

Minutes of the Finance & Resources committee meeting FRC20.3 held by video-conference on Wednesday 28 April 2021
Long Road Sixth Form College, Cambridge

Present: Gerry Bolton (committee Chair), Yolanda Botham (Principal), Steven Esdale, Vickie Grenville, Sophie Harrison and Ian Wilson

In attendance: Charlotte Hemmins (Finance Director)

Clerk: Anne-Marie Diaper

Ref		Actions:
FRC20.3.1	Apologies for absence None. The committee Chair welcomed newly appointed Independent Governor, Sophie Harrison, to her first meeting, and all committee members introduced themselves.	
FRC20.3.2	Declarations of Interest Steven Esdale declared an interest in agenda item 7.	
FRC20.3.	Request for any other business None	
FRC20.3.	Minutes of FRC20.2 Wednesday 3 February 2021 With no amendments, the minutes of the last meeting were agreed as a true and accurate record of the meeting and were approved by the committee.	
FRC20.3.	Matters arising from the minutes not covered elsewhere on the agenda <u>FRC20.2.8.</u> The staff Disciplinary policy had been considered at the last meeting and since had been reviewed and amended further by Governors with appropriate expertise. The committee confirmed it was content for version 7 to go forward for Board approval.	Board
FRC20.3.	Property and estates update, including health and safety The Finance Director reported on this item for information. She covered the CIF bidding process, progress with the Cambridge South Station including the strategic impetus for the development, and its impact on LRSFC land, trees affected by the development, legal issues including educational covenant, and cost issues. The meeting then discussed the potential sale of a piece of College land discussed at FRC20.2 and then at the March 2021 Board meeting. The FD pointed out that the piece of land in question was on a separate part of the College campus than that affected by the railway developments.	

The Corporation would be meeting on 13 May 2021 to specifically review the College master plan, the property strategy and reconsider the land sale. The FD updated the committee that the capital expansion fund criteria for sixth form Colleges was now delayed. The committee Chair reiterated his and (former FRC Chair) Chris Lang's points raised at the last meeting about matching capital funds. College had had further discussions with the architect.

The committee discussed the College contribution to the future project and the 13 May session would enable the Corporation to judge whether the present was the right time to sell. This would be somewhat dependent upon how the sale would be likely to unlock further potential for the College site. Other big factors for the College to explore would include evaluating risks and opportunities, the College's overall financial position, and the impact on who College serves, and how.

Governors agreed that College should continue to control its own destiny and make the environment attractive for students in the future.

The meeting touched on Estate KPIs for information only. Whilst a good set of KPIs, Governors commented it was difficult to make an assessment whether performance was bad or good as no benchmarks were evident. The Principal and FD drew the committee's attention to some benchmark categories used by ESFA, such as building condition and the interplay with health and safety. Governors agreed it would be useful to review/refresh the KPIs in the summer.

**Finance
Director**

FRC20.3. Management accounts March 2021

The March 2021 management accounts had been included for information as part of the meeting papers. The FD commented financially it had been a difficult year due to significant (ie. £250k) of additional non-pay expenditure costs associated with Covid-19. With the exception of funding for mass testing (about which there was little clarity at the time of the meeting) there had been no additional funding to cover costs. Criteria for funding was level of financial reserve. With two main factors, (1) in year growth funding (2) and extra high needs funding from LA.

The FD reported that the leadership team was aware that spend was now reduced to essential only, including for Covid, but she was pleased to report that it had been easier to reduce unknown spend since all staff had returned to the site.

Ref**Actions:**

A Governor commented that the paper was clear and helpful during a difficult year. She asked, outside of Covid, what other big areas of judgement might affect the financial forecast. The FD responded that save for any unforeseen disasters or plant issues, after January there was usually less fluctuation in expenditure.

The item concluded by a short discussion on the catering contract, printing costs associated with internal assessments (instead of external examinations) and possible exam fees rebates.

FRC20.3. Update on factors affecting the financial forecast

The committee Chair introduced this item, keen to understand what had changed since the last meeting.

The FD reported that whilst the Integrated Financial Model (IFM) was submitted in January 2020, as a change to the usual July submission date, she advised that the IFM was no longer in use. A new return would be required in July, the Consistent Financial Reporting Framework (CFRF) would introduce a similar format to the former three year financial forecast, with a 3 year simplified forecast and cash flow.

The FD referred to the CAP schools student numbers showing growth. A Governor mentioned that the capital fund bid would be based on numbers, so as well as scenarios and modelling, reviewing numbers for the September 2021 intake would be important.

The FRC at this point in the meeting discussed other income. A prudent assumed increase for pay had been included. The Corporation Chair commented that there was no recent news on pay for the sector. Public sector pay increases were likely to be low next year; school teachers were not likely to receive an increase but SFCs are not bound by whatever agreement would apply to schools.

The FD reported there was nothing of significance on non-pay.

FRC20.3. First draft of budget for 2021-22

The FD presented her paper. The paper covered the forecast outturn for 2020-21 covering the likely end of year financial position, student numbers, and information on how expenditure was being controlled.

The paper presented a high level budget for 2021-22 including projections. She referred to student numbers (applications), likely income, pay costs, non-pay costs, capital and IT projects.

Ref**Actions:**

A Governor asked a question about costs factored in for Covid, and whether associated challenges could affect the College's financial position. The managers responded saying that there was not likely to be further large scale Covid testing at College, therefore no associated major expenditure. Additional cleaning and social distancing in preparing some areas would be likely to add some additional costs.

An update on the 2021-22 budget would be provided to the committee/Corporation before the end of the academic year.

FRC20.3. Recent letters to the sector

The committee discussed the benchmarking document setting out new indicators that had already been included in the management accounts. The Finance Director spoke to some of the measures.

Governors went onto refer to the staff costs ratio, not untypical for SFCs. ESFA did not review pay costs in isolation. The committee agreed that pay cost debates should be framed around strategy, context and implications.

The Principal was keen that the committee viewed the FEC letter in context that a significant proportion of GFE Colleges were in financial intervention due to ineffective financial monitoring, and critical underfunding. Sector insolvency rules had also changed. For LRSFC, meetings with government officials created an opportunity to discuss strategy in order to effect change in the sector.

A Governor was pleased with the way that College was handling financial planning, on the basis of student numbers, and managing within allocated resources.

FRC20.3.11 Governance improvement plan (GIP) 2020-21 update on actions for committee

The GIP had been updated in relevant areas. The Clerk drew the committee's attention to likely new external governance review obligations. The Corporation Chair reminded the committee that there would be an opportunity for the committee to review the governance deliverables for FRC in 2021-22 in the light of the governance self-assessment at the end of the current year.

FRC20.3.13 Review risks relevant to the committee not covered by agenda items

This paper was presented to enable the committee to review key risks and consider if the work throughout the year presented assurance so as to demonstrate risks being sufficiently mitigated.

Ref**Actions:**

Whilst the confirming he was content with the level of understanding of the risks assigned to the committee, the committee Chair suggested an in-depth session be scheduled to review controls behind the risks in the risk register, especially helpful for newly appointed Governors. A Governor agreed that effective reporting should also support Governors being able to draw assurances from the data, understand how risks were moving, according to the strategic plan.

The Principal reminded the committee that further work was still to be done to clarify how risks were shared across the Corporation with Audit committee as owner of the risk assurance process.

**Clerk/
AC Chair****FRC20.3.15 Any other business**

None

FRC20.3.16 Date of the next meeting

The FRC20.4 meeting needed to be rescheduled due to a national event on the same date. The committee agreed to meet instead on **Tuesday 15 June at the usual time of 10am.**

The meeting closed at 11.54pm and the staff Governor left the meeting.