

Tuesday 20th September 2022 at 5.30pm

Remote, via online video conference

MINUTES

PRESENT:

Mr M Belfourd, foundation governor, Chair of Committee
Mr N Sheta, foundation governor, Vice Chair of Committee
Mr G Thompson, Principal

IN ATTENDANCE:

Mrs M Searle, Director of Finance & Resources
Mr C Graham, Associate Principal (observing)
Mrs E Lewis, Clerk to the Governors

The meeting was opened at 5.31pm by Mr Belfourd. It was quorate throughout and all participants could see and / or hear one another.

1. **Opening Prayer:** offered by Mr Thompson
2. **Apologies:** Mr Freeman.
3. **Declarations of interest:** there were none
4. **Minutes of F&RC meeting held on 21st June 2022:** included in papers and previously circulated 29th June 2022 were agreed to be a true and accurate record to be signed in due course.
Mrs Lewis advised that Mr Thompson had been omitted, inadvertently, from the list of members recorded as being present in the minutes of meetings of this committee held on 16th November 2021 and 22nd February 2022. His name would be added by hand to the file copy.
5. **Matters Arising:** other than agenda items:
 - 5.1. **Summary of committee effectiveness questionnaire:** the summary report, included in the papers for the meeting, was reviewed and noted to confirm the overall effectiveness and constitution of the committee in 2021 - 2022.
 - 5.2. **Committee membership:** Vacancies on the committee created in the summer term by the resignation of Mrs Taylor and Ms Clark were discussed. It was agreed that inviting a staff governor and one other, possibly new, governor onto the committee, would support the skills balance and quoracy of meetings.
6. **Actions outstanding from previous meetings:** It was noted that the report prepared by MEB Design (project managers) on the four tenders received, had been shared in August following their review against the specifications for repurposing of the ground floor Xavier wing. Quay Builders had been confirmed as preferred contractor for the project
7. **Accommodation & Premises, project reports & plans:** Mr Thompson introduced the *Capital Projects, Accommodation and Premises Report, September 2022*, which had been included in the papers for the meeting. Appended to the report were minutes of PMG¹ and site meetings for the Business Hub capital project; the CIF Boiler project and CIF Fire Doors project.

Post-16 Capacity Fund T Level Business Hub Project: Mr Thompson confirmed that the T Level Business Hub building had been handed over on 12th September 2022. He advised that the college had incurred additional costs of £66,889 for loose furniture and IT infrastructure which had not been included in the bid.

¹ Project Management Group

Condition Improvement Fund 21/22 – Boiler Works: Some snagging work remained to complete the boiler works. The need for additional trench and pipe works, reported to the previous meeting, had resulted in an overspend of £12,817.

Condition Improvement Fund 22/23 – Fire Doors: Mr Thompson reported that the majority of the work had taken place in the summer holiday with completion of the remainder scheduled for the October half term holiday. He advised an upgrade to the specification so that all doors could be operated with a new “master” key variation and a variation in project costs had resulted in additional expenditure of £1,053.80.

T level Capital Fund 2022- for delivery of T Levels in 2023. Mr Thompson recapped the progress of the bid for funding to repurpose the Xavier wing. The application was for 80% of a project cost of £655,650 (incl VAT), confirmed to governors in March 2022. The application had been accepted by the ESFA on 11th July 2022 (subsequent to the meeting of the governing body held on 5th July 2022) but the funding offer had been scaled back to 50% resulting in an increase in the college contribution by £196,695 to £327,825. By written resolution, governors had approved unanimously the increase in cost to the college. Stringent control of the budget based on cost savings which the contractor, Quay, had assured could be made, was expected. The college would have to fund any overspend.

The funding award was accepted formally and the project was due to commence in the October 2022 half term holiday.

Mr Belfour raised a question about the predicted cashflow for the year ended 31st July 2023 which showed an allocation of £185k for specialised equipment (SEA²) with a corresponding outgoing of £370k. Mr Thompson explained that the allocation had been announced in August and explained that its purpose was to provide 50% matched funding to make sure T Level providers were best equipped to deliver the qualifications. Mr Belfour observed that the forecast was for expenditure in January to March 2023 with allocated payments being received in March to May 2023. He wondered how long the lead time would be from order to delivery of the equipment. Mrs Searle advised that this was variable.

Mr Thompson explained that, on the basis that the entire allocated amount had been received for the current wave of delivery, the bid was made for a more ambitious sum for the next wave since the DfE would contribute 50%. The monies would be used to buy high specification technology, for childcare and accounting, including Apple Mac PCs, iPads and interactive whiteboards, but could be scaled back to a more affordable level if necessary. He noted that this type of kitting-out would ordinarily be part of the Annual Plan of Works (APW) budget.

Mr Belfour said that, according to the guidance, notification of allocations would be made in early 2023. He suggested that governors should be aware of this match funded allocation as part of the overall cost of the T Level development of the ground floor, as the two outgoings were linked. Mr Thompson agreed that reference should have been made in the report. He confirmed that the price would be reviewed for affordability prior to acceptance.

Mr Belfour had noticed that the college was listed to provide a “Creative & Design” route from 2023 / 24 on the DfE T Level provider list. Mr Thompson confirmed that there were no current plans to do so. Mr Thompson would follow this up with the college T Level adviser.

Strategic Estates Review – Future-proofing the College Estate: It was reported that the Topographical Survey and Condition Survey had both been carried out and reports were due.

Health and Safety: Mr Thompson reported that an asbestos refurbishment survey had been carried out. The certificate, issued by Salvum, confirming that no asbestos had been detected in the sample, was appended to the report.

Mr Thompson advised that a new Health and Safety Compliance Officer was being recruited and that the post would be part time and discrete from any other role.

² [https://www.gov.uk/government/publications/t-levels-capital-fund/specialist-equipment-allocation-sea#:~:text=SEA%20is%20a%20payment%20available,Level%20delivery%20\(steady%20state\)](https://www.gov.uk/government/publications/t-levels-capital-fund/specialist-equipment-allocation-sea#:~:text=SEA%20is%20a%20payment%20available,Level%20delivery%20(steady%20state))

Covid 19 Adaptations: Mr Thompson confirmed that there had been no further covid related expense. It was agreed that this aspect would remain on the next two reports.

Sustainability: Environment / sustainability was one of strategic objectives of the current year. Mr Thompson reviewed a visit to the college by a representative of eEnergy during the summer. A report on the initial outlay of costs and potential future savings for the College was awaited. The initial steps being explored included solar panels and chargers for electric vehicles.

Dukes Education: Mr Thompson advised that contractors had been on site but there had been no further communication or contact. It was expected that the 11 – 16 school would open in September 2023.

Annual Programme of Works 22 / 23: Progress against the planned works for 2022/23 were shown on a colour coded, costed chart appended at 5 to the report. A significant amount of work was carried out over the summer as reported by Mr Thompson who said it was intended to resubmit a bid to the CIF for water supply works. **Report accepted.**

8. Financial:

8.1. The committee noted the preliminary end of year (2021 – 2022) position from the Monthly Commentary, Accounts and Cashflow, July 2022 which had been circulated to all governors and included in the papers for the meeting.

Mrs Searle highlighted that the pension report had not been received from the actuaries at the time the accounts were published but had now been received and would be shared with Mr Belfourd. Mr Belfourd explained that as the budget for the year had included FRS 102 the variance on page of the commentary to the accounts (“Financial Reports Jul 22”) would be cut back. The difference was significant and had been revised to £505k (currently £5.8m). Mrs Searle had consulted the auditor who had confirmed that other colleges had similar results. The actuarial gain was now £5,991k. Mrs Searle explained that the operating outcome would not be affected.

ACTION: Revised accounts for July 2022 would be circulated: Mrs Searle / Mrs Lewis

Mrs Searle reviewed the management accounts and advised that they followed the forecast, including top-up tuition and reduced income from corporate and the nursery. She explained one query on income due from a local authority (£54k) which had been excluded and about which the auditors would take a view – the materiality in the accounts being £100k. Mr Thompson said this was being followed up, to resolve which authority was responsible for payment of the amount.

Mrs Searle explained a modification to accounting of bursary funds the ESFA required through the Accounts Direction which she intended to consult the external auditors about, but confirmed that this would make no difference to the bottom line. There would be a note in the statutory accounts.

Accounts noted.

8.2. **Funding - Financial update report.** Mr Belfourd noted the familiar format of the report which highlighted that the predictions / variations for 22/23 and 23/24 would be revised and confirmed once the impact of the number of students on roll was confirmed by the 42 day enrolment count on 20th October (“the census date”). The report was used as a basis for the commentary on the financial forecast for the ESFA.

ACTION: Mrs Searle would revise with the impact of the actuarial report and reissue the paper for circulation.

8.3. ESFA / DfE:

8.3.1. **The ESFA “College oversight: support and intervention” Guidance for colleges**, updated July 2022 had been included in the papers for the meeting. The changes were noted from page 4 and governors would be briefed on the enhanced Ofsted framework at their focus morning on 8th October.

8.3.2. **Annual Strategic Conversation:** A letter from DfE dated 1st July 2022, had been included in the papers for the meeting for information. No invitation had yet been received for the next conversation although all colleges were in scope. The focus of the meetings was not yet known but Mrs Searle said that the impact of utility costs was expected to be a key issue.

8.4. **Staff cost of living rises update:**

8.4.1. **Teaching staff:** Mr Thompson reported that tough, challenging negotiations were underway between the employers' side led by Graham Baird of the SFCA (Sixth Form Colleges Association) and the Teachers unions. He gave some background to the negotiations, including the schools' context, and explained that the level of pay increases being demanded focused on the RPI of 11+% plus an additional increase in London allowance.

Mr Sheta asked for verification that SFX did not determine its own cost of living increases. Mr Thompson confirmed that the NJC salary spines were used and cost of living rises as negotiated between SFCA and the unions. He reported that the unions had balloted for strike action.

Mr Thompson advised that in June the SFCA had surveyed members to see what they could realistically afford. The college had budgeted for 5% - higher than other colleges. He anticipated that the offer would be in the region of 5 or 6%.

8.4.2. **Support staff:** Mr Thompson explained that the negotiations were similar - also between SFCA and the union (mainly UNISON) but the demand also included a review of the £320 (pro-rata) support staff standards payment awarded in December; an additional days leave and some harmonisation between London Weighting for Teaching and Support Staff

Mr Thompson concluded that, realistically the negotiations would continue until well into 2023 but would all be backdated to September 2022. The budget was thought to be generous but inflation had since rocketed.

Mr Belfour remarked that it could go up the risk ladder.

9. **Treasury Management:** Mrs Searle introduced the treasury monitoring report which had been included in the papers for the meeting. She advised that the college was eligible for deposit accounts offered by Barclays Bank. It was agreed that once the T Level capital project was underway the options offered by Barclays would be investigated to take advantage of expected rises in interest rates. Mr Belfour acknowledged the holding the deposit investment amount of £1,064,343 in an instant access account with Scottish Widows was appropriate to the college capital project cashflow profile.

Report noted.

10. **SFX Corporate Services Ltd:** The Board of Directors was next scheduled to meet on 3rd November 2022. An un-audited surplus of £39,469 for year-end 31st July 2022 was reported from the management accounts. Mrs Searle explained that the amount gift-aided to the college would be higher from the statutory accounts.

11. **Risk Management:** The committee considered whether any new or heightened risks should be advised to the Audit Committee for the risk register. It was noted that the Vice-Chair of the Audit Committee had recommended that the risk associated with keeping costs of the T Level Wave 4 capital project within budget should be recorded specifically.

Mr Sheta asked how the college would cover a potential tripling of energy bills. Mrs Searle explained that the energy supply was currently on contract to 2024 with prices fixed to November 2022, when more detail of the impact would be clear. The budget allows for a doubling in costs but it was expected that this would not be sufficient.

It was noted that the two new boilers would improve efficiency and staff were being encouraged to save energy by switching off lights etc.

ACTION: Add to risk register.

12. **For information:**

12.1. Governor Workforce Data Collection: Mrs Lewis outlined the mandatory FE Workforce Governor Data collection due to be filed with the ESFA by 25th November 2022, for which she would be surveying governors to collect the data required.

13. **Any other business:** there was none

14. **Date of next meeting:** Tuesday 15th November 2022, 6pm – first part to be joint with full GB and Audit Committee to receive the Financial Statements and Regularity Audits reports.

The meeting closed at 6.40pm.

SIGNED: _____

DATED: _____