

CARDINAL NEWMAN COLLEGE

BOARD OF GOVERNORS – FINANCE AND RESOURCES COMMITTEE

The Committee met at 4.00p.m. on **Wednesday 25 November 2020** on Microsoft Teams.

Members present:

Richard Ainscough, Chair (F)
Nick Burnham, Principal
Len Hampson (F)
Bill Noblett (F)
Helen Seechurn (F)
Andrew Wyglada (F)

Officers in attendance:

Bob Deed, Clerk
Katie O'Reilly, Vice Principal Finance & Resources
Claire Riding, College Accountant
Hayley Waterworth, Estates Manager

MINUTES

1. Opening prayer

The meeting commenced with a prayer.

2. Welcome, introductions and apologies

The Clerk said that there were no apologies to record.

3. Declarations of interest

There were no declarations of interest. The Clerk noted for transparency that he, the Vice Principal Finance & Resources, College Accountant and Estates Manager were members of the LGPS pension scheme which was being discussed later.

4. Minutes of the last meeting

The minutes of the meeting of the Committee held on Wednesday 17 June 2020 were accepted as a correct record.

5. Matters arising from the minutes

The Chair asked about the IT audit. The Clerk as Vice Principal Finance & Resources noted that this was being arranged for early January.

6. Health & safety reports

The Estates Manager presented the Health & Safety update. She outlined the extensive preparations for College re-opening in September 2020. She noted the support of the Compliance consultancy across health & safety, particularly on the Risk Assessment and other COVID-19 arrangements.

The Principal applauded the work of the Estates Manager and her team. He said that the efficacy of the precautions and preparations could be seen in there being hardly any linked cases among students. He reported the positive feedback from teaching staff in course reviews were positive. The Chair acknowledged this and thanked the Estates Manager.

A governor said that he had heard that the COVID-19 arrangements compared favourably with other institutions.

The Principal observed that the five-day rolling average was coming down but still relatively high. He said that there was unlikely to be any need for a change in the College was current operating model. He observed that the College was having an average 13 cases among students each week, but family and community cases were resulting in self-isolation of students.

The Deputy Chair asked about the health and welfare of staff. The Principal said that staff cases had peaked at seven, but numbers were now reducing.

The Estates Manager said that the summary of accident records showed an August-March total was given for comparability. She noted that accident levels year-on-year were similar.

The Chair asked if there were any staff concerns about the College handling of the pandemic. The Principal said that staff and union views were positive. He said that there were occasional concerns raised but they were addressed promptly and thoroughly.

[The Estates Manager left the meeting.]

7. Draft Annual Report and Financial Statements 2018/19

The Chair noted that the draft financial statements and the external auditors' report had been reviewed at the recent Audit Committee meeting with several other governors attending that meeting.

The College Accountant introduced the draft accounts. She noted that the operating surplus was £272k. The Clerk as Vice Principal Finance & Resources explained that the covering paper had excluded from the analysis any income and expenditure relating to Maths Hub funding passing through the College to other schools. (This income and expenditure was included in the draft financial statements.)

The College Accountant noted the significant increases on several income lines:

- Maths Hub funding to the College - £130k
- Higher education fees - £132k
- T Levels funding (within ESFA non-recurrent) - £102k

The College Accountant also noted the increased staffing costs, including the substantial rise in Teachers' Pension Scheme employer pension contributions, and the reduced operating expenditure was lower, in part due to the site closure in the spring and summer.

The Principal noted the risks around the Teachers' Pension Grant. He suggested that the LGPS pension risks were currently a much lower risk for the College.

The Chair noted the strong cash generation and position in spite of the capital expenditure on the Carr Street project.

A governor asked about the remaining project costs for Carr Street. The Vice Principal Finance & Resources said that in October the College had over £6 million which would fund the remaining Carr Street capex.

A governor asked about the rationale for a separate trading company. The Clerk as Vice Principal Finance & Resources explained that as trading income would be over £50k if CEDAR sales were accounted for by the College, the trading profits would be taxable even though the College was a charity. As the CEDAR sales sat within the trading subsidiary, the trading profits could be and were donated by the trading subsidiary to the College tax-free. The Chair also noted that there were other advantages of CEDAR being sold at arm's length from the College.

A governor noted the blank section on risks. The Clerk explained that this would be completed after the termly refresh of the risk register.

The Committee resolved to recommend to the Governing Body the approval of the accounts subject to the completion of the note on risks.

8. External audit highlights report

The Chair noted that the external audit highlights report had been scrutinised by the Audit Committee, with several Finance & Resources Committee members attending and able to ask questions of the auditors and management.

9. College Finance Report for October 2020

The College Accountant outlined the substantial variances within income and expenditure. However, the overall situation was largely unchanged with the full year forecast operating outturn now showing a surplus of £49k against a budgeted £24k.

The College Accountant outlined the improvements on income lines:

- High Needs Funding income – above budget with student numbers above the budget assumption.
- Catholic Teachers Alliance: School Direct income above budget with numbers up from six last year to 29 students.
- Higher Education fees: 69 HE students compared to the budget assumption of 57 students.

The College Accountant outlined the various pressures on pay costs, including teacher full-time equivalents are higher this year - largely due to increased student numbers within Sociology, Criminology and Psychology. She noted non-pay costs were affected by pandemic-related costs.

The College Accountant noted that the performance of Newman Business Limited was in line with budget.

The College Accountant noted that the cashflow was used for the November 2020 Cashflow return to the ESFA.

The Chair noted that he had been delegated authority by the Governing Body to agree any investments given the low rates of interest on current investments.

The Clerk as Vice Principal Finance & Resources updated governors on discussions with the bank about minor amendments to the loan agreement in the light of the end of LIBOR as a benchmark interest rate.

10. Cashflow return to the ESFA – November 2020

The Vice Principal Finance & Resources explained that colleges were being asked to submit a return, including a 12-month forecast, as some colleges were struggling with cashflow issues.

The Vice Principal Finance & Resources highlighted the bridge analysis in the commentary. She explained that a range of external and other factors had affected the College between the summer cashflow return and the actual cash in October. This led to larger than normal variances. She commented that undertaking the bridge analysis had been useful. She said that the College continued to refine its cashflow forecasting.

The Chair asked about Wave 2 T Levels Capital Funding. The Vice Principal Finance & Resources said that the College had just been informed that the application was successful.

The Committee noted the cashflow return to the ESFA due on 27 November 2020.

11. Property strategy update

The Vice Principal Finance & Resources presented the property strategy update. The Principal highlighted how the Carr Street project was progressing well and smoothly. The Vice Principal Finance & Resources said that the current one-week delay was being actively addressed.

The Deputy Chair asked about the sentiment among Carr Street residents. The Vice Principal Finance & Resources said that there were relatively few complaints about the road closure and the works. She noted that the construction firm was liaising with the residents and seeking to reduce the impact.

The Principal noted that the College was doing well with the introduction of T Levels. He noted the contribution of the Vice Principal Finance & Resources in this area with capital funding and more generally.

The Chair asked about the canopies scheme. The Vice Principal Finance & Resources said that the area was being used and would be used even more so in the spring and summer.

The Vice Principal Finance & Resources updated the Committee on the appointment of Flinders Chase to project manage the Wave 2 project. She said that the design team was being progressed.

The Deputy Chair asked about the St Mary's project including the implications of COVID-19 and social distancing on the planned works. The Vice Principal Finance & Resources said that this was being planned for already. She noted that the current blended timetable made the logistics easier.

The Vice Principal Finance & Resources explained that the planning application for the St James project was proving complicated. However, the planning application would be submitted in December. There were positive signs on this.

A governor asked if the College had a Plan B if a Condition Improvement Fund application was unsuccessful. The Vice Principal said that the College was exploring other funding avenues.

The Chair asked about Diocesan ownership of St James. The Vice Principal Finance & Resources said that discussions had commenced with the Diocese. The status of the buildings was queried as the College had invested its own resources in purchasing the St James building.

The Committee asked the Clerk to report back to the next meeting on the ownership of the St James building.

12. Annual insurance report

The Vice Principal Finance & Resources noted the cost pressures on insurance premiums. This largely arose from external developments affecting buildings and travel insurance premiums. Also, there were additional premiums arising from the distribution of Surface Pros to staff and the increased cover for governors' liability insurance.

The recent purchase of cyber insurance was noted. The Clerk as Vice Principal Finance & Resources updated the Committee on his discussions with a local college which was one of several attacked by a criminal gang using ransomware.

13. Update note on pensions

The Clerk as Vice Principal Finance & Resources introduced the annual update on the Local Government Pension Scheme.

A governor noted that the long-term liabilities were already reflected in the cash contributions to the scheme set by the triennial funding valuation. The differing approaches to the discount rates used in the accounting valuation and the funding valuation were noted.

The early discussion of the risks around the Teachers' Pension Grant was noted.

14. Feedback from Link Governors

There were no reports back from Link Governors on the Committee.

15. Risk register: termly update

A governor asked if the termly refresh of the risk register would be completed for the full Governing Body meeting. The Clerk as Vice Principal Finance & Resources confirmed this.

16. Determination of any items to be treated as Confidential

There were no items deemed to require treating 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 17 March 2021.