication has been good and there does not seem to be a loss of morale.

John then drew attention to the separate Covid-19 risk assessment.

The Committee noted that there has been no deaths of College students or staff and the priority is to manage the pandemic effectively from September.

John explained that the lockdown has heightened the risk of safeguarding and emotional stress, which is being closely monitored by the pastoral team. The Committee noted that there has been an increase in the number of student referrals to external organisations.

John informed the Committee that the biggest risk as a result of Covid-19 is the potential impact to September's enrolment. John explained that many students may feel that their education has already had too much disruption due to the lockdown and choose to stay at their current school for sixth form. John reminded the Committee that any reduction in student numbers would financially impact the College the following year.

**In response to a question from governors,** John confirmed that the College has written to all students who have received an offer as well as those on the waiting list. The College has also shared some work to be completed during the summer and this has been downloaded over 13,000 times, which shows a considerable amount of engagement. John also confirmed that the Admissions Officer has seen no difference in the level of communication from potential students that would usually be received at this time.

It was agreed that John should write to all potential students and ask that, if they have decided not to attend Woodhouse, to let the College know.

Action

## 7. **Personnel Report**

Ian Hooper presented the personnel report, reminding the Committee that, due to the lockdown, all newly appointed staff were recruited without seeing or even visiting the College. Ian explained that this accounts for around 10% of College staff and is something that would have to be managed in September.

## **8. Premises Report**

### **8.1 Accommodation Strategy**

The Committee considered the College's accommodation strategy, noting that this has been amended to reflect the changes to the campus over the last year. The Chair of Governors requested that further information, such as provisional costings to the medium and long-term projects are included in the plan.

Action

### **8.2 CIF Update**

Carol Kirkland confirmed that the College is yet to hear whether it has been successful in its CIF bid.

### **8.3 Premises Update**

Carol Kirkland informed the Committee that the main gate has come off of its hinge but is due to be fixed this week.

The Committee was also informed that there had been a large leak in the main building, which flooded a number of rooms and caused a considerable amount of damage. Carol explained that the College is currently waiting for an estimate from the loss adjusters to submit to the insurance company.

In response to a question from governors, Carol confirmed that the leak was caused by a split in the water cooler which happened over the weekend. Carol reminded the Committee that, as all lets have been cancelled, the College was empty over the weekend meaning that the leak was not noticed until Monday.

**In response to a follow-up question from governors,** Claire confirmed that the insurance premium for next year has already been confirmed. Claire added that the insurance company is eager for the College to sign a 5-year contract, but the College will not do this due to the planned academisation in January 2021.

### **8.4 Tendering Update**

No update.

The Committee noted that this was the last meeting of Carol Kirkland, thanking her for her hard work at the College and wishing her a happy retirement.

## **9. Marketing Report & Fundraising Update**

The Committee considered the marketing report and had no questions.

## **10. AOB**

The Committee was asked to email the Clerk with any suggestions of how they would like data presented at future meetings.

Action

**11. Dates of Next Meetings**

6<sup>th</sup> July 2020

BOARD

Meeting closed at 8:00pm.