

Thursday 22nd June 2017 at 6pm

MINUTES

PRESENT:

Mr J Opara, Foundation Governor
Mrs S Flannery, Principal
Mr M Belfourd, Non-Governor Member¹

IN ATTENDANCE:

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

Mr J Opara, Foundation Governor, took the Chair and opened the meeting at 6pm. It was technically inquorate due to the status of Mr Belfourd, but continued with the business re-ordered in anticipation of the expected arrival of Ms Cummings. The meeting remained technically inquorate throughout and decision making would be referred to the full Board meeting on 11th July 2017.

1. **Opening Prayer:** Mrs Flannery offered a Franciscan Blessing in prayer.
2. **Apologies:** Received from Ms P Cummings for delayed arrival and subsequently for absence.
3. **Declarations of Interest:** there were none
4. **Membership and election of Vice Chair of Committee:** deferred to the next meeting following review of committee membership by full Governing Body.
5. **Minutes of meeting held on 7th March 2017:** Had been included in the papers for the meeting and previously circulated 27th March 2017. Were reviewed for matters arising and actions and agreed by those present who had also attended the meeting to be a true and accurate record. Due to the meeting being inquorate, the signing of the minutes was deferred to the next meeting.
6. **Matters Arising: other than agenda items.** There were none.
7. **Actions outstanding from previous meetings:** Mr Belfourd enquired about the intended challenge to the increase in rateable values on the college and Nursery (6.3). Mrs Searle confirmed an advisor had been engaged to contest the revised Rateable Value on the College's behalf and expected that this will commence in the near future.

¹ By majority vote on a written resolution, counted on 19th June 2017, the Governing Body had approved Michael Belfourd as a non-governor member of the committee. He was subsequently re-appointed by the Diocese as foundation governor with effect from 10th June 2017.



8. **Premises and Accommodation reports and plans [BAF 8, 10]:** Mr Taylor introduced the written report *Capital Projects, Accommodation and premises – Update for “F&R Committee” (22nd June 2017)*.
Condition Improvement Fund Mr Taylor outlined why the bid to CIF for roof works had not been successful and confirmed that no appeal had been made against the decision. The bid would be re-worked and re-submitted to a future round of CIF, potentially the next opportunity for 2018 - 19. As a contingency to attend to any emergency roof works that might become necessary in 2017 – 18, £10k had been set aside from devolved capital grant allocations.

Annual Programme of Works 16 – 17: Mr Taylor confirmed his report to the previous meeting that the programme had been completed within budget. There had been a slight underspend on IT works of £5,829.

Annual Plan of Works 17 – 18: Mr Taylor outlined the costed plan for 2017 – 18 describing the proposed works and the rationale for ranking the priority of the projects. Top priority was discussed as being an essential, detailed “Condition Appraisal Survey” of the site which had last been undertaken in 2011 – 12.

The overall provisional cost of the Builder’s Work (APW budget) plan was noted to be £162,409.

A provisional desired project to convert the courts to a multi sports pitch was referenced as a separate £125k item excluded from the total. Mr Taylor explained funding was possible from Sport England to meet half the cost but the project hinged on gaining planning permission for floodlighting currently in the early stages of consideration. Mr Taylor estimated that the earliest likely commencement of development of the sports pitch would be summer 2018. The plan also noted (uncosted) any project work that might become essential should the dementia care home development re-commence. Mr Taylor reported that the project remained paused indefinitely. The Diocesan team was responsible for conducting the right to light compensation negotiations. There had been no recent progress to report.

Mr Taylor spoke about a security desk to be installed in the foyer. He explained that the college was currently in a tendering process with Security firms for the provision of two guards to supervise the entry / exit turnstiles. The rationale for this was understood and accepted.

IT Project / Replacement / Upgrade costs were reviewed and noted to be estimated to cost £114,535. Mr Opara confirmed with Mr Taylor that there was no server work in the plan and was assured that an arrangement was in place for removal and appropriate disposal of monitors and desktops being replaced.

Essential refurbishment of the Nursery to keep the facilities up to standard, in the plan, would be undertaken largely by SFX Estates staff.



The Annual Programme of Works including IT projects (£276,944.40) would be recommended to the full Governing Body on 11th July 2017 for formal approval.

Mr Taylor proposed that devolved capital grant from 15/16 and 16/17 totalling £70,908.48 should be applied to the Annual Programme of Works. **This was agreed, subject to formal approval by the full Governing Body of expenditure on the plan.**

The meeting heard that repair work to the Broadoak building had been expected to be completed ready for the new academic year. Mr Taylor reported that a meeting was scheduled to review the situation and it was anticipated that the accommodation may not be available for September. Mrs Searle confirmed that no rent is being paid on the rooms currently.

9. **Monthly Commentary Accounts & Cashflow [BAF 1, 13]** (accounts for February, March and April 2017 have been circulated monthly to all governors since the previous meeting). May 2017 accounts had been distributed on 21st June 2017 and added to the papers for this meeting.
“Effective Governance: Encouraging good financial scrutiny. Financial questions for governors” - published by AoC - had been included in the papers.
Mrs Searle advised that the monthly accounts for May 2017 provide the closest forecast of year end outturn and were in line with the predictions. Noted from the May accounts was the current ratio of 7:1 and pay expenditure at 76% of income. The reported deficit of -£178,260 was noted to be higher than the previous deficit profile due to the profiling of Apprenticeship income and the lower volume of payments received in year than expected.
10. **Treasury: Management monitoring report [BAF 13]:** Mrs Searle introduced the report which had been included in the papers for the meeting. The committee acknowledged that £250k had been withdrawn from the Scottish Widows account in March 2017 and then repaid in April 2017 as agreed at the previous meeting to relieve a short term cashflow shortfall. Decisions on the next fixed term deposit to mature in November 2017 would be made at the next meeting. The current amount on deposit in total was noted to be £1,573,532.
11. **College Insurance update [BAF 8, 10, 13]:** Mr Taylor discussed his paper which had been circulated for the meeting. He summarised a meeting with Marsh on 6th June which had reviewed cover and premiums for the final year of contract (2017 – 18). A rise of between 3% and 5% had been expected, due to an increase in insurance premium tax and a revaluation of the college estate. Mrs Searle reported that the invoice had since been received for £45,392 and confirmed this was within budget. Mr Taylor advised the committee that the insurance contract would be let out for tendering in January / February 2018 and he anticipated doing this via the CPC². The tender specification would include terrorism and cyber cover.
Mr Taylor advised the committee that a review of protection against cyber attack had been undertaken internally including penetration testing. Mr Opara

² Crescent Purchasing Consortium



commented that he would be interested in the wording of insurance cover to see what is actually being insured with regard to a cyber attack and whether incidence caused by accidental error would be incorporated. A quote had been requested. It was noted that some Schools / Academies benefitting from Risk Protection Assurance (RPA) arrangements underwritten by the government were supplementing that insurance with additional cover due to uncertainty about the level of protection provided under RPA.

The committee would be advised of the quote for cyber attack protection once received.

Mr Taylor confirmed to Mr Opara that continuity and disaster recovery plans were in place.

Bespoke training for staff with senior responsibility for Data Protection reviewing the new regulations³ was confirmed to be taking place on Monday 26th June 2017 provided by RSM⁴ using contingency in the Internal Audit Plan. Governors had been invited to attend.

12. **SFX Corporate Services Ltd [BAF 1, 7]:** Mr Taylor introduced the detailed written report V12 – SFX Corporate Services Limited (Trading Subsidiary – Business Plan Summary – Analysis for August 16 – May 17) on SFX Corporate Services (“SCS”) which had been included in the papers for the meeting. It was noted that the Board of Directors had met on 13th June 2017.

Mr Taylor reviewed each area of activity and performance including the Nursery and Adult Education against income targets. He discussed with the committee why income had not reached predicted levels area by area. He advised the current status of the commercial partnership arrangements and products, noting that an *eReg* system (electronic registration of student attendance) being introduced to SFX would be commercially available from September 2017.

Mr Taylor updated the committee on the status of apprenticeships which were acknowledged to be educationally good but carried a heavy financial cost. Recruitment had been paused to the scheme indefinitely. Payment profiling had not been as anticipated and SFX had recently been accredited with Prime Provider status permitting the college to provide apprenticeships in its own right. Recruitment of 16 – 19 year olds to apprentice programmes had not appealed to that age group as an alternative to A Level or vocational courses of study. There was also uncertainty about the levy. It was agreed that the Apprenticeship provision both at SFX and in the wider context would be kept under review. Mrs Flannery acknowledged with thanks, the contribution of those involved with Corporate Services for their efforts to make this area work.

It was noted that SFX had gained a Runner Up Business Development Award in the SFCA annual Awards 2017.

13. Financial:

³ GDPR coming in to force on 25th May 2018

⁴ Internal Audit Service



13.1. Financial plan / forecast 2017 - 19 incorporating college budget for 2017 – 18 and including Annex 1 Checklist had been included in the papers for the meeting. [BAF 1, 13]:

13.1.1. Funding/Financial Projections (for Finance & Resources Committee 22/06/17): Mr Taylor introduced this paper which had been circulated for the meeting. It presented a draft commentary to the Financial Forecast 2017 – 19 and included “Annex A⁵, Financial planning checklist”. From the paper and Mr Taylor’s explanation, the committee reviewed the Income / Expenditure overview and projections year by year for 2015 / 16 (actual) through to 2018 / 19 (forecast).

The draft commentary to the financial forecast set out an introduction; financial objectives of the financial plan; overview of the college operating position in the context of the actual operation surplus of £360k in 2015 / 16 and planned return to an operational surplus in 2017 – 18 and 2018 – 19; Self Assessment of financial health 2016/2019 (“good” for each year) and a Statement of Key Assumptions, with sensitivity analysis.

Mr Taylor reviewed the operational results arising from the ESFA financial forecast methodology compared with the statutory accounting practices. The committee discussed the elements of the statutory accounting over which college management had no control including pensions. He explained the budget and projections in detail informed by the written commentary outlining objectives, key measures and assumptions..

The committee received the “Financial Plan 2017 v1 Draft 2”. From it was noted that the result for the end of the current financial year (to 31st July 2017) was predicted to be an operational surplus of +£97k and a final position per the statutory accounts of -£402k against a budget of +£205k (operational) and -£299k (statutory). The reasons for the variance against budget were discussed. It was acknowledged that operating with flat lined funding income and increasing costs had been, and would continue to be, a challenge.

The financial plan for 2017 – 18 would produce an operational surplus of +£126k and statutory accounts deficit of -£309k.

The financial plan for 2018 – 19 would produce an operational surplus of +£210k and statutory accounts deficit of -£240k

Mr Belford recalled that £50k had been provided outside budget to support additional learning following inspection and confirmed with Mr Taylor that the financial plans included contingency financial support for curriculum quality improvement.

⁵ To the ESFA College financial planning handbook 2017 (pub June 2017)



The committee was made aware of the significant cost of recruiting teaching staff via agencies which had had an impact on expenditure in the current year. Mrs Flannery explained that this was a growing tendency in the teaching job market. Estimated costs had been increased in the budget accordingly.

Mr Taylor stressed the importance of maintaining “good” financial health and warned of the consequences of dropping to “satisfactory”.

Opportunities for earning additional income were noted to be limited in the current educational economic climate.

The committee reviewed the responses to Annex A and confirmed that the commentary had been prepared with due regard to that checklist.

ACTION: A copy of the checklist will accompany the commentary to the financial plans in the papers for the meeting of the full Governing Body on 11th July 2017, prior to submission of the Financial Plans.

Mrs Searle advised that a settlement dating back to the return to the college estate of rooms converted and let as a the Doctors Surgery in 2008 had been realised and £25k would be paid in lieu of costs incurred in returning the accommodation to the state it had been in. The committee agreed that this receipt should be used as current funds and not invested in the deposit account.

Mrs Searle explained that expenditure budgets had been cut by between 2.5% and 5% in all departments apart from IT and Estates.

The financial forecasts were agreed to be reasonable and operational. The financial plan for 2017 – 2018 and 2018 – 2019 would be presented to the full Governing Body for formal agreement and approval for submission to the ESFA by 31st July 2017.

13.1.2. Recommendations from the Remuneration Committee: Mr Belfound reported that he had been notified by Mr Garvey (who had chaired the committee meeting on 7th June 2017) of the recommendations arising and confirmed them to be within budget expectations.

13.1.3. Staff cost of living pay awards: 1% had been factored in for 2017 – 18 and 1.5% for 2018 – 19.

13.1.4. The committee noted confirmation of good Financial Health from the ESFA as reported to full Governing Body on 22nd March 2017

13.2. College Financial Regulations & Associated Policies: Mrs Searle introduced the revisions which had been summarised in a document included in the papers for the meeting along with the Financial Regulations; Travel & Subsistence Policy and Treasury Management Policy. The updates were predominantly title and name changes and the revised regulations and associated policies would



take effect from 1st August 2017.

The committee agreed to recommend the Financial Regulations; Travel and Subsistence Policy and Treasury Management Policy to the full Governing Body on 11th July 2017 for approval and adoption to take effect on 1st August 2017.

14. **Schedule of Meetings and Business for 2017 - 18 BAF 12:** The draft included in the papers was agreed.
15. **Review of Terms of Reference BAF 12:** A draft revision included in the papers for the meeting updating the current version approved in July 2015 was accepted including the routine review date of June 2019. A scheme of delegation would be reviewed by the Governance Committee once established and that process would confirm that the terms of reference of each committee underpinned the appropriate delegated authority.
The updated terms of reference would be recommended to the full Governing Body for approval on 11th July 2017.
16. **Any other business:** There was none.
17. **Committee Review of effectiveness, membership and skills BAF 12:** The questionnaire was discussed and completed for the record and inclusion in self-assessment of governance and planning for membership of the committee.
18. **Has the Committee identified any new risks to be advised to the Audit Committee for the risk register:** The process of appointment and re-appointment of foundation governors and recent changes to this at the Education Commission was considered to be a potential risk to membership of the governing body and effective governance at committee and full Board level.

The meeting closed at 7.30pm.

SIGNED _____

DATE _____

Distribution:

Mr M Belfour
Mrs M Searle

Mr J Opara
Mr A Taylor

Mrs S Flannery
Clerk

Ms P Cummings



INVESTOR IN PEOPLE