



**MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE  
HELD 12 NOVEMBER 2019**

Present: Mr Richard Stephen (Chair)  
Mr Spencer Bowen  
Mr Farouk Durrani  
Mr Chris Whelan

In Attendance: Ms Kim Saw - Director of Finance  
Mr Jon Allen - Clerk

The meeting commenced at 17.30

**APOLOGIES, WELCOMES, QUORACY & DECLARATIONS OF INTEREST**

1. There were no apologies. Spencer Bowen was attending the meeting via conference call which is permissible under the Trust's Articles (Article 126). The Clerk confirmed the meeting was quorate. There was no declared interest against any of the agenda items.

**MINUTES**

2. The minutes of the meeting held 17 June 2019 were approved as an accurate record of the meeting.

**SUMMARY ACTION LIST & MATTERS ARISING**

3. The '*Summary Action List*' was received and the following updates were made available on the two action points from the last meeting:

<b>MIN REF</b>	<b>ACTION POINT FROM THE MINUTES OF THE LAST MEETING</b>	<b>UPDATE FOR MEETING</b>
28	An application to withdraw the planning restriction on student numbers has been submitted to the Council with outcomes of the application expected in July. Outcomes of the application to be reported to the Committee.	The application is still with the planners for final decision (the delay is due to the Council, not the College). Meetings held between the College and Council planning officers have been positive and a favourable outcome is anticipated.
53	In terms of spending authorisation limits and guideline, it was <b>AGREED</b> for the Executive to draft a policy based on discussions held at this meeting, and for the policy to be circulated to Committee members before bring put to the July Trust Board meeting for approval.	Actioned at the July Trust Board meeting.

## **MANAGEMENT ACCOUNTS UP TO 30 SEPTEMBER 2019 (ONE MONTH)**

4. The Management Accounts for one month of the financial year up to 30 September 2019 were subject to review. As the Management Accounts cover only one month of the financial year the Committee agreed to note the Management Accounts, as it was too early in the financial year to make any firm assessments on the financial figures contained within the Management Accounts. The Committee sought, and received, that as of today with all known factors, there were no issues of concern to bring to the attention of the Committee on current financial performance against the agreed budget.

## **FINANCIAL STATEMENT & ANNUAL ACCOUNTS YEAR ENDED 31 AUGUST 2019**

5. The draft of the '*Financial Statements & Annual Report 2018/19*' was received. Also received was a copy of the Financial Statement Auditor's '*Audit Findings Report*'. Also made available at the meeting was the reconciliation of management accounts to the statutory accounts.

6. The Committee first reviewed the reconciliation of management accounts to the statutory accounts. The Trust Board at its meeting held 15 October 2019 received and reviewed the unaudited Management Accounts for the period 12 months up to 31 August 2019. Since the review undertaken by the Trust Board the College has received confirmation of FRS17 end of year accounting valuation. The adjustments are: employer payroll cost £317k, interest costs £58k, and the actuarial pension valuation. The pension valuation confirmed an actuarial loss of £1.2m which is a cost outside of the control of the College but has to be included in the Financial Statements. Other adjustments were noted resulting in an overall adjustment figure of £1.447m, but the significant adjustments related to FRS17 and actuarial valuation. Against the retained surplus of £307k previously reported in the Management Accounts, the final adjusted figure of a retained loss of £1,140k is reported in the '*Statement of Financial Activities*' in the Financial Statements.

7. Other than noting the increased FRS17 costs and the actuarial loss, both of which are outside the control of the Trust, there were no issues of concern arising from the review of the reconciliation statement.

8. It was confirmed the Financial Statements have been prepared in line with the prescribed requirements stipulated in the Academies Accounts Direction 2018/19 issued by the Education & Skills Funding Agency.

9. The agreed Trust process for reviewing the Financial Statements requires the Finance Committee in the first instance to review the financial information and financial commentary in the year-end accounts, and once reviewed, to inform the Audit Committee of the outcomes of their review. The Audit Committee will then consider the outcomes of the review conducted by the Finance Committee, and to consider all audit and assurance opinions received, on the adequacy of the operation of financial and other controls before making any final approval recommendations to the Trust Board regarding the accounts.

10. The Committee reviewed the text and financial figures contained within the Financial Statements. Clarification was sought on the financial figure in the paragraph below from page 7 of the Financial Statements, as the figure of £1,142,000 was not recognisable:

*'The academy trust seeks to make a net surplus prior to charges for depreciation and any adjustments arising from the annual revaluation of the Local Government Pension scheme as required by FRS 102. For the period to 31<sup>st</sup> August 2019 this surplus amounted to £1,142,000 (2018: £710,000).'*

11. In response it was confirmed a reconciliation has been done to the Management Accounts and details of the reconciliation will be added to the minutes to confirm the details of the reconciliation.

12. The Statement of Financial Activities for the period ended 31<sup>st</sup> August 2019 confirmed the following:

		Unrestricted	Restricted	Restricted	Year	Period
	Notes	funds	General	Fixed	ended 31st	ended 31st
		£'000	Funds	Asset	August	August
			£'000	Funds	2019	2018
				£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	65	-	231	296	108
<b>Charitable activities</b>						
Funding for the academy trust's educational operations	3	-	10,889	-	10,889	10,710
Other trading activities	4	27	683	-	710	662
<b>Investments</b>	5	14	-	-	14	5
<b>Total income</b>		<b>106</b>	<b>11,572</b>	<b>231</b>	<b>11,909</b>	<b>11,485</b>
<b>Expenditure on:</b>						
Raising funds						
Charitable activities:						
Academy trust educational operations	6	8	11,001	840	11,849	11,856
<b>Total expenditure</b>		<b>8</b>	<b>11,001</b>	<b>840</b>	<b>11,849</b>	<b>11,856</b>
<b>Net income / (expenditure)</b>		<b>98</b>	<b>571</b>	<b>(609)</b>	<b>60</b>	<b>(371)</b>
<b>Transfer between funds</b>	17	-	(411)	411	-	-
<b>Other recognised gains / (losses)</b>						
Actuarial (losses) / gains on defined benefit pension schemes	19	-	(1,200)	-	(1,200)	832
<b>Net movement in funds</b>		<b>98</b>	<b>(1,040)</b>	<b>(198)</b>	<b>(1,140)</b>	<b>461</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	17	88	(892)	15,682	14,878	14,417
<b>Total funds carried forward</b>	<b>17</b>	<b>186</b>	<b>(1,932)</b>	<b>15,484</b>	<b>13,738</b>	<b>14,878</b>

13. The Balance Sheet recorded cash in the bank at £2,503m compared against £1,701m for the previous financial year, a net cash generation of £802k during the financial year 2018/19.

14. The Committee reviewed the Audit Findings Report, and in particular, the parts of the audit report relevant to the Committee's terms of reference. There were no issues of concern arising from the review of the Audit Findings Report.

24. Following a review of the financial figures and commentary in the Financial Statements, it was **RESOLVED** to inform the Audit Committee that there were no issues of concern to report to the Audit Committee.

### **BOARD ASSURANCE FRAMEWORK - ASSURANCE ASSESSMENT TO BE CONDUCTED BY THE COMMITTEE**

25. Under the Board Assurance Framework (BAF), each Committee is asked to conduct at the end of their meeting an assessment on their level of assurance agreed against each report received (including briefings and verbal updates), and for the assessment to be reported to the Audit Committee and Trust Board (The assessments being: Green = high assurance - no additional actions or monitoring are recommended at this point; Amber = medium assurance – a further report is likely to be required at the next meeting; Red = low assurance - additional actions are likely to be required and reported at the next meeting).

26. The following assessments were agreed on reports considered at this meeting:

Agenda item number	Paper number	Subject	RAG rating
6	3	Management Accounts	<b>GREEN</b>
7(I)	4	Report and annual financial statements for year ended 31 august 2019	<b>GREEN</b>
7(II)	5	Reconciliation of the statement of financial activities per the financial statements to the unaudited management accounts for the 12 months to 31 <sup>st</sup> august 2019	<b>GREEN</b>
7(iii)	6	Financial Statement Auditor's 'Audit Findings Report'	<b>GREEN</b>

### **ANY OTHER BUSINESS**

27. It was confirmed that at the point of enumeration, the College had an additional 50 students over and above the funding contract for 2018-19. This should result in additional income to the College in the next financial year of circa £225k.

28. The DfE has announced a funding uplift of £188 per student with effect from 2020/21. For Reigate, taking into account the London Weighting Factor, the funding uplift will be circa £200 per student. There has also been announced a funding uplift for some subjects, including sciences and maths. Where a student combines two science subjects there will be additional funding of £400 for the student. These increases in funding uplifts should result in additional income of circa £500k - £700k for 2020/21. The Committee welcomed this positive update, the first increase in funding for many years.

29. There was no other business.

## DATE OF NEXT MEETING

30. Tuesday 10 March 2020 @ 17.30

The meeting closed at 18.20

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(Chair)

### Action Point:

10. The Committee reviewed the text and financial figures contained within the report. Clarification was sought on the financial figure in the paragraph below from page 7 of the Financial Statements, as the figure of £1,142,000 was not recognisable:

*'The academy trust seeks to make a net surplus prior to charges for depreciation and any adjustments arising from the annual revaluation of the Local Government Pension scheme as required by FRS 102. For the period to 31<sup>st</sup> August 2019 this surplus amounted to £1,142,000 (2018: £710,000).'*

11. In response it was confirmed a reconciliation has been done to the Management Accounts and details of the reconciliation will be emailed to Committee members with a footnote to be added to the minutes to confirm the details of the reconciliation.

### Management Response:

#### Reconciliation

	£000
Per management accounts Surplus before non-cash items	1,044
Audit adjustment re: release of capital grant	128
Net surplus to be disclosed in financial statements	1,172

There was a typo error on page 7 of the financial statements. The correct figure is **£1,172,000**