



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

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

Date: Monday 27th June 2022
Virtual Meeting
Time: 4.00-5.20 pm

Present: Mr Ray Baker (Vice-Chair)
Ms Jill Gray (Principal)
Mr Alistair Burr
Ms Tabitha Davey
Together with: Ms Amanda Crumlehulme (Assistant Principal: Business Support)
Ms Lindsay Gates (Head of Finance)
Sue Hawitt (Governance Administrator-FCAT)-minute taker
Apologies: David Gascoigne and Callum Baxter
Not in attendance: Tharany Vijayarathnam

		Action
13.2022	Preliminaries The Vice-Chair welcomed everyone to the meeting and chaired the meeting in the absence of the Chair Apologies were noted	
14.2022	Declarations of Interest There were no declarations of interest	
15.2022	Consideration of any items of urgent business. There were no items of urgent business to discuss	
16.2022	Confirmation of Quoracy It was noted the meeting was quorate	
17.2022	Minutes of the virtual meeting held on 8th March 2022 The minutes of the meeting held on 8 th March 2022 were approved	
18.2022	Matters arising from the minutes not covered elsewhere on the agenda There were no matters arising from the minutes not covered elsewhere on the agenda. In response to a question about the reduction in teaching sessions down from 22 to 20 and if this had gone ahead it was noted that staff sessions had reduced and feedback from staff had been very positive.	

19.2022 | **Management Accounts**

Draft Budget-Directors received and considered the draft budget 2022-23 and future forecasts (paper 7.1) and formal commentary to the CFFR (paper 7.2) for submission to ESFA presented by the Head of Finance. She highlighted the process for producing the draft budget and informed directors that the opening balance for 2022-23 is based on estimates of the closing position for 2021-22.

It was noted that the draft budget will be submitted to the ESFA in July 2022. It is intended that the draft budget will receive a further update in the Autumn term to ensure that the college is working with the most effective, appropriate and accurate budget.

Directors were informed that the projected outturn for 2021-22 is £197K projecting 'good' financial health and meets the loan covenant requirements of the bank. It was noted that part of the loan covenant states that college does not in any three consecutive financial years incur an historic cost deficit, directors were assured that this is monitored routinely on a monthly basis.

It was noted that the draft budget for 2022-23 shows a surplus of £87k before the inclusion of FRS102 adjustments. It was noted that staff costs had increased and as a percentage of income (excluding FRS102 (28) and pensions adjustments) are 77.72%

The Head of finance highlighted the 2% pay award included in the budget for both teaching and support staff, may be too low, after recent discussions with unions after the budget had been set, the pay awards are more likely to be between 3-5%.

Directors were guided to the bold print in the report which highlights the key priorities, showing how these are financed and fulfilled.

Questions from Directors

In response to a question about other colleges and if they had budgeted other amounts for staff pay awards, it was noted that very early discussions suggested 2% was reasonable, however this now seems to be below expectations, discussions are still ongoing. Directors were informed that any increase in the pay award would have a negative impact on the surplus. A 3% pay award would cost approx. £87k extra – reducing the surplus to zero.

Directors were informed that the situation is challenging, especially due to the fact that there is an increase in the demand for extra support services, for example, safeguarding, counselling and students with high needs and as a result support staff costs have increased.

The Principal stated that under deployment is low however, the college hope to sell some maths time to schools in the next academic year, however the situation remains a challenge and unsustainable if pay negotiations settle at higher than 3%.

Asked about an increase in income for more students, it was noted that funding is lagged therefore any increase in funding would not be received until the following year. It was noted that this year's year 11 are a small cohort, therefore conversion between application and enrolment is vital and staff are doing everything they can to make this happen.

It was noted that the reforecast in the Autumn term will be more precise when the number of students can be confirmed and vacant positions may be filled with teachers on the lower pay scale (SP9) making potential savings.

Directors were informed that there are tough decisions to be made next year as the college try to cover the impact of inflation, it is highly unlikely that there will be an increase in funding, directors were assured that the budget will be scrutinised line by line and that everything will be essential.

Asked how reducing resources such as teaching and support staff will affect the quality of the provision and standards at the college, it was noted that, most budget lines have additional funding to cover inflation and should not be affected in year, however next year could see some reduction.

Directors were assured that whilst the financial health of the college is outstanding it still remains a real challenge and the budget will continue to be carefully monitored without a decline in quality.

Directors asked about increasing costs including the interest rates on the loans, it was noted that the substantial amount of the loans are fixed and that a small percentage is variable, therefore will not have a huge impact, further discussions took place about the free college bus which had increased again, however it was noted with the cost of petrol more students may be likely to make use of the free bus.

A discussion took place about technology for learning and an increase in printing since students were back in college after the lockdown, it was noted that costs can be saved as a result of using technology but the college is also encouraging students to use pen and paper, it was agreed that a balanced approach is needed to suit every learner's needs and prepare students for written examinations.

In response to a question about a reduction in expenditure on resources page 12 it was noted that there was a slight decrease in curriculum costs as a result of the creation of a £25k digital budget. Some costs previously paid at individual department level would be paid out of the new budget and therefore the budgets had been adjusted. This new budget has been created to ensure there was no duplication of licence fees previously purchased by individual curriculum departments, and it is hoped that discounts may be achieved with greater oversight at college level.

In summary the Head of Finance noted that there had never been a time when external factors had been so variable, in any other year worries about heating and lighting and significant inflationary changes would not exist, and it is therefore important to highlight all the above to directors.

Directors noted their confidence in the position of the college to absorb the current financial changes.

Directors Financial Management report

Directors considered the financial report for the period ending 30th April 2022 (paper 7.3) presented by the Head of Finance and were invited to ask questions.

The Principal informed directors that a discussion had taken place with the ESFA about academisation, if it is decided academisation is right for Blackpool Sixth then different funding streams would be available, access to capital funding and an opportunity to claim back VAT. It was noted that discussions remain ongoing.

Financial Dashboard

Directors noted the governing body finance dashboard (paper 7.4) from the ESFA, it was noted that this is the document produced from the excel spreadsheet information and will be available annually.

Questions from Directors

Asked if directors should access the document online, it was agreed as it's a new system the document will be downloaded for directors and brought to the A&F committee meeting.

Financial Statement Review

Directors noted receipt of the ESFA Financial Statement Review of 2020-21 (paper 7.5)

The Vice-Chair thanked the Head of finance on behalf of directors for such detailed documentation

20.2022

Health and Safety

Health and Safety Report- directors received the Health and Safety report no 3 of 4 2021-22 (paper 8.1) presented by the Assistant Principal: Business Support. It was noted that the new Head of Estates had spent a lot of time evaluating current procedures and had introduced new systems where required. It was also noted that there is an intention to highlight to directors any significant issues with building compliance and adherence to legislation, this will remain an area of focus for the immediate future.

The Principal praised the new Head of Estates for the improvements he had carried out so far with a limited team and resources

Questions from Directors

Asked about appropriately first aid trained staff in all areas across the college, especially now trips are taking place again after covid-19, it was noted that, flexible working patterns had, had a huge impact on this, however the Head of Estates had been in discussion with Heads of Departments (HoD's) and an audit will be carried out to map qualified first aiders across all areas of the college, directors asked for this information to be provided at a future meeting. Asked about category 1 medical non-urgent (74) compared to the previous year (11) it was noted that changes to reporting arrangements make up a significant part of the increase and more students being back in college following Covid-19 restrictions.

Property Strategy-Directors received an update on the property strategy June 2022 (paper 8.2) presented by the Assistant Principal: Business Support, highlighting a number of proposals as to how best to increase capacity of both social and exam space as well as preparing additional classroom space required for anticipated future growth.

It was noted that capacity finding had been announced at the recent SFCA conference and it is hoped the application window will be open from September 2022 with projects being completed by 2024.

The Assistant Principal: BS shared some comments and criteria of the fund based on the 2021-22 process which included being 'spade ready'

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Questions from Directors

Asked if the application would be for full or part funding, it was noted that points are allocated to the application for match funding.

It was noted that the Gordon Halliwell bequest had been considered for all options, however this is designated to performing arts and engineering. It was however, noted that if engineering was moved to the T level route then Blackpool Sixth would not be in a position to compete with other colleges in the area.

It was noted that match funding may have to come through alternative means, such as college reserves.

It was also noted if college decided to academise in the future there would be far more access to capital funding. It was noted that there are some difficult future decisions to make

Asked if the priority is social space or classroom space it was noted that the immediate priority is social and exam space, the growth in student numbers starts in 2023 and grows year on year after that.

Asked if the building work would impact on the curriculum and classroom space, it was noted that there would be no impact due to where the new extensions would be situated.

Directors noted that options 2 and 3 are cheaper than options 1 and 4 and asked if there are any other merits other than cost in proposing these options, it was noted that with new standalone buildings there would be no requirement to pay VAT however there would be limitations to any future builds and option 3 would require a much bigger footprint.

Asked if any initial costs for preparatory works had been included in the budget, it was noted that it was not included in the budget, however would be treated as capital asset under construction, therefore would not incur depreciation costs and would not affect the surplus until it came into use.

The Head of Finance noted that it would be affordable to spend on the initial cost and the risk of writing it off remains low. It was noted that the cost and cashflow would feature in the Autumn update report presented to directors. Following further discussion directors agreed to the proposal to progress to preparatory work for option 1 and 4

20.2022 D1 Resolved: recommend to the corporation for approval the proposal to progress to preparatory work for option 1 and 4

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21.2022 Staffing Update

Directors received and considered the latest HR report 31st May 2022 (paper 9.1) and were invited to ask questions.

Questions from Directors

In response to a question about exit interviews, it was noted that these are carried out, however are not mandatory, further developments recommended by directors would be to carry out 'stay interviews' it was noted that there is no capacity for this currently but this will be introduced hopefully next year.

22.2022 Identification of any new or amended risks

Staff pay increase maybe a greater risk than expected.

23.2022 Directors were asked to update their Directors' Personal Record (DPR) with attendance for this meeting

Date and Time of next meeting (joint meeting with the Audit committee)
Tuesday 6th December at 5pm – Virtual meeting

Signed _____

Date_____