

<p style="text-align: center;"><b>MINUTES OF THE MEETING OF THE FINANCE, RESOURCES AND INVESTMENT COMMITTEE HELD VIA MICROSOFT TEAMS AT 5.30PM ON THURSDAY 2 JULY 2020</b></p>
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**Present:** Mr M Stone (Chair)  
Mr D Langton  
Mr D Mabbitt  
Mr K Wharton  
Mx L Johnson (Principal and CEO)  
Mr G Dixon (Vice-Principal Finance and Resources)

**In attendance:** Mrs J Matthews (Director of Governance)  
Mr K Williams (Interim Vice Principal Finance and Resources)

**ACTION**

**APOLOGIES FOR ABSENCE**

M19/125 There were no apologies for absence. Mr Wharton was late joining the meeting and the Chair reported that Ms McGrath had left the College and had therefore resigned as a Governor.

**DECLARATIONS**

M19/126 There were no declarations of interest.

**MINUTES OF 14 MAY 2020**

M19/127 The minutes of the meetings held on 14 May 2020 were approved as a correct record.

**MATTERS ARISING ON THE MINUTES**

M19/128 Members noted the update on matters arising on the minutes provided in the action tracker and that all actions had been completed.

M19/129 CONFIDENTIAL MINUTE

*Mr Wharton joined the meeting at this point.*

**Compliance with Condition of Funding**

M19/130 It was noted that 3.5% of learners did not meet the condition of funding but that there would be no clawback. A question was asked about what the issues were in relation to non-compliance for English and maths and it was reported that students had not been expected to attend English and maths classes for the first month in 2019-20. This would not be the case in 2020-21.

**SUB-CONTRACTING**

**Sub-contracting arrangements 2020-21**

M19/131 CONFIDENTIAL MINUTE

**Sub-contracting policy and fee schedule 2020-21**

M19/132 The updated Sub-contracting Policy and Fee Schedule for 2020-21 had been circulated and the Principal reported that they were keen to move to a contribution model and reduce sub-contracting to improve margins. If the College was under delivering, sub-contracting could be put in place, but the aim was to reduce reliance on sub-contracting.

M19/133 A question was asked about reference to contract length or extension, and it was agreed that should be included. A question was also asked about how the College assessed value for money in the management fee, and it was reported that it was covered within the Learning Administration. The Principal reported that there were tight regulations in relation to management fees and the College had opted for an average fee level, based

**VP F&R**

on risk assessment. The Committee **recommended** the Sub-contracting policy and fee schedule 2020-21 to the Board for approval.

#### **COURSE FEE AND REFUNDS POLICY**

M19/134 The updated Course Fee and Refunds Policy had been circulated, including proposed HE fees. Some competitor analysis had taken place and it had been agreed to propose an increase in fees to £6950 from 2021-22 entry, which would be pro-rata for part-time courses. A question was asked about whether this might suggest lower quality provision and the Principal reported that this was unlikely given the local nature of the provision. A lot of students were part-time, and were paying for the course in stages. A further question was asked about using footage of the degree ceremony for potential students and the Principal agreed to look at this. The Committee **approved** the updated Course Fee and Refunds Policy as circulated.

**Principal**

#### **STUDENT ACTIVITY RECRUITMENT REPORT**

M19/135 Members had received the Student Activity Recruitment report and noted that there had been significant investment in online enrolment. 500 students had been pre-enrolled for September and the Principal confirmed they were confident of meeting or exceeding the recruitment target. HE applications were more concerning and it was likely some courses would not run, with particular concerns around the aviation courses in the current climate. Members noted the deferral of end point assessments for apprentices, although these had resumed again in July, and the Principal confirmed that they had raised concerns about this with the ESFA.

M19/136 Members noted the detail within the paper and requested that this be reduced where possible to highlight the key points for Governors.

**Principal**

M19/137 A question was asked about the Marketing Strategy moving forward and the Principal reported that they had requested a comprehensive competitor analysis, along with using RCU Vector which provided information to postcode level.

#### **FINANCE**

##### **Management accounts and finance update**

M19/138 The May management accounts were reviewed and the Vice-Principal (Finance and Resources) reported that it was intended to ensure these were provided within 10 working days. Although the College's debt position was strong, the financial health for the year was tight. The cash position had improved and cash at year end was forecast to be around £790k. A question was asked about whether there was any way to reduce current liabilities and the Vice-Principal (Finance and Resources) confirmed that he was looking at that area. Close monitoring of both the amount and timing of spending was taking place. The Committee discussed how additional financial health points could be gained and the Vice-Principal (Finance and Resources) suggested that he could incorporate sensitivities showing where additional points might be gained. A question was asked about whether the assets could be revalued and the Vice-Principal (Finance and Resources) reported that this was excluded from the education current ratio calculations.

**VP F&R**

##### **ESFA Letter: College Financial Statements 2018-19**

M19/139 A copy of the correspondence with the ESFA regarding the College Financial Statements 2018-19 had been circulated and the contents noted.

##### **Finance Review and Action Plan**

M19/140 The Committee had received a copy of the action plan produced following the recent external finance review which would be a standing item at future meetings. The review and subsequent action plan identified the actions required to ensure the College maintained good financial health and whilst it was noted that much of it was operational, it was important to demonstrate to the Committee that the SMT was closely monitoring

	the situation. A question was asked about whether a gap analysis had been carried out following the finance review and it was confirmed that had formed the basis of the action plan.	
M19/141	A question was asked about whether the limitations of the MIS systems were material and it was reported that the management information system used was appropriate, but the current finance system would no longer be supported and consideration was taking place to see if it could be integrated with HR and payroll. A question was asked about when support for the Symmetry system would end and the Vice-Principal (Finance and Resources) agreed to check.	VP F&R
M19/142	<p><b>Budget 2020/21 and Financial Forecasts 2021/22 – 2022/23</b></p> <p>Mr Williams presented the budget for 2020-21 and financial forecasts for 2021-22 and 2022-23 and it was noted that there was no requirement to share the 2021-23 forecasts with the ESFA but it was agreed that would be beneficial as it demonstrated an improving picture. There had been an underlying assumption in drawing up the budget that business as usual would resume in September 2020 although this may need to be adjusted in the autumn term. Key points highlighted for the Committee included:</p> <ul style="list-style-type: none"> <li>• 66% of the income was guaranteed due to the lagged funding model.</li> <li>• There had been a reduction of £200k in apprenticeship funding although there was optimism that this could still be delivered.</li> <li>• A reduction of £50k income in full cost work had been assumed</li> <li>• HE income had been based on 140 learners</li> <li>• The March payroll had been used as a baseline for pay costs</li> <li>• Part-time staffing had not been reviewed in detail due to an absence of the necessary management information but provision of £1.4M had been included, which was similar to 2019-20 prior to the Covid lockdown. If controls were strengthened, there would be immediate savings in this area. £700k of this was in relation to Tyro Training.</li> <li>• Provision had been made for a new HR/Finance system</li> <li>• The College still had two Salix loans which were small and on favourable terms, but 10 financial health points would be gained should these be paid off, and the budget had been prepared on that basis. Once the High Street building was sold, there would, therefore be no debt.</li> <li>• The financial health for 2020-21 and 2021-22 was Requires Improvement, moving to Good the year after. This was predicated on savings of £486k in 2020-21.</li> </ul>	
M19/143	A question was asked about the basis of the savings and the Principal reported that there was a detailed paper which would be discussed with the Chair outside the meeting. The Principal outlined some of the proposed savings but reported that they were confident the required savings could be achieved. Following discussions with the Chair, the paper would be submitted to the next Board meeting for approval.	Principal
M19/144	It was noted that no pay award was included within the budget but it was agreed that should be kept in mind with a view to aiming to deliver a pay award.	Principal
M19/145	A question was raised about inconsistency between the risks set out in the paper and the College's risk register, and it was agreed that the Principal and Vice-Principal (Finance and Resources) would review that.	Principal/VP F&R
M19/146	A number of minor amendments were agreed and subject to these, the Committee <b>recommended</b> the budget for 2020-21 and financial forecasts for 2021-23 to the Board for approval. It was noted that it may be possible to make improvements to the financial health score before submitting it to the ESFA and the Principal and Vice-Principal (Finance and Resources) would discuss this and provide an update to the Committee.	Principal/VP F&R

	<b>HEALTH AND SAFETY</b> <b>Health and Safety KPIs</b>	
M19/147	Members had received the Health and Safety KPIs and noted that there had been little change since the last meeting, but that information relating to Covid-19 had been included.	
	<b>ESTATES AND TECHNOLOGY</b> <b>Equine Unit</b>	
M19/148	CONFIDENTIAL MINUTE	
	<b>Estates and Technology report</b>	
M19/149	CONFIDENTIAL MINUTE	
M19/150	A question was asked about the contingency arrangements in relation to the gas safety certificates in the event that there was no-one able to carry out the checks, and the Principal and Vice-Principal (Finance and Resources) agreed to look into that.	
M19/151	A question was asked about the College's role in relation to the IT Website Portal and it was confirmed that the College would provide a mechanism for reduced prices and financing options but the intention was that there would be no financial obligations for the College.	Principal/VP F&R
M19/152	A question was asked about whether there were any single points of failure and contingency arrangements should there be a supplier failure. The Principal reported that the BCP policy had been revised and a critical incident procedure put in place. A number of individual business recovery plans would be established for implementation following an initial emergency. A standardised template which included metrics was being developed.	
	<b>CRABSC ANNUAL REPORT AND ACCOUNTS</b>	
M19/153	The Committee had received the CRABSC annual report and accounts which were noted. A question was asked whether CRABSC was still required and it was reported that it was a vehicle for the leases at the Auction Mart. The Vice-Principal (Finance and Resources) confirmed that by the time the company had been wound up, there would be no remaining assets. The Committee <b>approved</b> the appointment of the Principal and Vice-Principal (Finance and Resources) as Directors, and the Vice-Principal (Finance and Resources) as Company Secretary.	
	<b>GOVERNANCE</b> <b>Review of Terms of Reference</b>	
M19/154	Updated terms of reference including the policy and strategy review cycle had been circulated for comment, and it was agreed that responsibility for monitoring KPIs should be added. A question was asked about whether the Board should have a Financial Strategy and the Principal reported that they felt that was part of the College's overall strategy. Governors emphasised the importance of financial health to the corporate strategy and it was agreed that the Principal should discuss it with Mr Langton outside the meeting and update the Committee at its next meeting. Subject to this, the Committee <b>recommended</b> the terms of reference to the Board for approval.	Director of Governance  Principal
	<b>Review of KPIs</b>	
M19/155	The proposed KPIs to be monitored by the Committee had been circulated and whilst members expressed concern that the list may be too long, and that RAG rating with trends would be helpful, the Committee <b>approved</b> the list circulated.	
	<b>Review of Committee effectiveness</b>	
M19/156	Due to the length of the meeting, it was agreed to postpone the discussion on the review of Committee effectiveness to the next meeting.	Director of Governance

M19/157	<p><b>RISK REVIEW</b></p> <p>The committee reviewed risks relating to its work and it was noted that the two high risks were the income stream and the Konica dispute. The Principal reported that they had reviewed the risk register with a view to rationalising it, and only medium and high risks were now on the action plan.</p>	
M19/158	<p><b>DATE OF NEXT MEETING</b></p> <p>It was noted that the next meeting would be held on Wednesday 12 August 2020. Governors thanked the Principal and Vice-Principal (Finance and Resources) for the data and information provided, but requested that every effort be made to reduce the length of papers, where possible.</p> <p><b>The meeting closed at 8.20pm.</b></p>	Principal/VP F&R