

## Minutes of 4<sup>th</sup> RCHK Council Meeting 2018 / 2019

4 pm on Thursday 21<sup>st</sup> March 2019

### Present:

Chairman	Anne Choi (AC)
Principal	Harry Brown (HB)
ESF Representative	Adam Hughes (AH)
Community Representative	Albert Cheuk (CC)
Community Representative	Rebecca Chan (RC)
Community Representative	Edward Tang (ET)
Parent Representative	Yvonne Tse (YT)
Parent Representative	Edward Lavish (EL)
Staff Representative	Catherine Broome (CB)
Staff Representative	Katherine Evans (KE)
Secretary	Alice Har (ALH)

### Apologies:

Staff Representative	Sameera Ahmad (SA)
Parent Representative	Eric Wong (EW)

### In attendance:

Business Manager	Samuel Hureau (SH)
HR Manager	Anney Chan (ASC)
Head of Primary	Jamie Schmitz (JS)
ESF Senior Executive – Finance Control	Ann Chan (ACh)

### Welcome and Introduction

AC welcomed everyone to the meeting. HB welcomed and introduced ESF Senior Executive – Finance Control Ann Chan (ACh).

### Presentation of the draft 2019-2020 RCHK Budget

HB stated RC Council Finance Committee had a meeting at ESF Center on Monday, 18th March. AC, ET, EW, KE, EL, Vivian Cheung - Chief Financial Officer (VC), ACh, HB, SH and ASC attended the meeting. Discussion for the Draft Budget 2019-20 was made. ACh gave apology on behalf of VC as she was in Taiwan and could not attend the meeting. ACh presented the RC Draft Budget 2019-20 which would be submitted to the Board for approval after the meeting. The presentation included Overall Parameters, ESL Budget 2019/20 and RC Budget 2019/20.

### Overall Parameters

#### Salary Increment:

- Teaching Staff : 3.4%

- Non-Teaching Staff : 4.0%

Non-staffing issues:

- Consumer Price Index (CPI) : 2%

ESF Management & Admin Fee: Admin Fee will be \$4,751KHKD (19/20) vs \$4,737KHKD (18/19). When DOA payment finishes, the management fee will become “fully-charged”, meaning RC will need to pay in full for time of ESF staff who handle RC matters and ESF Directors. At this time, RC is not required to pay for ESF staff who spend less than 20% of their time on RC matters and ESF Directors. In 2022/23 when the DOA payment ends, the fully charged Management Fee is estimated to be \$7.5MHK.

- For HRIS upgrade, tender will take place in the next 6- 9 months (\$399K for RC)
- Internal audit automation (\$20K)
- CIS visit - Feb 2020 (\$250K)
- Education team K-13 (\$120K)

Other initiatives:

- Staffing: Reserve for support staff salary adjustment (\$175KHKD for RC) and EA maternity leave cover (\$34KHKD for RC)

CC asked if paternity leave applies to EA, HB confirmed staff recruited by ESF/ESL would be entitled to the 5 days paternity leave. ASC mentioned budget for support staff maternity leave/ paternity leave cover has not been set aside, AH said will refer this to Charles Caldwell -HR Director.

RCHK Budget 2019-20

School Fees: increase 5% (It was proposed to be 5.9% before the RC Council Finance Committee Meeting . As there is surplus in the Scholarship Fund of around 5-6 MHKD, the committee agreed that it is reasonable to move 1MHKD to Income to make the reduction from 5.9% to 5% feasible) 10% of tuition fee income will continue to be put into the scholarship fund annually to be used in staffing and scholarship.

ET asked if the 1MHKD will be transferred back to the Scholarship Fund if there is surplus in the Income account. ACh said there will not be any “transferring back” in any circumstances, however there won’t be any money to be transferred out from Scholarship Fund if we don’t need that. ACh explained if the P&L shows there is 4.1MHKD surplus without using the scholarship fund , then there is no need to transfer 1MHKD from the Scholarship Fund to Income Account. If the amount of surplus is 3.6 MHKD, then there will be need to transfer 0.5MHKD from Scholarship Fund to Income account. ET asked if the money will be transferred at the beginning or the end of the year. ACh said we have not transferred any money so far. RC has the right to decide based on the year-end result.

ACh used tables and charts to compare RC Primary and Secondary tuition fees (2018-19) with other 22 international schools (including ESF's). (Note: ACh added tuition fees and annual levy for Victoria Shanghai Academy which also is a private independent school to the comparison chart after the meeting). RC Primary tuition fees and annual levy rank no.7 and Secondary rank no. 4 from low to high. The comparison between ESF Primary and RC Primary is HKD106,500 and HKD118,100 and between Secondary is HKD 156,286 and HKD 158,614 respectively.

#### Staffing :

- > 1 fewer teaching headcount + \$0.9MHKD
- > Take 2 scholarship fund for EAs into OPEX - 500KHKD
- > Additional wellbeing counselling hours (outsourced) - 135KHKD

#### Non-staffing :

- > Enrolment: 2,080 (vs. 18/19 budget: 2,080)
- > Repair & Maintenance – additional works on the buildings (LED lights, CCTV upgrade music room wall fabric replacement) - 320KHKD
- > K-13 strategy (mostly training & current development) -120KHKD

#### **Other income**

- > Transfer from scholarship fund: \$1MHKD (if necessary to obtain a surplus of 4.1m)
- > Estimated ending balance for Scholarship Fund (Aug 2020): \$6.6MHKD
- > RC is \$7.1MHKD (4%) over funding formula
- > Overage is covered by rental income (\$8.5MHKD)

#### **Major works and Capital Expense (CAPEX)**

- > Oil-free chillers 4MHKD
- > Toilets refurbishments 10MHKD (TBC after the next NMR campaign)

HB said the current ESF Management Team committed there is no expectation for charging rent nor “Naming Right” from RC after the completion of DOA in 2020/21.

#### **Minutes of Last Meeting**

The minutes were confirmed and approved.

#### **Principal's Report**

- > Number on roll: 983 in the Primary School and 1098 in the Secondary School , 2081 students College-wide.

- > New teacher recruitment for 19/20 is just about completed except for the transfer within ESF.
- > Thirty-two solar panels have been installed on the secondary building rooftop. There was extensive coverage in the Chinese and English press of the official installation and kick-off of the solar panel project.

Business manager's report –

#### P&L as of 31/01/2019

- Tuition fee incomes are more important than the forecast. The Christmas attrition has been compensated by new admissions and as of today we have 2081 students onboard.(budget was done based on 2080 students)
- Rental and interest incomes are still very solid.
- Other incomes are in line with budget. Higher resale incomes and school activities incomes are actually covering the expenses.
- Staff expenditures (70% of the expense) are well contained, however high Education allowance expense this year.
- Other expenses are also well contained with the exception of IT expenditures and Office and General expenses where most of the purchases are done during the first half of the academic year.

#### Nominations Rights

36 applications have been received for Y1 in 2018/19

- 24 paid in full amount
- 1 has declined the offer (50,000HKD is kept)
- 11 were unaccepted and refunded
- 9,650,000 HKD so far
- 12 applications for Y2 and above

#### Catering contract

Catering contract signed between Chartwells and the school on 27<sup>th</sup> Sep 2016 for 3 years and “ Possibility for another 2 years subject to mutual agreement upon expiration of the first 3 years contract”. Feedback from users and the school management are mainly positive, so a 2 year renewal will be offered to Chartwells.

#### Capital Expenditures

- **New PA system** : It has been budgeted for 1.5MHKD and still under review from ICT to see if it is possible to do it in this school year.
- **New oil free chillers above the PAC (instead of new electrical main switch)** : It has been budgeted for 4 MHKD (19/20 to replace the oil chillers in PAC building. RC Finance Department will work on a tender, the tentative date is in Dec 2019.
- **Red Door Center flooding incident** : The cost for flooring is 708,000 HKD & IT is 5.35 MHKD . Insurance should take up to 85% of these expenses, so the net cost for RC will be around 1 MHKD. RC is doing its best to get the insurance money before the end of the school year.
- **Canopy at the new Primary block extension** : It has been budgeted for 2.6MHKD. ESF is working on the tender for the glass rooftop above the void. We are waiting for the technical advice from the architect. The tentative date is in the summer 2019.
- **Food Tech Room refurbishment** : The project is aimed to upgrade the current room to the new standards and to have one more Food Tech Room. More precise preliminary figures are showing the estimated cost will be 6 to 8 MHKD for 2 rooms. We will take the opportunity to refurbish a set of bathroom as a trail with this building work project.

Action Items: -

HB asked council members to accept the proposed RCHK budget for 2019-20 , including school fee increases of 5% for the 19/20 school year and the 1 MHKD, if necessary, transfer to the P&L. All members agreed the proposed budget 2019-20.

## **Committee Reports**

Finance Committee met on Monday, 18th March and its proceedings are covered by ACh in the budget presentation. Minutes is shared with council members.

## **ESF School Council Report**

AH presented the CEO update. It mainly includes:

- The process of K-13 strategy
- All primary schools have received the Incas (Y3) and ISA results (Y4 &6)
- The students from all seven secondary schools presented specific sustainability strategies to a panel of industry experts. RC Y12 student Jane Chan has done extremely well in the solar panels project. ESF is going to build on this amazing work by having similar schemes launched in other ESF schools.

- ESF has a verbal understanding with Yew Chung College of Early Childhood Education to work together to set up an early education option for the IB CP.
- ESF has been meeting with the Hong Kong Rugby Union and working closely together to support our RC students who are Hong Kong rugby players to be successful in both academic sphere and sporting realm.
- Paid Adoption Leave has been increased to 14 weeks to match Maternity Leave and support families who adopt a child.
- Over 500 parents responded to the ESF Website Survey , the data show that curriculum, examination results and school life are the most popular content categories when searching for the right school for their children. ESF is launching a full review of all websites.
- ESFConnect - KGV and DC have joined to pilot the tool (Intranet) and expected to launch before Easter. All schools hopefully can be connected by end of this school year.

**Date of Next Meeting :**

23<sup>rd</sup> May 2019

(The meeting was adjourned at 5:40pm)