



**MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE  
HELD 16 JUNE 2020 @ 1600**

*(The meeting was held via Zoom conference call due to the Covid-19 pandemic)*

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

In Attendance: Ms Kim Saw - Director of Finance  
Mr Jon Allen - Clerk  
Mr Michael Joes - Trust Chair as an observer

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

34. The Chair welcomed everyone to the meeting. The Clerk confirmed that Michael Jones, Chair of the Trust, was in attendance as an observer. The Clerk confirmed the meeting was quorate.

35. The Chair reported that he is Chair/Secretary of the Reigate Priory Youth Football Club who on a regular basis hire the College's sports hall and Wallfield pitches, but he confirmed he has no direct involvement in the negotiations for the hiring of these facilities or the College's sponsorship of the club.

36. There were no other declared interest against any of the agenda items.

**MINUTES**

37. The minutes of the meeting held 10 March 2020 were approved as an accurate record of the meeting.

**SUMMARY ACTION LIST & MATTERS ARISING**

38. The following progress update was made available against all the action points raised or carried forward from the last meeting.

<b>MIN REF</b>	<b>ACTION POINT FROM THE MINUTES OF THE LAST MEETING</b>	<b>UPDATE MADE AVAILABLE AT MEETING</b>
6	In previous Management Accounts, a column has been added to record the forecast year-end outturn and the Chair <b>REQUESTED</b> for this to be included in all future Management Accounts.	This has been actioned and is an agenda item at this meeting
16	To add to the Financial Regulations for any waiving of the Financial Regulations must at the time of the waiving be reported to the	Actioned and the Financial Regulations will be put to the July Trust Board meeting for approval.

	Chair of the Finance & Resources Committee and to the subsequent meeting of the Finance & Resources Committee.	
17	The Chair reported that he recently met with the Director of the Finance to discuss the College's leasing contract arrangements. As there are four tranches of leasing contracts, the aim is to work towards one overarching contract covering all reprographic needs. As further work is required on the College's leasing contract arrangements, it was <b>AGREED</b> to defer this item to the summer term meeting.	This action point is being carried forward.
21	For this meeting, a table confirming all current and historical contracts was made available. As part of the Board Assurance Framework and to provide assurances, it was agreed for the Finance & Resources Committee to review list of contracts each term, concentrating on the renewals coming up in the following 3 months (or time until next meeting). It was <b>AGREED</b> for such a report to be made available at the summer term meeting and at subsequent meetings.	Actioned and this is an agenda item at this meeting.

39. It was **RESOLVED** to note the Summary Action List.

#### MANAGEMENT ACCOUNTS 8 MONTHS TO 30 APRIL 2020

40. The Management Accounts for the 8 months up to 30 April 2020 were subject to review.

41. The following headlines were noted:

	April actual Surplus/(deficit) £000	Year to date actual Surplus/(deficit) £000	Year to date forecast Surplus/(deficit) £000
Before non-cash items	45	423	141
Retained surplus/(deficit)	45	41	(225)

	Balance at 30.04.20 £000	Balance at 31.03.20 £000	Balance at 31.08.19 £000
Bank & cash	2,865	2,725	2,503
Net assets	13,779	13,734	13,738

42. The movements from budget as at 30 April 2020 were outlined in the Management Accounts. The movement from budget to forecast for ESFA funding was confirmed as follows:

	Budget	Movement	Forecast	Description
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	19/20 £000	from budget to forecast 19/20 £000	19/20 £000	
<b>ESFA other income</b>	<b>728</b>			
Capacity and Delivery funding		(48)		Clawback of unused 2018/19 Capacity and Delivery funding
Teachers pay / pension grants		113		1 <sup>st</sup> instalment for 19/20 received November 19 was higher than expected. 2 <sup>nd</sup> instalment due May 2020.
18/19 audit adjustment re: "Little Extras" Devolved Capital Grant		(128)		The 19/20 budget included £128k carried forward from 18/19. An audit adjustment was required to account for it in 18/19 in order to comply with the Charities SORP.
Devolved Capital Maintenance Grant		63		Change in accounting policy; now accounted for in the year of receipt to comply with Charities SORP. So 19/20 forecast includes £62k received in 18/19, but originally budgeted for in 19/20, and £63k receivable in May 2020
<b>Teachers' Pay / Pension Grants</b>		<b>77</b>		Total payments from ESFA from 19/20 confirmed £190k more than budget (£113k received November 19 above)
<b>Total ESFA other income</b>		<b>+77</b>	<b>805</b>	
LA – High Needs Student Funding	0	85		All claims to SCC have been agreed: £85k £31k claim to LBC not yet agreed – continue to chase
<b>Total ESFA current year income</b>	<b>12,057</b>	<b>+162</b>	<b>12,219</b>	

43. In terms of income generating activities, the closure of the College due to the Covid-19 pandemic has resulted in less income than budgeted, and the following variances were reported:

	<b>Actual Year to date £000</b>	<b>Original budget 19/20 £000</b>	<b>Budget shortfall 19/20 £000</b>
Refectory gross profit	191	215	(23)
Lettings	8	15	(7)
Sports Hall	13	30	(17)
Shop sales	11	15	(4)

44. Pay costs to date were reported as follows:

12 months to Aug 19 £'000	6 months to Feb 20 £'000	Mar-20 £'000	Apr-20 £'000	YTD Total £'000	Budget YTD £'000	Move from budget to forecast to date £'000	Forecast YTD £'000	YTD Variance £'000	Budget 12 months to Aug 20 £'000	Move from budget to forecast £'000	Forecast 12 months to Aug 20 £'000
<b>Additional information on pay costs</b>											
6,642 BASIC PAY (including overtime)	3,491	573	592	4,656							
642 NATIONAL INSURANCE	340	55	58	453							
1,105 PENSION COSTS (TPS & LGPS)	770	127	126	1,023							
(0) Recharges	0	0	0	0							
18 APPRENTICE LEVY	12	2	2	15							
<b>8,407</b>	<b>4,613</b>	<b>757</b>	<b>777</b>	<b>6,147</b>	<b>6,277</b>	<b>0</b>	<b>6,277</b>	<b>130</b>	<b>9,550</b>	<b>0</b>	<b>9,550</b>
	0	0	0	0							

45. The CEO provided the Committee with a verbal update on expected additional costs and savings arising from the College closure, but no actual figures can be confirmed at this point.

46. In terms of addition expenditures arising from Covid-19 and the College closure, the following headlines were noted:

- Purchase of additional PPE and cleaning equipment.
- Additional marketing costs that could be required from September if those who have been offered and accepted a place decide not to enrol.
- Ten mobile phones for pastoral staff to be able to provide support to students.
- Insurance claim (£60k) for loss of catering/facilities hire income that has been paid by the Insurers.

47. In terms of savings arising from Covid-19 and the College closure, the following headlines were noted:

- Less spend on milk, coffee and tea for the staff room.
- Reduced utility bills.
- Reduced photocopying costs.
- Reduction in overtime payments.
- No exam invigilating costs.
- Possible reimbursement from awarding bodies for examination fees.
- Less expenditure on staff training and staff travel claims.

48. The CEO reported the College, in line with national recommendations, has not made use of the Government's furlough scheme.

49. It was **RESOLVED** to note the April Management Accounts. It was noted that the April Management Accounts had been circulated to all Trustee and Members and the Management Accounts will also be an agenda item at the July Trust Board meeting.

## TRUST BUDGET 2020-21

50. It was noted the budget has been prepared under the assumption that the College will be operating as normal from September 2020, but this could be subject to change depending on any further impact arising from the Covid-19 pandemic.

51. The following budget headlines were noted:

- Surplus before non cash items £402k
- EBITDA £399k, 2.97% of income
- Retained deficit £(368k)

- Cash balance at 31.08.20 £2,658k
- Cash balance at 31.08.21 £2,910k

52. As an academy, the College is no longer required by the ESFA to calculate a financial health grade. The only measure required is that an academy sets at a minimum a balanced budget for each financial year (although it can draw on unspent funds brought forward from previous years). The proposed budget 2020/21 forecasts a positive budget with a surplus of £402k before non cash items.

53. The ESFA has confirmed the College will receive funding for 2,521 students. The total programme funding is £12,301k based on funding per learner of £4,929 (2019/20 £4,617). In addition the College will be in receipt of High Needs Student funding of £60k.

54. On pay, the movement in the payroll budget from 2019/20 to 2020/21 was confirmed as follows:

	£000
Payroll budget 2019/20	9,550
Net effect of staff moves in 19/20 not in budget	300
Staff progression	112
1.7% pay award	167
Net leavers / joiners / contract changes	187
Saving on reduction in LGPS employer contribution rate	(70)
Reduction in budgeted overtime	(12)
Increase in general contingency	13
Increase in apprenticeship levy payable	3
	<b>10,250</b>

55. The Committee welcomed the increase in ESFA funding but noted that the increase in staff costs all but uses the increased funding received. Staff costs have risen in each year over the last 3 years, from £8.4m to £10.25m in 2020-21. Whilst noting the explanation of increased student numbers requiring additional staffing, the Committee agreed for the need to keep a watching brief on staff costs.

56. Non-pay costs have been budgeted to remain at 2019/20 levels in most cases, with an average inflation rate of 2% applied.

57. Cash flow forecasts for the 12 months remain healthy with a forecast cash generation of £252k. Cash balances are forecast to be £2,910m at year-end.

58. On capital expenditure, the budget assumes £100k of budgeted IT equipment expenditure and £50k of other equipment which will be capitalised. It was reported no figures are included in the budget for the prospective Refectory extension project as the aim is to apply for partial funding from the DfE CIF fund with the balance being financed from Reserves. The Committee agreed for the budget to clearly state at the outset that there are no forecast costs in the I&E on the proposed capital project but a commentary should be provided on the impact on cashflow of the new build.

59. In terms of risks, it was noted the key risk is around student numbers in September due to Covid-19. The expectation is for the College to be fully operational from September, and although there is no evidence of any less take up, actual enrolments in September could be lower than expected as some students may decide to stay on at school. Should student numbers be lower in September the impact will not be on the budget for 2020-21, but would instead impact on income in 2021-22 due to lagged funding.

60. Provision has been made for additional marketing expenditure from September should the risk materialise. It was confirmed the College continues to run the Admissions Office and final interviews have been completed by telephone. However, the introductory day that takes place annually in July has had to be cancelled. The introductory day is a key tool in helping students to make up their minds about becoming a student of the College. Although some areas have conducted a virtual introductory day, and other areas plan to run small groups during the summer, it is impossible to assess if the lack of an introductory day will have a negative impact on enrolments.

61. Following review, it was **RESOLVED** to recommend the Trust Budget 2020-21 for approval at the July Trust Board meeting.

#### **DISCRETIONARY BURSARY POLICY**

62. It was confirmed the College distributes these funds as an agent for the ESFA in accordance with their 16-19 Bursary Fund annual guidance. The main changes from the prior year were confirmed as follows:

- Increase of the Free School Meals allowance from £3 to £3.50
- In accordance with the funding allocation methodology, tiers for travel assistance are updated to:
  - 1) less than 3 kms
  - 2) 3 to 10 kms
  - 3) 10 to 20 kms
  - 4) over 20 km
  -

63. Following review, it was **RESOLVED** to recommend the policy for approval at the July Trust Board meeting.

#### **REVIEW OF CONTRACTS**

64. As part of the Board Assurance Framework and to provide assurances, it was agreed for the Finance & Resources Committee to review list of contracts each term, concentrating on the renewals coming up in the following 3 months (or time until next meeting). The paper presented reported on those renewal contacts due between 01 June and 31 October with a value in excess of £1,000.

65. There were no issues arising from the review and the Committee noted the report and proposed actions to be taken on renewals.

#### **BUILDING PROJECT UPDATE**

66. A verbal update was made available.

67. The Committee was informed the College has engaged an external consultant to provide support in the writing of the required bid for grant funding from the Department of Education's Condition Improvement Fund (CIF).

68. It was reported the Local Authority's Conservation Officer required the lowering of the proposed height of the new build to enable the County building to be seen and the design has been changed to accommodate this.

69. The College is currently in the pre-planning process, and once completed, the aim is submit the full planning application in August.

70. It was reported final build costs have yet to confirmed.

71. It was noted the College has submitted a temporary planning application for portacabins but the order for the temporary buildings will not be submitted until the application has been approved. The expectation is for the temporary accommodation to be in place for 2 years.

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

72. Under the newly introduced 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).

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

Agenda item number	Paper number	Subject	RAG rating	Recommendations
6	3	Management Accounts	<b>GREEN</b>	No Recommendations
7	4	RLA Budget 2021/22	<b>GREEN</b>	No Recommendations
8	5	Discretionary Bursary Policy 2020/21	<b>GREEN</b>	No Recommendations
9	6	Review of Contracts	<b>GREEN</b>	No Recommendations
10	7	Building Project Update	<b>GREEN</b>	No Recommendations

**ANY OTHER BUSINESS**

74. There was no other business.

**DATE OF NEXT MEETING**

75. Dates for 2020-21 to be confirmed at the July Trust Board meeting.

The meeting closed at 17.30

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

**Action Point:**

**Minute 17:** The Chair reported that he recently met with the Director of the Finance to discuss the College's leasing contract arrangements. As there are four tranches of leasing contracts, the aim is to work towards one overarching contract covering all reprographic needs. As further work is required on the College's leasing contract arrangements, it was **AGREED** to defer this item to a later meeting.

**Minute 58:** The Committee agreed for the budget to clearly state at the outset that there are no forecast costs in the I&E on the proposed capital project but a commentary should be provided on the impact on cashflow of the new build.