Saint Francis Xavier
CATHOLIC SIXTH FORM COLLEGE

GOVERNORS FINANCE & RESOURCES COMMITTEE

Tuesday 17th November 2020 at 6pm
held remotely via ZOOM video conferencing

DRAFT MINUTES

PART ONE

PRESENT:
Mr M Belfourd, Foundation Governor, Chair
Mr J Opara, Foundation Governor, Vice-chair
Mr G Thompson, Principal
Mr C Garvey, Foundation Governor
Mrs K Taylor, Foundation Governor
Ms R Clark, Staff Governor (teaching)

IN ATTENDANCE:
Mrs M Searle, Head of Finance
Mrs S Plumb, Senior Business Manager
Mr D Wallis, Audit Manager, Buzzacott LLP for item 1
Ms L Raynes, Client Manager, RSM Risk Assurance LLP for item 1
Mr C Graham, Associate Principal – observing
Mrs E Lewis, Clerk to the Governors

The meeting commenced with item 1 at 6.10pm and was formally opened at item 2 at 6.47pm by Mr Belfourd. All participants could see and hear one another and were able to speak. The meeting was quorate throughout.

1. **End of Year Financial Reports:** This item was taken in joint session with the audit committee[1] – with Mr, Sheta, Chair of the Audit Committee in the chair:

   1.1. **FMCE[2]:** Mrs Searle introduced the self-evaluation for 2019 – 2020 which had been included in the papers for the meeting. It was acknowledged that continued completion of the questionnaire was a useful discipline annually reviewing the effectiveness of financial management and governance. Mrs Searle advised that there had been no significant changes since the previous year; the judgements remained the same and the overall concluding judgement was "good". She highlighted the two areas to be addressed in the improvement plan which identified maintenance of the learner recruitment strategies and the embedding of a counter-fraud culture in every day working practices and staff awareness. Mr Belfourd endorsed the document as a very good voluntary aide-memoire with judgements backed up by evidence which, he said, provided a useful update and an informative reference for new people.

   FMCE with improvement plan was accepted.

   1.2. **Financial Statements for year ended 31st July 2020:** Mr David Wallis, Audit manager, Buzzacott LLP, introduced the three outputs from the audits which had been included in the papers for the meeting to both committees.

[1] Mr Sheta, Mr Ebele, Mr Vianello, Mrs Meier – foundation governors, members of the Audit Committee
[2] **F**inancial **M**anagement **C**ontrol **E**valuation

1.2.1. **Report & Financial Statements (Consolidated Accounts) for year ended 31st July 2020 (draft):** Mr Wallis presented the draft, page by page, confirming its compliance with the ESFA accounts direction and SORP. He advised that the ESFA had extended the submission deadline from 31st December 2020 to 31st January 2021. Mr Wallis noted that the format of the report was similar to previous years with the addition of a response to the covid-19 pandemic on page 5.
As set out on page 6, Mr Wallis reviewed the financial performance narrative and confirmed the operating deficit of £802,00 for the year ending 31st July 2020. The outturn for the prior year (ending 31st July 2019) had been a surplus of £30,000. The operational deficit for the year was £90,000 compared with a positive outturn for the prior year of £739,000, due to the one off donation from the Diocese that year.
Mr Wallis noted from the report the College's significant reliance on the ESFA as its primary funding source (92%) which had increased over the prior year due to the drop in ancillary income caused by the covid-19 pandemic impact on revenue generated by corporate and nursery activities, although this had been offset to some extent by a reduction in fees paid for agency teaching staff and grant income from the 16 – 19 tuition fund. An overall surplus of £51,124 (prior year £44,515) generated by the trading subsidiary, SFX Corporate Services Ltd, had been transferred to the College under deed of covenant to the college.

Mr Wallis highlighted the declaration to be made by the governing body that the College would be a Going Concern on page 23 and explained the obligation on governors to consider this for the twelve month period from the date of approval and signing (3rd December 2020).

Mr Wallis referred to the Statement of Regularity, Propriety and Compliance on page 24 which would be signed to confirm that no irregularity or improper expenditure had been discovered.

Mr Wallis outlined the audit opinions set out in The Independent Auditor's report from Page 27 which recorded that the financial statements were true and fair and had been properly prepared; and the Reporting Accountant's Assurance Report on Regularity which provided a limited assurance to the Governing Body and the Secretary of State for Education that monies were being spent in the correct way.

Mr Wallis reviewed the financial statements on pages 33 to 54 including the consolidated accounts and cashflow and the notes to the financial statements. He explained the impact of the substantial increased actuarial loss in respect of the pensions scheme. He noted the notes on staff costs on page 44 including approved severance payments and details of higher paid staff in banded ranges. The required disclosure of the relationship of the Principal / Chief Executive's basic salary and total remuneration expressed as a multiple of the media of all staff was noted to be in line with the sector..

Mr Wallis advised the meeting that governing body approval and signing of the financial statements should be subject to the outcome of the funding assurance audit which KPMG would undertake, prior to the meeting of the Governing Body, in week commencing 23rd November 2020 on behalf of the ESFA. The findings would be available within 4 to 6 weeks of the audit but could give rise to a material change to the outcomes reported in the annual accounts. He further

advised that Buzzacott LLP would not sign off the accounts until the funding audit outcome was reported. Mr Belfourd confirmed this to be standard practice. It was acknowledged that whilst the intention was to file the signed end of year audited accounts to meet the original 31st December 2020 deadline, it may become necessary to defer to the extension date of 31st January 2021. Any impact or changes to the end of year, 31st July 2020, arising from the funding assurance audit, would be put to the Governing Body at an additional meeting scheduled for 26th January 2021.

Mr Wallis confirmed that the use of electronic signatures would be acceptable. The reports would be filed by uploading to a portal.

ACTION: The draft "Report and Financial Statements for the year ended 31st July 2020" (SFX annual report and accounts) was accepted unanimously and would be taken out of draft and proposed for approval and signing, subject to the outcome of the funding assurance review, on 3rd December 2020 and subsequent submission to the ESFA by 31st December 2020 or to meet the extended deadline of 31st January 2021 when the financial record would be filed.

1.2.2. **Post - Audit management report for 2019 – 2020:** Mr Wallis introduced the draft report, which included Regularity and SFX Corporate Services Ltd, for the year ended 31st July 2020, which had been included in the papers for the meeting. He reviewed the report page by page and noted the expected clean opinions on the financial statements (college and subsidiary) and regularity assurance conclusion. He noted the key audit risks and outcomes summarised in the report and drew attention to the comparison of financial ratios for benchmarking at Appendix 1 which showed the negative EBITDA[3] – a key component in the auto-calculation of a "requires improvement" financial health grade. Sector developments had been included at Appendix 2.

Mr Belfourd confirmed his acceptance of the clear report which he regarded as being comparable with year ending 31st July 2019 without the donation from the Diocese. He commented that the actuarial loss reflected the way the discounting works and explained the factors influencing the EBITDA calculation.

Mrs Meier noted the pre-paid professional fees held on the balance sheet in relation to a possible Art Block construction. Mr Thompson confirmed that, whilst this was paused, it remained a live project although the purpose of the building might change to align with the T-levels pilot launch. He explained that the intention was to seek some grants to support that project. It was agreed that the conclusion drawn that treatment of the professional fees continues to be appropriate was correct and the money spent was not wasted.
The draft Post-Audit Management report was accepted.

Letter of Representation: Mr Wallis advised that the letter of representation included in the papers for the meeting was a standard set of confirmations to be printed on headed paper and signed at the time of approval and signing of the financial statements. He highlighted an expansion to point 2 to include confirmation that the impact of the pandemic had been taken into account in declaring that the college was a going concern. Attention was also drawn to point 13 which stated that, in relation to the pre-paid

[3] **E**arnings **B**efore **I**nterest, **T**axes, **D**epreciation, and **A**mortisation – an accounting metric

professional fees on the balance sheet governors gave representation that construction of a building, for which the fees had been paid, was highly likely go ahead.
ACTION: Mrs Lewis would reproduce the letter of representation on college headed paper and present it for (electronic) signing at the meeting of the full governing body on 3rd December 2020 alongside the financial statements for year ending 31st July 2020.

Members of the Audit Committee and the auditors left the meeting.

2. **Opening Prayer:** offered by Mr Thompson
3. **Apologies:** there were none, all were present
4. **Election of Chair:** Mr Belfourd was proposed by Mr Garvey; seconded by Ms Clark and was duly elected, unopposed to a two year term of office to commence immediately – subject to Mr Belfourd being reappointed as a foundation governor in June 2021.
5. **Declarations of Interest:** there were none
6. **Minutes of the meeting held on 22nd September 2020:** previously circulated on 15th October 2020 and included in the papers for the meeting were agreed to be a true and accurate record to be signed by Mr Belfourd in due course.
7. **Action Points from the previous meeting (22nd September 2020):**
   7.1. Ref item 8: Mrs Plumb to seek testimonials in respect of the preferred installers of the turnstiles: it was noted that the testimonials had been incorporated in the report informing item 9.1.
   7.2. Ref item 8: It was acknowledged that the actual quotes (base costs and managing agency fees) for the turnstile work had been duly circulated as noted in the footnote to the minutes.
   7.3. Ref item 8: The covid-specific audit report from the insurers had been included in the papers for this meeting. Mr Thompson advised that an action plan was in place to address the points raised. A fire drill was planned to be held after exam week now that the new timetable had become embedded.
   7.4. Ref item 9.1: It was acknowledged that the Financial Regulations and associated policies including Treasury Management had been duly approved as noted in the footnote to the minutes of 22nd September 2020 and came into effect on 1st October 2020.
   7.5. Ref item 9.6: It was noted that the Covid specific schedule of expenditure which had been requested by the committee would be covered under item 10.6 later in the meeting.
   7.6. Ref item 10.2: Reinvestments would be reported under item 10.5 on this agenda. Mr Belfourd reminded the committee that the choices were circulated and, after consultation and consideration the £389k maturing on 5th November 2020 was moved from the Allied Irish Bank (AIB) to Scottish Widows to earn a better rate of interest.
8. **Matters Arising: other than agenda items:**
   8.1. **Change to mandates on college and trading subsidiary bank accounts:** Mrs Searle confirmed that bank mandates with AIB had been revised and an update for Scottish Widows was in process. She advised that AIB were now accepting electronic signatures.
9. **Accommodation, Premises and Resources:**
   9.1. **Capital Projects, Accommodation and Premises Update for F&R Committee":** Mrs Plumb introduced the update report which had been included in the papers for the

meeting. She announced that a new CIF[4] round (April 2021 – March 2022) had launched on 12th November 2020, to which the college was eligible to apply, with applications due by 14th January 2021. She outlined the core priority was to support condition projects and the focus of the fund was to keep school and college buildings safe and in good working order. The fund would award between £50k and £4m for successful projects. Mrs Plumb said that consideration was being given to engaging a professional bid writer to improve the chance of success in this round.
Mrs Plumb noted the Covid-19 adaptations that had been made and were planned.

The Condition of Estate Survey (19 / 20) was noted to inform the annual plan of works and would support the CIF bid.

Mrs Plumb confirmed that the Health and Safety audit due to be carried out by the college insurers, Hettle & Andrews, had been delayed by the second lockdown, but would be conducted on 8th December 2020.

The committee had received the "Onsite COVID-19 Risk Management Review Report – Actions" in the papers for the meeting. Mrs Plumb reported that the audit had assessed all areas as satisfactory with some minor recommendations that had been implemented. She confirmed that government guidance is being monitored and necessary responses made to changes required in college procedures and safety measures.

Mrs Plumb reported that a mandatory air conditioning inspection of the air-conditioning system had been undertaken by a specialist company. The inspection had been prompted by a request made under the Freedom of Information Act (FIA). A certificate of compliance would be issued and lodged on the government public database. Re-certification is due every five years.

With reference to the costed and coloured plan at Appendix B, Mrs Plumb reported against the Annual Plan of Works 2020 / 2021. She noted that a licence and software update was awaited to complete the CCTV works and otherwise all works had been completed including successful installation and rewiring of new turnstiles at the main entrance. The testimonials to the standard of work of Electra Locks had been included at Appendix A.

Mr Belfourd confirmed that the air conditioning inspection was for Legionnaires' disease. Mr Thompson advised that the FIA enquiry had identified a need to keep expiry of certificates of compliance under better review and this was being addressed.

9.2. Annual Review of Health & Safety Policy: The revised policy had been included in the papers for the meeting with key changes noted on the cover page. Mrs Plumb explained those changes and drew attention to a new section on stress. Appendix 1 (covid risk assessment) had been omitted from the papers but would be forwarded along with a clarification on whether it was intended to be part of the policy or a separate discrete document.[5]
The revised Health and Safety Policy, 2020 was accepted and would be recommended for approval and signing to the governing body meeting on 3rd

[4] Condition Improvement Fund

[5] Subsequent to the meeting it was clarified that Appendix 1 was a stand-alone, dynamic covid-19 risk assessment which had been shared previously with governors.

December 2020.

10. **Financial update:**

10.1. **Monthly Commentary, Accounts and Cashflow:** It was acknowledged that the monthly commentary, accounts and cashflow for September 2020 had been circulated to all governors on 15th October 2020. Mrs Searle advised that the October report would be issued the following day. The committee was agreed that there had been a full discussion on the annual accounts and the monthly accounts updated that position. The cashflow projection was within the September accounts and incorporated in the financial plan.

10.2. **ESFA Early Intervention:** Mr Belfourd reported that minutes of the meeting with the ESFA territorial team on 8th September 2020 were received on 25th September. He confirmed that the monthly management accounts were being supplied to the ESFA as requested after circulation to governors. The next meeting was scheduled for January 2021.

10.3. **Funding - Financial Projections: review and update of financial plan.** Mrs Searle introduced the "COVID 19 – November Financial Return (Commentary)" paper which had been included in the papers for the meeting along with the ESFA "Cash flow forecast template". She contextualised and explained the new cash flow forecast to November 2021 which had to be filed with ESFA by 27th November 2020, signed by the Accounting Officer, along with a supporting narrative. Mrs Searle confirmed that the ESFA would be collecting a further return due by 31st January 2021, "Financial Record – outturn and current year" which was the finance record to include part actuals and part forecasts for 2020 – 2021.
Mrs Searle reviewed the narrative and cashflow and explained that bridge between the July and November returns and noting that key factors accounting for cashflow had not been impacted by any unforeseen circumstances. She highlighted that the cashflow statement (ESFA template) showed that the college has adequate cash resources for the next 12 months to November 2021 and does not anticipate requiring any emergency funding in this period.
Mr Belfourd referred to the third paragraph which outlined the variations between what was known at the time of the July 2020 return and what was now known and forecast. The growth in student numbers would deliver a positive impact on lagged funding.
The narrative with illustrative tables informing the cashflow forecast was explained to the committee and the conclusion drawn in the narrative, including the predicted return to "good " financial health status in financial year ending July 2022 was accepted for filing by 27th November 2020.

Mr Belfourd explained that the additional return underlined that the ESFA is worried about the financial solvency of colleges and want to see what has happened with cashflow since the previous return in July 2020. He confirmed he had reviewed the forecast and commentary with Mrs Searle ahead of the meeting and was satisfied it complies with the guidelines and the first two months agree with the management accounts.
ACTION: Mr Thompson would sign the return, as presented, as Accounting Officer.
Mrs Searle advised that the January Finance Record collection would have to be signed off by governors.

10.4. **November cashflow return:** Signing and filing had been agreed in 10.3.

10.5. **Treasury:** Mrs Searle introduced the "Treasury Report to Governors, Autumn 2020" which had been included in the papers for the meeting. The report recorded the transfer of £389k deposited with AIB to an instant access account with Scottish Widows as agreed and noted under 3.6. There was no other movement to report.

10.6. **Schedule of Covid-specific expenditure:** The committee received a report of expenditure against the £100k budget agreed with governors which had been included in the papers for the meeting, updated to 31st October 2020. Expenditure was £50,329.70 leaving £49,670.30 remaining to cover the specific covid-19 Estates (consumables), Capital and Cleaning staff costs.
Mr Belfourd confirmed that the timetable arrangement of two blocks with cleaning in between was in place and working well. Mr Thompson commented that students were getting used to the timetable but were missing out on social time and enrichment activities which he hoped could be remedied in the new year.

10.7. **Student Council ("Student's Union") Financial Report– presentation of accounts for 2019 – 2020:** Mrs Searle presented the account which governors noted consisted mainly of donations to various charities of monies raised through fundraising activities in houses.

10.8. **ESFA confirmation of Financial Plan 2019 to 2021 & Financial Dashboard:** This had not yet been issued by ESFA.

11. **Student Roll and Recruitment:** Mr Thompson introduced the Enrolment and Course Comparison data spreadsheet report for 2018 – 2020 which had been included in the papers for the meeting. He would provide a fuller, more detailed analysis in his December Principal's report to governors. He outlined key features of the data including the recruitment of 90 students above target. He reviewed conversion rates which showed an overall improvement and noted an increase in the number of students recruited from Notre Dame RC partner school which would be a target to maintain for the coming year. He highlighted the widening gap between male and female and discussed possible reasons for this. Mr Thompson commented that the enrolment statistics by course showed a changing pattern of recruitment including growth on many A level courses and a 23% decline in English GCSE numbers.

12. **SFX Corporate Services Ltd:**

12.1. Report / Business Plans update: Mrs Plumb reviewed the "Corporate Business Plan, November 2020" which had been included in the papers for the meeting and previously discussed by Directors of the Trading Subsidiary at their Board meeting on 5th November 2020. She noted the loss of income from Corporate and non-ESFA activities including the nursery and outlined how the marketing strategy was being refreshed. Mr Belfourd was advised that two members of staff currently had children in the nursery. **The update was noted.**

12.2. The committee noted that the audited end of year (to 31st July 2020) report and accounts had been received and signed by Directors on 5th November 2020.

13. **Staff Cost of Living Rises:** Mr Thompson advised that there had been no updates since the previous meeting. Teachers had declined a two year pay deal worth 2.5% in January 2021 and the NEU[6] had been seeking 7% increase. Negotiations were continuing to regain parity with teachers in schools. Mr Thompson reminded the committee that Supports Staff had accepted a pay deal and would receive an increase of 2.5% from January 1st 2021. He confirmed that 2.5% overall had been allowed in the budget.

14. **Professor Keohane Memorial Fund / Prize awards:**

[6] National Education Union

14.1. The value of the award was confirmed to be £300 as in previous years. Mrs Searle advised that the current balance of the Friends of St Francis Xavier Fund was £438 to cover the Keohane and Egesi awards and the fee charged by the bank for a confirmation letter to the auditors. She said that two years ago the fund was topped up with £1k from the main college account and requested that this be repeated on the basis that approximately £400 is spent from the fund each year.
ACTION: A proposal would be made to the full governing body on 3rd December 2020 to approve the transfer of £1k from the main account into the restricted fund.

14.2. **Endorsement of nominee**: The committee accepted the proposal of a recipient, Jonathan Asiegbunam, whom Mr Thompson recommended on behalf of the Science department. In accepting the nomination, the committee considered whether studying Engineering at university was true to the spirit of the grant as originally intended by Professor Keohane and unanimously concurred that, in the context of the award, Engineering was a scientific qualification and Jonathan was therefore eligible to receive the £300 award.
ACTION: Nomination to be recommended to the full governing body for approval on 3rd December 2020.

15. **Risk Management:** Mr Belfourd asked whether any new risks or modifications to existing risks on the register had been identified during the course of the meeting. There were none.
16. **Any other business:** There was none
17. **Review of Effectiveness of meeting:** It was agreed that the committee had the appropriate skills, knowledge, experience and information to deliver its terms of reference and consider the business of the agenda effectively.
18. **Farewells:** Was deferred to the full Board meeting
19. **Date of next meeting:** Tuesday 19th January 2021 was confirmed. Tuesday 23rd February 2021 would remain as a provisional date.
20. **Staff Governor to withdraw:** Ms Clark withdrew from the meeting at 7.49pm**.**

This part one of the meeting ended at 7.49pm