

MINUTES
Tuesday 22nd November 2016, 6.15pm

PRESENT:

Mr J Opara, Foundation Governor
Ms P Cummings, Foundation Governor
Mr M Belfourd, Foundation Governor, Chair F&RC
Mrs S Flannery, Principal

IN ATTENDANCE:

Mrs M Searle, Head of Finance
Mr A Taylor, Strategic Director of Financial and Physical Resources
Mr G Sturge, Audit Manager, Buzzacott LLP for item 1
Mr M Cheetham, Head of IAS for SFX, RSM Risk Assurance LLP for item 1
Mrs E Lewis, Clerk to the Governors

Mr Nader, Chair of the Audit Committee remained in the chair for item 1.

1. **End of Year Financial Reports:** Introductions were made including Mr Sturge and Mr Cheetham.
 - 1.1. **FMCE¹:** The completed self-evaluation for 2015 – 16 had been included in the papers and was introduced by Mr Taylor. He confirmed that completion was no longer mandatory but annual completion of it as part of the assurance framework had been supported by governors. The overall grading had been judged to be “outstanding”. Mr Taylor explained why one sub area (Section 1.2 “Accountability Arrangements – Operational Oversight”) had been graded “good” and outlined the supporting action plan recorded in the questionnaire. Mr Opara confirmed that there would be milestones to mark progress against completion dates in the action plan. This will be monitored by the F&R Committee and, for the third area for improvement, by Ofsted at the next inspection. Quality is monitored through the CSQ Committee and full Governing Body.
FMCE 2015 - 16 accepted.
 - 1.2. **Financial Statements for year ended 31st July 2016:** Presented by Mr G Sturge, Audit Manager, Buzzacott LLP, Financial Statements Auditors. He introduced the Post-Audit Management Report first:
 - 1.2.1. **Post - Audit management report for Year ended 31st July 2016 including SFX Corporate Services Ltd:** The draft report had been included in the papers for the meeting. Mr Sturge explained the key points in the report and confirmed it to be an unqualified audit report on the audits of the financial statements, regularity, teachers pension scheme and the college’s trading subsidiary - with no causes for concern to bring to the attention of governors. Thanks were extended to Mrs Searle and her team for the smooth running of the audit. Appendices to the report including key financial ratio analysis with an estimated financial health

¹ Financial Management and Control Evaluation

score of good and the summary of recent FE Sector developments were noted. Mr Sturge reminded governors of their obligation to bring to the attention of the auditors anything that arises between the audit work and the signing of the report which would have an impact on the opinion given. He also highlighted the obligation of governors set out on page 6 which explained that in signing the financial statements the Members of the Governing Body are confirming that they believe SFX to be a going concern.

Mr Sturge agreed to send Mr Taylor a spreadsheet to show the extent to which changes in the methodology of ratio analysis would affect comparison.

1.2.2. Report & Financial Statements (Consolidated Accounts) for year ended 31st

July 2016: Draft 3 had been provided in the papers for the meeting. Mr Sturge took the committees through the report and audited accounts. The financial out-turn for the year generated a statutory deficit of £217k (£135k in 2015). Mr Taylor explained that prior to the application of statutory pensions adjustments this represented a better than predicted operating surplus of £37k.

Mrs Searle, Mr Belfourd, Mr Taylor and Mr Sturge commented on aspects of changes in accounting policy and pensions adjustments which had impacted on the results and were outside the financial management of the college budgets.

Mr Belfourd and Mrs Searle confirmed that the end of year accounts reconciled with the monthly accounts for July 2016. Mrs Searle would review lease obligations at note 17.

Corrections highlighted by Mr Belfourd, which did not affect the results, had been accepted and changed for the final version.

It was noted that the Trading Subsidiary SFX Corporate Services Ltd accounts had been received and signed by the Board of Directors on 10th November 2016.

It was unanimously agreed that the Report & Financial Statements (Consolidated Accounts) for year ended 31st July 2016 should be recommended to the Governing Body for approval and signing on 8th December and, following subsequent counter-signing by the auditors, submitted to the EFA to meet the deadline of 31st December 2016.

1.2.3. Letter of Representation: Mr Belfourd explained this to be a standard letter and recommended that it be approved for transcribing onto SFX Headed notepaper for signing at the same time as the report and accounts on 8th December 2016. **Agreed: Clerk to prepare.**

The joint meeting closed at 6.43pm. The Audit Committee and Auditors left the meeting.

The meeting of the F&RC was opened at 6.47pm. It was quorate throughout. A copy of the current BAF² and the Risk Management Register and Action Plan, Autumn Term 2016 had been included in the papers for reference.

² Board Assurance Framework

2. **Opening Prayer:** Led by Mrs Flannery with a remembrance for the dead
3. **Election of Chair of Committee:** Mr Belfourd was duly proposed and re-elected as Chair of the Committee for a two year term of office subject to his re-appointment as foundation governor in June 2017.
4. **Election of Vice Chair of Committee:** In her absence, with her consent, Miss Francesca Doran was duly proposed and re-elected as Vice Chair of the Committee for a two year term of office subject to her re-appointment as foundation governor in June 2017
5. **Apologies:** Received from Miss F Doran were accepted.
6. **Declarations of Interest:** There were none
7. **Minutes:** of the meeting held on 21st June 2016 included in the papers for the meeting and previously circulated on 8th July 2016 were reviewed, agreed to be a true and accurate record and duly signed by Mr Belfourd. The meeting scheduled for 20th September 2016 had been cancelled as it would have been in-quorate.
8. **Action Points from previous meeting:** All actions had been followed through.
9. **Matters Arising other than agenda items:** there were none
10. **Accommodation, Premises and Resources: Mr Taylor [BAF / RISK: 7, 10, 13 (H&S; Estates; Finance)]**

10.1. **Update report:** Mr Taylor introduced the report "Capital Projects, Accommodation and Premises - Update for 'F & R Committee' (22nd Nov 2016)" which had been included in the papers for the meeting. The Condition Improvement Fund (CIF) 2016 / 17 "turnstile" project was reviewed and noted to have reached practical completion financed through grant and devolved capital grant, without the use of any reserve funds as had been authorised by the committee. The completion certificate had been submitted to the EFA – acknowledgement was awaited. The impact of the turnstiles was reviewed. Mr Taylor advised that a review of personnel and security overseeing the entry turnstiles was underway including consultation with an external agency and confirmed that a physical security presence had been retained at the main gate.

A new round of CIF funding for 2017 – 18 had become available and a bid was being prepared to undertake roofing work and improve toilet spaces. The submission date was 9th December 2016. The committee agreed that some investment of the remainder of devolved capital funds (£29k) would be appropriate. It was agreed that the committee would be kept up to date by email. It was anticipated that, if the bid was successful, the work would be scheduled for the summer holiday period, 2017. The committee noted that much of the work had been completed on the annual plan of works for 2016 – 17 with no major variances. Mr Taylor confirmed to Ms Cummings that there was a periodical survey of the building and that a review was due.

Mr Taylor advised that the new dementia care home development was currently on hold due to economic uncertainty post- referendum Brexit outcome. The committee would hope that the pause in the development would allow the Diocese to prepare a more robust counter position against the extensive loss of light completion of the planned development would create.

The proposed IT updates and roll-out were explained and accepted. Mr Opara was assured that cloud based solutions are being investigated. Mr Taylor explained a current pressure on updating filtering services to a risk based system for safeguarding. He confirmed this would be contained within budget. Mr Opara was assured that regular safeguarding training is in place including online. It was noted that 12 staff were being trained the next day in safe restraint techniques.



- 10.2. **Annual Review of Health & Safety Policy: [BAF 7]** The policy had been included in the papers for the meeting. The committee was advised that it had been reviewed by the college Health and Safety Committee. The policy was supported by the operational annual of procedures and fire action policy. The Committee accepted the policy and unanimously agreed to **recommend approval by the full Governing Body at its meeting on 8th December 2016 and would also recommend that the statement be signed by the Chair of governors and Principal to confirm that adequate procedures are in place.**

Mr Taylor confirmed that the college Continuity Plan was in date.

- 10.3. **Application of the Seal:** The Committee noted that the Seal of the Governing Body had been properly applied to the CIF Project 16 / 17 turnstile project contract on 27th September 2016.

- 10.4. **Insurance:** Mr Taylor introduced his report which had been included in the papers for the meeting. This was a follow up to the summer meeting and subsequent email exchange. It was noted that a new two year insurance contract was in place with Marsh which would run through to the end of 2017 – 18.

The committee revisited the discussion regarding insurance cover for terrorism taking into account a quote for £20k which had not been allowed for in the budget for this year. The discussion reviewed four options presented in the paper. The discussion was inconclusive and will be continued at the next meeting when further research and survey of other colleges would be available to take into account. The committee noted that there is no change to guidance from the DfE.

ACTION: for review at next meeting. Mrs Searle to obtain information from other colleges.

11. Financial update: Mrs Searle [BAF 13 Financial issues & controls]

- 11.1. **Monthly Commentary; Accounts and Cashflow:** September 2016 accounts had been circulated to all governors on 13th October 2016. October 2016 accounts had been distributed to all governors on 16th November 2016. The committee scrutinised the accounts with Mrs Searle and discussed the current cash flow and accepted that the position did not require any action with regard to amounts on deposit. Severance payments were noted to be contained within the staff salary budget. **Monthly commentary and accounts noted to date.**

- 11.2. **Treasury:** Mrs Searle introduced the report which had been included in the papers for the meeting. The current rates of interest on offer were discussed. Credit ratings and benchmarks were noted from the report. It was agreed that a fixed term deposit of £300k, which would mature on 25th November 2016, should be re-invested with the Allied Irish Bank (AIB) for one year and the interest taken in with the capital. The other deposit with AIB would be reviewed at the March 2017 meeting. It was noted that the amount on deposit was a total of £1,572,823.

- 11.3. **LPFA Pensions:** The committee received a copy of a Provisional Triennial Categorisation notification from the LPP (Local Pensions Partnership) dated 18th October 2016 which had been included in the papers from which it was noted that there was no initial change to the classification category B. note remain category B. Another review was taking place and it was explained that there was no indication yet what the rates would be although it was generally expected that these would be out soon and that there would be a rise.

- 11.4. **Student Council (“Student’s Union”) Financial Report– presentation of accounts for 2015 – 16:** The summary had been provided in the papers and was discussed and noted.



- 11.5. **EFA confirmation of Financial Plans to 2018:** A letter from David Jeffrey dated 11th Nov 2016 had been included in the papers for the meeting and was noted to confirm the Financial Plan to 2018 with an assessment of the financial health grade as “good”. Revised ratings were explained.
- 11.6. **Remaining Loan Facility:** Mrs Searle reported that she had consulted staff at the AIB but had had no recent contact. It was understood that accelerated payments are being made and that the college no longer meets the criteria to draw down the remaining £100k loan facility. Mrs Searle sought guidance from the committee and **it was agreed that she should revert to the AIB to ask for a re-statement with a view to closing down to £200k and a review of payments.**
 For general banking it was noted that the AIB appears to be moving towards a phased removal of fee discounts.
ACTION: Mrs Searle to contact AIB and report back to committee.
12. **Funding - Financial Projections: review and update: [BAF 1, funding]:** Mr Taylor had provided a detailed written paper which presented an illustrated update with commentary of the financial position (income and expenditure) since his report to the previous meeting in June 2016. He confirmed a surplus operational out-turn for the year ended 31st July 2016 of £37k and put this into context of the SORP adjustment. It was noted that the balance sheet carries a pension liability adjustment of £1.3m, representing an actuarial loss on the scheme.
 The committee reviewed and discussed the paper with Mr Taylor, Mrs Searle and Mrs Flannery. It was noted that the funding requirement to recruit a target of 1415 students had been met as confirmed by the “census” count of 1416 on roll at 13th October 2016. Mr Taylor outline the funding / financial impact of having an increased number of learners (207) aged 18 and over for whom the per capita funding is reduced by £700.
 Non-EFA income streams were reported to be reasonable but with significant uncertainty around overall Apprenticeship and Corporate income which Mr Taylor described.
 Performance of the subcontracted Apprenticeship scheme was shown for the first time and would be monitored closely and, due to the risk of set up and specialist staffing costs, the Audit Committee had identified it as a potential assignment for the Internal Audit Service to review later in the year.
 Ms Cummings asked whether the college would want to take on a direct Apprenticeship contract. Mr Taylor confirmed this possibility but explained that the process was to be a sub-contractor before becoming a prime contractor.
 Expenditure: Mr Taylor evaluated progress with the agreed programme of downsizing of the staffing complement confirming a net reduction of 4 FTE this year against the total target of 11 FTE. He reminded governors that the implementation of recommendations arising from the Area Based Review process was subject to delivery of the financial plan. There would be an update at the next meeting to assess the extent of savings so far achieved or whether further redundancies would be required.
 Ms Cummings discussed with Mr Taylor and Mrs Flannery what the impact had been on the morale of the staff

13. **SFX Corporate Services Ltd: Mr Taylor [BAF 8, non-core activity]**

- 13.1. **Report / Business Plans update:** The committee received two detailed written reports which had been included in the papers for the meetings. The Trading Subsidiary Business Plan including the year end position for 2015 – 16 and the business plan summary – initial analysis for 2016 – 17. Mr Taylor, Chair of the board of SFX Corporate Services Ltd introduced both reports. The committee noted both reports and the income summary of the activity and performance of the Trading Subsidiary, SFX Corporate Services Ltd, noting that a profit of £32k had been gift aided



back to the college. The accounts had been audited and the annual financial statements for 2015 – 16 signed accordingly by Directors of the Company on 10th November 2016. It was noted that income from the introduction of the apprenticeship scheme as sub-contractors of John Ruskin College would be included in corporate projected income going forward.

The accounts would be consolidated in the College annual financial statement.

- 13.2. SFX Corporate Services Ltd end of year (to 31st July 2016) audited report and accounts as signed on 10th November 2016 were received and noted.
14. **Staff Cost of Living Rises: [BAF 4, HR]** Mrs Flannery advised that a cost of living rise for teaching staff had been settled at 1% from 2017 (not backdated). A settlement for support staff cost of living rises was awaited.
15. **Student Roll and Recruitment: [BAF 3, Student Recruitment]:** Mrs Flannery reported against two data reports: an Annual Enrolment Statistics comparison 2014 – 16 totals, by course and by tutor group and a detailed graphical analysis – which had been included in the papers for the meeting. 1416 students had been confirmed as enrolled for funding purposes against the target of 1415.
Mrs Flannery explained that a larger number of roll over students had been enrolled and therefore fewer new students than the previous year which in turn would require recruitment of more new students for 2017 – 18. She outlined the trends and changes noting a further slip in the Catholic population (now 31%) and continuation of the drift down in recruitment from the former partner schools (now 14%). The profiles of recruitment course by course; gender and ethnicity were discussed.
Open Day for entry in 2017 had been held on Saturday 12th November 2016. Attendance (786) was down by approximately 100 compared with the previous year but it was noted that the weather had not been favourable (heavy downpours). Feedback on the organisation and content of the event had been very positive
16. **Professor Keohane Memorial Fund £300 prize nomination:** The committee unanimously accepted the College recommendation that Zaynab Obanibga who is now reading Theoretical Physics and Maths at Loughborough University should be the recipient of the £300 Professor Keohane award. The Science staff reported that Zaynab had worked diligently and independently, showing full commitment and achieved well in all three sciences. She was consistently good throughout the course and was a role model to other students. She chose four challenging A levels (three sciences and maths). The recommendation would be proposed to the full Governing Body for endorsement on 8th December 2016. The award would be presented to the recipient on Thursday 5th January³ 2017 at the Exam Certificate / Reunion event.
17. **Risk Management:** No new risks or modifications to existing risks on the register were identified during the course of this meeting.
18. **Any other business:** there was none
19. **Review of Effectiveness of meeting [BAF 12 Governance]:** The Committee confirmed the value of the joint meeting with the Audit Committee and had appreciated the full and satisfactory explanations given by the attending auditors.
20. **Date of next meeting:** Tuesday 7th March 2017

The meeting closed at 8.26pm

³ Date revised from 3rd January 2017

SIGNED: _____

DATE: _____

Distribution:

Mr M Belfourd
Miss F Doran
Clerk

Mr J Opara
Ms P Cummings
Mrs M Searle

Mrs S Flannery
Mr A Taylor