

Monday 4th June 2018, 5.30pm

MINUTES

PRESENT:

Mr Belfour, Foundation Governor, Chair of Committee
Ms J Town, Staff Governor, Vice-Chair
Mr C Garvey, Foundation Governor (Chair of Governors)
Mrs S Flannery, Principal

IN ATTENDANCE:

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

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

1. **Opening Prayer:** offered by Mrs Flannery
2. **Apologies:** Mr John Opara
3. **Declarations of Interest:** there were none made
4. **Minutes of previous meeting held on 27th February 2018:** The minutes which had been previously circulated and included in the papers were agreed to be a true and accurate record and were duly signed by Mr Belfour.
5. **Urgent Matters Arising** (other than agenda items): It was acknowledged that minutes of the PMG¹ meetings were being received by members of the F&R committee and it was also noted that the roof works had commenced.
6. **Tender outcomes: [BAF 9 & 10]** Mr Taylor confirmed that two contracts had been the subject of recent tender invitations returned in May 2018:
 - 6.1. **Multi-function Devices (copiers / printers):** Mr Taylor advised that the current three-year contract with *Altodigital* would end in the summer and, whilst not strictly required by the college's Financial Regulations, a full tender process had been followed to let a new contract. He tabled a document summarising the tender returns with costings from five companies. The committee noted that the existing contract-holder had not re-tendered. Mr Taylor confirmed that the summary presented had been informed by a full evaluation report which he would make available to governors if required. The committee endorsed the recommendation of the IT Support review panel to award the three year contract to Ricoh.
 - 6.2. **Insurance:** The committee had been advised, at the previous meeting, of the process of tendering to procure a new insurance contract from August 2018. Mr Taylor confirmed that Risk 2 Value had prepared and evaluated the tenders and provided a

¹ Project Management Group – convened to manage the ESFA / CIF funded capital roof works

report on the returns. Mr Taylor tabled a summary report with a comparison of costs and cover provided by the four firms including the current supplier, Marsh that submitted a tender. The full evaluation report would be made available if required. Mr Taylor confirmed that cyber insurance had been included in the quotes and explained that terrorism had been shown as a separate add-on by each company. The variation between quotes in overall cost and individual elements was discussed and clarification given that the “Broker Fee”, where applied, was a one off payment.

The committee debated whether to take the opportunity to add terrorism insurance to the premium. Ms Town was advised that it was a mixed picture whether other institutions were taking out this cover or not. The necessary amount of liability cover was debated. The quotes had been pitched for £30m.

It was agreed that the tender for the core three year insurance contract returned by Hettle Andrews for a total cost annual premium of £26,266.36 would be accepted. Mr Taylor would refer the Hettle Andrews terrorism add-on back for a re-quote for lower liability cover which would be reviewed at the next meeting of the committee on 25th June 2018.

7. Financial Projections / Plan 2018 – 20 / Budget 2018 - 19: [BAF 1]: Mr Taylor

(Note: Monthly commentary and accounts up to end of March 2018 had been circulated to all governors.)

With the prior agreement of the Chair, to ensure the most recent projections were reviewed, two documents were provided to the committee at the meeting:

Extract from SFX ESFA Financial Plan 2018-202nd Draft v1.1 including Schedule 2 Financial Health

Update to the Commentary on the Financial Forecast 2018 – 2020 (Draft for Governors F&R) with updated Annex A; Financial planning checklist

Mr Taylor introduced the papers and explained the financial health grade summary highlighting the automated predicted dip to “Satisfactory” in the year 2018 – 19 and subsequent return to “Good” in 2019 - 20. The factors causing this were described in the optional narrative box of the spreadsheet and the ramifications were discussed with the committee. The committee and college management were committed to maintaining a “Good” financial health grading throughout the plan. Mr Taylor said that the effect of going to “Satisfactory” next year would be mitigated by a robust plan for the following year and strong cash reserves. Restructuring the college was an influencing factor in the calculation of a “Satisfactory” grade (downsizing the staffing complement had cost £69k this year).

The impact of the timing of receipt of a due “right to light” compensation settlement – and what proportion of it might be spent - had not been accounted for in the draft plan to date and was discussed.

Mr Taylor outlined a business case that had been offered to the ESFA regarding student recruitment to which a response was awaited. Any advantageous adjustment resulting from that submission had not been predicted in the plan.

The extent and impact of significant staff savings already made were explained by Mr Taylor and the assumption of further savings being necessary on salaries during the span of the plan was evident and understood.

Mrs Searle explained the negative EBITDA² ratio in 2018 and also confirmed that the bank loan had been re-paid on 1st May 2018 as agreed and with the expected charge rate.

² Earnings before Interest, Tax, Depreciation and Amortization

Mr Taylor advised that the predicted out-turn for 2017 – 18 would be slightly better than budgeted with an operational surplus of +£247k (budget: +£126k) and statutory account position of -£185k (budget: -£309k) and attributed the main variance to non-ESFA income, but also outlined other areas of underspend and prudence including exam fees and maintenance.

Mr Taylor emphasised that the financial plan was built on the assumption that the target of 1297 for student roll recruitment would be achieved for 2018 – 19 and this remained high risk. Under-recruitment would mean different operating and curriculum structures. He said that colleges were expected to look more closely at sensitivity analysis.

Mr Garvey referred to the college's recognised reputation for sound financial management and expressed his determination to protect the morale and teaching capacity of college which might be at the risk of a year of "Satisfactory" financial health accepting that downsizing of staff including senior staff and re-organisation of responsibilities would continue into 2019 – 20. Mrs Searle confirmed that the college was solvent.

Mr Garvey was assured that additional funds and resources would be invested in marketing and recruitment where required. Whilst it was acknowledged that the improved Ofsted judgement would benefit the reputation of the college for prospective students and their parents, Mrs Flannery described how the market was saturated and how larger FE colleges were offering substantial incentives (eg electronic tablets) to attract students onto their courses. Mr Belfourd was assured that all strategies, including financial resources, that contributed to the restoration of the "good" inspection outcome remained in place.

Mrs Flannery confirmed that all relevant sources of grant income were being pursued. Mr Taylor reminded the committee of the ongoing application for planning permission – soon to be heard – to take forward the development of an outside MUGA³ pitch which would enhance income from lettings. Mr Taylor said that income from non-ESFA streams was not being over-predicted in the financial plan.

It was confirmed that the apprenticeships scheme would close this academic year and that all costs and income would be contained in the accounts for 2017 – 18. No more apprentices would be recruited and those whose programmes had not yet been completed would be taken on by John Ruskin.

Mrs Flannery observed that areas of the curriculum would be reviewed and non-viable courses cut if necessary but emphasised the importance of defending the breadth of curriculum offered.

Mrs Flannery spoke about the sector being in crisis. She described the roll-out of T Levels; what changes the programme would entail and the impact on existing applied general courses. It was noted that Academisation for Catholic Sixth Form Colleges continued to be on hold and that the closing date for applications for money to support conversion from the transactions unit was September 2018.

Mr Garvey expressed thanks to Mrs Flannery, Mr Taylor and Mrs Searle for the frankness and factual clarity of the financial reporting to governors and acknowledged that it continued to be hard work to maintain good financial management.

The committee noted the financial planning checklist which had been completed in draft and appended to the draft commentary paper.

Mr Taylor concluded that the commentary, budget and financial plan would be worked on

³ Multi-Use Games Area

further to prepare a final draft for presentation at the next meeting of the committee on 25th June 2018.

8. **Any other business:** there was none.
9. **Date of next meeting:** It was confirmed that the next meeting would be held on the re-scheduled date of Monday 25th June 2018 at the revised time of 6.30pm.

The meeting ended at 6.25pm

SIGNED: _____

DATE: _____

Distribution:

Mr M Belfourd (Chair)	Ms J Town (Vice-Chair)	Mr J Opara	Mrs S Flannery
Mr C Garvey	Mr A Taylor	Mrs M Searle	Clerk