

## **CARDINAL NEWMAN COLLEGE**

### **BOARD OF GOVERNORS – FINANCE AND RESOURCES COMMITTEE**

The Committee met at 5pm on **Wednesday 16 June 2021** 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:**

Maurice Butler, Head of Finance  
Bob Deed, Clerk  
Katie O'Reilly, Vice Principal Finance & Resources  
Claire Riding, College Accountant

### **MINUTES**

#### **1. Opening prayer**

The meeting commenced with a prayer.

#### **2. Welcome, introductions and apologies**

The Chair welcomed the College's new Head of Finance, Maurice Butler, to the meeting. Governors introduced themselves.

The Clerk said that there were no apologies to record.

#### **3. Declarations of interest**

There were no interests requiring declarations.

#### **4. Minutes of the last meeting**

The minutes of the meeting of the Committee held on Wednesday 17 March 2021 were accepted as a correct record.

#### **5. Matters arising from the minutes**

The Chair asked about the Carbon Reduction Plan. The Vice Principal Finance & Resources said that the Head of Finance was going forward with work on this and related issues.

## **6. Health & safety update**

The Principal outlined COVID19 developments locally with the arrival of the Delta variant and the recent closure of Runshaw College. He said that the College's own return to full-time on-site for Year 12s was timed for when Year 13s were on study leave. The Principal also noted that the cases had risen since half-term as would be expected from rising infection rates in the local population.

The Principal said that the College was working well with health agencies. He noted the College's practical support for the Lamp testing pilot and the vaccine van, with staff having the opportunity for a second Pfizer dose. He said that the College had positive informal feedback from the recent Health & Safety Executive spot-check.

The Principal said that his priority was to keep students and staff safe. He noted that measures were being maintained including masks in classrooms.

A governor asked about trade unions. The Principal said that the College's cautious approach was received positively by staff and unions.

The Chair asked about plans for September. The Principal said that the College was expecting to return to normal on-site but noted concerns about public transport's capacity levels and distancing requirements.

The Chair asked about mental health issues among students. The Principal said that over recent years there was a growing issue with the resilience of young people, even before the pandemic. He detailed the increasing training for staff supporting students.

## **7. Property strategy update**

The Vice Principal Finance & Resources introduced the report on the College's property strategy.

The Vice Principal reported that the St John Henry building project was progressing well although there had been a delay in completion to late July. This was largely due to a boundary wall issue. This was now being addressed with discussions involving neighbours. The building would be ready for the start of the new College year in September.

A governor asked whether the delay impacted on costs. The Vice Principal said that the project would be on budget with contingencies sufficient to pay for the boundary wall.

The Vice Principal said that the procurement stages for the Wave 2 T-Levels project to remodel and refurbish part of the St Mary's Building had been completed and works commenced on-site with

The Chair asked about the supply chain issues in the construction sector and whether these affected the College. The Vice Principal said that the Contracts and Procurement Manager was dealing with any issues. She noted the implications of Brexit, COVID19 and the Suez Canal issue.

The Vice Principal said that the College was awaiting feedback on the Condition Improvement Fund application for the St James extension.

The Vice Principal said that work was progressing on plans for outdoor social space in the grounds to accommodate increased student numbers.

#### **8. Decision paper: St Cecilia's extension**

The Vice Principal Finance & Resources said that the College was awaiting for the outcome of the T Level Capital Wave 3 application but the College was keen to progress the St Cecilia's extension to planning stage so the project could be in a high state of readiness if approved. She noted that even if the College was unsuccessful with the Wave 3 application, it would be helpful to have the project ready for other funding opportunities.

The Principal noted the significance of T Levels and the many benefits of being an early adopter. He said that there were signs that the government might defund some Advanced General qualifications as T Levels were rolled-out.

The Chair thanked the Finance and Estates team for all their work.

#### **The Committee resolved to recommend to the Governing Body:**

- **Approval for developing the project to submit and achieve full planning consent, including a financial commitment of around £47k.**
- **Delegation of authority to the Chair required to continue liaising with funders and progress with grant funding agreements in line with the submitted funding applications**

#### **9. Decision paper: Post 16 Capacity Fund application**

The Vice Principal Finance & Resources introduced the paper on the Post 16 Capacity Fund application.

The Chair noted the short timescales for the Funding application. The Vice Principal said that this may advantage the College as the College had a well-developed scheme ready to go whereas other colleges may struggle to submit applications in the timescales. She highlighted that the scheme was the same as that what had been submitted in the Condition Improvement Fund 2021/22 round.

The Chair asked about the project costs being in the draft budget. The Vice Principal said that the Wave 1, 2 and 3 projects were in the draft budget but the St James project was not. She noted the cost was affordable given the levels cash projected.

A governor asked about the inflation contingency. The Vice Principal said that a Quantity Surveyor had prepared estimates.

A governor asked about support from the Lancashire County Council. The Vice Principal noted the support of the Council in the past and agreed that a letter of support might be useful so she would contact the College's property consultant.

The Clerk noted the use of Chair's action. The Deputy Chair noted that the Governing Body had already approved the same project for the ESFA Condition Improvement Fund 2021/22 so the Governing Body's approval was already implicit.

**The Committee resolved to endorse the submission of the Post-16 Capacity application including:**

- **A £1,934k new build application including a £300k College contribution involving the use of cash reserves as part of the application.**
- **Additional investment of £501k for some external works, loose FFE/ICT for the extension and project contingency.**

**The Committee resolved to recommend to the Governing Body approval of the Chair's use of delegated authority for the application.**

#### **10. College Finance Report for April 2021**

The College Accountant introduced the Finance Report for April 2021. She noted the forecast operating surplus of £776k. This decrease of £196k in the forecast outturn since February was due to:

- Increased staffing costs including £190k for the non-consolidated payment to staff.
- Reduced income as T-Levels early adopter funding has been reduced by £30k and Sport England funding of £68k had been deferred into 2020/21.

The Chair asked about exams costs and the possibility of savings. The Principal said that this was an area of uncertainty as the role and costs of exam boards in handling appeals was unclear.

A governor asked about voluntary redundancy costs when the College was expecting growth. The Vice Principal Finance & Resources noted that these costs were only incurred when staffing changes were justified by the College's value-for-money criteria. The Principal gave an example.

The College Accountant said that the cashflow was healthy with a year-end balance of over £4 million expected.

The College Accountant noted that the May Finance Report was being completed. It showed an operating surplus of £501k. This was primarily due to the College now using the Little Extra's allocation against capital items rather than revenue items. This lowers the surplus by moving the grant releases into future years.

The Chair noted the strong performance of Newman Business Limited.

## **11. Budget and forecast update**

The Vice Principal Finance & Resources highlighted the operating surpluses and surpluses measured by the loan covenant calculation. She said that College management would have preferred higher surpluses but noted that these were prudent budgets set when there were serious cost pressures.

The Chair asked about the likely future path of surpluses. The Clerk as Vice Principal noted both the end of Formula Protection Funding - which had been as much as £1.7 million a year but been phased out gradually – and the impact of unfunded growth on the College. He agreed that there was pressure point in 2021/22 as the College was expecting significant growth but there was no expectation that there would be any in-year growth funding to cover the additional staffing and other costs.

The Vice Principal said that the College was unlikely to have the level of surpluses seen in the past. She noted that the College's pay:income ratio was sustainable at 75% and in line with the ACVIC college median. She highlighted the chart which showed the effect on the ratio of the ESFA not normally funding in-year growth when the College normally grew.

The Vice Principal noted the healthy cash balances and the outstanding categorization of financial health.

The Chair asked the Principal about how the College compared to the sector. He responded that the College was in much better financial health than many colleges. He noted that most sixth form colleges now had operating losses. He said that the College might need to look at capping subjects to minimise additional staffing costs.

A governor asked about what savings had been required to present the proposed levels of surplus. The Vice Principal said that the College was bringing down non-pay costs by spending in the current year.

The Vice Principal noted that the budget paper would be updated to show the forecast in the May Finance Report rather than that in the April Finance Report.

**The Committee resolved to recommend the draft budget 2021/22 and forecast 2022/23 to the Governing Body.**

## **12. Financial Regulations – annual review**

The Clerk as Vice Principal Finance & Resources explained that the only change was, with Brexit, the deletion of a section on EU Structural Funds. He said that the College had not directly accessed any such funding in recent years.

The Clerk noted that the current and draft revised Financial Regulations were available for governors in the Miscellaneous Information section of CNC Governors' Teams<sup>1</sup>.

**The Committee resolved to recommend to the Governing Body the proposed changes to the Financial Regulations.**

**13. Policy review: fees framework**

The Clerk as Vice Principal introduced the fees framework 2021/22 which had no substantive changes from the previous year. He said that almost all students were funded by the ESFA as 16-18 students without any fees.

The Vice Principal Finance & Resources noted that fees were charged for the College's growing Higher Education provision.

A governor asked about Looked After Children. The Principal said that in these cases and in most other cases, the College would waive fees where re-starts or other exceptional circumstances meant that students were over 18 when they started the Art Foundation or other courses.

**The Committee resolved to recommend the proposed Fees Framework to the Governing Body.**

**14. Risk register (including additions and changes required)**

The Clerk as Vice Principal Finance & Resources noted that the item was at the end of the agenda to allow governors to suggest additions or changes to the register. No changes were proposed.

**15. Determination of any items to be treated as Confidential**

There were no items considered to require treatment as Confidential.

**16. 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 November 2021.

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<sup>1</sup> Link to folder containing Financial Regulations: [www.shorturl.at/kvHMZ](http://www.shorturl.at/kvHMZ)