

**Minutes of the Finance & Resources committee meeting FRC21.1 held by video-conference on Wednesday 17 November 2021, Long Road Sixth Form College, Cambridge**

Present: Gerry Bolton (committee Chair), Vickie Grenville, Sophie Harrison, and Tony Humphrey (Corporation Chair)

In attendance: Charlotte Hemmins (Finance Director)

Clerk: Anne-Marie Diaper

<b>Ref</b>		<b>Actions:</b>
<b>FRC21.1.1</b>	<b>Apologies for absence</b> The Principal had sent her apologies for absence. The Clerk advised the meeting was quorate.	
<b>FRC21.1.2</b>	<b>Declarations of Interest</b> None	
<b>FRC21.1.3</b>	<b>Minutes of FRC20.4 Tuesday 15 June 2021</b> 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.	
<b>FRC21.1.5</b>	<b>Matters arising from the minutes not covered elsewhere on the agenda</b> The FRC discussed the ESFA financial health letter and dashboard and the reasons for the rating given. The FD explained the complexity of managing financial health during a period of growth.	
<b>FRC21.1.6</b>	<b>HR Strategy annual report</b> The Principal had given her apologies for this meeting and the HR Manager was also unavailable so the Finance Director (FD) presented this paper drawing attention to the key messages/executive summary.  A Governor asked a question about sickness absence figures which included absences due to Covid and vaccine side effects.  The paper included the results of the staff survey. A Governor asked about the figures presented in the paper including response rate, how reliable the figures might be and how they might benchmark across the sector. Governors contributed their thoughts on this. Colleges were independent organisations setting their own questions for staff surveys but the FD would ask the HR Manager if there was any sector data on this. Governors were particularly interested in the staff response rate which whilst was the highest ever, Governors felt remained relatively low.	<b>Finance Director</b>

**Ref****Actions:**

A Governor commented that the report on the HR strategy and KPIs was helpful and the presentation clear, but was largely retrospective in nature. She asked if there was a more strategic lens with something more aspirational about how the workforce can help the organisation to deliver the strategy and asked if it were possible to embed this in reporting in future. The FD commented that the report was evolving and there was more to do on this, including with a forward vision, and she would feed this back.

**Finance  
Director****FRC21.1.7 Estates update**

The FD spoke to her written paper. She covered the Condition Improvement Fund (CIF) bid. She reminded the FRC that planning permission was already in place for an additional toilet block.

In addition to successful bids for poor condition estate, many of the recent successful CIF bids were around safeguarding and security. The College was in the process of erecting some fencing and reviewing the site from a safeguarding perspective and was hoping to secure some funding for this. The CIF bid process had already been announced for this year with a December deadline.

She also reported on the newly erected canopy, the LED lighting project, and the IT capital programme, about which Governors did not raise any questions.

The FD provided an update on Network Rail regarding the construction of the Cambridge South Station with work expected to start in winter 2022. She gave information on the access onto the College land, and compulsory purchase of a strip of land, and the likely terms for this. Governors discussed the optimal processes for the development, including the trees on College land that will have to be removed from the side of the railway line but to support the College's aims on sustainability, and with low maintenance options and reduced costs. Should there be any need for a meeting with Network Rail regarding this project Governors asked that the organisation be asked for a written outline proposal to consider beforehand. The FD agreed to follow up on this.

**Finance  
Director**

The FD provided an update on the 16-19 capacity fund bid submitted in May. The College had been notified at the end of October of a £2.2m successful grant application. She advised that following a meeting of the Capital Bid Working Group the grant funding agreement had been submitted to the ESFA.

**Ref****Actions:**

A planning application would be necessary for the new building. Specification and tender will be necessary to award the contract for the building. The committee discussed the possibility of a meeting to consider the tenders with a possible date just before the December Board. Due to time constraints, the committee was content that the tender submission would go to the 3 companies who had originally provided quotes.

She verbally covered other matters included in the paper including CO2 monitors, the cleaning retender using the CPC company, increasing energy prices and forecasting based on usage.

The committee asked for a verbal update on the sale of a piece of College land covered previously. There had been consistent delays with the matter that had been expected to conclude by end October 2021. The College was having an imminent meeting with the advisor to which Governors would be present, and from which the College hoped to get some clarity. The FD reminded the committee that the College was placing no reliance on any income from the sale of the land.

**FRC21.1.8 Approval of draft 2020/21 Financial Statements**

The FD reminded the FRC that the committee needed to recommend the figures in the financial statements ending 31 July 2021 for Board approval. The Audit committee having already approved the narrative in the statements. She drew the committee's attention to the figures.

A Governor asked about the LGPS and whether anything was being done to reduce the liability and under which circumstances the debt would become realised. All adjustments were reversed out in terms of financial health calculations.

The FD drew the FRC's attention to the audit completion report, setting out a clean audit, with no significant issues and including some interesting information around benchmarking with other SFCs.

A Governor asked a question about the portfolio actuarial gain on the pension scheme. The FD mentioned she had access to the actuarial report which she would share with the Governor.

**Finance  
Director**

The Governor also asked about the KPIs on page 6 particularly staff costs as percentage of income, as he had been unable to correlate the two. The FD mentioned that this was to do with the timing of reporting, when the financial forecast was reviewed, the financial statements had not been completed.

**Ref****Actions:**

A Governor then asked a technical question about the percentage of adjusted income. The FD explained the reversing out of the income related to deferred capital grants.

The FRC discussed staffing costs as a percentage of income, on the financial dashboard a characteristic College is always significantly above the median. Governors were keen to continue to observe this but recognised this was related to ESFA increase per capita only once in 8 years. The FD mentioned that the CSR (spending review) may include inflationary increase in funding rates and were this to be the case would go some way to stabilise pay increases vs growth.

The Governors felt the College managed the accounts extremely well and all was looking positive during a very financially and operationally challenging year.

**The FRC confirmed its intention to recommend the 31 July 2021 financial statements to the Corporation for approval.**

**FRC21.1.9 Management Accounts October 2021**

The FRC had reviewed the management accounts. With a great deal of detail in the commentary, there was nothing of great significance to discuss.

The FD talked about resourcing, staff costs for both teaching and support staff (FTE, numbers of hours, and vacancies). On income, she advised this year there was a high number of high needs learners.

A Governor asked a question about non-operating expenditure/ purchasing. A Governor prompted a discussion about year 3 or 4 pay savings, and the risk to the future financial forecast, the FD commented that once she knew the inflationary increase impact on the finances a new 3 year financial forecast would be produced.

With that the committee was happy with the management accounts.

**FRC21.1.10 Treasury management deposits, verbal**

The FD had met with manager from Lloyds Bank. With no real movement in treasury deposits and not much fluctuation in interest rates there remained not many options. The College was looking at an overnight sweep account to possibly attract a small amount of interest.

**FRC21.1.11 Update on factors likely to affect the financial forecast, and potential sources of revenue and savings**

**Ref****Actions:**

Much of the material had already been covered earlier in the meeting. The FD reminded the committee on the growth in learner figures. The ILR for 2022/23 already showed an increase from July's financial forecast. She gave a brief update on the international project with a plan for a September 2022 intake in learners from China.

She reminded the FRC that a national pay award had been agreed for teaching staff for 2021/22 from 1% from 1 September 2021.

The support staff national pay award was still at negotiation stage with the employer side having issued a proposed pay increase of 1% on all pay points from 1 September 2021, and an increase in standards support staff payment, all of which was well within the sum put aside. She reminded the committee of the Government decision to increase NI contributions and employers liability. The December Board would be asked to consider this for LRSFC should national agreement be reached on the support staff pay award.

The pensions grant would continue through 3 year spend review and likely to remain as standalone grant.

A Governor raised for interest the forecast bank of England's inflation at over 4% which if remaining raised for quite a while then would need to feed into pay award discussions. The committee agreed with taking a conservative approach.

**FRC21.1.12 Review of the administration of the Financial Support policy, review of spend for 2020/21**

The FD reminded the committee that this report set out how the fund was used last year and the sums allocated.

She drew the committee's attention to the number of FSM students who met the criteria and the additional number topped up by the College for discretionary bursary for purchase of meals during the lockdown/holidays. She talked through the LA winter support grant and the payments and categories in the final table set out in the paper.

A Governor asked a question about what period/budget the FSM expenditure would be allocated to but the FD explained this was a balance sheet matter not related to one year or another.

Governors were very happy with the College top up as FSM payments would support students being able to have a hot meal.

**Ref****Actions:****FRC21.1.13 Annual report and self-assessment of effectiveness from the FRC 2020/21**

The Chair and the Clerk to the Corporation had worked offline on the committee annual report and SAR for 2020/21 for committee consumption.

The FRC Chair asked that members should alert the Clerk to any suggested amendments copying to him as committee Chair.

A Governor commented that the balance of the committee between the financial papers brought for consumption and the input on HR/IT matters could be strengthened. The risks for the committee set out in the College risk register included two high risks around people were relevant to the work of the committee.

The committee then had a brief discussion on the resources in the finance team supporting the FD.

**FRC21.1.14 Update on national pay negotiations, verbal**

This had been covered earlier in the meeting under agenda item 11.

**FRC21.1.15 Review relevant risks not covered by agenda items**

The committee reviewed the paper drafted by the Clerk, and focussed on the higher rated HR risks. Where a movement in risk rating had been shown in the paper, the committee asked the Clerk to specify the direction of movement in the next iteration of the paper.

Referring to an earlier agenda item, the committee asked if the capacity of the leadership team should be considered highlighting as a risk. The committee was keen to raise the profile of risk for committee discussion to include emerging risks.

**FRC21.1.16 Any other business**

None

**FRC21.1.17 Date of the next meeting (2021-22)**

FRC21.2. Wednesday 23 March 2022. The meeting finished at 1205pm.