

Finance & Operations Committee

Monday 26th September 2016

Minutes

Present:

Governors:

Delia Goldring
Fenton Higgins (Chair)
Peter Murphy
Ian Phillips
John Rubinstein

In Attendance:

Funmi Esoula
Peter Green
Ian Hooper
Carol Kirkland
Beth Yap

1.	Governance
2.	Minutes of the Previous Meeting
3.	Matters Arising
4.	Financial Report
5.	Personnel Report
6.	Premises Report
7.	Marketing Report
8.	Risk Management
9.	AOB
10.	Dates of Next Meetings

Minute	Decision or Recommendation	D/R
1.3	<i>To recommend to the Board that Fenton Higgins be appointed as Chair of the Finance & Operations Committee.</i>	R
1.4	<i>To approve the Terms of Reference of the Finance & Operations Committee, with one minor amendment.</i>	D
4.1	<i>To recommend to the Board that the year-end accounts 2015-16 be approved, subject to audit.</i>	R
4.3	<i>To agree the College's financial objectives:</i> <ul style="list-style-type: none"> • <i>To hold a minimum of 90 days cash-in-hand.</i> • <i>Payroll/total income percentage should not exceed 73%.</i> • <i>EBITDA should be 120% of Capex.</i> 	D
7.0	<i>To appoint Hutt & Co. to undertake a feasibility study for the College, subject to suitable references.</i>	D

1. Governance

1.1 Apologies for Absence

Clive Hazlehurst.

1.2 Declaration of Interest

None.

1.3 Terms of Reference

As a matter of good practice, all committees review their Terms of Reference at the first meeting of the academic year.

After being reviewed, the Terms of Reference of the Finance &

Operations Committee were approved with one minor amendment.

1.4 Meeting Times

It was agreed that Finance & Operations Committee meetings would continue to start at 6:00pm.

2. Minutes of the Previous Meeting

2.1 The minutes of the meeting of 27th June 2016 were approved and signed.

2.2 As part of minutes 4.2, 6.1 and 7.0 was deemed to be confidential, it would be removed prior to the minutes being uploaded to the College website.

BY to upload to web

3. Matters Arising

4.1 Regarding pension liability, the Committee questioned whether the College had received the latest report from the actuaries. Funmi Esoula explained that this was expected during the summer break but will not be received until November 2016. The Committee was unhappy with such a delay and asked for pressure to be applied to speed up this process. The Committee agreed that increasing pensions liability is a serious concern for the College and requested that it is added to the agenda of the next meeting. Carol Kirkland explained that the College is considering conducting a valuation of the campus, as one has not be carried out for over ten years, to offset these additional costs. However, as there have been a number of new buildings erected in the last few years this would increase depreciation. The Committee was reminded that this is a situation being faced by all colleges.

Pension liability to be added to next agenda.

4.2 John Rubinstein informed the Committee that the College is currently at 1390 students, which may drop down to 1380 by the 'census' date. Overall this is an increase of 60 from last year and the College is confident that this can be maintained with the current number of staff.

4.2 The College has contacted Barnet and Southgate College regarding payroll but has received no response. The Committee requested that the Principal chase this up. The governors discussed the on-going issues with the College's payroll provider, Capita, and discussed the option of bringing payroll back in house. The College Accountant confirmed that she would be happy to do this as staff are currently spending a large amount of time chasing Capita. The Committee requested that the Senior Leadership Team consider bringing this provision in-house and confirm the notice period for Capita.

JR to chase Barnet and Southgate College.

4.4 John to contact Principal at St Francis Xavier regarding setting up a trading subsidiary.

SLT to investigate bringing payroll in-house and review Capita notice period. JR to contact St Francis Xavier.

6.3 The Committee discussed the importance of an accommodation strategy and the need for this to link in with the curriculum. The Principal explained that the College is facing the biggest change in curriculum since the year 2000 and would not be in a position to write the strategy at this time. Therefore, it was agreed that an accommodation strategy would be prepared in the new year and presented to the Strategy Working Group in February 2017.

JR to produce accommodation strategy for SWP February 2017.

4. Finance Report

4.1 Year-End Accounts 2015-16

Funmi Esoula presented the Committee with the 2015-16 year-end accounts.

Governors questioned whether the College would be depreciating the new 3G pitch. Funmi explained that the pitch would be depreciated over 10 years via a sinking fund as required by the Football Foundation. Hence the depreciation of the pitch is shown as a separate line on the management accounts. John Rubinstein informed the Committee that the old sand-based pitch had been depreciated over 50 years and had another 27 years left when the 3G pitch replaced it. Therefore the remaining book value (un-depreciated cost) of £173k has had to be written off in the management accounts.

There was some discussion on the accounting treatment of the grant received from the Football Foundation. Fenton Higgins and Funmi agreed to research this position and revert to the Committee with recommendations.

FE/FH to investigate treatment of Football foundation grant.

The Committee noted an operating surplus of £210k, against a projected surplus of £115k. John Rubinstein informed the Committee that this is 2.99% of the College's annual turnover and he noted the EFA's benchmark for financial viability is 3-5%.

The Committee questioned the negative variance of £27k for HR/audit. Funmi explained that this is due to timing as the audit is a one-off cost.

Governors discussed the percentage of staff costs, given the benchmarks set out in the area reviews. The Principal confirmed that 72% is in line with other colleges of a similar size, such as St Dominic's. This is likely to decrease in the future. The Committee confirmed that they were satisfied with this and agreed that the priority should be the student experience.

The Committee agreed to recommend to the Board that the year-end accounts for 2015-16 be approved, subject to audit.

4.2 Management Accounts

As the College is only in month two of the new financial year, Funmi Esoula gave a verbal report on the management accounts, informing the Committee that there have been no major variances so far. John reminded that as the College is operating on a zero budget, staff are having to be conservative with expenditure.

4.3 Financial Objectives

The Committee discussed the College's financial objectives, reviewing the year-end accounts for the past three years and the sector averages.

Therefore the following objectives were agreed:

- To hold a minimum of 90 days cash in hand.
- Payroll/total income percentage should not exceed 73%.
- EBITDA should be 120% of Capex.

5. Personnel Report

Ian Hooper updated the Committee on the Personnel Report, explaining that the nine new staff have settled in well and have undertaken safeguarding training. One teacher commented that it was the best safeguarding training she has ever received.

Ian went on to explain that the major change in the College has been the restructuring of middle leadership. The aim is for this to impact achievement and attendance in the long term.

6. Premises Report

6.1 Reception Area

The Committee congratulated the College on its new reception and thanked Carol Kirkland and the premises working party for all the hard work that went into the project.

The Committee reviewed the costings for this project noting additional work due to damp in the copier room and replacing fire alarms and cables. However, this came in at just under £195k against a budget of £200k. The Committee noted that the only outstanding elements are the wall art and signage but this should not take the project over budget. It was agreed that student art should be displayed in the reception area and regularly changed.

The Committee reviewed the new reception area in terms of disabled access for visitors and students. Staff explained that in the event of a fire the turnstiles would not be used. The College has also ensured that routes to fire exits are clearly displayed and regular fire drills are conducted throughout the year. The Audit Committee has also commissioned an independent audit of fire safety within the College, which would include disabled access.

The Committee discussed the procurement process. Governors were satisfied that tendering processes were followed and value for money was obtained, thus meeting the requirements of the financial regulations.

6.2 Confidential Item

6.3 Other Premises Updates

Carol Kirkland updated the Committee on the campus development plan, drawing attention to the special projects that were completed in the last academic year, such as the 3G pitch and new reception project.

Carol informed the Committee of the plans to replace the floor in the sports hall. This will have to take place during the Easter break, so as to

cause the least disruption to the College, and will cost around £14k plus the loss of lettings.

Governors agreed that the campus development plan is a useful document and should continue to be presented to the Finance & Operations Committee.

7. Marketing the College

Peter Murphy informed the Committee that the current priority for marketing is preparing for the College open days.

Noting the report, governors questioned what was meant by *A2 results received 'reasonable' coverage in the local newspapers*. Peter explained that there was coverage in the local papers, and that these mentioned Woodhouse by name in the article but not in the headlines. However, there was a big social media presence on results day and the College regularly uses Facebook, Instagram and Snapchat to publicise its successes, with significantly larger followings than most other schools and colleges.

The governors discussed the recent meetings with professional fundraisers, both of whom had good experience of working in the education sector. However, there is a large expense for conducting a feasibility study ranging from £7k to £40k.

Therefore the Committee agreed to appoint Hutt and Co, subject to suitable references, and authorise a feasibility study of no more than £7.5k (plus VAT).

As a result of this decision, the Committee agreed that the College should aim to have the position of Business Development Manager in place at the start of the next academic year and would ideally be funded from the money raised.

The governors requested that future marketing reports include the work being carried out to promote lettings.

JR/DG to obtain reference for Hutt & Co.

PM to include in next report.

8. Risk Management

The Committee reviewed the risks for which it had responsibility and was satisfied with the explanations given. In particular, the Committee noted the additional risk of *electricity demand exceeding capacity*.

This is due to the College experiencing a complete outage of power for around an hour due to the College exceeding its maximum power limit. As a short-term solution, Carol Kirkland is looking into ways of reducing power within the College, such as LED lights. The Committee was informed that the long-term solution would be to purchase an additional power source. However this is likely to cost in excess of £200k and could take up to 18 months to complete. Carol went on to explain that she will be monitoring usage during an average week in the College and obtaining an electrical engineer survey report.

9. AOB

The Committee reviewed the EFA financial dashboard.

10. Dates of Next Meetings

31 st October 2016	BOARD
28 th November 2016	Finance & Operations Committee
12 th December 2016	BOARD
9 th January 2017	Annual Strategy & Training Event
16 th January 2017	Finance & Operations Committee*
6 th March 2017	Finance & Operations Committee
20 th March 2017	BOARD
24 th April 2017	Finance & Operations Committee*
26 th June 2017	Finance & Operations Committee
10 th July 2017	BOARD

The meeting concluded at 8:52pm