

CARDINAL NEWMAN COLLEGE

BOARD OF GOVERNORS - FINANCE AND PREMISES COMMITTEE

A meeting of the above Committee was held at 4.00 p.m. on Wednesday 17th June 2015 in the Conference Room at the College.

Present:

Richard Ainscough (Chair)
John Crowley
Bill Noblet
Andrew Wygladala

Officers in attendance:

Katie O'Reilly
Millie Kozuszkiewicz
Claire Wallbank

Joe McNamara (Clerk to the Governing Body)

Apologies were received and accepted from:

Nick Burnham
Paul Vaughan

MINUTES

The meeting commenced with a prayer

1. MINUTES OF PREVIOUS MEETING

The minutes of the meeting of the Committee held on Wednesday 19th March 2015 were accepted as a correct record and signed by the Chair (file copy entered).

2. SECTION 'A' ITEMS

1/A/FPC(6.15)

EDUCATION FUNDING AGENCY: FINANCIAL RETURNS 2013/14

Received: DOCUMENT 1/A/FPC(6.15) (file copy entered).

Members were pleased to note that the EFA financial health grade of the College was "Outstanding" which was in line with the College's Self-Assessment Grade.

The Funding Agency advised that they had reviewed the College Financial Statements together with the Finance Record and had identified no issues.

3. SECTION 'B' ITEMS

1/B/FPC(6.15)

MATTERS ARISING FROM THE MINUTES

(any such items were included as main agenda items)

2/B/FPC(6.15)

MANAGEMENT ACCOUNTS TO 31 MAY 2015

Received: **DOCUMENT 2/B/FPC(6.15)** (file copy entered) and oral report from the College Accountant.

Members again considered the Summary Income and Expenditure Account for the 2014/15 financial year to date, and continued to note inter alia:

- that the forecast year-end surplus exceeds the budget forecast. This is largely due to the receipt of additional funding from the Education Funding Agency related to exceptional in-year student growth;
- the healthy Cash Flow situation;
- the expected year-end strong Cash Balance and Balance Sheet;
- the healthy current ratio;
- the update report on Newman Business Limited.

Members received at Appendix 'A' details related to Capital Expenditure and at Appendix 'B' an analysis of the Cash Flow Situation.

In answer to a query from the Chair, members were advised that a proportion of the additional finance that had been received from the Education Funding Agency related to the growth in student numbers had supported additional expenditure in Capital and Estates Management and in enhanced Marketing activities.

3/B/FPC(6.15)

PROPERTY STRATEGY: UPDATE REPORT

Received: **DOCUMENT 3/B/FPC(6.15)** (file copy entered) and oral report from the Director of Corporate Resources.

Members noted the following points, inter alia:

Property Strategy (Phase 3) (St. Francis Building)

The current adjusted costs of the Project are of the order of £3,050,540. These costs are included in the College draft budget and financial forecasts.

Members were advised that good progress was being made in relation to the development and noted that Eric Wright Construction continue to liaise closely with the College over access, noise and in relation to any operational issues likely to impact on the Project.

In answer to a Governor query, members were advised that to allow the College to maximise its zero VAT rating, the fitting out works, including ground floor furniture, window blinds, laptop lockers, interactive white boards and projectors, would be procured through the Eric Wright Construction contract. This action has increased the contract costs above

the figure of £2,972,000 already approved by the Board of Governors with the corresponding savings being removed from draft Capital, Estates and Networks budgets.

The College will be procuring the other furniture and equipment from existing budgets.

Members received key timeline dates and noted that the overall completion date for the Project was 28th August 2015.

At Appendix 'A' members received the Risk Summary Report for the Project.

St. Mary's Building Remodelling

Members were advised that the design and plans for these works have been finalised.

The cost summary for the Project is of the order of £607,866. This represents an additional £58,000 on the original budget estimates already approved by the Board of Governors. This is due to the increased scope and specification of the Project within the context of rising prices in the construction industry.

Furniture and equipment will be procured directly by the College.

The overall completion date for the Project is 28 August 2015.

Other Summer Works

The works include:

- Two new IT suites in the St. Wilfrid's building to allow for growth in Business Studies and ICT.
- Additional space for Art & Design within the St. Bede's building.
- The re-location of Achievement Tutors to the St. Wilfrid's building.

The estimated costs for these works is of the order of £95,000.

Members were advised that to save Project Management costs, the Estates Department Manager would undertake these duties.

Fitness Suite/Gym – St. Augustine's

A feasibility study is currently under way in relation to this proposal.

Condition Improvement Funding: Roofing and Associated Works

Funding of £168,000 was received from the Education Funding Agency in connection with these works. The project costs are expected to be of the order of £186,000. The conditions of EFA funding include the stipulation that the monies must be expended before the end of March 2016.

Tender documents have been issued and it is proposed that the works be undertaken in two phases. The majority of the works will be carried out

between 6th July and 21st August 2015. The second phase will be carried out following testing of the flat roof areas and will take place between 22nd and 30th October 2015.

Members received at Appendix 'B' the Terms and Conditions of Funding for Organisations in receipt of Condition Improvement Funding.

Agreed: to recommend to the Governing Body at its meeting scheduled to take place on Wednesday 1st July 2015:

- **The appointment of Redman & Bispham to carry out the St. Mary's Remodelling Works with Project costs of £650,000;**
- **To progress the roofing works project on the basis that the costs are affordable within the context of the draft budget;**
- **The works to be carried out within the Terms and Conditions related to CIF funding.**

4/B/FPC(6.15)

UPDATE REPORT ON OTHER PREMISES RELATED ISSUES

Received: **DOCUMENT 4/B/FPC(6.15)** (file copy entered) and oral report from the Estates Manager.

Members noted, inter alia:

- that the planned and preventative maintenance works programme is on schedule and will be completed by 31 July 2015;
- that the schedule of service and maintenance works would continue throughout the 2014/15 academic year;
- details of the work to be carried out related to the New Build, Refurbishment Works and other summer works;
- details related to tender submissions.

5/B/FPC(6.15)

PROPOSED COLLEGE BUDGET 2015/16 AND FINANCIAL FORECAST 2017/18

Received: **DOCUMENT 5/B/FPC(6.15)** (file copy entered) and oral report from the Director of Corporate Resources

The Document outlined the proposed budget for 2015/16 and set out the financial forecasts to 2016/17.

Members were aware that the College is preparing for a significant reduction in recurrent grant after 2015/16. In addition, the Sixth Form College sector, given recent central government announcements, is likely to face continued financial stringency with both cost pressures and funding reductions.

Members noted that the draft budget generates a strong operating surplus during the period of Formula Protection but that in 2016/17 the surplus reduces significantly.

Members were advised of the key assumptions made for funding in 2016/17 related particularly to the growth in student numbers and planned growth in Higher Education developments.

Members were advised that managing the pay costs as a percentage of income would need to be a priority. There would also need to be substantial savings in non-pay expenditure headings, in administrative and central services and estates budgets.

In conclusion, members were advised that the College has positive operating cash flow throughout the forecast period. The College's current ratio also remains healthy over the period.

Members received as Appendices:

- Key Ratios compared with Benchmarks
- Risk to the Financial Forecast
- Strategic Financial Objectives

In answer to Governor queries, the following points were recorded:

- that in view of the future financial uncertainties, the Finance Department were in the process of modelling various financial scenarios;
- that it would be necessary to ensure that the College was always in line with covenant requirements.

Agreed: to recommend acceptance of the proposed 2015/16 budget and the 2016/17 financial forecasts to the Board of Governors at its meeting scheduled to take place on Wednesday 1st July 2015.

6/B/FPC(6.15)

RISK MANAGEMENT: UPDATE REPORT RELATED TO FINANCE AND PREMISES ISSUES

Received: DOCUMENT 6/B/FPC(6.15) (file copy entered).

Members considered in detail the gross and net risk information in the revised Risk Register relating to the responsibilities of the Finance and Premises Committee.

In answer to a Governor query, members were advised that any issues related to asbestos in College buildings were regularly dealt with and formally recorded.

7/B/FPC(6.15)

HEALTH AND SAFETY: UPDATE REPORT ON MATTERS RELATING TO THE FINANCE AND PREMISES COMMITTEE

Received: **DOCUMENT 7/B/FPC(6.15)** (file copy entered) and oral report from the Estates Manager.

From today's Report, members received updates related to:

- Health and Safety Policy and Procedures
- Health and Safety Committee
- Accident Reports
- Health and Safety Training
- Risk Assessment
- Fire Evacuation Procedure
- Phase 3 New Build
- College Smoking Policy
- Control of Asbestos Regulations
- Service and Maintenance Agreements
- Grounds

In answer to a Governor query about risk responsibilities, members were advised that at the recent meeting of the Audit Committee it had been determined that the Lead Committee for overall Health and Safety matters would continue to be the Staffing and Remuneration Committee.

8/B/FPC(6.15)

NEWMAN BUSINESS LIMITED: UPDATE REPORT

Received: **DOCUMENT 8/B/FPC(6.15)** (file copy entered).

Members received and considered the update report details of which had also been considered under agenda item 3/B.

9/B/FPC(6.15)

ACVIC BENCHMARKING: UPDATE REPORT

Received: **DOCUMENT 9/B/FPC(6.15)** (file copy entered) and oral report from the Director of Corporate Resources.

Members noted the information contained in the Report and were pleased to note the strong position of the College in relation to other Colleges in the benchmarking statistical tables.

Action: **the Director of Corporate Resources would email members of the Committee with the latest financial statistics from the Maple Group of Colleges.**

10/B/FPC(6.15)

BUSINESS CONTINUITY AND RECOVERY PLAN: ANNUAL REVIEW

Received: oral update report from the Director of Corporate Resources.

Members were advised that this item would be dealt with at the next meeting of the Committee.

11/B/FPC(6.15)

TREASURY MANAGEMENT: UPDATE REPORT

Received: update report from the Director of Corporate Resources.

Members were advised that details were included in the Management Accounts and that no changes had taken place in relation to College Financial Investments

12/B/FPC(6.15)

COLLEGE STRATEGIC PLAN (2013-2016): UPDATE REPORT ON PROGRESS RELATED TO KEY FINANCE OBJECTIVES/INDICATORS

Received: **DOCUMENT 12/B/FPC(6.15)** (file copy entered).

Members were very pleased to note the continued excellent performance of the College related to the financial forecast 2014/15 objectives and the financial objectives contained in the College Strategic Plan (2013-2016).

13/B/FPC(6.15)

FEES FRAMEWORK 2015/16

Received: **DOCUMENT 13/B/FPC(6.15)** (file copy entered)

Agreed: to accept the proposed student fees framework for 2015/16 and to recommend adoption of these by the Board of Governors at its meeting scheduled to take place on 1st July 2015.

14/B/FPC(6.15)

ANNUAL REVIEW OF THE COMPOSITION, TERMS OF REFERENCE AND ANNUAL CYCLE OF BUSINESS OF THE COMMITTEE

Received: **DOCUMENT 14/B/FPC(6.15)** (file copy entered).

Agreed: to accept the proposed composition, terms of reference and annual cycle of business of the Committee and to recommend adoption of these by the Board of Governors at its meeting on 1st July 2015.

DATE AND TIME OF NEXT MEETING

The next ordinary meeting of the Committee is scheduled to be held at **4.00 p.m.** on **Wednesday 18th November 2015.**