



ST BRENDAN'S CATHOLIC SIXTH FORM COLLEGE

Governors' Finance Committee

MINUTES OF MEETING

Wednesday 12 February 2025

Office Team Virtual Meeting (16:00–19:00 hrs)

GOVERNORS/MEMBERS PRESENT: Iain Turri [Chair], Svetlana Bajic-Raymond, Gareth Beynon, James Creamer, Marian Curran [Principal], Kevin Hunt [6]

APOLOGY: James Creamer [1]

ATTENDING: Shane Blackshaw [Executive Finance Director], Leanne Sowersby [Governance Professional] Becky Edwards (FE Commissioning Team)

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	<p>1.1 Welcome: IT welcomed everyone and opened the meeting with prayer. Everyone introduced themselves. Apologies were accepted.</p> <p>BE declared that she is a member of the FE Commissioner team and part of the wider DfE</p>	
2. Declarations of Interest	<p>2.1 Declarations of Interest: Governors confirmed there had been no change.</p>	
3. Committee Business	<p>3.1 Terms of Reference: IT advised that the terms of reference relating to finance from the Resources terms of reference are sufficient for the committee's needs.</p> <p>Query raised around whether the pay and remuneration of staff should be moved from the HR element of the Resources, where it currently sits, into the finance function (as in some of the examples).</p> <p>The proposal for a pay increase could sit with the HR element, to then be presented to Finance for the financial approval element. This could be included in both terms of reference.</p> <p>Strategy would still set the remuneration for senior post holders; it does not currently set the pay review for the majority of staff.</p> <p>The terms of reference will need to be clear around the process and sequencing of this.</p> <p>There is a need to consider what would happen if the committees disagree, and which committee is responsible for recommending the decision to the Board. It is likely that the final recommendation would come from the Finance committee.</p> <p>IT will share the draft revised Terms of Reference to LS for circulation.</p> <p>3.2 Future Planning / Meeting Dates: Discussion around the appropriate frequency of meetings. It was suggested that it should be termly for the remainder of this year.</p> <p>SBk noted that there are some elements that are time sensitive, particularly the budget. It would be useful to have a Finance meeting in early May for this purpose. It would also be useful to time the meetings to be able to have the most recent monthly accounts, which would be the last week of the month.</p> <p>There are also some finance elements to be aware of – the information around additional funding, which has been pushed back to next month, and the spending review.</p> <p>It was proposed to meet early April (w/c 31 March), early May / late April (23 / 24 April) and early June. LS SBk and IT to liaise re the date for the third meeting.</p> <p>BE advised that it is useful to bring the initial budget early so that comments can be incorporated.</p>	<p>IT/LS</p> <p>LS/SBk/IT</p>

<p>4. College Financial Matters</p>	<p>4.1 Management Accounts Reporting (December Management Accounts): SBk talked through the new format of the management accounts, based on a model template provided by BE. Comments that have been received so far have been positive.</p> <p>It is broken down into the three key headlines of income, expenditure and cash, as well as covering KPIs and financial health. The key headline on income and expenditure is that the projection for year end is going to be slightly short against budget. SBk talked through the reasons for this. The primary reason is overspends on staffing, due to additional recruitment needed for the increased student numbers. There are some other minor overspends, but these are more than offset by the savings on utilities following the re-tendering of the gas and electricity contracts.</p> <p>SBk discussed the funding from the LA, and noted that many of the negotiations with the LAs had not been concluded when the budget was set. This relationship is now stronger, and SBk is confident of getting these figures earlier in future. There is also an underspend on depreciation. The forecast operating surplus is greater than budget by year end, but slightly down from the previous month. It was noted that the new format will track movements from month to month, as well as against the year-end forecast.</p> <p>In terms of cash, at the start of the year we budgeted for about £650,000 cash reserves by year end, which is about 21 cash days in hand. The latest forecast is more like £610k which is about 20 days. Compared to July, when we had £370k, 12 days in hand.</p> <p>We continue to aspire to get to the kind of minimum of 25 days that's recommended by the ESFA and the forward projections for 2025-2026 forecast for those cash days to go up to at least 30 by July 2026.</p> <p>SBk noted appendix D, which shows how we generate cash and how it is used. This will be a focus in budget preparation, and in trying to achieve the right balance between replenishing the cash reserves, meeting the loan repayment and capital investment.</p> <p>On the KPIs, there is one area that needs to be improved, and this is the solvency ratio, but it is overall we expect the financial health rating to be good. The area that needs to be improved is the solvency ratio, which will improve alongside our cash reserves.</p> <p>The loan covenant will be met.</p> <p>There is a sensitivity analysis within the accounts, detailing four scenarios, and SBk talked through these: there is a base scenario, best case scenario, worst case scenario etc. This will be looked at in more detail in the next set of accounts, with more modelling.</p> <p>In terms of the pay award, if all staff receive a 3.5% uplift from September (in line with the teacher award), and 5.5% from April, the excess over what was budgeted for, is an extra £175k in-year, and the full year cost is just over £300k.</p>	
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	<p>Q – To ask for further information around the solvency ratio? This is essentially the current ratio of current assets to current liabilities. Many of the figures that influence this are largely out of our control, the bit that we can influence is the cash levels, which will increase the ratio positively.</p> <p>Q – Have we received funding for the pay increases, but not the full amount? We received 1.89% uplift in the base funding rates for the current year, and budgeted for a 2% pay award. To pay the proposed awards will cost additional amounts as discussed above. We do not know what the funding amounts will be. The additional NI cost in the current year would be around £30k. There are indications that this will be funded, but we do not know whether it will be the exact amount.</p> <p>With the growth funding that we are also expecting, as well as savings from the strike days, we may actually be better off than currently. None of these speculations are included in the forecasts, as the figures are not known.</p> <p>MC noted that there will be no further grants to support pay awards, so we will need to be mindful of this moving forward.</p> <p>BE noted that this is as good an application of this template as she has seen, and there is a good level of information included, that moves the conversation away from simply the numbers, to include risks, and the cash and balance sheet.</p> <p>BE discussed the detailed appendix with more detailed income and expenditure figures, which allows those who wish to, to dig further into the detail, while allowing most governors to have an overview at a higher level.</p> <p>Q – In terms of the modelling, if all of the risks were to hit, would you still hit covenant? Yes</p> <p>Q – Is there an update on the transport contract? The budgeted provision was £168k, the latest forecast is likely to be £130k, and it is likely to go down from this, rather than up.</p> <p>It would be important to know about any risks to the loan covenant by the June, in order to talk to the bank. The forecast currently indicates that there will be no issues around this, as even the worst-case scenario does not indicate breaching the covenant.</p> <p>Q – have you modelled what happens if there is no NI funding or if the pay award is higher than predicted? Yes, the worst case assumes no funding.</p> <p>BE also discussed the cash generation.</p> <p>Q – Is there an impact from the lack of capital spend? If we could spend more, we would have done. For example, the IT strategy has three phases of development, which SBk talked through – we are going at a slower pace than we would like. On the estates side, there are a few things we have deferred.</p> <p>Q – On the balance sheet, the forecast is very close to budget – how far is the forecast based on the budget and how far is it based the current spend? Some of it is based on budget, some on previous years, some on best estimates / knowledge of spend. It is coincidence that it came out at the same ratio. BE noted that the balance sheet agrees with the overall cash flow forecast.</p> <p>Governors thanked BE and SBk for the information.</p>	
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	<p>Q – Has the transport take-up dropped? The passenger numbers have been positive. The initial modelling included three new routes, so this was some guesswork. It was better to commit to providing the service, to know that this service will be available. The strike days have had an impact on the take-up. Not all of the routes are exactly what everyone needs, but the services have to be commercially viable. There are some changes planned to the routes to remove unnecessary services etc. The stability is important. Over time, uptake will hopefully increase and the subsidy will decrease.</p> <p>Q – Do we expect to pay the subsidy every year? If numbers continue to grow, the subsidy will drop. These are public routes that terminate at St Brendan’s. If the buses cover their costs, then there is no subsidy. It is very rare to find a college without a natural catchment area that is not providing a significant subsidy. Coaches are almost double the cost, which made the previous service unviable.</p> <p>Q – Is there a cap on the maximum liability? Not currently. We may be in a stronger position to negotiate this in future years now we have data. We were somewhat forced into this contract – the level of funding we would have lost if we had lost the students that were using the transport would have cancelled out the subsidy. There is a risk of something like the pandemic, where students stop coming into college.</p> <p>We will also need to consider the possible drop in student numbers by 2029/2030.</p> <p>This is effectively a rolling contract, there is no fixed term commitment.</p> <p>There may also be a change to the way WECA manage transport contracts.</p> <p>4.2 Current Commitments / Projects Update: The detail of this is shown in appendix E of the management accounts. SBk talked through the key points.</p>	
<p>5. Risk Management</p>	<p>5.1 Committee Risk Register Review: The report includes items from the register that potentially have a financial implication.</p> <p>Q – How effective/valuable are the controls and mitigations, where the score is not reducing?</p> <p>Q – 6.16 – queried the direction of travel from amber to red and whether this is appropriate?</p> <p>Q – Whether the risk around Covid-19 is still current?</p> <p>There is another update meeting, and some of these will need updating. SBk noted that, where the overall risk had increased, the probability had reduced but the impact had increased – the overall calculation appears to be incorrect and will need to be checked.</p> <p>BE advised that her main focus on a risk register is how concise and focused it is, how real and live the risks are, and whether the direction of travel makes sense.</p> <p>Q – Is there guidance on how the scoring works? Yes, there is a scoring matrix that can be included in the document in future. Text in red highlights changes since the last review. SBk would normally provide a summary overview document to note the changes and what has changed, why and the impact.</p>	

	<p>There was a discussion around how often governors challenge the scores and whether they understand how this works – it could be useful to have some information on how this works.</p> <p>Discussion around whether it could be possible to reduce the number of risks on the register. A number of risks could potentially be refined, to make it easier to manage and a more useful tool. BE advised that it could be narrowed down and focussed to the key risks.</p> <p>5.2 Safeguarding/PREVENT – Committee Duty Review: Security gates and SEND funding have been discussed.</p>	
6. Report Items to Board of Governors	<p>6.1 Report Items to Board of Governors: That the committee has met, terms of reference, management accounts understanding the new format), the focus on risk, and BE’s role.</p> <p>SBR noted that there is a plan to provide some financial training to all governors around May time, and will liaise with LS to plan this.</p> <p>BE noted that it will be useful to share the new format with the DfE place based team.</p> <p>6.2 Committee Briefing Next Meeting: Discussion around whether this committee will have briefings.</p>	
10. Any Other Business	<p>Q – How is curriculum planning feeding into the budget? How is this going? We know what the planned curriculum is and are looking at numbers.</p> <p>Q – Is that looking at contribution by course as well? Yes, that is the intention. The starting point is to include the appendix in the management accounts, which will make it easier to include in next year’s budget.</p> <p>BE noted that contribution analysis gives the income from teaching, less your direct costs of delivering your core teaching, which gives the contribution that is available to spend on the remaining overheads, which is a key thing to feed into your budget for effective planning. BE has no major concerns there.</p> <p>The committee thanked BE for her contributions and support.</p>	
11. Next Meeting	Wednesday 2 April 2025 at 16:00 [Subject to confirmation]	
Minutes Agreed	<p>Minutes of Meeting agreed as true and accurate record Wednesday, 2 April 2025</p> <p>Signed: _____ Committee Chair</p>	