

Minutes of the Finance & Resources committee meeting FRC21.2 held by video-conference on Wednesday 2 February 2022, Long Road Sixth Form College, Cambridge

Present: Gerry Bolton (committee Chair), Yolanda Botham (Principal), Abby Futter, Vickie Grenville, Sophie Harrison, and Tony Humphrey (Corporation Chair)

In attendance: Charlotte Hemmins (Finance Director)

Clerk: Anne-Marie Diaper

Ref **Actions:**

FRC21.2.1 Apologies for absence

None. The Principal advised she would need to leave the meeting early.

FRC21.2.2 Declarations of Interest

None

FRC21.2.3 Minutes of FRC21.1 held on Wednesday 17 November 2021

With two minor amendments, the minutes of the last meeting were agreed as a true and accurate record of the meeting and were approved by the committee.

FRC21.2.5 Matters arising from the minutes not covered elsewhere on the agenda

None

FRC21.2.6 Estates and property update including on health and safety

The Finance Director (FD) speaking to her written paper, updated the committee on a range of property and estate matters.

Network Rail. She reported that Network Rail had written advising that they would not need to undertake a compulsory purchase of a small piece of land for access adjacent to the railway line, however there would need to be a temporary acquisition, about which they would later be in contact with the College.

A Governor asked what would be happening with the trees lining the area. The FD advised that it was likely they would need to be taken down but due to the planning and ecology impact, this was currently contentious, and would need to be carefully handled/monitored.

Land sale. The FD advised that contracts had been exchanged on 24 January 2022 on terms originally agreed by the Corporation. It was noted that a fence would be erected soon.

There was a short discussion about the deposit which had not so far been received. The FD would be following up on this.

New Build. The FD updated the FRC on this. Meetings had occurred with the architect and there had been discussions about necessary surveys. The order had now been placed with Modulek.

An early ecological survey had highlighted the possibility of a presence of a protected species in the College pond (great crested newts). The College had appointed a project management company to provide support and advice and there were two possible ways forward, she explained these to the FRC. The FRC agreed that it seemed the most costly route (to cost the College almost £20k to obtain the necessary licence) was likely to satisfy the ecology angle and would be the quickest approach so that the building project was not unnecessarily delayed.

A Governor asked for a reminder on the terms of the grant funding and if there was any risk of funding fallback were there to be any delay due to planning or ecology issues etc. The FD advised that a monthly update was provided to the ESFA but the project was likely to conclude in the autumn with contingency plans in place to accommodate students were any unforeseen delay likely to occur.

The meeting discussed both options for progressing the project and agreed with the FD and the project partners that the option of a pre-application meeting (Option B) with the city council could help minimise risks, help manage within the contingency, and ensure no significant project overrun. This had been agreed by the project partners, and the FRC confirmed it was content with this approach.

Health and Safety update. The written paper had included an update on H&S. The FD briefly updated on what the newly appointed Estates Operations Manager had been doing on reducing CO2, and improving ventilation (in support of Covid measures). A Governor asked for an update on the periphery fencing, which the FD confirmed was progressing through the capital project.

FRC21.2.7 Review and approval of College policies and procedures

Tuition Fees policy. The updated policy showed amendments shown by track changes. At the time of the meeting the policy was relevant to one student only. The FD advised that it was proposed to increase fees only by an inflationary amount.

Ref

Actions:

With a short discussion, the FRC confirmed it was content to recommend Board approval of the Tuition Fees policy based on the amendments outlined.

FRC21.2.8 Management Accounts December 2021

The FD set out the forecast financial position and the commentary had been provided in the paper for the FRC to peruse. She commented that the College had not yet been notified of any in-year growth funding. She briefly touched on income and summer lettings. The FRC briefly discussed the impact (minimal and managed) of the building work planned in the summer on summer lettings, and high needs support income from the County Council.

Pay costs were currently running behind budget (despite ongoing Covid impacts), and the FD confirmed that College staff pay awards had been processed.

On non-pay costs the FD updated on the plans for the marquee. More work would be done on this as part of strategic estates plans.

It was reported that the balance sheet was forecasting a strong end of year position even with the new build project, and not taking into any consideration any income from the land sale.

A Governor asked about £60k of commitments shown on the balance sheet, which the FD confirmed was usual expenditure and not a capital commitment.

Another Governor asked about how building costs were being factored in. The FD advised that the costs were being matched funded and cash forecasting allowed for the delay between spend and receipt of grant funding income.

There was a short discussion about the KPIs.

The Principal left the meeting at 11.05am.

A Governor commenting on the detail in the management accounts compared with the financial statements said it was not apparent to him why KPI's for previous years shown in the management accounts were not the same as reported by the auditors in the year end audit. Adjusted current ratio is 3.5% for last year and now forecasting 2.71% (EBITDA). The FD explained this was due to prudent forecasting, but she would check the financial statements against the management accounts and add in a column.

The FRC Chair closed the item on the agenda confirming that the committee was content with the management accounts.

FRC21.2.9 Factors likely to affect the financial forecast

The FD provided key updates including on increased funding rates following the spending review which had been announced since the last meeting. She advised the committee that in return for the uplift in funding rate, an additional 40 hours would need to be delivered. At the time of the meeting it was not clear how those hours would need to be configured, and the cost implications would need to be modelled through and once more detail was received.

She updated the committee on the high value course premium, programme cost weightings and disadvantage block, including student numbers.

A Governor, commenting positively on the paper, asked about other cost sensitivities such as possible pressures of future likely pay awards. The FD advised that a first draft of the 2022/23 budget with anticipated pay award costs would be brought to the next meeting.

Agenda

Another Governor asked whether College had taken into consideration likely rising costs of lighting and heating due to rising fuel costs. The FD advised that the College purchases energy through the ESPO framework and fuel prices were currently fixed, but these costs would continue to be monitored and factored in.

Abby Futter left the meeting at 11.24am and rejoined at 11.26am.

With a brief discussion on learner numbers for the current and next year, the FD explained that planning was starting for possible temporary accommodation measures. Future growth would be taken forward through strategic property discussions.

The Governors thanked the FD for the paper.

FRC21.2.10 Governance improvement plan (GIP)

The Clerk had provided a written update in the GIP on the sections relevant to the committee. A Governor made some overarching comments about EDI, sustainability (both issues raised through the Code of Good Governance for English Colleges), upcoming requirements for external reviews of governance, which he felt might benefit from a small working group approach.

Ref**Actions:**

The committee was keen to keep under review how it monitored KPIs (including HR ones), and thoughts had turned to the use of a dashboard without creating another significant bureaucratic burden. A Governor added that in some organisations KPIs for Board were helpful to support the organisation's strategic objectives. The Corporation Chair asked a Governor with an HR specialism to consider further what HR KPIs might be appropriate and to add value.

Governors

Discussion in the meeting turned to the committee's meeting plan for 2022/23 and agreed that continuing with 4 meetings per year would support the committee's current workload. The Clerk advised that the Board would be reviewing a first draft of Corporation meeting dates for 2022/23 in March.

FRC21.2.11 Review of risk

The Clerk advised that there was nothing new to report on risk as the AC had not met since the last meeting of the FRC.

The last meeting had touched on the impact of Covid and capacity in the senior leadership team. The Corporation Chair advised that he was discussing separately with the Principal areas/risks where Governors felt there might be structural vulnerabilities about capacity.

FRC21.2.12 Any other business

None

FRC21.2.13 Date of next meeting

FRC21.3 Wednesday 27 April 2022, starting at 10am.