

## NOTRE DAME SIXTH FORM CATHOLIC COLLEGE

Minutes of the Finance and Physical Resources Committee meeting held in college on  
Wednesday 11 September 2024 at 5.00pm

PRESENT                      David Wright (Chair)  
                                    Justine Barlow (Principal)  
                                    Matthew DiClemente  
                                    Richard Hall  
                                    Christine Bosch (on Teams)

*The quorum for a committee meeting is a minimum of two governors excluding the Principal.*

IN ATTENDANCE:        Denise Hark- Clerk to the Corporation  
                                    Karen Petrillo – Director of Finance and Operations (DFO)

The meeting was opened with a prayer.

<b>1.00</b>	<b>APOLOGIES FOR ABSENCE AND MEMBERSHIP MATTERS</b>	<b>ACTION</b>
<b>1.01</b>	Apologies for absence were received from Ann Marie Mealey.	
<b>2.00</b>	<b>ELECTION OF CHAIR OF COMMITTEE</b>	
<b>2.01</b>	It was proposed that David Wright should continue as Chair of the Committee. <b>Agreed:</b> That David Wright is elected as Chair for the academic year 2024/25.	
<b>3.00</b>	<b>COMMITTEE TERMS OF REFERENCE</b>	
<b>3.01</b>	The Committee reviewed its terms of reference and agreed that the quorum for the committee should remain at two governors plus the Principal.	
<b>3.02</b>	The duplication on the terms of reference from the previous year concerning the Estates Strategy to be removed.	
<b>3.03</b>	Risk and risk assessment pertinent to the committee would be a focus at each committee meeting.	
<b>3.04</b>	Q: Is point 11 of the previous year's terms of reference in line with the college's Financial Regulations. A: Quotations must be sought for purchases between £20k and £100k, and there must be three competitive tenders for purchases over £100k which should be authorised by the Finance Committee.	
<b>3.05</b>	The terms of reference for 2024/25 are <b>approved</b> .	
<b>4.00</b>	<b>DECLARATION OF INTERESTS</b>	
<b>4.01</b>	There were no declarations made relating to items on the agenda.	

<b>5.00</b>	<b>MINUTES OF THE LAST MEETING</b>	
<b>5.01</b>	Minutes from the Finance and Physical Resources meeting held on 26 June 2024 had been included with the papers for the meeting. They were <b>agreed</b> as a correct record for signature by the Chair.	
<b>6.00</b>	<b>REVIEW ACTIONS AND MATTERS ARISING</b>	
<b>6.01</b>	Q: Has there been an update regarding Hume House and 3-5 St Mark's Avenue? A: There is no update, but the college has invested in Hume House over the summer holiday.	
<b>7.00</b>	<b>FINANCE REPORT</b> The DFO presented the key features from the finance report:	
<b>7.01</b>	<b>Management accounts</b> The actuarial variation had made a significant difference to the accounts. This had led to the FRS102 adjustment becoming a credit of £78k compared to the budget cost expenditure of £600k.	
<b>7.02</b>	Interest received on the pension budget was £11k. The DFO suggested that the same figures are used this year as this would be a tighter year financially.	
<b>7.03</b>	The Chair noted that the teachers' pay award for the Sixth Form sector had not yet been finalised and discussions were taking place with the DfE. The Principal noted a concern if the government doesn't fund the pay award. The DFO reported that 5% had been allocated to the budget for a teachers' pay increase this year. Colleges can choose to go with the SFCA pay levels, but this is not compulsory.	
<b>7.04</b>	A concern was also expressed over the Employers' contribution aspect of the Teachers' pension contributions which had shown a considerable percentage increase in previous years. The government had helped to fund the gap on an annual basis, but this had only been renewed in May/June this year. This contribution had been worth £700k to the College.	
<b>7.05</b>	Q: What is the worst-case scenario? A: There would be an in-year deficit, but the College has healthy reserves.	
<b>7.06</b>	The DFO reported that the management accounts for the previous year had not yet been finalised as some pre-payments and accruals needed to be added.	
<b>7.07</b>	Q: How does the income compare to the previous year? A: Income is higher than in the previous year at £16.1m.	
<b>7.08</b>	The Chair requested a comparison on income for the past 2 years because of lag funding.	<b>DFO</b>

	<b>Action:</b> The DFO to provide a comparison of the previous year and send it to the committee.	
<b>7.09</b>	There was a difference in the Teaching Staff budget of £72,733 due to holiday pay accrual for holidays not taken by the end of July.	
<b>7.10</b>	The total in-year surplus was £1.9m.	
<b>7.11</b>	Governors noted that the reserves were very healthy and that there was a plan to commit to capital expenditure out of the reserves.	
<b>7.12</b>	Staff costs were below the benchmark percentage of 70%.	
<b>7.13</b>	Q: Does the college have to pay the SFCA pay recommendation of 5.5% this year? A: This will be a Board decision. The Board usually follows SFCA recommendations. The SFCA have requested that colleges wait until the outcome of lobbying.	
<b>7.14</b>	Q: Have any issues been identified with the external audit this year? A: The audit will start on 7 October and will be slightly earlier this year. The college has spent £70k on planned maintenance over the year which is lower than budget because the Estates staff have carried out the majority of the work, however this figure did not include their salaries. The DFO noted that realistic costs for planned maintenance would be included in the budget for the next couple of years.	
<b>7.15</b>	<b>Student Numbers</b> The budget had been based on 2715 students at census compared to 2562 last year.	
<b>7.16</b>	The Principal reported that as of 6 September the total number of students 2823, this number included funding for 2791 students and 32 international students. The college is on track to meet the census target.	
<b>7.17</b>	The Chair commented that the student numbers were very encouraging.	
<b>7.18</b>	There were 12 international students enrolled in the Lower Sixth and 19 in the Upper Sixth. Q: How does this compare to the previous year? A: There had been 21 in the Lower Sixth in 2023 and this had varied over the years.	
<b>7.19</b>	The Chair noted that in previous years there had been up to 50 international students. A paper on international students should be brought back to the committee to allow governors to take a view. <b>Action:</b> Agenda item for the next meeting.	
<b>7.20</b>	Q: Why has the number of international students reduced?	

	A: This has been affected by visa application rules as students are not allowed to bring families.	
<b>7.21</b>	It was noted that 30 students are required for the college to break even.	
<b>7.22</b>	<b>Budget update</b> The DFO reported that the budget surplus had increased to £259k after having been updated to reflect staffing changes.	
<b>8.00</b>	<b>ESFA COLLEGE FINANCIAL HANDBOOK</b>	
<b>8.01</b>	The committee received the updated ESFA College Handbook.	
<b>8.02</b>	The handbook makes reference to adoption of the Senior Staff Remuneration code. As the Corporation has adopted the Code of Good Governance for English Colleges it has regard for the code.	
<b>8.03</b>	The DFO noted that making any changes to the commercial loan repayment, for example moving from a variable to a fixed rate would require prior approval from the ESFA as this would be an amendment to existing private sector borrowing.	
<b>9.00</b>	<b>CAPITAL WORKS AND BUILDINGS UPDATE</b> The DFO reported on the following areas:	
<b>9.01</b>	The issue with the chairs in St Elizabeth's has been resolved satisfactorily.	
<b>9.02</b>	The T-Level law courts have been completed and came in under the £650k budget. The scope change had been rejected which meant that the curtain wall could not be installed.	
<b>9.03</b>	The DFO reported on the timescale for the hall project plan: Following a client review meeting a 12-week planning application would be made on 9 October and the work would go out to tender on 5 February. This would need to be taken to Board for approval at the October meeting. The tender would also need to go to Board for approval. As the planned Board meeting is not until April an Extra-ordinary Board meeting may need to be arranged in March 2025. It was planned to bring the start date forward as the original date for completion had been November 2025. In order to do this the adjudication period would be reduced to 10 days. The revised timeline would be taken to the Board for approval in October.	
<b>9.04</b>	The EV charging points have not yet been installed as approval is awaited from the landowner. The college would need to reapply for the voucher for this work. The Principal agreed to chase up the approval.	<b>JB</b>
<b>9.05</b>	Work to upgrade the Wi-Fi network had been completed over the summer holiday. A full repaint/refresh had taken place at a cost of £12k.	

<b>9.06</b>	New gates had been installed to the JPII building.	
<b>10.00</b>	<b>RISK MATTERS</b>	
<b>10.01</b>	The Committee noted the risks relating to areas relating areas included in the committee's terms of reference. This would become a standing agenda item.	
<b>11.00</b>	<b>ANY OTHER URGENT BUSINESS</b> The DFO reported on the two bank loans.	
<b>11.01</b>	The original loan had been for £2.54m at a fixed rate until 20 Jun2030 at an interest rate of 4.65%. There would be a break cost for early redemption. There would be a saving of £101k if the loan was paid off now, however, if the amount is left on deposit at the prevailing interest rate it would have accrued £237k in interest over the period. The DFO advised that the loan should not be paid off early.	
<b>11.02</b>	The second loan was for £107k on a variable interest rate until March 2033. There is £56k remaining on the loan. If it is paid off early there would be a saving of £14k, however, the college would be £6,000 better off in interest by not paying off the loan.	
<b>11.03</b>	The DFO noted that if the college became an academy the loans would have to be paid off. She added that colleges no longer have the opportunity to borrow commercially now they are part of the public sector.	
<b>11.04</b>	<b>Agreed:</b> That the bank loans are not paid off.  A further item of Any Other Business was deemed as Confidential and is minuted in the Confidential Part 2 minutes.	
<b>12.00</b>	<b>DATE AND TIME OF NEXT MEETING</b>	
<b>12.01</b>	Tuesday 3 December 2024 at 5.00pm.	

The meeting closed at 7.30pm