

CARDINAL NEWMAN COLLEGE

BOARD OF GOVERNORS – FINANCE AND PREMISES COMMITTEE

The Committee met at 4.00 p.m. on Wednesday 6 March 2019 in the Conference Room at the College.

Members present:

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

Officers in attendance:

Bob Deed, Clerk
Claire Riding, College Accountant
Katie O'Reilly, VP – Finance & Resources

MINUTES

1 Opening prayer

The meeting commenced with a prayer.

2 Welcome, introductions and apologies

Apologies were received from Nigel James.

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 21 November 2018 were accepted as a correct record subject to minor corrections.

5 Matters arising from the minutes

The VP Finance and Resources updated governors on the two pitches at Factory Lane which had been improved. The Principal noted that Factory Lane was being well-used but the more distant pitches were not suitable for use.

The Chair asked about the College's work on developing higher and degree apprenticeships. The Principal updated the Committee on the Register of Apprenticeship Training Providers. He noted that the College had explored the options for a Leadership and Management degree apprenticeship. But the College was now planning a Leadership and Management foundation degree with UCLAN which was an excellent opportunity. The College would not therefore be re-applying to remain on the Register.

The Vice Principal updated governors that schools and colleges would be fully funded in 2019/20 to cover the cost of the increased Teachers' Pension Scheme employers' contribution. The Principal noted that there was considerable uncertainty about funding thereafter as it was subject to the Spending Review which was expected in the autumn.

6 Risk register: termly update

The VP Finance and Resources noted that there were no changes in top risks.

A governor asked about the risks of violent crime after recent incidents in Leyland and nationally. The VP Finance and Resources noted risks 17 and 19 which addressed these risks.

The Principal noted an incident in the neighbourhood near the College earlier in the week. He confirmed that the incident did not involve any students. He said that the College response was effective and being reviewed. The College has now purchased hand-held metal detectors.

7 Premises update

The VP Finance and Resources introduced the Premises Update. She highlighted that the College was still waiting the ESFA Condition Data College and the College had completed works required by the permanent planning consent for the St Teresa's building.

8 Health & safety report

The VP Finance and Resources introduced the Health & Safety report. The Chair asked whether the Major Incident Policy (combining several existing policies and procedures) would be made available to governors. The Clerk confirmed that it could be included in the Useful Documents section of the governors' Office 365 site. He also noted that it would be brought to governors for approval.

9 Property strategy

The VP Finance and Resources updated governors on the Condition Improvement Funding submission asking for £4 million towards an expansion project. She noted that the project assumed that the College would fund £2 million of enabling works for a new build in the grounds.

The VP Finance and Resources explained that the College was expected to explore all funding opportunities and make applications to all available and relevant capital funding pots.

The Deputy Chair noted the local authority's duty to ensure adequate and sufficient local provision for 16-18 year olds. The Principal observed that the local authority had arranged meetings but not made any funding available.

The Chair asked whether the College should lobby local MPs. The Principal noted past and current efforts. He was unsure that this would bear fruit as there was limited capital funding for expansion. He did note that there was the hope that this would change in the new Spending Review period.

The Deputy Chair suggested that the College might need to cap numbers if the College met physical limits. The Principal said that the College did not have an overcrowding problem that adversely affected the learner experience but there were pinch points around social space.

The Vice Principal noted that a further paper would be presented to the Governing Body on the T Levels Capital Funding bid. Two projects were being worked on. The T Levels Capital Funding bid would require a 50% College contribution.

The Vice Principal updated the Committee on summer works based on recent modelling of short-term accommodation requirements. These include the third floor at St Cecilia's for Law and Criminology to allow Science to grow in St Mary's.

The Vice Principal noted that costings were being prepared which would be included in a further paper for the Governing Body. The College was intending to do as much work as possible in the current year as 2019/20 was expected to be a financially tighter year. The costs were expected to be in the region of £300k with a mix of capital and revenue expenditure.

The Principal reminded the Committee of how the new timetable had eased pressures on the College's accommodation with less trapped time and without a common lunchtime.

10 College Finance Report for January 2019

The College Accountant noted that the full year forecast outturn at January 2019 was a surplus of £576k with a similar improvement in the EBITDA measure (surplus before interest and depreciation). She highlighted that the outturn would now be lower due to the summer works previously discussed.

The improved outturn shown in the January Finance Report reflected increased income and reduced pay spend. Some non-pay costs had risen including higher than expected exams costs and high energy bills. The depreciation cost of St Teresa's was lower than budgeted as the expected life of the building was considered to be 50 years (on the basis of information from the manufacturer) rather than 25 years.

The College Accountant highlighted the increased CEDAR sales shown in the Newman Business Limited accounts. The VP Finance and Resources said that CEDAR income in 2019/20 was expected to be in the region of £200k.

The Chair asked that the Finance Report should show prior year comparatives for Newman Business Limited.

11 Maple Group – financial benchmarking

The Chair noted the vulnerability of some colleges with high pay:income ratio. The Principal agreed that this was a serious issue in the sector with some colleges under threat if funding remained flat in cash terms.

The Deputy Chair asked about the high level of Higher Education income at Carmel College. The Principal outlined the range of provision including a partnership with Liverpool University with year zero provision.

A governor asked how the College constrained its pay:income ratio. The Principal explained that the College controlled the ratio through efficiencies in group sizes rather than paying any lower. He said that the College continued to implement sector pay rises and scales.

The Chair asked about premises costs being relatively high. The VP Finance and Resources noted that the College had invested in estates including some expensed project costs. The Principal agreed with the Chair's suggestion that the College's efficient use of premises resulted in a lower denominator in terms of square metres.

The Committee recognised the role of the College's effective financial management in maintaining its financial health.

12 Treasury management report: options

The College Accountant outlined the treasury management options in the paper. She noted that Lloyds were the College's bankers and Nationwide had been used for deposits in the past. The College was unlikely to obtain higher interests rates without using challenger or non-UK banks.

The Chair noted that the proposed amounts on deposit still allowed the College to benefit from the interest set-off arrangements on the College's current account and loan account.

The Finance and Premises Committee resolved to recommend to the Governing Body the investment of up to £1m split between Lloyds and Nationwide Building Society on three month or 95 day notice accounts.

13 Budget update

The VP Finance and Resources noted that the College would be having lower surpluses in the future due to cost pressures and flat funding. She noted that the Budget Update set out the indicative figures for 2019/20.

The Deputy Chair asked about the loss of Formula Protection funding. The VP Finance and Resources confirmed that the College would receive Formula Protection funding for the last year in 2021/22. The withdrawal of Formula Protection was reflected in the indicative figures.

14 Policy review

The Clerk as VP Finance and Resources introduced the paper setting out the limited number of substantive changes to the Financial Regulations.

The Finance and Premises Committee resolved to recommend to the Governing Body the proposed changes to the Financial Regulations.

The Clerk as VP Finance and Resources introduced the paper on the Treasury Management Policy. A governor asked about the credit-rating criteria. The Clerk as VP Finance and Resources explained that the criteria of credit ratings equal to the ratings of Lloyds Bank was put in place during an earlier review after the financial credit when very few banks had AAA ratings and the College was unable to place funds on deposit with Lloyds even though it had a large current account balance with the bank. He noted that the College was mindful of other warning signals as well as credit-ratings.

The Chair pointed out a minor typo in the document where it referred to the VP Finance and Resources “setting” rather than “drafting” the policy. The reference to the College drafting money laundering procedure was noted. The Clerk as VP Finance and Resources said that the College had addressed this but would confirm to the Committee.

The Finance and Premises Committee resolved to recommend to the Governing Body the proposed changes to the Treasury Management Policy subject to the minor amendments identified.

The Committee asked the Clerk as VP Finance and Resources to update the Committee on money laundering procedures.

The VP Finance and Resources introduced the document on the review of the Health & Safety Policy and its appendices. She noted that there were only minor changes to the Policy and the appendices.

The Finance and Premises Committee resolved to recommend to the Governing Body the proposed changes to the Health & Safety Policy.

15 Mapping the work of the Finance & Premises Committee against its terms of reference

The Chair noted the mapping of the work of the Finance & Premises Committee against its terms of reference was at his suggestion at the last meeting. The Clerk said that the exercise was useful and would inform the Committee’s self-assessment at its next meeting. He said that he believed that it gave the Committee useful assurance.

The VP Finance and Resources suggested that the Committee receive an annual update on Networks with the IT and Networks Manager presenting the report. The VP Finance and Resources asked the Committee whether the Committee would prefer an annual Premises maintenance update rather than termly. She suggested that this would be a more useful exercise allowing the report to take a more strategic perspective. Major property developments would continue to be addressed in the termly property strategy updates.

The Committee agreed that it should receive a Networks report and a Premises report on an annual cycle.

17 Determination of any items to be treated as Confidential

There were no items deemed to be confidential on the main agenda.

18 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 12 June 2019.