

GOVERNORS FINANCE & RESOURCES COMMITTEE

Tuesday 23rd June 2020 at 5.30pm

Via online remote conference

MINUTES – PART ONE

PRESENT:

Mr M Belfour, Foundation Governor, Chair
Mr J Opara, Foundation Governor, Vice Chair
Mrs K Taylor, Foundation Governor
Mr C Garvey, Foundation Governor (Chair of Governors)
Ms R Clark, Staff Governor
Mrs S Flannery, Principal

IN ATTENDANCE:

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

The meeting was opened by Mr Belfour at 5.32pm and was quorate throughout.

1. **Opening Prayer:** offered by Mrs Flannery
2. **Apologies:** Not applicable. All present.
3. **Declarations of Interest:** There were none.
4. **Minutes of meeting held on 25th February 2020:** Previously circulated 31st March 2020 and included in the papers were agreed to be a true and accurate record and approved for signing in due course by Mr Belfour.
5. **Matters Arising: other than agenda items:**
 - 5.1. **Charging Policy for 2020 – 21:** Deferred from previous meeting, Mrs Plumb introduced the updated policy with changes highlighted.
The revised policy was accepted for recommendation for approval by the Governing Body on 1st July 2020.
 - 5.2. **Early intervention response to monthly accounts & any update:** There had been no further contact with ESFA on this matter.
 - 5.3. **Rateable value review (nursery):** Mrs Searle reported two refunds had been received totalling just under £10k for the nursery. The review is continuing and it was possible that a further back dated award might be due. Mrs Searle advised that there would be commission to pay on the rebate but overall the nursery would benefit. She said that an email had confirmed that the review of college rates, held up by the Covid-19 crisis, would be commencing shortly.
 - 5.4. **Banking review: suggested consideration of other options:** Mrs Searle had compared rates offered by other banks prompted by a suggestion from Ms Clark to review alternatives, and found, currently, none were significantly better. In view of the extent of administration changing banks would incur it was agreed to continue with AIB for everyday banking and investments and Scottish Widows for investments but to keep the market under review.

6. **Actions outstanding from previous meetings:** There were none.
7. **Premises and Accommodation reports and plans:** Mrs Plumb introduced the written report which reviewed:
 - 7.1. The bid made in December 2019 to the Conditions Improvement Fund for £153k. The outcome had been delayed to June 2020 and was still awaited.
 - 7.2. The bid to the GLA which had been unsuccessful. Mrs Plumb had sought feedback but it would not be provided.
 - 7.3. The Condition of Estate Survey which had previously been provided to the committee would inform the Annual Plan of Works and wider Curriculum Accommodation Strategic Review covering the next 3-5 years. The costed safety risk report arising from the survey had been appended to the report. £129k of year one priority remedial work had been included in the plan of works for the coming year.
 - 7.4. Mrs Plumb advised that the insurance Health & Safety Audit visit had been postponed to the autumn term.

The provisional, annual plan of works for 2020 – 2021 with quoted costs was outlined by Mrs Plumb. She confirmed that the Drake + Kannemeyer recommendations made in the Condition Survey, including those for the Nursery, and provisions for new turnstile front access and the main gate had been included but advised that the plan could not be finalised until the outcome of the CIF bid was known.

Mr Belfourd asked to what extent adaptations for the safe re-opening of the college would change the plans and costs. Mrs Plumb outlined some of the key measures being put into place including PPE and sanitiser dispensers and modifications to office space. She said that she was looking at procuring thermal image camera recording equipment to capture raised temperatures. She said readings would be more accurate than could be achieved with the current hand held thermometer. Ms Clark later described her experience of an unreliable reading. Mr Opara said it was advised that three readings should be taken. He recommended looking into whether a grant would be available to purchase the thermal imaging equipment.

Mr Opara enquired whether the technology and IT networks had been tested and upgraded to be robust and adequate to support remote working and teaching. He was aware of the costs that could be involved. Mrs Flannery confirmed that the technology and networks was holding up well but explained that there was a parallel concern about whether students could access suitable equipment to complete assignments and studies.

The annual plan of works was agreed as a provisional plan for 2020 – 2021 acknowledging that it would need to be flexible and responsive to changes coming through. The total budget was noted to be £296k for the Builder's Work (APW Budget) and £32k for IT works. The confirmed ESFA devolved capital grant for 2020 – 2021 was noted to be £34,356.

8. **Insurance Update:** Mrs Plumb introduced the paper which had been provided for the meeting. Mr Belfourd confirmed that the cover was a continuation of the plan agreed when the contract was taken out. The coming year, 2020 – 2021, would be the third and final year of that contract. Mrs Plumb advised that she and Mrs Searle had met with representatives from the insurance brokers and, as set out in the paper, premiums payable for some elements, including cyber insurance, were expected to increase and some exclusions were anticipated in response to Covid-19. The exact price was awaited but it was anticipated that the cost would continue to represent excellent value for money compared to the previous firm.

9. **Annual Health & Safety Report:** Mrs Plumb introduced the annual report on Health and Safety for 2019 – 2020 which had been prepared by the Health & Safety Co-ordinator, the chair of the college Health and Safety committee. It was noted that a specific Covid-19 risk assessment had been adopted for re-opening the college and for the Autumn term when catering and other contractual services would return. Mrs Plumb confirmed that extensive guidance was being given to staff with regard to PPE, sanitising and distancing and appropriate adaptations to the working environment. Arrangements for Police liaison had been updated. It was acknowledged that changes in Health & Safety requirements and arrangements were ongoing with added layers of prescribed regulations. The update was received with confidence that Health and Safety in the college was going forward in the right way.

Ms Clark observed that the appointment of a new Radiation Officer would be required to succeed Mr Askwith who would be retiring at the end of the term. Mr Thompson and Ms Plumb would be addressing this.

10. **SFX Corporate Services Ltd:** Report from SFX Corporate Services (“SCS”) Board meeting, 11th June 2020: Mrs Plumb introduced the “V21 – SFX Corporate Services Limited (Trading Subsidiary – Business Plan Summary – End of Year Analysis for 19/20) and outlined the financial performance of the subsidiary to the end of April 2020 and projections to the end of the year noting income from the non-ESFA stream (Lettings) of £82k (budget £121k) and a surplus of £48k (budget £72k) The reduced performance being due to the halting of Lettings since 23rd March 2020.

Mrs Plumb outlined phased plans, within government and sports organisation guidelines, for re-opening the facilities to lettings customers, who were keen to resume their hire contracts. Risk assessments would be in place for all activities to ensure compliance with current distancing, safeguarding and health & safety requirements. She reported that work to relay the MUGA pitch had begun. Work was underway to attract new customers and a mail-out was being prepared to go to local schools / academies to invite them to hire the college premises as overspill accommodation for lessons, workshops etc. Lettings fee rates were under review for later in the autumn term to cover increased costs associated with additional cleaning regimes and provision of sanitising products.

It was noted that the [Nightingale’s] Nursery had re-opened on 8th June. Occupancy levels were being reviewed and fees could potentially be increased for the autumn term. Income from the Nursery was not part of the subsidiary accounts but it was noted that the forecast was less than predicted due to being closed since March.

The Directors of the subsidiary had accepted Mrs Flannery’s resignation from the Board when she steps down as Principal. Mr Thompson had accepted an invitation to take a seat as Director to succeed her.

11. Financial:

11.1. **Monthly Commentary Accounts & Cashflow:** Monthly accounts up to and including April 2020 had been circulated to all governors since the previous meeting. Mr Belford acknowledged that the accounts and cashflow for May 2020 had been distributed earlier in the day to all governors and showed where the college would be at the end of the financial year (31st July 2020).

11.2. Financial forecast / plan

11.2.1. Update to financial forecast since IFMC: Incorporated in 11.2.2 was noted to have not changed significantly other than noted below.

11.2.2. **Cashflow & commentary return due by 31st July 2020 to ESFA, COVID-19 specific financial return from colleges:**

The committee had received the following in the papers for the meeting:

- *Commentary for Financial Plan Template (June 2020) with Annex A: Financial Planning Checklist
- *FR Financial Plan 23.06.20 (v3)
- *Cashflow 1920
- *Cashflow 2021
- *Cashflow 2022

Mr Belfour advised that the first pages of the full commentary set the historical context and paragraph 7 (2020- 2021 Financial Plan Overview) onwards provided the commentary to the updated financial plan to be submitted to ESFA by 31st July 2020. It would be condensed into summary to meet the ESFA prescribed format.

Mr Belfour drew the key points out of the plan which amended it from the agreed current financial plan.

Financial Health: He explained that cost savings would crystallise at less than the forecast target for 2019 – 2020 contributing to a second year of a Requires Improvement (RI) financial health status in 2020 – 2021 instead of the previously forecast return to Good. The return to Good was now predicted for 2021 – 2022 (on the assumption that the cost savings will be achieved in 2020-21).

With reference to Annex B (page 17) Mr Belfour highlighted a forecast better outcome for 2019 – 2020 due to short term savings in the staffing budget during the Covid-19 closure; but the result in July 2021 was worsened without the long term savings in staff costs being in place. Mr Belfour explained that a third year financial plan had been included voluntarily because he and the college team had agreed that it usefully showed that the financial position of the college had gone down but would be coming back up and underlined that there was sufficient cash to remain financially stable.

The updated plan made no changes in the forecast of student numbers with modest growth, and other key assumptions were unaltered.

The Financial Plan was confirmed to be very similar to that previously agreed and could be seen to be comparable. Cashflow for the three years accompanied the plan and Mrs Searle emphasised that the cashflow levels were the significant element of concern for the ESFA.

Mr Belfour advised the committee that the financial plan and the cash flow forecasts will be incorporated in the Financial Health Calculator and the Cashflow to be submitted to the ESFA after signature by the Principal of the Accounting Officer's Declaration, which confirms that the information provided is consistent with that approved by the Governing Body. The financial plan and cashflows were prepared in the same format as for July 2019 firstly to provide comparability and secondly because the ESFA had issued the templates on 15 June after the financial plan had been prepared.

ESFA was seeking to establish the impact of Covid-19 and four new memorandum lines had been added to in the Income & Expenditure Account in the pro-forma Financial Health Calculator which Mrs Searle explained were loss of income; increased staff costs; increased non-pay costs and increased capital costs to be worked out for the next three years.

The content of the financial plan, financial health calculation, cashflow and commentary were accepted. The headlines would be reported to the full Governing Body on 1st July with confirmation that the plan had been scrutinised, analysed and discussed. Mr Belfourd said that the return was complex and commended Mrs Searle and her team for the great care that had been taken arriving at the budgets and predicted future costs.

Mr Belfourd asked about the Autumn term. Mrs Flannery said that the expectation was that large numbers of students would be back in college with maybe an element of rotational attendance and mixed delivery but the target would be to do as much face to face teaching as possible. She said some re-configuring of the college would be necessary. Costs relating to Covid-19 were uncertain.

11.2.3. Funding update: Covered in the commentary to the financial plan.

11.2.4. Recommendation from the Remuneration Committee: Mr Belfourd confirmed that he had received a report of the recommendations made by the committee which met on 10th June 2020. He confirmed that the effect of the recommendation made by the committee could be incorporated in next year's budget.

11.2.5. College Budget for 2020 – 2021: Noted to form part of the financial plan at 11.2.2

11.2.6. Staff cost of living pay awards: Mrs Flannery advised that these had been settled for 2019 – 2020. Teachers had agreed 1.5% increase from 1st September 2019 and 1.25% from 1st April 2020 representing an in-year increase of 2.02%. Support staff had settled on two years and from 1st January 2021, would receive an uplift of 2.5% for support staff.

Mr Belfourd confirmed there was one member of the nursery team remained furloughed who was expected to return soon. All other nursery staff had returned from their period of furlough.

11.3. Treasury Management:

11.3.1. The unanimous written decision taken electronically on 4th May 2020 in favour of reinvesting £389k matured deposit for a further three month period with AIB was formally confirmed.

11.3.2. Monitoring report: Mrs Searle introduced the summer term 2020 treasury report listing three investments, which had been included in the papers for the meeting. Mr Belfourd noted that the amounts all tie back to the monthly accounts and cashflows. The £389k deposit reinvested in 11.3.1 would mature again on 5th August 2020. It was agreed to leave it in the same account to roll on for a further three months. **Report accepted.**

11.4. College Financial Regulations & Associated Policies including Treasury

Management: A request to defer the annual update and revisions for 2020 – 2021 of the Financial Regulations & associated policies including the Treasury Management policy had been discussed with Mr Belfourd and agreed in principal prior to the meeting. Mrs Searle explained that deferring until autumn would allow for structural and lines of authority changes to be incorporated. **Deferring to the autumn term was agreed. The current versions would remain valid.**

ACTION: Approval of the Governing Body would be sought on 1st July for revised policies to take effect on the approval of the F&R Committee on 22nd September

2020 and subsequent electronic written resolution of all Governors without delaying to the December 2020 meeting.

- 11.5. **Financial Health:** The committee noted a letter from the ESFA confirming the outstanding financial health grade for 2018 / 19 from ESFA (Adrian Brook dated 29th May 2020) which had been included in the papers for the meeting.
- 11.6. **Change of Signatories on Bank Accounts:** The committee acknowledged that changes to the signatories on the bank account would be necessary when Mr Thompson succeeds Mrs Flannery as Principal. A mandate form had been provided by AIB and, authority was granted, in due course, for the Chair of Governors and Clerk to the Governors to sign the forms to confirm that change. Mrs Searle would review any other changes that might be required. She advised that Mr Thompson would be added to the signatories on the Trading subsidiary bank account.

ACTION: Mrs Searle, Mrs Lewis

12. **Schedule of Meetings and Business for 2020 - 2021:** A draft for agreement had been included in the papers for the meeting and was discussed. Some dates were provisional subject to financial reporting requirements (IFMC) which were to be confirmed. The timetable would, therefore, be kept under review. As agreed in 11.4, review of the Financial Regulations etc would be added to the business for the meeting scheduled for September 22nd 2020.

13. **Any other business:**

College Collaboration Fund (CCF): Mr Thompson announced that a £5.4m national pot of money had been released by the DfE for colleges to apply to CCF as a second round. A first round launched in February had put aside £9m but had subsequently been cancelled due to Covid-19. He explained that the CCF had been made available to enable colleges to collaborate, share good practice and benefit from sector expertise to address common quality improvement priorities and outlined the conditions. It built on the strategic college improvement fund (SCIF).

Mr Thompson outlined two projects that would be submitted for monies from the CCF, both of which would have elements of match-funding.

The first project, in which SFX was taking the lead, was a bid for £290k to be shared equally with St Brendan's Catholic Sixth Form College in Bristol to support remote digital learning and catch up work. The match funding liability would be 25% (£36k) per college.

The second project was focussing on the mental health of staff and students in collaboration with Leyton SFC (co-member of the London Sixth Form Partnership) in which Leyton would take the lead. No financial breakdown was available but Mr Thompson said it could be of similar value and liability to project one.

Mr Opara asked how the project partners had been chosen. Mr Thompson explained that St Brendan's was via ACVIC (Association of Catholic Sixth Form Partnership) and had been undergoing a digital transformation too, although SFX strategy was more advanced. Leyton SFC had been the only college from the LSFP to respond with interest in compiling a collaborative bid.

The committee unanimously endorsed the projects and approved submission of both bids. Arrangements were made for Mr Garvey to sign the applications.

14. **Committee Review of effectiveness, membership and skills:** Mrs Lewis would circulate an online questionnaire after the meeting.
15. **Has the Committee identified any new or heightened risks to be advised to the Audit Committee for the risk register?** A copy of the Risk Register, Action Plan and Policy for the summer term 2020, reviewed by the Audit Committee had been included in the papers for

the meeting. The committee noted that two new areas of risk ranked third and fourth had been added. Mrs Flannery said that the updated projection of *Requires Improvement* financial health for the coming two years, rather than one, needed to be appraised.

16. **Date of next meeting:** Tuesday 22nd September 2020, 5.30pm. Expected to be held remotely subject to advice and guidance in place at that date.
17. **Farewell to Stella Flannery as member of this committee:** In extending appreciation and good wishes to Mrs Flannery, Mr Belfour commented that she had had a very busy tenure. He expressed his thanks in the presence of both of the Chairs of Governors Mrs Flannery had served with.

This part one of the meeting ended at 6.46pm when Ms Clark, Staff Governor withdrew.

SIGNED: _____

DATE: _____