

Confirmed Minutes of the Finance, Estates & Marketing Committee Meeting held on Thursday 14th June 2018 at 8.00am

Present: Mr John Fogarty (*Chair*)
Mr Mark Harvey .
Mr Mike Hill (*Principal*)
Ms Caroline Nencini

In attendance: Mrs Lenore Burgess (*Finance Manager*)
Mrs Michelle Williams (*Vice Principal, Strategy & Resources*)
Mrs Catherine Shaw (*Clerk*)

1. DECLARATIONS OF INTEREST

Members were invited to declare whether they had any direct or indirect personal, prejudicial or pecuniary interest or conflict of interest in any matter which formed part of the agenda for this meeting or was likely to be discussed at this meeting.

As Director of Resources at Merseytravel Mr Fogarty declared an interest in agenda items 5.3 and 6.5.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted for Mr Donal McCormack. Mr Hill advised it may be necessary for him to leave the meeting early.

The Clerk declared the meeting was quorate.

3. ITEMS TO BE INCLUDED UNDER ANY OTHER BUSINESS

3.1 There were no items submitted for inclusion under any other business.

4. MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 7th MARCH 2018 (*previously circulated*)

4.1 The minutes were approved as a correct record and signed in accordance with Clause 12 (3) of the Instrument of Government. The publication of the minutes was authorised in accordance with Clause 13.

5. MATTERS ARISING FROM THE MINUTES

5.1 **To consider any matters arising from the minutes (*previously circulated*)**
The Committee **noted** the action log report.

5.2 Minute 6.1 – Financial Update

The Vice Principal informed the Committee that the budget heading in respect of staffing costs had not been adjusted in the budget. This adjustment was to be undertaken at the end of the year.

The Committee **noted** the report.

5.3 **Minute 7.1 – Student Transport Review**

The Vice Principal advised that there was an update to present and this was to be addressed later in the meeting within agenda item 6.5.

The Committee **noted** the report.

6. **FINANCIAL MANAGEMENT**

6.1 **Finance Update April 2018** (*previously circulated*)

The Vice Principal presented a mid-year financial performance summary upto 30th April 2018. The detailed report included the management accounts by operating area, balance sheet, income and expenditure forecast, cash flow forecast and performance indicators.

The operating surplus at the end of April was £474k, which represented a favourable variance of £33k over the anticipated position at this point in the year. The net assets of the College totalled £4,472k. The Vice Principal highlighted the following aspects from the report, which Governors had confirmed they had read in advance of the meeting:

- Summary of the management accounts.
- Income – performance against the plan shows an over achievement with reasons provided within the written report.
- Staffing – 1.57% adverse against the profiled plan with reasons detailed in the report.
- Non-pay – this was within budget and reported a favourable variance of £4k against the profiled plan.
- Cash balance – this was high, though protected the College in terms of risk.
- Cash flow – no concerns identified.

A discussion ensued.

The Committee **approved** the contents of the report and **noted** that the College was currently in sound financial health.

6.2 **Student Recruitment 2018/2019** (*previously circulated*)

The Vice Principal advised that as at 5th June 2018 the College had received the following applications:

- 1,624 mainstream applications
- 27 Foundation Learning applications
- 74 applications to the Art Foundation Diploma

Mrs William reported that the staffing budget for 2018/2019 was based upon student enrolment numbers incorporated in the target projection.

The Vice Principal informed the Committee that College Management were of the opinion that whilst the enrolment target of 1,770 students was challenging, they were confident it was achievable. This was based upon the number of applications received and the number of interviews attended. A discussion ensued.

The Committee **noted** the contents of the report.

6.3 **Financial Forecast and Commentary 2017/18 to 2019/20** (*previously circulated*)

The Vice Principal presented this report which included (i) a commentary, (ii) appendices, (iii) financial health definitions and detailed income and expenditure analysis, (iv) financial forecast spreadsheet, (v) extract from the College's financial plan 2016 template and (vi) financial planning checklist. Mrs Williams advised that there was a legal requirement for this information to be submitted to the Department for Education (DfE) on an annual basis. The Vice Principal highlighted the following aspects within the detailed report:

- The report commented on the financial forecast for the current year out-turn and two further years.
- The plan has been prepared in accordance with the financial planning requirements for sixth form and further education colleges.
- Key risks – student recruitment on all courses, including enrolment on Higher Education courses. In the event that student recruitment in 2018/2019 was disappointing, a subsequent teaching staffing and curriculum review would need to take place by December 2018.
- Staffing – An anticipated 1.5% national pay award had been factored into the forecast.
- Detailed sensitivity analysis, as previously requested by the Committee. The high cash balance was considered as serving to protect the College, should all risks materialise simultaneously.
- Financial health of the College had been self-assessed as 'good' over the next three year period to July 2020.

In response to a question raised by a Governor, the Vice Principal clarified the details of the deficit reduction in connection with Merseyside Pension Fund.

A Governor commented on the strong balance sheet, though acknowledged that this robust position could potentially deteriorate quite rapidly. In the event this situation should occur, the Governor queried Management's long term plan. In response, the Vice Principal advised that should student under recruitment continue as a concern, an option was to downsize the College. A discussion ensued.

In addition to the above, the following question was raised by a Governor:

Q. In terms of benchmarking, why does Carmel have a higher staffing cost?

A. There are a number of reasons, for example:

- In some colleges, cleaning staff are not employed by the College, whereas at Carmel they are. *
- Being a Catholic Sixth Form College, the College must deliver an Ethics and Values Programme (General R E). *
- Additional costs are incurred in relation to the Foundation Learning Department, particularly as High Needs funding is being reduced. *
- Carmel pays the living wage. *

It was noted that the above was reflected in the quality and historic student numbers at Carmel. The discussion continued.

Part of the agenda item was considered confidential for the purposes of the minutes.

The Committee **recommended** that the full Governing Body:

- Approve the College financial forecast 2018-2020.
- Approve the 2018-2019 forecast as the operating deficit budget for 2018-2019.
- Requested that a further benchmarking exercise was to be undertaken relating to staffing costs, excluding the four elements detailed above and marked *.

Action: Clerk – Future Agenda Item

6.4 **Catering Tender Contract** *(previously circulated)*

The Vice Principal presented this report. Mrs Williams highlighted various aspects from her report; some of which were deemed commercially sensitive and as such, separate confidential minutes were recorded.

The Committee **noted** that the Tender Panel had approved Caterlink as the supplier for catering provision at the College, as from 13th July 2018.

6.5 **Student Transport 2018/19** *(previously circulated)*

The Committee considered the comprehensive report which had previously been circulated.

The Vice Principal referred to the previous Committee meeting minutes, in which she had reported an issue which had arisen following a meeting with Merseytravel. Mrs Williams informed the Committee that this issue had since been resolved satisfactorily.

Within this report, the Vice Principal provided an overview of the number of different transportation arrangements that were in place for students at the College. Mrs Williams advised that where public bus routes were not an available option a privately contracted transport service was provided for students; this applied to students travelling from Warrington and Widnes.

The Committee received assurance that financial support was available to students in financial need via the Student Bursary. This enabled the College to support students who had identified that cost was a barrier to attendance at Carmel.

In response to a question raised by a Governor, the Vice Principal confirmed that no additional expense had been incurred by the College in relation to the issue which had occurred with Merseytravel.

The Committee **noted** the contents of the report.

6.6 **Barclays Bank - Letter of Variation** *(previously circulated)*

The Vice Principal informed the Committee that Barclays Bank had requested a variation to the loan agreement which was entered into in March 2009. The variation was in respect of two covenants, as detailed in the written report considered by the Committee. A discussion ensued.

The Committee **agreed to recommend to the full Governing Body** that the proposed variation was adopted by the Board.

Mr Hill left the meeting. The meeting remained quorate.

7. EDUCATION AND SKILLS FUNDING AGENCY (ESFA)

7.1 Financial Health Grading *(previously circulated)*

The Vice Principal referred to the letter received by the ESFA dated 14th March 2018. Within the correspondence it was confirmed that:

- the college's financial health grade for 2016/2017 was 'good.'
- following their review, the ESFA had not identified any significant concerns relating to financial controls.

The Committee **noted** this very pleasing report.

8. ESTATES MANAGEMENT

8.1 Property Strategy Review *(previously circulated)*

The Vice Principal advised that the planned financial position of the college did not support significant investment in remodelling the College estate. Mrs Williams advised that the capital work to be approved for implementation incorporated within the financial forecast related to:

- the College's planned maintenance programme.
- the commissioned access audit.
- equipment to support academic departments.
- equipment to support ILT infrastructure.
- minor re-modelling work to aid the operating requirements of the College.

A broad discussion ensued.

The Committee:

- **approved** the Capital Programme for 2018/2019.
- **recommended** that the Vice Principal liaises with the Estates Manager regarding the possibility of the College reducing its surface water drainage costs (information in the public domain and website link provided).

8.2 Accident Reports 2017/2018 *(previously circulated)*

The Vice Principal provided an anonymised overview of all the accidents and incidents that had occurred in College since the last Committee meeting.

Mrs Williams provided further information in relation to an accident that had occurred during a science laboratory lesson where two students had been working together.

Mrs Williams reported that in general student accidents had been of a random nature, predominantly arising from sporting and practical activities.

The Committee **noted** the contents of the report.

9. POLICY REVIEWS

For Review and Approval

9.1 Student Fee Charging Policy *(previously circulated)*

The Vice Principal advised that there were no proposed changes to the Student Fee Charging Policy since its last approval. A discussion ensued regarding requests for voluntary financial contributions from parents / carers, particularly as this was known practice at a number of other educational institutions.

The Committee:

- **recommended the approval** of the Student Fee Charging Policy to the full Governing Body.
- **agreed** for College Management to make enquiries in respect of potential requests for voluntary financial contributions from parents / carers.

10. RESIDENTIAL COLLEGE TRIPS

For Approval:

10.1 Residential Trips *(previously circulated)*

The Vice Principal provided an overview of the residential trips on offer to students. The Committee considered the variety of trips available and their purpose.

The Committee **approved** the planned residential trips, as presented by the Vice Principal.

11. COMMITTEE TRAINING

11.1 Review *(previously circulated)*

A Governor suggested that an overview in respect of College financial management may be beneficial for the full Governing Body. It was suggested that a training session could include elements such as the management accounts, key ratios and understanding the College budget. There was a unanimous agreement with this recommendation.

The Committee **agreed** for this training suggestion to be recommended to the Search Committee when reviewing the Governing Body Training Plan for 2018/19.

Action: Clerk

12. ELECTION

12.1 To elect a Vice Chairperson to the Committee to serve from 1st August 2018 to 31st July 2020

The Clerk advised that committee membership was to be considered by the Search Committee at its next meeting on 26th June 2018. Therefore, she requested that this agenda item be deferred to the next meeting.

The Committee **agreed** to defer the election of Vice Chairperson to the next Committee meeting.

Action: Clerk – Agenda Item at next meeting

13. ANY OTHER BUSINESS

None.

14. DATE OF NEXT MEETING

Thursday 27th September 2018 at 8:00am.

The Chair thanked all Members for their attendance and contribution at the meeting. There being no further business to discuss the meeting was brought to a close at 9.00am.

Signed by the Chair: College file signed by Mr John Fogarty

On this day: 27th September 2018