

CARDINAL NEWMAN COLLEGE

BOARD OF GOVERNORS – FINANCE AND PREMISES COMMITTEE

The Committee met at **4.00 p.m.** on **Wednesday 21 June 2017** in the Conference Room at the College.

Members present:

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

Officers in attendance:

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

MINUTES

1 Opening prayer

The meeting commenced with a prayer

2 Welcome, introductions and apologies

Helen Seechurn had notified the Clerk that she may be late if her earlier meeting overran.
Apologies were received from Bill Noblett.

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 22 March 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 Risk register: termly update

The Committee asked about the two recently added risks where the gross and net risk scores were the same: high needs funding and Local Government Pension Scheme (LGPS) pension scheme contributions. The Principal agreed that the net risk scores should be lower than the gross scores as the College was able to take contingency actions for both. The Clerk as Director Corporate Resources said that the probability scores for increased LGPS contributions should be lower as contributions were now fixed until April 2020.

The Chair of Governors asked whether or not the College had any cladding which might pose health and safety risks. The Director of Corporate Resources said that most cladding was rendered.

The Committee requested that the Director of Corporate Resources feedback to the next meeting on the nature of cladding on the College's buildings including any health and safety risks.

7 Premises update – June 2017

The Director of Corporate Resources presented the premises update report. She highlighted the work being undertaken by the Estates Manager and Deputy Estates Manager on making budget savings.

The Director of Corporate Resources noted that the summer would be quietest for some time on terms of building works as the College was awaiting developments on the property strategy. Only £80k was expected to be spent on room changes and re-modelling.

8 Health & safety report

The Principal updated the Committee on the discussions at the Health & Safety Committee on fire evacuations and alarms which involved representatives of the Fire Service. The Principal noted that the policy may change after further discussions.

The Committee asked about invacuations given recent incidents. The Principal explained that lockdown procedures had been rolled out but it had not been subject to a drill yet.

The Chair asked about the compliance rate on health and safety training. The Director of Corporate Resources confirmed that staff are subject to reminders. The end of summer term was seen as a good opportunity for catch-up.

The Director of Corporate Resources will feed back at the next Committee meeting on compliance rates.

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

The Contracts and Procurement Manager updated the Committee on successful transfer of City Council staff administering the lettings at St Augustine's. She also updated the Committee on the successful Sport England bid which would make use of the St Augustine's facilities.

10 Property strategy

The Director of Corporate Resources explained that the bid was submitted to the Lancashire Enterprise Partnership in April. A copy would be placed on Office 365.

The Director informed the Committee that the presentation to the City Deal Executive Board was successful and that the bid would now be considered at the next City Deal meeting in September.

The College's property consultant, Kerrie Norman of Flinders Chase, outlined the useful discussions with planning officers with the output included in the Committee papers. She also updated the Committee on the positive meetings with the LEP's consultant who was reviewing the College's bid.

The Chair asked about the extent of community use in the proposed new build. The external consultant explained that this was incorporated in the bid.

The property consultant highlighted the importance of letters of support from employers and universities for the bid. Governors were encouraged to use their networks.

11 New build procurement

Decision

The College's property consultant, Kerrie Norman, outlined the procurement options. She noted the legal and regulatory context with the EU rules requiring advertising large procurement with associate costs and delays. She noted that there were several compliant frameworks for buildings which allowed quicker progress and better value. She outlined the main types:

- Traditional construct-only – this left design and integration risks with the College.
- Design and Build – almost all risks transferred to contractor.

The consultant described the main Design and Build framework options:

- EFA national/regional frameworks – a £4billion framework with fixed rates for new build and rigid performance specification; suitable for simple projects; issues with the willingness of participants to bid for work.
- North West Construction Hub – two stage procurement with open book tendering at the second stage.
- SCAPE – single contractor with lower profit and overheads applied; open book tendering of major works at the second stage.

The Committee asked about construction inflation. The consultant noted that there was exposure with the nature varying with the procurement route. She also highlighted the need for a good cost consultant to manage these risks.

The Director of Corporate Services noted that it may be desirable to have an extra Finance and Premises Committee in October before the Governing Body meeting that month.

The Committee asked about the ability of the College to shape designs. The consultant confirmed that the College would be involved and presented with a range of options from the single design team.

The consultant noted that the College had participated in the interviewing of the architects and landscape architects. The College would be appointing a cost consultant next week.

The Chair asked when the College would have to decide what level of financial contribution was necessary. The Director of Corporate Resources observed that the LEP's consultant had suggested that a higher contribution may be necessary. The College's consultant noted that FE colleges were better able to contribute as they were able to shrink their estates and use asset disposal proceeds. The Director of Corporate Resources said that she planned to undertake further financial planning and scenario planning.

The Committee resolved to recommend to the Governing Body that the College engage Willmott Dixon Construction through the SCAPE Major Works Framework on a no-obligation basis until a Project Order is required to be signed.

12 College Finance Report for May 2017

The College Accountant introduced the Finance Report. She noted the change in pay costs since the spring term Finance Report. However, the forecast EBITDA outturn measure had improved against the budget outturn even though the operating surplus had weakened.

The Chair asked that the future reports include:

- **EBITDA in cash terms.**
- **The "outstanding" thresholds for each element of the financial health categorisation.**

The College Accountant drew the Committee's attention to the sports lettings (and estates cross-charges) being routed via the College rather than being accounted for by Newman Business Limited. She also noted that there was a significant consultancy sale to University College of the Football Business which would be at the end of the current year and the start of next year.

13 Draft Budget 2017/18 and Financial Plan

Decision

The Director of Corporate Resources introduced the paper. She highlighted the key financial metrics including the higher levels.

The Chair noted the rising level of the pay:income ratio shown in the Financial Plan and the implications if forecast growth did not materialise. In response to questions, the Director of Corporate Resources confirmed that the College was affected by recent and future increases in on-costs including the likely 2% rise in Teachers Pensions employers' contributions in September 2019.

The Committee asked for FTE staff numbers to be shared before or at the Governing Body meeting.

The Director of Corporate Resources highlighted the growing income from Higher Education costs and the budget savings in a range of areas including exams and estates.

The Committee resolved to recommend the Draft Budget 2016/17, including the financial objectives, and Financial Plan to the Governing Body for approval.

14 Policy review: Fees policy

The Clerk as Director of Corporate Resources confirmed that the policy was essentially unchanged apart from updating of terminology and the removal of sections made obsolete by the College's transfer of adult skills provision to Preston College.

The Committee resolved to recommend the Fees Framework to the Governing Body for approval.

15 Committee self-assessment against its terms of reference

The Clerk introduced the paper on Committee self-assessment including the notes on the self-evaluation tool from the Chartered Institute of Public Finance and Accountancy. The Committee discussed the possibility of co-opting Committee members including the option of co-opting members with property expertise.

The Committee confirmed that it was content with self-evaluation and asked that the SMT provide feedback on the Committee as part of the governance self-assessment.

16 Determination of any items to be treated as Confidential

The Committee agreed that not items should be deemed confidential but the advice on planning from the City Council should 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 22 November 2017 unless an extra meeting is arranged for September 2017.