

CARDINAL NEWMAN COLLEGE

BOARD OF GOVERNORS – FINANCE AND PREMISES COMMITTEE

The Committee met at 4.00 p.m. on Wednesday 6 June 2018 in the Conference Room at the College.

Members present:

Richard Ainscough, Chair (F)
Nick Burnham, Principal
Len Hampson (F)
Helen Seechurn (F)

Officers in attendance:

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

MINUTES

1 Opening prayer

The meeting commenced with a prayer.

2 Welcome, introductions and apologies

Apologies were received from. Andrew Wygladala.

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 28 February 2018 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 where not covered by agenda items.

6 Risk register: termly update

The Clerk as Vice Principal noted the changes in some scoring including the High Need Student funding to reflect the latest news on funding. There were also some changes amendments following discussion at the Committee about where gross risk scores were the same as the residual scores.

The Chair asked about the risk in relation to network security breaches. The Principal noted that there had not been any issues although nationally the Janet network had been attacked.

7 Premises update

The Vice Principal outlined the summer works planned including works on the Larkhill Road entrance, St James' railings and the Factory Lane pitches.

8 Health & Safety report

The Vice Principal introduced the Health & Safety report. She updated the Committee on a useful visit from the local police Counter Terrorism Advisors. The "Project Argus" Advisors had indicated that the College's lockdown procedure was robust. They also made helpful recommendations including themes of "Be alert - not alarmed". The Advisors would be returning in October.

9 Property strategy

The Vice Principal updated the Committee on developments since the report was prepared:

- Redman and Bispham would be appointed with a start to Larkhill entrance in July. This was affected by the need for the College to complete the project on time and other non-financial factors. Redman and Bispham are a reliable partner who have worked well with the College in the past.
- The Larkhill entrance plans had been developed and extended with improvements affecting the library. The project was still within the approved amounts.

Following concerns from Committee members at the previous meeting, the Principal explained that the arrangements for visitors would be changed after the Larkhill Road entrance works. Visitors without a pass would be re-directed to a dedicated entrance.

The Vice Principal outlined other recent property strategy developments:

- There had been some delays with working with the local Football Association. There had been a survey indicating high costs for improving and draining pitches 1 and 4. The existing level of usage was noted.
- The Council have agreed to contribute half the cost to the costed design of Queen Street laybys. The improvements may be part of the Stoneygate masterplanning.
- The College is working with local stakeholders on regeneration opportunities.

10 College Finance Report for April 2018

The College Accountant noted that the forecast surplus was £447k - a reduction of £134k since January College Finance Report. She outlined the main changes. The main non-pay increases since January related to £69k revenue spend on IT equipment, 37k write off costs in relation to the re-modeling of the Careers/Library area and £20k for professional fees relating to the Larkhill entrance.

The Chair noted the significant cash generation. The Committee asked about treasury management. The Principal noted that the College would be looking at investment opportunities given likely timescales for any new build.

The College Accountant outlined the strong financial performance and position of Newman Business Limited. She noted that there had been several recent sales since the report was written.

The Chair updated the Committee on the Newman Business Limited board meeting which preceded the Committee. He said that the strategy for growth was discussed, The Principal noted that there were 13 customers as well as several warm leads. The potential constraints on growth were noted.

The Committee asked about opportunities in the school sector. The Principal said that CEDAR would be ideal for multi-academy chains.

The College Accountant drew the Committee's attention to the report against financial objectives and loan covenants.

11 Letter from the ESFA and finance dashboard

The Chair noted the sixth form sector was suffering worsening financial health as reflected in the finance dashboard.

The Principal said that funding was being reviewed nationally but additional funding may be consumed in meeting staffing cost pressures.

The Chair welcomed the letter from the ESFA which confirmed the College's outstanding financial health.

12 Maple Group financial benchmarking

The Chair noted the College's was broadly in line or performing better than other high performing colleges in the Maple Group in most areas. He observed that the pay:income was high and would continue to be monitored by the Governing Body.

13 Draft Budget and Financial Plan

The Vice Principal explained the main assumptions:

- A flat £4000 National Funding Rate.
- Increasing pay cost pressures.
- A dip in numbers in 2018/19 affecting the following year's funding.
- The significant non-pay savings to offset funding pressures, including the loss of Formula Protection.
- Pay rises of 1.5% in 2018/19 and 1% in 2019/20.

The Committee asked about the impact of new housing. The Principal noted the discussions with the local authorities and past work by the RCU consultancy. The Clerk as Vice Principal updated the Committee on the latest news from RCU on this year's forecast of numbers. He explained that GDPR had delayed the market analysis.

The Vice Principal noted the mixed news on Higher Education. There was the possibility of annual cohorts of BA top-up students but also a threat to School Direct numbers. The College was reviewing options.

The Vice Principal warned that there were uncertainties around High Needs Student funding. This was currently shown with modest reductions.

The Principal warned that there was the likelihood of industrial action due to the unions seeking a large rise which sixth form colleges could not afford.

The Vice Principal noted the possibility that useful economic lives of a particular building might change if planning permission was extended. She outlined the savings in range of areas.

The Vice Principal noted capital plans. She said that the College would be applying for Condition Improvement Funding but these costs and income had not been included as they were uncertain and offsetting.

The Clerk as Vice Principal explained that he had been review scope to use term or notice deposit accounts to generate additional interest income. He noted that interest receivable was unlikely to increase as rates were around 1%. A Committee member suggested contacting Lancashire County Council to explore opportunities to use their treasury management function. The Clerk as Vice Principal agreed to look into it.

The Committee resolved to recommend the draft budget 2018/19 and financial forecast for submission to the ESFA.

The Clerk as Vice Principal noted that there were only minor changes to the Fees Framework policy document but he said that the appendix was a new addition. The Refunds and Compensation policy guidance was a requirement of the College's registration with the new Higher Education regulator, the Office for Students.

The Committee resolved to recommend the draft Fees Framework to the Governing Body.

15 Committee self-assessment including review of terms of reference

The Clerk explained that the terms of reference did not currently include IT/networks, estates and data protection even though they were being treated as part of the Committee's remit. He suggested that there might be value in a comprehensive re-write in the future although the terms of reference were unlikely to need fundamental change.

The Committee resolved to recommend to recommend to the Governing Body the draft changes to the Committee's terms of reference.

The Committee discussed how it fulfilled its terms of reference. There was a general consensus that it did address each item but there was no summary of the evidence of this.

The Chair asked how the Committee addressed the specific role of addressing relationships with the funding body, government departments and the Diocese. The Clerk gave the example of the correspondence from the ESFA discussed at the meeting. The Principal noted the correspondence with the Diocese over property developments.

The Committee asked the Clerk to bring back a document the next meeting showing how the Committee addressed each element of the terms of reference.

The Committee discussed the extent to which it had changed proposals such as the draft budget. The Clerk noted that the Committee had a steering role in setting the budget, particularly in the Spring term. He also suggested that documents were written with the views and concerns of the Committee in mind. The members of the SLT said that the Committee played a key role in challenging assumptions and asking other questions which tested proposals.

16 Determination of any items to be treated as Confidential

The Clerk confirmed that wording on sensitive subjects would be appropriate. Therefore, no items would be treated as confidential.

17 Date and time of the next meeting

The Clerk noted that the next ordinary meeting of the Committee was scheduled to be held at 4.00 p.m. on Wednesday 21 November 2018.