

Tuesday 7th March 2017, 5.30pm

MINUTES

PRESENT:

Mr M Belfour, Foundation Governor, Chair
Ms P Cummings, Foundation Governor
Mrs S Flannery, Principal
Mr J Opara, Foundation Governor

IN ATTENDANCE:

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

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

1. **Opening Prayer:** Mrs Flannery offered the prayer using a Franciscan Blessing
2. **Apologies:** Received from Miss Doran after the meeting.
3. **Declarations of Interest:** There were none.
4. **Minutes of meeting held on 22nd Nov 2016:** Included in the papers for the meeting and had been circulated previously on 26th January 2017. Agreed to be a true and accurate record they were duly signed by Mr Belfour.
5. **Review of Confidential minutes:** No minutes have been classified as confidential since the review in March 2013.
6. **Matters Arising** (other than agenda items):
 - 6.1. **Terrorism Insurance** (item 10.4 in minutes of previous meeting): Mr Taylor and Mrs Searle summarised the responses they had received from 14 other colleges across the country. They reported 6 colleges had taken out terrorism cover – some of those had subsequently re-evaluated and cancelled the cover due to affordability. The Diocese had provided no guidance. The EFA¹ had advised it was a matter for colleges to determine based on risk assessment.
Mr Taylor advised that the CPC² intends to expand the selection of insurance companies on the framework. He said that cover against terrorism and cyber-attacks was pushing premiums up. Mr Taylor advised that the quoted cost to provide cover for the next academic year would be £20k. He reminded the committee that the current contract would, as a matter of course, be due for renewal for 2018 - 19.

¹ Education Funding Agency

² Crescent Purchasing Consortium



Following discussion, the committee unanimously decided against adding terrorism cover for the coming year. It was agreed that cover should be kept under review and would be included in the scope of the three year college insurance contract due to be put out to tender mid-way through 2017 – 18 – utilising the new CPC framework.

6.2. **LPFA Pensions Fund Valuation** (item 11.3 in minutes of previous meeting): Mr Taylor referred to this matter arising to record an update since the previous meeting which had been advised to Mr Belford by email on 6th January 2017. The outcome of the 2016 LPFA Fund Valuation was that the college had maintained its Employer Covenant Categorisation of B. The results of the valuation proposed a reduction in the salary element contribution from 17.3% to 15.5% effective from April 2017 for 3 years with no additional payments. Mr Belford confirmed that he had supported these welcome new favourable terms and agreed the acceptance of them. Mrs Searle said it would release £42k back into the financial forecast. **Decision to accept new terms was endorsed.**

6.3. **Review of Rateable Value of the Estate:** The committee was informed that a review of rateable values would increase the college rates by 38% (from £335k to £462.5k) and the Nursery rates by 50% (from £7k to £10.5k). Advice had been sought and the increases would be contested.

7. **Actions outstanding from previous meetings:** There were none.

8. **Premises and Accommodation project reports and plans: BAF 7 & 10:** Mr Taylor introduced his paper.

Condition Improvement Fund (CIF) 2017 - 18: Mr Taylor recapped the submission of a bid to the fund which had been outlined at the previous meeting and, following an email agreement with the committee about the content of the bid, advised to the full Governing Body on 8th December 2016. He explained the detail of the bid to undertake replacement and remedial roofing work in four areas of the college. The bid contained optional elements to a total value of between £300k and £450k. There would be a college contribution to the project of between 7.5% and 20% (£60k) using devolved capital grant from 2016 – 17 and the current year's capital grant. There was agreement not to draw on reserves for this work. Mr Taylor noted that the outcome of the bid would be known by late March / early April 2017 and the committee would be informed of the outcome once known. The work had been identified from a roof survey. If successful, the project to undertake the work would be logistically challenging and would extend beyond the summer holiday period

Items currently under consideration for the 17 / 18 Academic Year / Annual Plan of Works: Mr Taylor emphasised that the proposals listed in his report were not finalised and would be presented as a plan to the summer meeting. He outlined four elements to the provisional plan:

New Multi-Sport Synthetic Grass Surface with Floodlights: The committee was advised of consultations which are underway regarding the possibility of investing, through a finance agreement which Mr Taylor gave details of, in a multi-sport synthetic grass surface pitch with floodlights. The indicative cost would be £100k - £125k. The project would benefit the students as well as enhancing income generating lettings opportunities. The committee



acknowledged that an early challenge in the scheme would be to gain permission to install appropriate floodlighting. An alternative to a finance arrangement would be to seek funding from eg Sports England.

Implications of the Red & Yellow Dementia Care Home Development (currently on-hold / to be discussed). Mr Taylor informed the committee that the “right to light” negotiations had been re-started. The development had been put on hold in summer 2016, as a result of the “Brexit” decision. The committee was reminded that the college would require £1.3m - £1.5m to replace teaching accommodation that would be adversely affected by the loss of light. The Diocese, as landowners, would be the negotiators and a meeting would be held at the college on 21st March 2017 with Diocesan advisors and surveyors. Mr Taylor said that if the development went ahead and “right to light” negotiations yielded the necessary financial settlement then plans for the outdoor synthetic pitch would be abandoned, because the teaching block would be constructed on the courts instead. It was not known whether the development project would be downsized. The committee would be kept informed by email.

Additional Large Computer Room and redevelopment of the HR, Staff Toilet areas, new toilet area for visitors: Mr Taylor outlined these costed ideas and would bring them back to the summer meeting for discussion and decision. Other area is staff toilet and visitors area upgrade. Always computer rooms – smaller values.

Annual Programme of Works: The committee received an update on works in the plan for 2016 – 17, illustrated by a colour coded cost and progress analysis. Most of the work. With the exception of on-going IT improvements, was complete. There were no major variances against budget.

9. **Health and Safety Annual Report: [BAF 8]** The report had been prepared by the College Health & Safety Co-ordinator and had been included in the papers for the meeting. The Health & Safety Policy had been reviewed by the committee and approved by the governing body in the autumn term 2016. Governors considered whether there had been any changes and noted there were no patterns to the accidents and incidents recorded. A recent fire drill had resulted in a satisfactory evacuation. Mr Taylor reported that compliance with health and safety requirements had been incorporated in the January 2017 internal audit assignment in relation to capital projects and estates and had received a clean report.
- Mr Taylor explained that the pastoral management team was being consulted in an ongoing review of security monitoring of the entry turnstile barriers.
- Mr Belford confirmed that the report had been received as confirmation that things were going well.

10. **Financial Report: BAF 13**

- 10.1. **Monthly commentary and accounts:** The monthly accounts up to and including January 2017 had been circulated to all governors. Mrs Searle advised that the February accounts were in preparation for circulation shortly.
- Mr Belford reported that he had raised some points outside the meeting for clarification and some change of wording had been decided. Mr Vianello (foundation



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governor) had also raised a couple of queries which had been explained. The management accounts were confirmed and noted. The committee further noted and unanimously agreed that Mrs Searle would make a withdrawal from the Scottish Widows deposit account to relieve a short term (approximately one week) cash flow shortfall triggered by the profiling of EFA grant funding payments to the college.

- 10.2. **Banking review:** Mrs Searle introduced her report on the banking arrangements “AIB³ Banking Review” which had been included in the papers for the meeting. She noted that the AIB had confirmed that the loan facility had been amended, as agreed, to £200k from the original facility of £300k. The resulting reduction in monthly repayments from £4,031 to £2,134 had taken effect from January 2017 for the remainder of the term. The loan is due to be repaid by December 2021. Mrs Searle reviewed, from her report, the current service facility fees and explained how charges are being controlled. No service charges are applied to the St Francis Xavier Friends Fund apart from £10 annual audit fee. With reference to the decision approved in 10.2, Mrs Searle reported a stable cash position.
- 10.3. **St Francis Xavier Friends Fund:** Mrs Searle reported a balance of £634 remaining in this account which funds the annual Keohane and Egesi prizes for students. Mrs Searle advised that the fund would be empty after next year.
- 10.4. **Treasury Monitoring Report:** Mrs Searle introduced the report and advised adjustments to the interest rates on the two deposits with AIB and confirmed that the £300k was on fixed term deposit until 25th November 2017. The committee unanimously agreed that the deposit of £513k maturing on 31st March 2017 would be reinvested with AIB for a further 12 months.

11. **Funding update & financial projections / discussion: BAF 1.** Mr Taylor introduced the illustrative paper “Report – Funding/Financial Projections (for Finance & Resources Committee 07/03/17) which had been included in the papers for the meeting. Updates since the previous meeting had been highlighted in colour. The first section of the report *Income / Expenditure overview* the committee was advised that the budgeted operational deficit of -£56k for the current, 2016 – 17, year had been re-forecast to predict -£104k bottom of third page. The key reasons for the variance and impact on the budget were analysed in the paper and discussed. An increase in the staffing expenditure from budgeted 75% to 75.9% was reviewed and noted to include severance / redundancy costs currently within the staffing budget. An increasing difficulty recruiting teachers had contributed to additional agency costs of £62k. Mr Taylor reviewed non-EFA income streams and explained why the apprenticeships scheme would earn income of £93k but because of a lag in the payment profile monies would not be received during the current year. He advised why the cost base for the apprenticeship provision could realise an in-year loss of c£70k.

Mr Taylor reviewed and explained each of the other areas of expenditure detailed in the report which were “off profile” in the budget. Areas where in-year costs had been reduced to off-set increased expenditure were noted to amount to £52k. Expenditure would

³ Allied Irish Bank



continue to be closely managed and controlled.

The overall financial health of the college was expected to remain “good” for 2016 – 17, Mr Taylor confirmed. The committee note that “satisfactory” financial health would trigger a notice to improve (as reported by SFCA).

The report reviewed early information about EFA and non-EFA income and expenditure, including the funding allocation which had been received recently. It highlighted key decisions that would need to be taken for the year ahead, 2017 – 18 to meet the target in the financial plan of a break even position. Mr Belfour recollected that reserves might have to be used to ease the transition. Mr Taylor advised that further cuts in staffing through continuation of the redundancy programme and explained why this would potentially mean compulsory rather than voluntary redundancies. Mrs Flannery commented on the restricted scope for redundancy amongst teaching staff.

Mrs Flannery provided some context to the apprenticeships scheme. Mr Taylor explained the lagged timeframe for realising a return on the expensive up-front costs and described new standards and contracts being introduced that would add further complexity. The outcome of the application to become a prime provider was due by the end of March 2017. Currently the college is a sub-contractor of John Ruskin Sixth Form College. The committee agreed that apprenticeships was a key area for review and decision.

It was noted that the financial forecast and budget with related decisions would be brought back to the committee in June for agreement. It was agreed that the underlying principle would be to stick to the financial plan.

12. Non-Core business / income generation update: BAF 8

SFX Corporate Services Ltd: Mr Taylor introduced the report “V11 – SFX Corporate Services Limited (Trading Subsidiary – Business Plan Summary – Mid Year Analysis for 16/17” which had been included in the papers for the meeting. He explained that all non-core income generating activity was now incorporated in the report. The non-core business area had moved up one position on the risk register.

Mr Taylor noted that the profile and income of activity was down against the target for the year and explained the reasons for this. He advised that a profit of £30k was predicted due to a low cost base. Staff resource capacity is heavily diverted to apprenticeships and quality. College customers do not currently have money to buy in consultancy or spend on the student tracking and enrolment products others are pre-occupied with mergers. Lettings was doing well. Community Education income was on profile but with teacher costs would show a loss. Mr Taylor and Mrs Lewis would review this programme for cost efficiency during the budget process. The nursery was expected to recover and be on target.

13. Tuition and other Fees: (ref Article of Government 20) BAF 1, 8, 13

13.1. **Charging Policy:** The policy had been updated following annual review with minor amendments to wording as highlighted to the committee by Mr Taylor. **The committee approved the updated policy and would recommend it to the full governing body on 22nd March 2017 for adoption for 2017 – 18.**



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- 13.2. **Community Education full cost recovery course fees:** Mrs Lewis and Mr Taylor discussed the need to close the gap between costs and income for Community Education courses (evening and some day time classes). The programme was running with a minimal administration team. Mr Taylor and Mrs Lewis would undertake a realistic commercial review of pricing prior to budget setting mindful of protecting the relationship with lettings and the reputational aspects of the programme in the local community. It was anticipated that fees would be increased and the risk of this having a negative impact on enrolments was highlighted and accepted.
14. **Any other business:** It was noted that the Central London Area Review report had been published. Mrs Flannery advised that the CES⁴ was undertaking a review of the issues associated with academisation of Catholic Sixth Form Colleges.
15. **Review of meeting BAF 12:** It was acknowledged that there would be a risk to the skills and expertise of this committee if the re-appointment of Mr Belfour was not approved when his current (second) term of office expired on 9th June 2017. Miss Doran's second term of office would also expire on 9th June 2017. **ACTION: Clerk to advise Education Commission of Mr Belfour's willingness to continue his appointment and confirm Miss Doran's intentions.**
16. **Date of next meeting:** Thursday 22nd June 2017.

The meeting closed at 7pm.

SIGNED: _____

DATE: _____

⁴ Catholic Education Service

