

Tuesday 25th September 2018, 5.30pm

MINUTES

PRESENT:

Mr M Belfour, Chair, Foundation Governor
Mr C Garvey, Foundation Governor, Chair of Governors
Mrs S Flannery, Principal
Mrs J Town, Vice Chair, Staff Governor

IN ATTENDANCE:

Mrs M Searle, Head of Finance
Mr A Taylor, Strategic Director of Financial and Physical Resources
Mrs E Lewis, Clerk to the Governors

The meeting was opened at 5.30pm by Mr Belfour and was quorate throughout

1. **Opening Prayer:** offered by Mrs Flannery
2. **Apologies:** Received from Mr J Opara were accepted.
3. **Declaration of interests:** there were none
4. **Minutes of F&RC meeting held on 25th June 2018:** Were included in papers and had been previously circulated 29th June 2018 were agreed to be a true and accurate record and were duly signed by Mr Belfour.
5. **Matters Arising:** other than agenda items:
 - 5.1. Update on insurance: Mr Belfour confirmed that details of the insurance renewal to cover 1st August 2018 to 31st July 2019 including costs had been circulated to the committee members by email on 9th July 2018 and subsequently reported to the full Board of Governors on 10th July 2018. Mr Taylor advised that the invoice had been received. The overall insurance cost had been reduced by £10k and the policy extended to include terrorism and cyber cover.
6. **Review of progress against action points**
 - 6.1. Rateable value review: Mrs Searle advised that this was still outstanding. She had been following up and encountered a change of personnel. She understood that a backlog of cases had built up and would revert to the committee when there was any news to report.
7. **Accommodation & Premises, project reports & plans:** Mr Taylor introduced his report which had been included in the papers for the meeting.

The annual plan of works 2018 – 19 with costs was reviewed against the colour coded schedule in the report showing the status of each project.

Mr Taylor reported practical completion of the complex CIF roof work project on time and within budget. There remained only removal of residual scaffolding and snagging to be finished. The sign off would be reported to the ESFA. Mr Taylor advised the committee that £30k devolved capital grant expected to be used for this project may be saved. Mr Belfour confirmed that minutes of the meetings of the PMG¹ concerning this CIF project had been circulated to the committee after each meeting and that the final meeting had been held for the CIF Roof Works..

¹ Project Management Group

Mr Taylor confirmed from his report that negotiations between the Care Home developers, Apache and the Diocese had concluded and a formal compensation agreement was being drawn up. It was anticipated that approximately £800k compensation would be donated to the college before the end of the current academic year. Mr Taylor explained that planning for relocating the Art department (affected by reduction in light from the development) into a single-storey modular new build on the patio area was underway. This solution was expected to cost around £400k and it was hoped that it would be completed, subject to affordability and planning permission, during 2018 – 19 although the planning permission process could take several months.

The committee noted that planning permission had been granted on 26th June 2018² for the development of the currently unusable hard courts into a MUGA³ sports pitch with floodlighting. Mr Taylor advised that a formal tender process had been completed and bids ranging from £136k to £143k plus VAT were being evaluated. A meeting was scheduled for the following week with two of the tenderers. He advised that pricing in the bids was higher than £150k agreed in the budget. The committee accepted that the benefit of the development for students; the sports department / football academy and for income generation made the project worthwhile. Mr Taylor explained options being explored for funding the development and how the difference between the amount in the budget and the tendered costs could be covered using devolved capital grants incorporating savings from the roof project. It was agreed that to delay would risk an increase in price. Mr Taylor would keep the committee updated on progress.

Mr Taylor discussed other projects in the programme for 2018 – 19 including works to the Multi-Purpose Hall which he anticipated would commence in June / July 2019 after teaching had finished for the year. He said that a survey was underway of the toilet provision around the college (student and staff) in the hope that the next round of CIF grants would enable refurbishment and re-dedication of toilets. Mr Belfourd asked whether the ESFA had given any indication of what the priorities would be for the next round of CIF. Mr Taylor said that was not yet confirmed.

8. Financial update:

- 8.1. **Preliminary end of year position (2017 – 18) from Monthly Commentary and Accounts, July 2018:** Mrs Searle introduced the July 2018 commentary and accounts which had been circulated to all governors and included in the papers for the meeting. She noted that the out-turn (operating surplus of £388k; statutory accounts surplus £481k due to a large actuarial gain) was better than budget and better than had been predicted in the operating year. From the accounts summary it was noted that pay expenditure represented 74% of income. Solvency in the commentary recorded a current ratio of 9:1. Mrs Searle confirmed that restructuring costs had been carefully monitored. Mrs Searle reported against the commentary highlighting non-ESFA funded areas where income had fluctuated. She explained FRS102 and the actuarial gain of £888k which was outside of management control. The out-turn was expected to translate into an outstanding financial health rating.

8.2. Variations to the financial plan:

“A Funding / Financial Projections (for Finance & Resources Committee 25/09/18)” paper had been included in the papers for the meeting. Mr Taylor confirmed that the end of year out-turn was a positive situation but reminded the committee that the 2018 – 19 and 2019 – 20 budgets had been set against a further 4 to 6 FTE redundancies and was predicated on a student roll of 1297 on the October count day. Mr Taylor informed the committee that the number of students currently enrolled was 1226. He projected that this would settle at 100 lower than the assumption in the financial plan and advised that the detail would have to be revised. He could not forecast whether numbers had yet bottomed out. A demographic increase was being predicted for 2020 – 21. Mrs Flannery explained why securing further reductions in staffing numbers would be challenging. Non-teaching areas had been taken right down and a further cut back in teaching staff would restrict capacity. The college did not

² Announced to Governing Body on 10th July 2018

³ Multi Use Games Area (sports pitch)

qualify for recently announced grant support towards teachers' pensions and uplift in funding rates had not materialised despite an increase in campaigning and press coverage.

Mr Taylor informed that committee that the ESFA would require a plan for managing the drop in funding caused by the under-recruitment of students. It was agreed that other structural options beyond playing out the redundancy programme would need to be explored and the opportunity would be taken when governors meet at a focus morning on 13th October.

8.3. Funding (including enrolment data for 2018): Mr Taylor introduced the SFX Annual Enrolment Statistics (September Week 3 Comparison) report which had been included in the papers for the meeting. He commented that the under-shoot on new students had been signalled by the lower level of applications throughout the recruitment campaign. This was where the majority of the loss in student numbers could be seen. Numbers were fluctuating on a daily basis as students settled their choices between returning to former schools and remaining in college. Comparison with the previous two years showed there was little change in the proportions of students. It was noted that recruitment from partner schools had fallen further to 10%. Enrolment statistics by course highlighted the increased size of the cohort retaking Maths and English and amounted to a third of the students. There were 19 maths groups. The level of resource invested in retakes was noted to be exceptional.

Recruitment was not closed – applications were continuing to be submitted and considered. Students seeking changes in their courses were being re-counselled to find programmes to retain them.

Mrs Flannery noted that Inner London colleges were really struggling with recruitment.

8.4. Financial summary: Had been covered in 8.1 – 8.3. It was estimated that under lagged funding, grant income would be based on roughly 1200 students in 1919 – 20. The exact figure would be the number on roll in the mid-October return to the ESFA.

9. Treasury Management: Monitoring report. Mrs Searle referred to the report included in the papers for the meeting and advised the committee that two fixed term deposits had been rolled forward and would be maturing on 26th September 2018. The merits of longer term investment were debated but it was agreed that both fixed term deposits should remain on deposit with the Allied Irish Bank for a further twelve months.

10. Staff cost of living rises update:

10.1. Teaching staff: Mrs Flannery reported that collective bargaining negotiations were more tangled now that 30% of the Sixth Form sector comprised academies. A initial claim for 5% increase had been submitted to the SFCA employer side. She reminded the committee that an increase of 2.5% had been allowed for in the college budget. The school teachers review body had announced a 3.5% increase for teachers.

The position was inflamed by the Secretary of State's announcement that the increase in teachers' pay would be partly grant funded for 16 – 19 academies. Sixth Form Colleges had been excluded from this support. The SFCA was challenging the decision.

An outcome was awaited.

10.2. Support staff: No claim had yet been submitted.

11. SFX Corporate Services Ltd: verbal update. Mr Taylor advised that the next scheduled Board meeting would take place on 8th November 2018 and would be reported to the F&R committee meeting on 22nd November. It was predicted that SFX Corporate Services would generate a net profit of £27k. Losses were expected from Community Education, the Nursery and the Apprenticeship scheme. A strategy for Community Education would be moved forward.

12. Risk Management: Have governors identified any new risks or modifications to existing risks on the register? It was agreed that the major risks of funding and student recruitment were already identified and ranked at the top. Those risks were not new but were emboldened.

13. Any other business:

13.1. Financial Statements Audit: Mr Belfourd confirmed the plan for the audit of the financial statements. The auditors would be undertaking the field work in the college during the week commencing 1st October 2018.

13.2. Anti - Fraud controls: Mr Garvey sought assurance that robust procedures were in place to guard against fraud, mis-spending and inappropriate outsourcing following another recent reported case which highlighted weakness in reporting and the influence of a dominant individual. Mr Taylor outlined the internal and external audit controls that are in place confirmed by published reports. An Internal Audit Service had been retained and the areas of review were commissioned by the Audit Committee in response to the key risks recorded in the risk register. He confirmed that all basic financial procedures require authorisation by two signatories. Financial Regulations and supporting policies are reviewed and approved annually via this committee; ratified by the full governing body and published on the intranet and public facing website.

The college has rigorous tendering procedures which introduce a layer of transparency and independence to the contracting process.

14. Date of next meeting: Thursday 22nd November 2018, 6pm – jointly with Audit Committee to receive the Financial Statements and Regularity Audits reports.

15. Review of effectiveness of meeting: It was agreed that matters had been discussed thoroughly and effectively.

The meeting ended at 6.35pm.

SIGNED _____

DATE: _____