

CARDINAL NEWMAN COLLEGE

BOARD OF GOVERNORS – FINANCE AND PREMISES COMMITTEE

The Committee met at **4.00 p.m.** on **Wednesday 8 March 2017** in the Conference Room at the College.

Members present:

Richard Ainscough, Chair (F)
Nick Burnham, Principal
Matthew Ainge
Len Hampson (F)
James Keen
Bill Noblett (F)
Helen Seechurn (F)
Andrew Wygladala (F)

Officers in attendance:

Bob Deed, Clerk
Mille Kozuszkiewicz
Katie O'Reilly
Annette Pettman
Claire Walbank

MINUTES

1 Opening prayer

The meeting commenced with a prayer

2 Welcome, introductions and apologies

Apologies were received from Paul Vaughan who was teaching.

3 Declarations of interest

There were no declarations of interest.

4 Minutes of the last meeting

The minutes of the meeting of Finance and Premises Committee held on Wednesday 23 November 2017 were accepted as a correct record and signed by the Chair (file copy entered).

5 Matters arising from the minutes

There were no matters arising not covered elsewhere on the agenda.

6 Property strategy

Ms Kerrie Norman of the property consultancy Flinders Chase delivered a presentation on the College's property strategy and plans for a new build in the College grounds.

Ms Norman highlighted the rapid and sustained growth in numbers at the College from about 1,600 students in 2004 to over 3,000 in 2015 with the recent growth against a decline in post-16 learners. She noted that an RCU report commissioned by the College in December 2016 indicated that the College was likely to reach 4,000 students in the medium term assuming constant market share.

Ms Norman outlined the results of an exercise modelling curriculum growth over the medium term. This indicated the mix of accommodation required based on reasonable assumptions.

Ms Norman noted the limited opportunities for expansion funding. The Principal noted that the EFA had been lobbied on the basis of the College's exceptional growth but the College was awaiting the promised response. Ms Norman explained that other routes had been explored including the Lancashire County Council's Basic Needs funding and the various Lancashire Enterprise Partnership (LEP) funding streams.

Ms Norman explained that the most promising opportunity appeared to be LEP's City Deal funding for Preston. The College was drafting a bespoke funding application to the LEP using the Skills Capital Fund application template with the expectation that any funding was likely to come from the City Deal Executive Board which was meeting on 22 June 2017. The College Governing Body would be able to consider the outcome at its July 2017 meeting.

The curriculum modelling work demonstrated the need for 25 new learning spaces including 17 general learning classrooms, three science spaces and two computing. Ms Norman suggested that the most effective approach would involve relocating subjects with the new build containing 13 seminar rooms. Six BTEC rooms and two IT/project studio while St Mary's would have some classrooms converted to science and other spaces.

Governors asked about the LEP priorities and the possibility that the LEP might impose restrictive or inappropriate conditions on the curriculum being delivered. Ms Norman explained that this was highly unlikely although the College needed to be mindful of LEP priorities.

Ms Norman noted the key stages and target dates:

- Submit Funding Bid to LEP - March/April 2017
- City Deal Executive Board - June 2017
- Assemble funding - August 2017
- Commence procurement and detailed design - September 2017
- Submit Full Planning Application - January 2018
- Award contract and start on site - May 2018
- Completion of building - summer 2019

Ms Norman outlined the immediate and on-going work but stressed that the College should limit costs at this stage.

In response to a question from governors, the Principal explained how he saw any new build in the grounds being an integral part of the College community and ethos. He emphasised that the design would be done carefully with this in mind. The Director of Corporate Resources explained that alternative sites had been considered but they would have been less suitable and not as conducive to the College's sense of community.

Governors asked about disruption and impact on students. The Director of Corporate Resources pointed to the College's earlier experience of managing live sites and noted that the location of the site which was close to buildings which were primarily social space rather than for teaching and learning.

The Chair highlighted the project fit with Preston City Council's regeneration plans.

The Vice Chair asked about the likelihood of the College being asked to contribute via cash reserves or loan finance. The Principal explained that this was likely to be part a funding cocktail while he hoped that the Education Funding Agency (EFA) would also contribute.

The Committee agreed that:

- **the College should progress the plans for a new build and related funding application; and**
- **a draft funding application would be submitted to the March 2017 full Governing Body meeting.**

The Director of Corporate Resources updated governors on discussions about improving the local roads and public realm including a gateway on Princess Street and bus stops on Queen Street. In response to a question from governors, the Director of Corporate Resources noted that the College's financial contribution was likely to be limited but may involve the removal of railings on Lark Hill Road. The Principal noted that this was desirable but the College was keen that this should be done as part of a larger project.

Governors asked about the possibility of speed restrictions on Manchester Road as part of any changes. The Principal noted that any changes would be thoroughly reviewed in terms of health and safety.

7 Risk register: termly update

The Director of Corporate Resources noted that the main changes to the finance risks were those related to changes with High Needs Student funding, the pressures on the College's accommodation and the need for cost reduction.

Governors asked about the possible changes in High Needs funding. The Principal explained that there was significant uncertainty and a substantial element of funding was at risk.

8 Premises update – March 2017

The Estates Manager presented the premises update report. She highlighted progress on planned maintenance and summer works. She also noted that the EFA were planning a national review of building condition and were likely to visit the College in the near future.

The Estates Manager noted the work on value-for-money and the plans to secure greater savings in forthcoming years.

9 Health & safety report

The Estates Manager presented the health and safety report. In particular, the Estates Manager noted that the Health and Safety Policy had been amended following issues raised by the last Committee meeting.

The Estates Manager noted that the statistics would be analysed next year to separate out where students presented with conditions arising from previous incidents or conditions unrelated to the College

10 The St Augustine's sports lettings and Preston City Council

The Director of Corporate Resources updated the Committee on discussions with Preston City Council on the implications of the Council's transfer of leisure services to a social enterprise GLL. The City Council staff administering the College's lettings at St Augustine's would not be transferring to GLL. As a result, these staff would either remain with PCC with an ongoing involvement or transfer to the College, possibly as a TUPE requirement. The Director noted that the College was taking legal advice, managing the risks involved and seeking opportunities to generate additional income for the College.

11 Property strategy

These items were considered with the property strategy presentation.

12 College Finance Report for January 2017

The College Accountant highlighted the key issues in the College Finance Report for January 2017. The forecast outturn is now £36k below the budgeted surplus. While forecast pay costs are £72k higher than the annual budget, if the effect of pension provision adjustments are excluded, pay costs are £107k lower than the budget due to some contingencies not being necessary. The Chair noted the healthy EBITDA measure.

Governors asked about teaching pay costs being below budget. The Director of Corporate Resources noted that all the contingency had been included within teaching within the annual budget as this was the largest element but some of the actual costs were on other lines.

The College Accountant noted the closure of the Nationwide account due to the building society discontinuing the account while other investment options were unattractive.

The College Accountant outlined the performance of Newman Business Limited including recent sales to new customers and upselling of additional modules.

The Chair drew governors attention to the improving cashflow and current ratio performance as a result of a healthy surplus and lower capital expenditure. It was emphasised however that static government funding together with continually increasing operating costs over the coming few years necessitated a prudent approach to cash consumption. He also noted that the expected college growth would consume liquidity.

13 Maple Group benchmarking report

The Director of Corporate Resources introduced the Maple Group benchmarking report based on annual accounts and other financial information for 2015/16. She noted that this was discussed with other Maple Group Finance Directors at a meeting in Birmingham yesterday.

Governors noted the College's cash position and recognised that this resulted from the College reinvesting surpluses in buildings. In response to a query, the Director of Corporate Resources highlighted that the cash days were low in July 2016 due to the investment in the St Teresa's building.

14 Budget update

The Director of Corporate Resources introduced the indicative budget position for 2017/18 and the forecast positions for the following year. The Director said that significant work had already been undertaken and that the paper reflected the College's EFA funding allocation for 2017/18. She noted that there was some uncertainty over the High Needs funding.

The Director of Corporate Resources highlighted the key assumptions including fewer students taking AS exams. She also noted some savings in a range of support areas. These would result in an operating surplus of around £300k.

15 Policy review

The Clerk as Director of Corporate Resources introduced the proposed changes to the Financial Regulations. He explained that most of the proposed changes were of a housekeeping nature. The proposed substantive change in the tendering threshold was intended to reflect inflation since the last change.

The Committee resolved to recommend to the full Governing Body the proposed changes to the Financial Regulations.

The Clerk as Director of Corporate Resources introduced the proposed changes to the Ethical College policy as explained in the paper. He drew particular attention to the College's success as a Living Wage Employer with out-sourced catering staff now covered by the Living Wage.

The Committee resolved to recommend to the full Governing Body the proposed changes to the Ethical College policy.

16 Determination of any items to be treated as Confidential

The Committee agreed that no items required to be treated as confidential.

17 Date and time of the next meeting

The next ordinary meeting of the Committee is scheduled to be held at 4.00 p.m. on Wednesday 21 June 2017.