

Tuesday 21st September 2021 at 5.30pm

Remote, via online video conference

MINUTES

PRESENT:

Mr M Belfound, Foundation Governor, Chair of Committee
Mr N Sheta, Foundation Governor, Vice Chair of Committee
Mr G Thompson, Principal
Mrs K Taylor, Foundation Governor
Ms R Clark, Staff Governor

IN ATTENDANCE:

Mrs E Lewis, Clerk to the Governors
Mr C Graham, Associate Principal
Mrs M Searle, Director of Finance & Resources

The meeting was opened at 5.32pm by Mr Belfound. It was quorate throughout and all participants could hear and / or see one another.

1. **Opening Prayer:** offered by Mr Thompson
2. **Apologies:** Mr D Freeman
3. **Declarations of interest:** there were none
4. **Minutes of F&RC meeting held on 22nd June 2021:** Included in papers and previously circulated on 5th July 2021 were agreed to be a true and accurate record to be signed in due course by Mr Belfound.
5. **Matters Arising:** other than agenda items:
 - 5.1. **College Collaboration Fund (CCF) bid outcome:** Mr Thompson advised that the bid with Leyton Sixth Form College focusing on students' mental health and wellbeing had not been successful. There had been only 20 awards in this round mainly to GFE Colleges in larger collaborations with 3 or more partners.
 - 5.2. **Rateable value review (college):** Mrs Searle had no further update and was doubtful that a review would yield any benefit. The Nursery review had been completed.
 - 5.3. **Insurance renewal:** Mr Belfound referred to the previous meeting when the insurance renewal had been underway - an increase in premium had been anticipated but not quantified. Mrs Searle confirmed that the premium had increased and was slightly higher than budget due to an increase in several factors including the value of the college premises and cyber risks. It was confirmed that contractors for the building works would provide insurance with no additional premium payable by the college. Mrs Searle would fulfil the requirement to notify the college insurers when the works were being carried out.

- 5.4. **Summary of committee effectiveness questionnaire:** The summary report from three responses had been included in the papers for the meeting. Feedback was noted to be positive about the effectiveness and operation of the committee with no recommendations for improvement or training needs.
- 5.5. **Annual Strategic Conversation:** Mr Belfour introduced the letter from Chris Dearnley, Head ESFA London South and Surrey Territorial Team, dated 10th July 2021, recording the conversation which took place on 16th June 2021. He commented that the meeting had been constructive and this was reflected in the helpful written report. Mr Sheta agreed that the ESFA / FEC¹ team had been satisfied and supportive and had shown an understanding interest in the building project and what the college was trying to achieve.
6. **Actions outstanding from previous meetings:** would be covered by the agenda.
7. **Accommodation & Premises, project reports & plans:** Mr Thompson introduced the “Capital Projects, Accommodation and Premises Report, September 2021” which had been included in the papers for the meeting.

Mr Thompson reviewed the successful Condition Improvement Fund (CIF) 20/21 bid to support boiler and associated pipework replacement. He confirmed the total cost of the project to be £585,231 committing the college to match funding of £87,784. The first meeting of the Project Management Group (PMG) had been held on 1st July 2021. Governors are represented on the PMG by Dave Navarro (foundation governor). Minutes had been included in the papers for this meeting. Mr Thompson advised that a planning meeting had taken place earlier in the day to co-ordinate the work of the CIF and T Level Business Hub projects. Work on this project would be due to start in the October half term holiday

Mr Thompson had informed the Governing Body during the summer holiday of the welcome success of the bid to the T Levels Capital Fund to construct a new Business Hub. He confirmed that a grant of £577,000 had been awarded towards the original project cost of £1,154,000, the college being committed to match fund the balance. However, Mr Thompson advised the committee that as a consequence of the ESFA’s delay in announcing the outcome of the bid, the fixed price guarantee had expired and the costs of materials and transportation had increased by £145,000 (12.5%). The revised cost of the project had inflated to £1,299,000 and the additional amount would be paid by the college – the grant awarded would be unchanged.

Following consultation with Mr Sheta and Mr Belfour on 13th September, Mr Thompson signed the agreement to accept the grant by the 17th September deadline. Mr Belfour confirmed that he and Mr Sheta had been assured by Mrs Searle that the college could afford the additional funds and had, therefore, in effect, taken Chair’s action, in accordance with the college Financial Regulations², to approve the additional £145,000 expenditure. It was acknowledged that there was very little likelihood of the grant money being available again in the near future and the extra cost to the college was unanimously endorsed by the committee. Mrs Searle emphasised that the project costs would be kept under close scrutiny.

Mr Thompson reported a useful meeting earlier in the day with the contractors, MEB Design and Quay Office Furnishers Ltd who had confirmed their commitment to finding

¹ FE Commissioner

² The college Financial Regulations allow for Chair or Vice Chair of F&RC plus one other governor to approve entering into contracts up to £250k (excl VAT).

savings where they could – potentially with cheaper materials.

Mr Belfourd noted from the minutes of the PMG meeting (for the CIF boiler project) that references were outstanding for the contractor JT Edwards. Mr Thompson confirmed that the references had since been sourced by James Bowen of the Project Management company, Barker Associates and he had therefore accepted the Terms and Conditions and signed the JCT contract for the CIF boiler project.

Mr Belfourd followed up on uncertainty noted in the minutes around the SALIX loan arising from an incorrect reference to the college as “an Academy”. Mr Thompson said that it was accepted that this had been a terminology error by Barkers. He confirmed to Mr Belfourd that the Terms and Conditions for the overall CIF grant had been signed in July 2021 but nothing specific to the SALIX loan. Mrs Searle would download the agreement and explained that the loan had been included in the ESFA funding payment profile. Mr Belfourd highlighted recovery of VAT from the minutes. Mrs Searle confirmed that it had been clear in the actual project costing submitted to the ESFA that VAT could not be reclaimed by the college however the payment profile was net of VAT rather than gross. Returning to the increased cost of the T Level Business Hub project, Mr Sheta proposed that the minutes should record what the constituent elements of the additional £145,000 were. Mr Thompson explained that Quay were preparing revised costings and, once received and accepted, he was obliged to write a letter of instruction quoting the renewed value / costs. He advised that the aim was to start both projects in October 2021.

Mr Belfourd noted that the Cyber Essentials Accreditation had led to additional IT upgrade costs. Mr Thompson explained that the certification process had identified that the iMacs were out of date and no longer receiving the latest updates and therefore had to be replaced with new.

Mr Thompson reviewed the costed Annual Plan of Works 21/22 appended to the report and confirmed that any moneys saved from the CIF work would be used against other works in the plan.

Mr Thompson updated his report on the sale of Oliver House School with news that contracts had been exchanged with Dukes Education the previous day. He referred to the communications with PACT Educational Trust (reproduced in the report) arising from the Diocese’s desire that any dispute over boundaries / access rights to the Sacristy store / fire exit routes etc were settled with PACT rather than the new owner had not received any response. The freehold of Broadoak includes a 999-year lease of the Sacristy to the college. The committee was relieved that the buyer was an educational organisation and it was understood that the portfolio was a nationwide range of institutions. It is anticipated that a fair amount of restorative work would be necessary.

Mr Belfourd confirmed that the lease-back arrangement of accommodation in the Broadoak building would end on 24th October 2021.

8. Financial:

8.1. Preliminary end of year position (2020 – 2021) from Monthly Commentary, Accounts and Cashflow, July 2021: July 2021 accounts had been included in the papers for the meeting and had also been distributed to all governors on 16th September 2021. Mrs Searle introduced the report as the preliminary, unaudited, end of year position and highlighted that as the EBITDA had turned positive (greater than one) the financial health rating had improved to “Good” automatically rather than

“Requiring Improvement” as had been predicted in the CFFR³ filed in July 2021. Mrs Searle introduced the results for the year to 31st July which amounted to a statutory deficit of £513,934, including an actuarial gain of £209,000. She explained that the operating outturn was a surplus £152,397 compared to the budgeted operating deficit of £225,103. SFX Corporate Services had generated a net profit of £26,318 which was better than forecast.

Mr Belfourd explained why the presentation of the Financial Report had been rearranged to headline the good news on the front page. Mrs Searle suggested that, based on the criteria for early intervention, the college could be taken out of that classification. The audited draft accounts would be presented to the next meeting by Buzzacott, external auditors.

- 8.2. **Funding - Financial update report:** Mrs Searle introduced her “Funding / Financial Projections (for Finance & Resources Committee 21/09/21)” report which had been included in the papers for the meeting. Mrs Searle explained that the summary table of Income / Expenditure overview going back to 2015 / 16 had been retained to show the trend over the years. It was agreed that the earlier couple of years could now be dropped from the report as the college was returning to an operating surplus position. A commitment to reduce expenditure on staff costs (currently⁴ 79%) remained a priority.

Mr Thompson reported 1316 students currently on roll which was a positive indication that the target 1281 enrolment (32 more than 2020 – 2021) would be achieved by the census ILR date of Sunday 17th October (to be submitted on Friday 15th October). He explained why this number was about 60 less than the highest figure due to the inclusion of “ghost students” – those who enrol at more than one institution and choose to start their courses elsewhere. Mr Thompson confirmed that the target over the next 4 – 5 years was to grow student numbers to just over 1400 which would increase funding and reduce the staffing cost percentage.

Ms Clark suggested a relaxing of the requirement to pay the ICT charge “up front” during the enrolment process might have reduced students’ commitment to taking up their places but Mr Thompson said that the level of fall out was normal and included students progressing from year 12 to 13 as well as new ones.

- 8.3. **Covid contingency expenditure:** Mrs Searle confirmed that expenditure of £74,000 was reported in the Financial Report July 2021 for 2020 – 2021. She did not forecast any further major costs other than increased cleaning which would continue.
- 8.4. **Change of signatories on bank account – to confirm actioned and up to date:** Mrs Searle confirmed that each of the updated mandates were in place with the college bankers, Allied Irish Bank (AIB). However, the AIB had unofficially advised an intention to withdraw from the market by December 2021 and the college would be obliged to move its accounts to a new clearing bank. Mrs Searle discussed the process of selecting a new banking provider noting which banks were providing services to the sector (predominantly Lloyds, Barclays, Santander and NatWest). She confirmed that HSBC were commonly used by the sector. Mrs Searle had taken advice about using a brokering service but the response had indicated the change would be a straightforward matter of reviewing providers and selecting the best match for the college and trading subsidiary accounts – she had a list of contacts to follow up. Mr

³ College Financial Forecasting Return

⁴ July 2021 accounts

Belfourd would enquire whether the two Diocesan Academy Trusts had a relationship with bankers that might be appropriate to consider⁵.

Mr Sheta observed that a connection between Scottish Widows and Lloyds did not advantage the interest rates and, as they had been minimal everywhere in recent years, he was of the view that the key criteria should be convenience and a bank that provides the service the college required.

Ms Clark suggested considering building societies that offered an ethical alternative. Mrs Searle would include those in her review of day to day banking facilities but was aware that the main four banks had the necessary infrastructure to offer ease of use. She commented that the individual Relationship Manager was key to a good service.

Mr Belfourd asked what would happen about the money (£700,000) in the AIB fixed term deposit account, due to mature on 30th September 2021. Mrs Searle said that it would roll on at the current low interest rate until it was moved across. The committee acknowledged that the invested funds would be drawn down to meet capital expenditure on the two projects. Interest rates on both accounts were unchanged from the June 2021 report.

It was agreed that a little interest was better than none and that monies should remain on deposit, rolling over for a week at a time and drawn down as needed.

It was agreed that Mrs Searle would find out more about the day to day banking services and options offered by providers and circulate to the committee for opinion. Engagement of a broker was not considered to be necessary. **ACTION: Mrs Searle.**

- 8.5. The ESFA “College oversight: support and intervention” guidance for colleges publication, updated July 2021, with a summary of changes on page 8, had been included in the papers for the meeting and was duly noted.
- 8.6. FE Commissioner’s Guidance: “Management accounts: good practice guide for colleges” published 5 July 2021 had been included in the papers for the meeting and was discussed. It was felt that overall the college reports met the recommendations of good practice. The projection of cashflow forward 24 months rather than 12 months would be adopted. It was accepted that to avoid the management accounts getting too long, detailed reporting on capital projects would be covered in other reports. Mrs Searle would be receptive to suggestions from governors for more detail or clarity in the monthly accounts.
9. **Treasury Management:** The monitoring report prepared by Mrs Searle included in the papers had been taken in item 8.4.
10. **Staff cost of living rises update:** Mr Thompson reported that no agreement had been reached yet.
 - 10.1. The teachers side had requested a significant increase and deletion of pay point one and the employers side had responded with an offer of 1% on all pay points plus 0.5% on points 6,7,8 to level up with schools. He said that if that was accepted the cost to the college would be 1.1%. A response was awaited from the staff side.
 - 10.2. Mr Thompson advised that Unison for the support staff side had proposed substantial increases on all salary scales plus an increase in the standards payments.

⁵ Lloyds Bank, Gravesend branch are the bankers to the Kent Catholic Schools Partnership multi-academy trust

As yet there had been no response from the employers side.

Mr Thompson informed the committee that an additional public holiday had been allocated to Friday 3rd June 2022 in celebration of HM The Queen's Platinum Jubilee which would fall in the summer term half term holiday week. He explained that at a recent MJC meeting it had been proposed that no member of staff should suffer by having two bank holidays in that holiday week and the additional day should, therefore, be given on an alternative date. Mr Thompson would be proposing that the replacement day off be allocated to Friday 29th April 2022 to create a long weekend with the early May Day holiday on Monday 2nd May 2022. **Agreed.**

11. **SFX Corporate Services Ltd:** Mrs Searle noted that the Corporate Board had not met since the previous F&RC meeting and would be meeting next on 4th November 2021. The July 2021 management accounts summary reported a surplus of £15,741 which Mr Belfourd noted was approximately £3,000 higher than forecast in May. Mrs Searle confirmed that lettings customers were returning and interest in hiring was picking up. There was a commitment to improving marketing and maximising use of college space to generate income.
12. **Risk Management:** The committee concurred that the risks were covered by the register and remained much the same.
13. **Any other business:** Mr Thompson announced that Mrs Searle's role had been expanded to incorporate some elements of the role of the former Senior Business Manager. She had become Director of Finance and Resources. Governors congratulated and wished her well in her new position.
14. **Date of next meeting:** Tuesday 16th November 2021, 6pm. The first part of the meeting would be in joint session with the Audit Committee to receive the Financial Statements and Regularity Audits reports presented by the external auditors. Mr Belfourd enquired whether the auditors had drawn any conclusions about how they would gain assurance over the ESFA grant funds earned by the college. Mrs Searle said there was still quite a lot of uncertainty and waiting to see what happens. There was discussion on the various networks and variance between the audit firms including some significant fee increases for the additional work. The Internal Audit plan for 2021 – 2022 was not yet confirmed but Mrs Searle anticipated that an annual review of the ILR would need to be included.
15. **Staff Governor to withdraw:** Ms Clark left the meeting.

PART TWO

PRESENT:

Mr M Belfourd, Foundation Governor, Chair of Committee
Mr N Sheta, Foundation Governor, Vice Chair of Committee
Mr G Thompson, Principal
Mrs K Taylor, Foundation Governor

IN ATTENDANCE:

Mrs E Lewis, Clerk to the Governors
Mr C Graham, Associate Principal
Mrs M Searle, Director of Finance & Resources

This part of the meeting commenced at 6.38pm and was quorate throughout.

- 1. Review of minutes of part two of meeting held on 22nd June 2021.** The minutes had been included in the papers circulated to all except Ms Clark and were agreed to be a true and accurate record to be signed in due course. The minutes would remain confidential until released from that classification after review.

The meeting closed at 6.40pm

SIGNED: _____

DATE: _____