

Thursday 28th February 2019, 5.30pm

DRAFT MINUTES

PRESENT:

Mr M Belfourd, Foundation Governor, Committee Chair
Mr C Garvey, Foundation Governor
Mrs J Town, Staff Governor, Committee Vice Chair
Mrs S Flannery, Principal

IN ATTENDANCE:

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

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

1. **Opening Prayer:** Offered by Mrs Flannery using a Franciscan Blessing.
2. **Welcome new members:** Mrs K Taylor was welcomed in absentia.
3. **Apologies:** Mrs K Taylor; Mr J Opara
4. **Declarations of Interest:** there were none
5. **Minutes of meeting held on 22nd Nov 2018:** included in the papers for the meeting and previously circulated, 4th December 2018, were agreed to be a true and accurate record and were duly signed by Mr Belfourd.
6. **Review of Confidential minutes:** It was noted that no minutes have been classified as confidential since the review in March 2013.
7. **Matters Arising** (other than agenda items):
 - 7.1. Mr Belfourd referred to page 3 of the minutes at 1.2.2 which recorded an action for Mr Wallis from Buzzacott to check whether the benchmarks included Sixth Form Colleges that had academised. **ACTION: Mrs Searle to follow up¹.**
 - 7.2. It was confirmed that the financial statements, report and accounts had been duly filed with ESFA by the deadline of 31st December 2018.
 - 7.3. Mr Belfourd noted publication by ESFA of the "College Accounts direction 2018 to 2019" as well as DfE insolvency guidance for FE bodies. Mrs Searle confirmed that a meeting was scheduled for May 2019 with the Financial Statements Auditors (Buzzacott) to plan the end of year (31st July 2019) and regularity audits. The Clerk confirmed to Mr Belfourd that the governing body had followed the advice of the CES

¹ The information has subsequently been received. No Academies had been included in the benchmarking exercise.

and had not adopted the English College's Code of Good Governance. **ACTION: Clerk to review which code of governance would be appropriate.**

8. **Actions outstanding from previous meetings:** It was noted that the St Francis Xavier Fund bank account was an item on the agenda.

9. **Premises and Accommodation project reports and plans [BAF & 10]:** Mr Taylor introduced the report "Capital Projects, Accommodation and Premises – update for "F&R Committee" (28th Feb 2019)" which had been included in the papers for the meeting. The paper reviewed the Annual Plan of Works 18 – 19 and Strategic Issues. Annual Plan of Works 18 – 19: Mr Taylor reported against the colour coded, costs and budget plan summarising progress with each project. He noted that all minor works had been signed off as completed apart from the art block relocation project (arising from the care home development funded by a Right to Light compensation award) and the remedial / improvement work to the Multi-Purpose Hall which was now part of a curriculum accommodation review.

Mr Taylor confirmed that the CIF 18/19 Roof Works project had been completed on budget and the ESFA had formally confirmed completion of the project.

Mr Taylor outlined the Toilet Infrastructure bid which had been submitted to the Condition Improvement Fund 19/20. The outcome would be known at the end of March 2019. Mr Taylor explained that the bid was to fully fund an upgrade of the water, ventilation and toilet facilities across the college. The college had not been in a position to offer any matched funding contribution to the cost of the project. Whilst Mr Taylor was not confident the bid would succeed, he emphasised the importance of planting a marker for future submissions and said that feedback about the content would be helpful. He said that a financial contribution towards the costs might be expected in the future.

Mr Taylor reviewed the Care Home Development / Art Relocation project which would be the dominating project for the remainder of the year. He reported that planning permission had been approved with conditions for a new single storey classroom building. The four conditions mostly related to preservation of the ancient oak tree. A tender for the work was being drafted to be finalised once a ground investigation had been undertaken. Mr Taylor and Mrs Flannery emphasised that the Wandsworth officers had been supportive and helpful during the planning application stages. Mr Taylor highlighted the significant logistical challenges of the timeframe for completing the build within the summer holiday period. Work could not start until after the public exams and may spill over into the new term.

Mr Taylor expressed his concern about the range (£450k to £650k excl VAT) of indicative costs of the plans for the build. It was confirmed that the Diocese had so far credited the college bank account with a first instalment of £500k of the expected £775k from the Right to Light settlement. The remainder of the gift was due to be received on 1st March 2019. Mrs Flannery informed the committee that one governor had (in response to the Strategic Plan consultation) questioned the cost effectiveness of this project given the relatively low numbers of students on art courses. She assured the committee that the teaching accommodation being constructed could also be used by other departments.

The MUGA² sports pitch development had been completed within budget and was in use. Mr Taylor would make further report under item 12 of the agenda. Mr Belfour clarified whether the life of the pitch was expected to be 15 or 20 years for the purposes of calculating depreciation. It was confirmed that a maintenance contract was in place and that, together with the sand based construction, would extend its life to 20 years.

Mr Taylor advised that the Condition of Estate Survey 18/19 was likely to be completed in the summer. There was provision for it in the budget but it was being considered alongside a wider curriculum strategic review of the estate which had begun in December 2018. Mr Taylor explained further why the work on the Multi-Purpose Hall had gone on hold whilst the impact of other developments including the ramifications of constructing the art block were assessed.

Further report and evolving plans would be reported to the next meeting. It was agreed that work on the estate was currently complex but much had been achieved.

10. Financial Report [BAF 13]:

10.1. **Monthly commentary and accounts:** Monthly management accounts with commentary and cashflow reports up to and including January 2019 had been circulated to all governors. The January 2019 accounts had been included in the papers for the meeting. Mrs Searle reviewed the latest accounts and confirmed receipt of the £500k gift payment from the Diocese; the remainder (£275k) was expected on 1st March 2019³ The amount had been split into two payments at the discretion of the Diocese and the first instalment was currently deposited in the college current bank account.

The donation of £775k agreed by the College with the Diocese on 26 November 2018 reflected a reduction of £25k from the £800k for their costs. Mr Belfour made recommendations about how the gift should be accounted for which Mrs Searle would action, including highlighting the grant and the timing of receipt in the Management Accounts Summary narrative. Mr Belfour expressed surprise that this gift from the Diocese had not been reported at the meeting of the full Governing Body on 6th December 2018.

The committee reviewed how and when the money would be used acknowledging the uncertainty of judging / profiling payments for the art block project until the tenders were returned. The committee also accepted the need to maintain cashflow. An amount had already been paid out for professional fees. It was noted that otherwise the accounts were as expected. Mrs Searle continued to monitor all budgets closely to keep track of expenditure and pay costs.

10.2. **Rateable value:** Mrs Searle updated the committee and reported there would be a meeting at the end of March. She said that another company had offered their services. Mr Belfour commented that with the estate changing the rateable value would have to be reviewed again, although the current contest was against the evaluation as it was last year.

10.3. **Banking review:** Mrs Searle reported that the AIB bank had acquiesced and would not be charging fees on the St Francis Xavier Friends fund. The need to make changes to it had, therefore, rescinded.

The committee reviewed whether there was a need or appetite to change banking

² Multi Use Games Area

³ £276,334.79 was actually received.

arrangements. Mrs Searle reported that because the level of cash handling had fallen significantly, banking had become a simpler process. She said that there had been an improvement in response from the AIB. It was noted that the college did not have ParentPay but a high level of payments made by card. Cheques were becoming fewer.

10.4. **St Francis Xavier Friends Fund:** Mrs Searle reported that the fund stood at £836.22 which would be sufficient to cover this year's prizes.

10.5. **Treasury Monitoring Report:** The report had been included in the papers for the meeting and was reviewed. Two fixed term deposits invested in accounts with the AIB bank would mature on 30th September 2019.

Mrs Searle had obtained indicative rates for investing the £275k due from the right to light settlement and it was agreed this should be invested for a 6 month term on receipt.

The committee discussed the insolvency regime guidance produced by the DfE and noted its summary of key points.

11. **Funding update & financial projections / plan [BAF 1]:** Mr Taylor introduced the paper which had been included in the papers for the meeting "Financial Plan 2018 – 2021 (Mid-Year Review February 2019), Update to the Commentary on the Financial Forecast 2018 – 2021".

The committee noted the in-year review and the extent of the financial information brought together in the paper reporting on the current and projected financial position and resulting changes in key assumptions. Mr Taylor confirmed that the draft funding allocation for the next year had been received and was in line with the projections in the paper.

Mr Taylor discussed the paper page by page and headlined that the biggest impact on the financial position was the under-recruitment of students in September 2018 by 86 which created a higher than predicted shortfall of just over £491k in terms of funding allocated v funding claimed in 18/19.

The summary of in-year budget which predicted a variation of -£133k was reviewed and explained. Receipt of £103k "little extra" additional devolved capital money would be used to purchase capital goods for the Apple iPad / WiFi digital learning strategy.

Mr Taylor reviewed the premise in the financial plan issued July 2018 that staffing would need to downsize by 4 – 6 FTE this year (18 – 19) and explained that to counter the £133k budget overspend and the £491k shortfall in ESFA income a cut of 5 – 7 FTE more positions had been factored into (9 – 13 FTE staff in total) the revised plan. The more extensive redundancy programme would need to be implemented over the spring & summer terms 18 / 19 and continue into 19 / 20. Costs associated with severance / redundancy had been taken into account in the plan.

Mr Taylor outlined the 2019 - 20 and 2020 – 21 Financial Plan updates and strategies as detailed in the written report. He flagged that the estimate for the operational surplus originally predicted for 2019 / 20 was now estimated to be an in-year deficit of -£296k.

Mr Taylor advised the impact on the self-assessment of financial health for 2018 / 2021 noting that the prediction was a return to "outstanding" in 2019, falling to "satisfactory" for 2020 and returning to "good" (the current 2018 rating) for 2021. Mr Taylor said that there was some expectation that "satisfactory" would be re-defined "requires improvement" in line with Ofsted classifications. He advised that if the redundancy plan

was enacted and student recruitment was sustained it should be possible to retain the “good” category for financial health. He emphasised that the baseline target for student enrolment was 1211 for 2019 but beating that would build some lagged growth in funding. Mrs Town asked at what point the ESFA might intervene. Mr Taylor explained the triggers and stages and emphasised that material change in the financial position and key assumptions of the plan should be discussed by governors. The end of year accounts would reach the ESFA by 31st December.

Mrs Flannery said that if the spending review improved the funding rate this would impact on the financial forecast. No assumption of growth in the funding rate had been factored into the plan.

Mr Taylor outlined the statement of key assumptions set out in the paper and confirmed that the Annex A, Financial planning checklist had been updated. He concluded by drawing attention to the Income / Expenditure overview at the back of the paper which Mr Belfourd said showed the marked change.

Mrs Flannery reminded the committee that downsizing had been ongoing since 2013 / 14 and staff numbers had dropped by 20 during that time. The financial position had been hit by two successive years of under recruitment of students.

Mr Garvey commented that he believed the college had dealt with the redundancies in the spirit he would expect from a Catholic college showing respect and concern. He said that whilst it was a fraught process, cutting back on staff was the only way to keep the financial position under control as the plan was designed to do. Mr Taylor agreed that the college was at a critical financial juncture and it was important that governors understood all the factors and assumptions in the financial plan and kept it under review.

Mr Belfourd asked for an update on recruitment for 2019. Mrs Flannery summarised the position and described the impact of Open Day (held on 2nd February) and the new digital marketing campaign which was being tracked closely through analytics. She confirmed that recruitment and interviewing would carry on right through to enrolment anticipating a flattening off during the GCSE exam period.

The committee heard that there was no detectable change in course choices being made by applicants at this stage. The scale and impact of GCSE English and Maths retakes was discussed and it was noted that the cost of resits in the November session had been £33k. This year students would be charged for second and subsequent retakes.

Mr Belfourd expressed thanks for all the work that had been done to prepare the important in-year review.

12. Non-Core business / income generation update [BAF 7]: Mr Taylor introduced the “V17 – SFX Corporate Services Limited (trading subsidiary – Business Plan Summary – Mid Year Analysis for 18/19)” report which had been reviewed by the Directors of the SFX Corporate Services Ltd and included in the papers for this meeting.

12.1. SFX Corporate Services Ltd: Mr Taylor reviewed the report section by section and explained the performance of each of the different streams of activity noting that the MUGA pitch was making an impact on income generation earlier than expected. The overall position was positive and on target to return a solid profit for the year. The mid-year comparison showed it would be worth approximately £40k non-ESFA funding across the streams.

A cost benefit analysis of the MUGA pitch had been included in the papers which was

explained by Mrs Searle. The pitch was popular with local clubs and it was anticipated that income would significantly exceed estimate for the year.

12.2. **Commercial Activity** Mr Taylor confirmed the decision that Community Education would close as a college-managed, tutor-salaried programme. He advised that consultation with the tutors was underway regarding the impact and to offer them the opportunity to continue their classes through the lettings operation.

12.3. **Nursery:** income was noted to be increased compared with the previous year.

Mr Taylor advised the committee that looking ahead there were some personnel changes likely to affect Corporate. A report on restructuring would be presented to the next meeting.

13. Tuition and other Fees: (ref Article of Government 20) [BAF 1, 7, 13]

13.1. **Charging Policy:** An updated policy in draft for 2019 – 20 had been included in the papers for the meeting for routine annual review. Mr Taylor introduced the draft which set out the fees framework for the college. He outlined the changes as marked and explained that a further revision on page 2 would be necessary pending the roll out of an Apple iPad e-classroom project which was discussed.

The draft updated policy was accepted but formal agreement would be deferred to the June meeting to facilitate the necessary revision arising from the iPad project.

13.2. **Community Education full cost recovery course fees:** The discontinuation of the programme in its current tutor-salaried, college managed form at the end of the current academic year meant that this was no longer applicable

14. Any other business:

14.1. Mrs Flannery informed governors of a parliamentary debate taking place on Tuesday 5th March brought by MPs in Harrow East and West which would debate the position of Catholic Sixth Form Colleges currently prevented from academising and might raise the profile of the situation.
The committee heard about the significant cost of setting up T levels; the challenge of placements and uncertainty about whether students would buy into them. There would be a need for teachers to be upskilled to deliver technical aspects of syllabus. Mrs Flannery felt that national policy was not working in support of the sector.

14.2. Mr Garvey reflected on the serious content of the meeting and congratulated the committee and college leaders on their rigour and determination to carry out what is necessary. He confirmed that reporting to the full Governing Body would be candid but careful and sensitive.

14.3. Mr Garvey referred to reports in the press of a case where a Headteacher was paying back £1.4m received in bonuses. He reflected on the agreed college remuneration procedures which were in place to ensure that awards were made with robust due diligence to them.

15. **Risk management [BAF 12]:** The committee considered whether any new risks had emerged or modifications identified to existing risks / mitigation on the risk register. It was agreed that the risk register recorded the areas discussed and reported on during the meeting.

16. **Review of meeting [BAF 12]:** The business on the agenda had been dealt with fully. Mr Belfourd thanked the senior leadership team for focusing the minds of the committee on the principles behind the discussions.

It was announced that this would be Mrs Town's last meeting as she had resigned her post to leave on 3rd June 2019 – before the next meeting of the committee. She was thanked for her contribution as a staff governor and Vice Chair.

[Mr Opara arrived at 7.07pm]

17. **Date of next meeting:** Tuesday 25th June 2019

The meeting closed at 7.10pm