

**Minutes of the Finance & Resources committee meeting FRC20.1 held by video-conference on
Wednesday 18 November 2020
Long Road Sixth Form College, Cambridge**

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

In attendance: Charlotte Hemmins (Finance Director), Tinashe Chitakasha (Governance Assistant), Heidi Hauser (Director of Admissions, up to end of item 5), and Charlotte Muir (HR Manager, for item 6 only)

Clerk: Anne-Marie Diaper

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FRC20.1.1 Apologies for absence
None

FRC20.1.2 Declarations of Interest
Steven Esdale declared an interest in agenda item 10.

FRC20.1.3 Request for any other business
The Clerk reminded the committee that, for further discussion early in the New Year, the committee should nominate a deputy Chair.

FRC20.1.4 Minutes of FRC20.0 Wednesday 30 September 2020
With no suggested amendments, the minutes of the meeting held on 30 September 2020 were agreed as a true and accurate record of the meeting.

FRC20.1.5 Matters arising from the minutes not covered elsewhere on the agenda
International project update. The Director of Admissions presented her report setting out the progress with the project.

The Director of Admissions left the meeting at 10.13am.

FRC20.1.6 Human Resources (HR) strategy update including equality and diversity data
The HR Manager joined the meeting at 10.13am.

The committee had been provided with a report for 2019-20 plus a termly report up until the date of the meeting. She pointed out an error in the termly report.

The annual report set out a challenging year due to Covid-19. The HR Manager reported on FTE numbers and agency spend, staff training,

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staff sickness figures, home working, and the added complications with test and trace, since there had been some cases of the virus in College since half term. College was reassured that staff were keeping up to date with guidance, but the Principal advised that there had been additional challenges for senior staff and line managers, along with HR, not only in covering absence but in terms of interpreting the guidance and providing support, leading to much fatigue.

The KPIs appeared to be working well and the committee was pleased with the data. The committee felt the report showed a positive year overall, in spite of the challenges faced, and asked about the advantages/disadvantages of online vs physical recruitment. Governors commented that more evaluative comments (context/narrative) on the data (rather than simply numbers) would be helpful in the next report. Governors were interested in knowing what was behind the staff survey scores (in a range of 1-10) of '5 and above' and suggested that anonymised comments were sometimes more revealing than scores for measuring and getting a feel for what was going on in the organisation.

HR Manager

The committee thanked the HR Manager for an interesting report.

The HR Manager left the meeting at 1035am.

FRC20.1.7 Property Strategy update

The Finance Director spoke to her report. She intended to provide an update for the committee to have a wider discussion on how to move forward. She reminded the committee what work set out in the property strategy had already been completed. She then went on to remind the committee of the prioritised as yet uncompleted works set out in the master plan. During summer closure the College had invited in architects to talk through the various priorities and to update the site master plan, including a new Reception, a high spec. canopy in the courtyard, addressing the toilet block issue, and adding new classrooms to accommodate demographic growth. The architect had presented the visualisations and costings (which included fees for managing the project). The College had commissioned support to submit a CIF bid for the toilet block on a no-win no-fee basis, for which planning permission was being sought. The committee was asked to support a College contribution of £100,000 capital in the bid. The meeting then went on to discuss an additional new teaching block proposal near the tennis courts and food centre, and the costed options set out and the various uses for such a building on the basis of 2 or 3-storey. The order of priority for proposed works may somewhat depend on a coronavirus vaccine. At this point the meeting was reminded of the SFCA's campaign for capital growth for existing SFCs.

The committee agreed that allocating £100k towards the cost for a new toilet block was a good use of College funds, but there were no guarantees of a successful bid. The meeting discussed the various options that would materially benefit the student experience. The Principal commented on the many variable factors to choosing a College.

The committee went on to discuss the level of borrowing for possible growth and the FD agreed to have a discussion with banks about the current accessibility of borrowing.

**Finance
Director**

At this point the FD informed the committee about the potential for movement on a joint project for which a feasibility study had already been conducted with external partners, to redevelop the sports centre (doubling its size). The project would be likely to be dependent upon funding from Sport England, but that project would provide additional teaching and so Governors suggested it might be included as part of the masterplan.

In response to a question from a Governor, the Principal reminded the committee that the arts centre had already undergone a minor redevelopment but it was refreshed somewhat in the College development plan.

The committee went on to discuss a proposal for a piece of College land. The committee offered the FD some suggestions, and actions to take.

**Finance
Director**

FRC20.1.8 Approval of draft 2019-20 Financial Statements

The Finance Director (FD) offered the financial statements for the year ended July 2020, showing an operating surplus of £178k at end of year. The statements showed for 2019-20 net current assets of £1.5m, and increased cash balances in line with forecast. The Audit committee had already considered the statements and had fed back on pension scheme valuation and discussed actuarial liability. The Audit committee had already noted a clean audit report, and with no adjustments required, had approved the narrative in the statements. She paused for questions.

A Governor asked a question about the amount of interest paid shown in the statements compared with last year. The FD commented that the pension interest would be shown separately from bank interest.

With that the committee confirmed its intention to recommend Board approval of the financial statements.

FRC20.1.9 Management Accounts October 2020

The FD presented the management accounts for October. She drew the committee's attention to changes in forecast and Covid costs included and asked to talk through some of the detail. She mentioned income from lettings, the catering contract, high needs support, pay YTD figures, summing up that overall College was on budget. Non pay Covid expenditure was slightly higher than forecast by £108k for the full year. Leadership team was being thorough in weekly meetings reviewing potential cost savings but making predictions was proving difficult. ESFA was waiting on the outcome of the spending review before considering in-year growth/funding in student numbers.

The Corporation Chair reminded the committee that the final outcome on 2019-20 pay negotiations was unknown. The committee Chair summed up that a realistic financial position in-year was difficult to predict so prudence was appreciated. A break-even position for College was a desirable outcome but 4 or 5 factors could impact on that, including student numbers, ESFA in-year funding, ESFA funding for Covid measures, and national pay negotiations.

The meeting agreed that a 7% pay increase was hard to comprehend with inflation at 1%.

FRC20.1.10 Update on national pay negotiations

The committee had already touched on this in item 9. Whilst inflation was one matter, a bigger issue would be the Unions' reaction to school teachers pay award negotiations.

A Governor was keen to point out the increasingly difficult task for the national committee negotiating on behalf of a divided sector, with different educational institutions funded and treated differently. The committee was well aware of divisions within the sector and voiced its concern over how long SFCA would be able to continue negotiating on behalf of a sector within which there was significant unfairness. A Governor reminded the committee that there was no mandate for independent Colleges to align to national pay award agreements.

The committee looked forward to hearing more at the December Board on national pay negotiations, if there was any more to report at that time.

FRC20.1.11 Update on factors likely to affect the financial forecast, and potential sources of revenue and savings

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The FD asked to present agenda items 11 and 12 together. She pointed out that no template had yet been provided for the IFM January 2021 submission but she wished to discuss matters affecting the financial forecast, plus the movements expected and the outcome of those leading to actuals for November 2020 that would be likely to be shown in the IFM. As approval was not possible for early December 2020, another single-agenda item meeting may be necessary in January 2021 were the Board needed to approve the IFM.

The FD presented figures on income, learners (with the ILR deadline now passed) and the income associated with growth against contract, the international project, 2020-21 pay award assumptions budgeted for, the teachers' pension grant (one year of £300k), non-pay costs expected to be increased significantly due to Covid-19, catering costs, staffing and plans/scenarios that would need further consideration at the next meeting, leading to possible additional costs for 2021-21.

Agenda

She mentioned LED lighting work completed, and provision of staff laptops/docking stations. The FD shared her screen with the meeting. She talked through the figures and asked if the committee was content with a surplus of £172k (taking out £70k of the £240k presented) going into the IFM.

The committee discussed a number of factors, some unknown, that could impact, and a number of assumptions were still necessary. The committee was content with the numbers shared, and noted that Board would not be asked to approve an IFM in December but be presented with high level I&E, balance sheet and some analysis, with the possibility of an additional single-item agenda Board meeting in early January 2021 if necessary. The committee would be asked to consider some scenarios at the February 2021 meeting.

Clerk**Agenda****FRC20.1.12 Review draft Integrated Financial model (IFM) submission**

See above.

FRC20.1.13 Annual report and self-assessment from the FRC committee 2019/20

The committee Chair offered apologies for not having prepared the usual annual report for committee consideration. Members' view was that committee scrutiny of financial matters, property/Estates inc health and safety, HR, remained effective, but with more still to do.

FRC20.1.14 Review of the administration of the Financial Support policy

The FD presented a paper setting out how bursary was administered and funding allocated in 2019-20; an additional contribution had been made by College towards free school meals, totalling £3.50. The

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committee was pleased to see the vast majority of the fund was utilised. In the current year, the bursary was expected to be very tight and the College was working with the LA on a possible additional contribution.

The committee noted a possibility for the policy to be reviewed for 2021-22 dependent upon the College's financial position. Other than a couple of noted typos, the committee thanked the FD for the report.

FRC20.1.15 Treasury management deposits

The FD presented her paper on cash on deposit in 2019-20 and imminent plans, in line with the treasury management policy. The committee noted the policy restricting the College to using UK high street banks with a lower risk, leading to a low level of return.

FRC20.1.16 Recent reports and guidance

The Clerk had made available a range of recent strategic publications which were not for current discussion but to be factored into Governor strategic/training sessions. The Principal reminded the committee about the level 3 curriculum consultation which was due to close in January 2021 and for which the outcome could be significant.

FRC20.1.17 Review relevant risks not covered by agenda items

The committee agreed the agenda items sufficiently covered relevant risks shown in the College risk register, and there was nothing more to discuss at this point.

FRC20.1.18 Any other business

None.

FRC20.1.19 Date of the next meeting

FRC20.2 Wednesday 3 February 2021