

**Minutes of the Finance, Risk and Development Committee
of Cheltenham College Council
held on 14 November 2024.**

Present: Mr A Barr, Chair
Mr N Chivers
Mr C Cooper
Miss G Elwood
Mr N Roskilly (online)
Mr D Stewart
Mr W Straker-Nesbit

In Attendance: Mrs N Huggett, Head
Mr T O'Sullivan, Prep School Head
Mr P Attwell, Bursar
Mrs A Cutts, Senior Deputy Head, Senior School
Miss T Larsson, Director of Finance
Mr A Hailes, Deputy Bursar

Mr J Champion, Secretary to Council
Mrs S Hopkins, PA to the Bursar

1. **Apologies** – Mr Drake and Ms Kallin.
2. **Declarations of:**
 - 2.1 **Conflicts of Interest**- None
 - 2.2 **Any Other Business** – None
3. **Minutes of the meeting held on 26 September 2024** – Approved
4. **Matters arising not otherwise on the Agenda** – None
5. **Heads' Admissions Updates**
 - 5.1 **Prep School** – The report was taken as read. Mr O'Sullivan reported that despite the later deadline for giving notice (8 November) the Prep had lost only 1 pupil.

Mr O'Sullivan said that there had been no reduction in terms of visits or interest, however numbers for Entrance@11 had been 24, down from 33 last year, but it would be the Spring Term before there was a clear picture for September 2025.
 - 5.2 **Senior School** – The report was taken as read and Mrs Huggett was pleased with numbers. Projections for 2025 showed a smaller 3F and so she was looking to recruit perhaps 20 into 4F. She added there would not be 120 3F pupils for 2025 if College did not offer more day boarding places. The price point for day boarding was now only £1700 lower than full boarding so there would not be such an impact on finances.

Mrs Huggett reported that 97 pupils had taken entrance papers for the Sixth Form and places would be offered to all who passed. The boy:girl balance was now improving.

Mrs Huggett advised that College was considering running a 1-year GCSE course which would bring 15-18 boarders into the 5F; they would follow a special course: it would bring pupils into a year group which did not normally see recruitment and if it could be done within the current staffing levels, was a potentially viable option.

There followed a discussion about how current numbers compared with past years and it was noted that the roll was likely to be circa 720-730 in September. There remained capacity to recruit more international pupils or adjust the academic threshold. Mr O'Sullivan sought an indication from the Committee in terms of what it might expect of the Executive to maintain numbers. After further discussion it was noted that there was some room to adjust entrance grades and take pupils who would not otherwise have been offered a place.

The Committee noted the suggestion from Admissions that fees should be set annually into in March but concluded that this would not be an easy move. Mr Attwell suggested that the Executive could present a narrative to Council in early March with an opportunity to discuss the approach and then make a final decision at an appropriate point. It was noted that an extraordinary meeting of the FRD Committee could be convened if necessary.

6. Heads' General Updates

6.1 Prep School – Mr O'Sullivan updated the committee on staff recruitment activity which included finding a Deputy Head Academic who would also be capable leading digital thereby delivering a worthwhile cost-saving. He added that the Librarian would be leaving at Christmas noting that her replacement would be part-time, and that a TA was retiring and would not be replaced.

6.2 Senior School – Mrs Huggett reported a good term so far with the Pupil Leadership Team orchestrating a superb charity fund raising event.

The 3 new HSMS had settled in extremely well and were going an excellent job; there had been some nervousness about appointing a male HSM in Chandos, but it had been a successful move.

Two staff were leaving in January, and would be replaced, but another was retiring and would not. College had now appointed a Head of Digital Strategy following a 2-year search.

Mrs Huggett advised that all vacancies were now scrutinised at CEC level with Mrs Rackliff, the Director of HR in attendance. College had now appointed a Head of Digital Strategy following a 2-year search.

7. Bursar's Report

7.1 Bursar – The report was taken as read. Mr Attwell added/highlighted that:

- The balance of teachers' pensions was now 50% TPS and 50% in the DC Scheme.
- Mrs Rackliff was now providing details of payroll costs for the Executive to facilitate tracking on a month-to-month basis.
- Staff turnover last year had been significant but had now reduced to more normal levels at 11%pa.
- The contract for the proposed school in Italy had now been signed and the first franchise fee invoice would be due shortly. The school was expected to open in

September 2025, with Kuala Lumpur opening in February 2025 – if all went to plan there would be 3 international sister schools open by September 2025.

7.2 Deputy Bursar's Report – The report was taken as read.

Mr Hailes referred to the September storm and highlighted the amount of effort this had generated; work continued with the loss adjusters. One of the outcomes was a review of preventative maintenance.

Mr Hailes explained that, following the resignation of the Sports Centre Manager, he had taken the opportunity to review staffing and had subsequently appointed a commercial manager, Mr Thomas Williams, who would take a wider responsibility for various departments and for generating additional income. He had also tasked Mr Williams with a management review of Housekeeping to ensure the department operated as efficiently as possible.

Mr Hailes reported that following the submission of the Energy Savings Opportunity Scheme (ESOS) report, a formal action plan had been created with a focus on scrutinising energy consumption data; there appeared to be some significant changes that could be made. He added that he was also undertaking a review of the crisis plan.

Mr Hailes reported that Dewerstone House was on track for occupation in December. In terms of the Chapel, Mr Hailes reported that English Heritage had required further information from College; this had been prepared and sent to English Heritage and their response was now awaited.

8. Finance

8.1 VAT implementation plan – There was now much improved clarity about exemptions as well as a better understanding of software capability in respect of the delivery of VAT invoices.

8.2 2024/25 Finance Report – The report was taken as read. Ms Larsson referred to the 2023/24 financial year - the anticipated surplus of £1.7m was subject to audit although she believed that there were very few adjustments to be made. There had been some investment gains, an increase in the bad debt provision and utilities were increased but the main reason behind changed surplus forecast was estates expenditure, where the school had invested heavily but had initially under-capitalised.

In respect of 2024/25 Mrs Larsson commented that:

- The recent NI increase would affect the budget to the tune of circa £885k
- The potential VAT subsidy of £440k was not included, but there was a cost reduction programme in place to mitigate
- The increase to military discount was included
- Also included were several adjustments to subventions.

The Committee noted the comments in respect of the VAT subsidy and there followed a debate in respect of fee setting policy to compensate for this in the coming year.

Mrs Larsson noted that College had an established scheme for fees in advance and there was a degree of confidence that this would not be significantly hit by VAT imposition, although there was a theoretical risk for U6 parents. Ms Larsson had not

provided an analysis of this but would do so in response to a request from Miss Elwood.

Ms Larsson said there was nothing significant to report in terms of investment performance but, following a review of fund management services, College would be moving to a new provider, Albert E Sharp. Mr Attwell outlined the selection process, noting that the President had been involved. Mr Straker-Nesbit endorsed Mr Attwell's comments, adding that he had been very impressed by Albert E Sharp's presentation.

Miss Larsson reported that, with the new forecast surplus, the bank covenant appeared to be well covered.

Debtors – Miss Larsson reported positive news in that the position continues to improve. Debt, as of 5 November, was £1.5m in total and had reduced by a further £150k since then. Mr Straker-Nesbit enquired what was done when College was unable to get fees paid - Mr Attwell described the escalation process and noted that where payment plans were agreed with parents these were then pursued rigorously by College.

Mr Attwell said cost savings were still required in the current financial year although covenant compliance did not appear to be at risk. He circulated a document detailing potential savings; reiterating that he did not wish to make any pupil or parent facing cuts and hoped to avoid compulsory redundancies. Perhaps the biggest single decision was whether catering should be brought back in-house; there were some potential downsides, but it would deliver the best cost saving.

Mr Barr noted his concern that cuts were being made now to subsidise fees because College was not passing the full VAT cost to fee-payers; with this in mind, he asked how savings could be made if numbers dropped. There was a discussion in respect of possible fee rises and the impact of subsidising the VAT on fees; the Committee agreed that a further rise in the current academic year would not be appropriate, but fees could rise in September. Mr Straker-Nesbit endorsed Mr Barr's comments, noting that fees could be increased to cover the full burden of VAT, so it was likely to be a 5 or 6% fee increase in September.

9. **Any Other Business** – There was no other business.
10. **Date of Next Meeting** – Thursday 23 January 2025.