



Mission Statement: *Inspiring learning, developing character, building futures*

**MINUTES OF THE MEETING OF
THE ADMINISTRATION & FINANCE COMMITTEE**

Date: Monday 24th June 2019
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 5.00-6.20pm

Present: Ms D Taaffe (Chair)
 Ms J Gray (Principal)
 Mr S Rimmel

Together with: Ms L Gates (Head of Finance)
 Mr A Lloyd (Vice-Principal Information Systems and Resources)
 Ms A Crumblehulme (Head of HR)
 Mrs S Hawitt (Governance Administrator-FCAT)

Apologies: Mr R Hill, Mr A Burr and Ms A Hall

		Action
16.2019	<p>Preliminaries The Chair welcomed everyone to the meeting. Apologies were noted</p>	
17.2019	<p>Declarations of Interest There were no declarations of interest</p>	
18.2019	<p>Consideration of any items of urgent business. There were no items of urgent business to discuss</p>	
19.2019	<p>Minutes of the meeting held on 4th March 2019 The minutes of the meeting held on 4th March 2019 were approved</p>	
20.2019	<p>Matters arising from the minutes not covered elsewhere on the agenda</p> <p>a) Accountability issues for insolvency of colleges- (item 07.2019 from the previous minutes)) confirmation the up to date paper (7.1) including a statement about students had been distributed to all Directors via Google Drive>A&F>19.03.04</p> <p>b) General Data Protection Regulations- item 08.2019 from the previous minutes) the Principal agreed to look into the procedure for using removable disks within the college IT department. It was noted that removable disks are not used within the college and the IT department had been instructed to ensure all pen drives are encrypted. (Action to follow up)</p> <p>c) GDPR Plan-(item 6 from the previous Audit minutes) agree how often Directors want to see the plan (Action). The Principal informed Directors that A&F committee have requested the GDPR action plan twice per year</p>	SLT

21.2019 Directors Financial Report

Directors received and considered the management accounts for the period ending 30th April 2019 (paper 7.1) presented by the Head of Finance. She highlighted the following from the report; staff costs as a % of income to date are 71.97%, however a staff pay award is not included in these accounts, which was paid to all staff in May. It was noted that, despite the nationally negotiated staff pay increase, the college still remains ½ percentage behind schools, which also receive additional government funding for this, despite trying to maintain similar pay.

It was noted that the college is on track to achieve Good Financial Health rating.

Questions from Directors

Directors noted that the deficit to date is lower than budgeted, and is also expected to be lower than budgeted by the end of the year. Asked about the £151k 'overspend' budget on the bursary fund, it was noted that the success of the Lytham and Freckleton buses had resulted in an increase in the college funded travel support, however it was highlighted that these areas are where the college needed to attract additional students. This is not an overspend, it is an approved top up to the bursary and the college funded travel support which is part of the approved budget for the year. In addition, as part of a new strategy Lower 6 students have been participating in a six day week since the Autumn term which has also increased costs to travel. Directors were informed that any variable in the bursary and transport scheme is normally topped up from college funds.

It was noted that the Access Fund to date had not required the level of funding seen in previous years and that 3-4 months of funding from Free School Meals (FSM) is still to be received which could result in small savings.

Directors were also informed that the Bursary Fund is the most difficult to budget because college do not know the individual needs of the new cohort of students, it can also fluctuate throughout the year depending on FSM spend. In response to a question about the amount of top up required it was noted that it would be in the region of £150k, it was noted that many colleges do not top up the bursary fund however Blackpool Sixth want to replicate the previous Education Maintenance Allowance (EMA) for every student if possible.

Directors asked if the Financial Health calculation can be expanded upon into component parts and asked if they can receive a monthly breakdown of the budget in future. This request will be considered.

LG

22.2019 Draft Budget

Directors received and considered the draft version of the budget and five year plan for 2019-20 (paper 8.1 and 8.2) presented by the Head of Finance. She highlighted that despite an increase in funding from the ESFA for 2019-20 the continued pressure of increasing staff costs has meant that the college faces a deficit budget for a second year.

Questions from Directors

In response to a question about the deficit budget the Head of Finance gave some background information into the decision made by the Board of Directors at its meeting on 4th July 2017 for the approval of expenditure of £750K from reserves over the next 4 years to support the continuation of recruitment strategies through the period of demographic decline.

It was noted that over the period of the five-year plan it would be likely there would be many unknown and unforeseen influences and therefore the maximum figure may need to be reviewed in light of circumstances. It was noted that teacher pension contribution rates had increased quite considerably with the additional cost to college for 2019/20 estimated at £239.049, although this is funded by the government for 2019/20 only.

Without government confirmation of additional funding beyond 2019/20, it is not possible to forecast a situation where the college does not exceed the £750K agreed by the governing body. A request was put forward for this figure to be increased to see the college through the next couple of years if required. The college is hopeful that over the next six months clear guidance from the government will allow forecasts to be updated showing an increase in income. It was noted that the college remain hopeful that the government will 'raise the rate' per student and continue to fund the teacher pension agreements. College continue to support the Sixth Form College Association's national campaign.

Asked about the situation if these two things do not emerge, it was noted that the college will struggle to find any more savings without a restructure, the Principal informed directors that the sector as a whole are facing similar issues.

Directors remarked that the funding rate per student had been the same for six years and felt waiting for government to raise the rate would be a risk, Directors wanted assurance in the form of a plan of options as to how the college can come back to a surplus budget.

Directors were informed that such plans were in place at the start of the 2018/19 academic year should the marketing strategy fail to work, however the strategy was successful and these plans did not need to be actioned due to an increase in student numbers. A planning meeting will take place in September 2019 as happens every year, and should the number of students not match the target, SLT will discuss cost saving strategies for implementation in 2020/21.

The Head of Finance informed Directors that as of next year ESFA are changing reporting requirements and that financial plans will be submitted to the ESFA at the end of January as opposed to July, this will allow the plans to be based on actual numbers of students instead of predicted numbers for year two onwards. This plan will be updated and resubmitted in January as required.

In response to a question about what options have been considered, the Principal informed Directors of the ongoing activities that are carried out within the college, for example,

- Business planning meetings take place on a regular basis to look at staffing, every appointment is considered and changed to meet requirements of the college and students whilst maintaining quality of teaching and learning.
- The generation of additional income had been explored through various activities and funding streams, including growth funding (which was unsuccessful)
- Class sizes have increased
- Consideration had been given to reducing contact hours for each student

The Principal also pointed out that there is very little flexibility in the timetable for staff to carry out additional work and being mindful of the need to keep quality of teaching and good outcomes.

Directors asked for a set of options to show a return of a surplus budget for the board of governors to discuss at their next A&F meeting in the Autumn term.

Directors asked that the long term financial objectives be brought back to the governing body for further consideration, it was noted that at present these are not all being met (2 out of 8), it was also noted that staff pay expenditure at or below 70% of income is perhaps now not a realistic target.

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Asked about the loan repayments and cash reserves sitting in the account waiting for capital development which is not active at the moment, it was noted that college can meet the loan repayments throughout the period of the financial plan, however the loan covenant dictates that the college must not generate deficits in more than two consecutive years. This deficit excludes FRS102 adjustments. A focus on this remains a priority and the college will continue discussions with the bank to ensure they are informed of financial projections. It was also noted that college holds cash reserves towards the future completion of the property strategy that it is hoped will resume. The Principal stated that, it's a fine balance between staying the size we are without growth and being in a position to expand for possible rising student numbers.

22.2019 D1 Resolved: recommend the draft budget 2019-20 and (five year plan with further work to be carried out) to the Corporation for approval

23.2019 Update on Tenders for College Catering

The Vice-Principal Information Systems and Resources provided directors with an update on the tendering process for the college catering. It was noted that Hutchison Catering a relatively small family business had been successful in securing a 3 + 2 year contract with the college (with the option to terminate after 12 months), with a guaranteed financial return of £49K based on potential income, with a share of profits in excess of this. It was noted that the catering team are very happy about the changes and will be part of a TUPE process to Hutchison Catering.

24.2019 Staffing Update

Directors received the Staffing Update June 2019 (paper 10.1) presented by the Head of HR, she highlighted the following from the report. The turnover of staff had significantly reduced to 10.4% in comparison to 15.3% the previous year which indicates the college is a good place to work. She highlighted two new roles that were not reported on in the 18/19 report. She went onto to inform Directors of the support offered to staff, which included the introduction of a health and well-being platform which includes online resources for staff, as well as continuing the well-being activities throughout the year and the ongoing commitment to Time to Change and reducing the stigma around mental health. As a result evidence shows work related stress had reduced

Questions from Directors

In response to a question about where ethnic diversity is recorded, it was noted this is included in the Equality and Diversity report which is presented at the Standards Board committee.

25.2019 Health and Safety

Directors received the H&S report no 3 of 4 2018-19 (paper 11.1) and the Fire Safety Evacuation Report Feb 2019 (paper 11.2) presented by the Vice-Principal Information Systems and Resources, he informed directors that it had been a relatively quiet period with only one small security issue which had been dealt with. He went onto to report on the planned Fire Safety Evacuation which the college graded a 1 (the highest grading) It was noted that the college had received a Fire Safety Inspection from the fire brigade in which they received a glowing report. Directors were invited to ask questions. There were no questions to answer.

26.2019 AOB

There was no additional business to discuss

27.2019 | **Identification of any new or amended risks**

No new or amended risks were identified

Date and Time of next meeting

Monday 11th November 2019 at 5.00pm

Signed _____

Date _____