

GOVERNORS/MEMBERS PRESENT: Iain Turri [Chair], Svetlana Bajic-Raymond, Gareth Beynon, Marian Curran [Principal], Kevin Hunt [5]

APOLOGY: None [0]

ATTENDING: Shane Blackshaw [Executive Finance Director], Leanne Sowersby [Governance Professional]

Absent Without Apology: None [0]

CIRCULATION: All Governors, College website

QUORUM REQUIRED: 3/6 (Voting Committee members)

Circulation: All Governors, Clerk to Governors, Principalship, & [College Website after signature].

Committee Briefing – none this meeting

ITEM	ISSUES RAISED IN DISCUSSION	ACTION
1. Welcome	1.1 Welcome: IT welcomed everyone and opened the meeting with a prayer.	
2. Declarations of Interest	2.1 Declarations of Interest: Governors confirmed there had been no change.	
3. Previous Minutes	3.1 Minutes – 29 April 2025: The Minutes were agreed as a true and accurate record.	
4. Actions Review	<p>4.1 Actions Review: See Actions Report for updates</p> <p>4.2 Matters Arising: Q – Is there any update on the question, ‘what is the comfort that the same issues will not arise this year as last year, in terms of the dramatic decrease in the surplus at year end?’ SBk has not been able to look into this as yet and will do this as soon as possible. It is a case of looking for any possible unexpected costs that might arise.</p> <p>Q – Does the income for NI costs cover the actual costs? There is a small gap, but nothing significant.</p>	
5. College Financial Matters	<p>5.1 Management Accounts (April 2025): SBk talked through the key points. Forecast EBITDA is just over £1m now, which is largely due to the in-year funding that was unbudgeted. SBk talked through the overspends. The cash position is forecast £766k at year end which is 21 days in hand. This figure has decreased, partly due to staffing and NI costs, and partly due to confirmation that the NI grant will be paid in September.</p> <p>The financial health rating is still predicted to be, ‘good’.</p> <p>The loan covenant target should be exceeded by 2.5 times.</p> <p>Q – The pay overspend of £334k was partly predicted, was the pay award not completely covered by the government? The overspend is the gross overspend over the budget, regardless of the funding we received. We budgeted for a 2% pay award, and the award was higher. There were also some additional staff, and the additional NI costs. This will be offset by some additional income in the income line elsewhere.</p> <p><i>KH joined the meeting</i></p> <p>Q – The agency budget is £84k over budget, what are the controls around this? This is overspent due to two fundamental decisions that have contributed to this – one to increase security due to the unsuccessful CIF bid, which has made a huge difference to the perception and actual safeguarding of the site, and the other was to employ cover supervisors through an agency arrangement, to mitigate the need to cover sickness absence. SBk has tried to more accurately map the budget for the following years. We now know we have been unsuccessful in the second CIF bid, so will need to review security spend and CapEx spend regarding security and gates.</p> <p>Controls include principalship signing off all overspends.</p>	

Q – Why are the security staff agency rather than permanent employees? We initially thought this would be a temporary arrangement pending the CIF bid for the gates. It is cheaper through agency and there will also be a need to review the provision in view of Martyn’s Law. Also, the need when it was identified, was immediate, and the security company will provide cover if there is sickness.

Q – Would the security staff still be needed if the bid had been successful? We have concluded that we would likely need one member of security staff, rather than two.

Q – Do we have reasons for the bid having failed? We have, although they are quite vague. Compared to the projects that have been approved and noting that only a third of projects have been approved, this was a lower priority.

Q – Is there any potential to add the gates to the WECA bid? There is a meeting soon, and there will be a list to present to them, which will include the gates.

GB joined the meeting

Q – How much will the gates cost? SBk talked through the planned project and the various parts. We could strip the scope back to address the principal risk, to include a controlled vehicle and pedestrian gate, as well as controlled access to student parking. This would make it more affordable.

SBR congratulated SBk and the team on the significant work and improvements on the budget.

5.2 Draft Detailed Budget 2025-2026: SBk talked through the key points and the areas that have been updated. There is still the draft CFFR return to be completed and this will be completed, and circulated, before the Board of Governors meeting.

SBk noted that there are a number of unknowns, even for the 2025-2026 budget

EBITDA of around £900k, shown in annex A

The pay award that is budgeted for is 3%, although this could be higher and this has been modelled in the sensitivity analysis.

No in-year funding has been assumed.

The recommended gross value of CapEx investment is just over £0.5m and SBk talked through the criteria for the recommendations.

Leasing options reduces the spend to around £330k

Cash is forecast to be £1,114k or 32 cash days in hand.

Financial health indicators are predicted to be good overall and the loan covenant will be met by over 2.5 times.

SBk talked through the principal risks in the report, which are modelled in the sensitivity analysis. The primary risk is the pay award. To mitigate this, we will not commit all of the CapEx work at the start of the year, and some of this could be pared back.

Q – Are we expected to honour an agreement for a pay award of 4%? We are in a collective bargaining arrangement which will decide the pay award with SFCA colleges. We do not yet know how the recent £160m funding announcement might affect us.

	<p>Q – Is the projected number of students a low risk? What if we under recruit? 2363 is the latest forecast from the team based on applications we have received, and previous projections have been fairly accurate. The budget is for 2300, to remain cautious. Discussion around the unknowns. Funding was confirmed for 2025-2026, before the announcement of the additional £160m. It can only go up.</p> <p>Q – When we will know whether we have broken even on the bus subsidy? Will it be possible to put some sort of cap on our liability? The projection of for £136k subsidy, we budgeted for £168k. There has been a tailing off of numbers where students are choosing to study at home, but the forecast has not changed. This had been forecast for payment in July but may actually be in August. SBk has increased the 25-26 budget for this to account for inflation.</p> <p>Q – Would being moved into a MAT create a risky position financially? Potentially, yes. This has not been factored into the forecasts, as there are significant unknowns.</p> <p>BE noted good work in the budget and that the CFFR is still needed. Noted that there could be more discussion of the contingency plans for the worst-case scenarios, including the specific strategies that would be employed. MC noted that there have been discussions around what we could do as a college if there were to be lower recruitment than hoped.</p> <p>BE noted the forecast balance sheet, the agreement between this and the cash flow. The CFFR is still needed, but this will follow on from the work that has been done.</p> <p>SBk talked through the models for the maximum and minimum cash – this is year-end cash.</p> <p>Future risks are largely from unknowns. BE noted that it is correct not to budget for in-year growth.</p> <p>When producing the CFFR, it would be useful to look at where the low points for cash are during the year. It might also be worth modelling emergency CapEx, such as roof repairs etc.</p> <p>2026-2027 Budget – SBk talked through the key points. The CFFR requires a two-year budget, and these are included here. SBk highlighted three potential funding scenarios, a real-term drop in funding, a real-term freeze or a real-term increase. We will have some further idea after the spending review. The pay award is also an unknown.</p> <p>The bus subsidy was noted again as a risk, while there is no cap on this. SBk has discussed this with First Bus, and will follow up.</p> <p>Q – Was there any income from the hiring of the sports facilities? All of the forecasts in the accounts and budget are significantly higher than previous years, with a forecast in the current year is £123k, and we think this will increase to £130k next year.</p>	
<p>6. Policy Review</p>	<p>6.1 Treasury Management Strategy 2025-2026: SBk talked through the key points. Particularly highlighted the ways in which we are using our cash to invest to earn interest etc., as well as future plans to do this and mitigate risks.</p> <p>Q – Is the emergency reserve fund of 25 days cash sufficient? This would be the minimum, we would be aiming for this to be higher. 25 days is around £780k. BE supported this approach, noting that delaying the CapEx works could become a bigger risk.</p> <p>Strategy noted by governors</p>	

<p>7. Risk Management</p>	<p>7.1 Review of Board of Governors' Risk Register Items – Risk Dashboard: SBk talked through the format and noted some changes. The financial risk, 4.3 is now all of the financial risks rolled up into one, and the risk around academisation has been changed. The highest risks remain financial viability, cyber attack and potentially the risk around possible academisation. Noted that the mitigating controls have been completed.</p> <p>Discussion around the terms, 'residual' and, 'inherent' risk; SBk explained these. SBk to produce a diagram / explanation of these terms for governors</p> <p>Q (BE) – Are these generated from a composite of the likelihood and the impact of the risks? Yes, that detail sits behind this dashboard.</p> <p>Q (BE) – How are the actions being followed up and tracked? The risk register was previously constructed in a way where all of the controls for a given risk were being assigned to a single, generic (e.g. principalship) risk owner, with everything being incomplete until the last control action was completed. The new format separates out each action, with separate owners and completion dates. This makes it clearer where control actions have been completed and allows individuals to track and take responsibility for their own actions. It also allows these actions to be better reviewed and tracked at the principalship review meetings. The aim is to provide greater transparency and accountability.</p> <p>7.2 Safeguarding/PREVENT – Committee Duty Review: Relevant to the discussions around the gate and security staff.</p> <p>Q (BE) – Is there a plan B for the gate / security issue now that the CIF bid has been unsuccessful? Yes, there is a plan, this has been discussed, alongside the requirements of Martyn's Law that are coming.</p>	<p>SBk</p>
<p>8. Report Items to Board of Governors</p>	<p>8.1 Report items to Board of Governors: Treasury Management Policy and strategy, note that we are receiving management accounts and the budget will be on the agenda.</p> <p>SBR noted thanks to BE and Elton D'Souza for their support, as well as IT for becoming chair of this committee, and SBk and the leadership team for all the work to reach the position we are now in. Also noted that the finance training is still to be arranged.</p> <p>Q – Is there any further training that governors could access? BE will consider whether there is further training available.</p> <p>8.2 Committee Briefing Next Meeting: None</p>	
<p>9. Other Business</p>	<p>9.1 Other Business: None</p>	
<p>10. Next Meeting</p>	<p>TBC</p>	
<p>Minutes Agreed</p>	<p>Minutes of Meeting agreed as true and accurate record Wednesday 11 June 2025</p> <p>Signed: _____ Committee Chair</p>	