

## GOVERNORS FINANCE & RESOURCES COMMITTEE

**Tuesday 26<sup>th</sup> January 2021 at 5.30 pm**  
**Remote via online conference platform**

### **MINUTES**

#### **PART ONE**

#### **PRESENT:**

Mr M Belfour, foundation governor, Chair (Vice-Chair of Governors)  
Mr N Sheta, foundation governor (Chair of Governors)  
Mr D Freeman, foundation governor  
Mrs K Taylor, foundation governor  
Mr G Thompson, Principal  
Ms R Clark, staff governor (teaching)

#### **IN ATTENDANCE:**

Mrs M Searle, Head of Finance  
Mrs S Plumb, Senior Business Manager  
Mr C Graham, Associate Principal – observing  
Mrs E Lewis, Clerk to the Governors

**The meeting was opened at 5.32 pm by Mr Belfour. It was quorate throughout and everyone could see and hear each other.**

1. **Opening Prayer:** offered by Mr Thompson.
2. **Apologies:** not applicable – all present.
3. **Declarations of Interest:** there were none.
4. **Welcome new members:** Mr Belfour welcomed Mr Nader Sheta and Mr Don Freeman to the committee.
5. **Election of Vice-Chair:** Mr Sheta was unanimously appointed Vice-Chair of the committee for a two-year term of office which commenced immediately.
6. **Minutes: Meeting held on 17<sup>th</sup> November 2020 (Part One):** Included in the papers and previously circulated on 1<sup>st</sup> December 2020 were agreed to be a true and accurate record to be signed in due course.
7. **Action Points from previous meeting:** there were none.
8. **Matters Arising other than agenda items:** Mr Thompson verified to Mr Belfour that no invitation had yet been received from the ESFA Territorial Team to convene a follow up early intervention meeting - this had been anticipated for January 2021. Mr Belfour reported that all information required by the ESFA was being supplied in a timely manner including the monthly management accounts and cashflow reports as distributed to governors.

Mr Thompson advised that he had been in contact with Mr Ed Dhauke, the Provider Manager for the Territorial Team, regarding the formal notification outcome of the funding assurance review. Mr Dhauke had advised that, because KPMG had not completed its reporting process, the college should submit a formal request for an extension to the imminent filing deadline (31<sup>st</sup> January 2021) for the 2019 – 2020 financial statements. The committee was reminded that until the notification of the outcome of the review was

issued by the ESFA, Buzzacott (the Auditors) could not sign off the accounts.

**ACTION: Mr Thompson would formally request an extension to the deadline for filing the financial statements for year ending 31<sup>st</sup> July 2020<sup>1</sup>.**

9. **Finance Record Return:** The committee had received, in the papers for the meeting, the populated “ESFA Finance Record 2020” spreadsheet along with a supporting commentary which explained the assumptions upon which the forecast for the current year (to 31<sup>st</sup> July 2021) had been completed in the finance record.

The committee had been delegated the authority to approve the finance record return for filing by the governing body on 3<sup>rd</sup> December 2020.

Mr Belfourd confirmed, in consultation with Mrs Searle, that the finance record could be signed off albeit that the audited accounts were yet to be signed by the auditors. It was agreed that due process had been followed; that the forecast for the current year was separate from the outturn of the previous year and approval was subject to any adjustment from the funding audit of year end 31<sup>st</sup> July 2020.

Mrs Searle introduced and contextualised the “ESFA Finance Record 31<sup>st</sup> January 2021 – (Commentary)”. She explained why the commentary voluntarily extended beyond the requirements of the Finance Record template for two funding years (ending 2020 and 2021) to include 2021 – 2022. It was noted that the commentary set out an update to the information provided in the approved 31<sup>st</sup> July 2020 financial accounts and the November 2020 Cashflow returns. It also included the required declaration of covid costs.

Financial health rating was shown to predict RI (Requires Improvement) for the current year ending 2021 and to return to “Good” in FY2022. Mr Belfourd explained that the Financial Health rating is generated automatically by the ESFA spreadsheet.

Mr Sheta sought clarification of what had created the operating deficit in the two years of the return. Mrs Searle explained the key elements which had delivered that in the forecast and actual accounts including the impact of pension liabilities, lagged funding from under-recruitment and the EBITDA<sup>2</sup> ratio. She emphasised that the current ratio is good – the result of very healthy cash reserves and the college has no loans.

Mr Belfourd said that he had found it very helpful to work through the return and commentary with Mrs Searle and advised that the commentary aligned with the financial plan and forecast and the Cashflow return in November 2020 and the message was consistent.

Mrs Searle said that the forecast was a working document and that it would be necessary to re-forecast again. She noted that income generated by SFX Corporate Services Ltd and the Nursery would be revisited due to the impact of the lockdowns on business. She reminded the committee that another assumption in successful delivery of the financial plan was the completion of staff restructuring and achievement of the commitment to reduce staff costs to below 75%.

Mr Thompson commented that the predicted deficit could be reduced if the college was granted an additional allocation of funding in-year, rather than having to wait for lagged

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<sup>1</sup> ESFA agreement to an extension to the 31<sup>st</sup> January 2021 filing date, to the end of February 2021, was confirmed by email on 27<sup>th</sup> January 2021.

<sup>2</sup> Earnings Before Interest, Taxes, Depreciation and Amortisation

income, to cover the costs, including staffing, of teaching the additional students on roll this year. He expected to hear whether his request had been successful in the next two months. Mr Belfourd asked whether the change in profile with more students on A Level courses had impacted on staffing costs. Mr Thompson explained that the shift had filled some classes that were not previously at capacity and had not, therefore, significantly increased staffing costs in that respect.

Mr Belfourd proposed that the Finance Record Return and the supporting commentary as presented to and scrutinised by the committee be authorised for submission to meet the deadline of 31<sup>st</sup> January 2021. **Agreed unanimously.**

It was noted that the next scheduled financial returns would be the risk-based April cash flow collection to be submitted by 30<sup>th</sup> April 2021 and the 31<sup>st</sup> July 2021 annual return (IFMC v2.0) of the main budget / forecast.

10. **Risk Management:** Mr Thompson highlighted, as flagged in the commentary to the finance record return, the additional impact the ongoing covid pandemic restriction was having on the finances of the college. The cancellation of lettings would cause a significant drop in non-ESFA income in this current year.

11. **Any other business:**

11.1. **Update to bank mandate on the Friends of St Francis Xavier account with AIB (Allied Irish Bank):** Mrs Searle sought the agreement of the committee to add the Associate Principals, Mr Ciaran Graham and Ms Karen Foan, as signatories on the Friends account. This would bring it in line with the college main account. **Agreed by all.**

12. **Date of next meeting:** Tuesday 23<sup>rd</sup> February 2021, 5.30pm

This part one of the meeting ended at 6.04pm. Ms Clark withdrew.

**SIGNED:** \_\_\_\_\_

**DATE:** \_\_\_\_\_