



**MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD 10 NOVEMBER 2020**

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. The Clerk confirmed the meeting was quorate. In terms of declared interests, the Chair of the Committee declared his usual interest in being the Chair/Secretary of the Reigate Priory Youth Football Club who on a regular basis hire the College's sports hall and Wallfield pitches. The Chair has no direct involvement in the negotiations for the hiring of these facilities or the College's sponsorship of the club. There were no other interests declared.

MINUTES

2. The minutes of the meeting held 16 June 2020 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:

MIN REF	ACTION POINT FROM THE MINUTES OF THE LAST MEETING	UPDATE FOR MEETING
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.	Dealt with through a Written Resolution - See Paper 3
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	Completed

	impact on cashflow of the new build.	
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4. The Clerk informed the Committee that the Trust Board and Audit Committee requested that the commentary in the Financial Statements 2019/20 make reference to the impact of Covid-19, actions taken to mitigate the impact of Covid-19, and any implications arising for going concern assessment. The Clerk confirmed this action point has been addressed on pages 13 and 14 in the Financial Statements (a latter agenda item), with the commentary on Page 14 dealing specifically with going concern.

WRITTEN RESOLUTION

5. The Written Resolution dated 22 September 2020 agreed by members of the Committee that related to the reprographics leasing contract was noted for formal recording in the minutes.

MANAGEMENT ACCOUNTS UP TO 30 SEPTEMBER 2020 (ONE MONTH)

6. The Management Accounts for one month of the financial year up to 30 September 2020 were subject to review. As the Management Accounts covered 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.

7. The Committee received a verbal update on additional expenditures arising from Covid-19. It was reported the budget has a contingency of £50k with a further contingency of £50k set aside for Covid-19 related costs, but based on current expenditures, this contingency will not be sufficient to meet expected expenditures. The expenditures to date on Covid-19 matters stands at £81,500 and the following breakdown of these expenditures was noted:

- Enhanced cleaning costs to date: £6,700
- PPE £42,000
- IT extra costs £6,800
- Extra Premises Assistant £16,000

8. It was **AGREED** to add to the Management Accounts a budget line on Covid-19 related expenditures to enable costs to be identified and monitored, and to provide a year-end forecast on Covid-19 related expenditures.

9. Previous limited financial government support that was only made available to those colleges with a deficit budget to help meet Covid-19 costs has not been extended, and there is no expectation of any financial support being made available to the College.

FINANCIAL STATEMENTS & ANNUAL ACCOUNTS YEAR ENDED 31 AUGUST 2020

10. The draft of the '*Financial Statements & Annual Report 2019/20*' 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.

11. The Committee reviewed the reconciliation of management accounts to the

statutory accounts. The Trust Board at its meeting held 13 October 2020 received and reviewed the unaudited Management Accounts for the period 12 months up to 31 August 2020. Since the review undertaken by the Trust Board there were no issues of concern arising from the review of the reconciliation statement.

12. It was confirmed the Financial Statements have been prepared in line with the prescribed requirements stipulated in the Academies Accounts Direction 2019/20 issued by the Education & Skills Funding Agency.

13. The agreed Trust process for reviewing the Financial Statements requires the Finance & Resources 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 & Risk Committee of the outcomes of their review. The Audit & Risk Committee will then consider the outcomes of the review conducted by the Finance & Resources 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.

14. Trustees were referred to their key responsibility on assessing the Trust's going concern, and the following was noted from the commentary in the Financial Statements:

The COVID 19 pandemic developed rapidly in 2020. Despite this, there was no shortfall in budgeted income for the year. The academy trust received its grant income for 2019/20 from the ESFA in full, which represents 93% of the income for the year, and business interruption insurance covered lost non-grant income for the period April to August 2020. ESFA General Annual Grant income for the year to 31 August 2021 is guaranteed to be £12,552,000, based on 2,521 funded students. The academy trust has submitted a number of 2,597 students to the ESFA on the enumeration date of 31 October 2020, and so expects that the funding for the year to 31 August 2022 will be in excess of the previous year.

As at 31 August 2020 the academy trust held cash reserves of £3,056,000, and cash flow forecasts for the following 2 financial years show that the academy trust can meet all liabilities as they fall due.

The Trustees therefore have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

15. The Committee reviewed the text and financial figures contained within the Financial Statements. The Statement of Financial Activities for the period ended 31st August 2020 confirmed the following:

		Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
	Notes					
Income and endowments from:						
Donations and capital grants	2	46	13	127	186	296
Charitable activities						
Funding for the academy trust's educational operations	3	-	12,143	-	12,143	10,889
Other trading activities	4	14	643	-	657	710
Investments	5	16	-	-	16	14
Total income		76	12,799	127	13,002	11,909
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6	1	12,081	1,042	13,124	11,849
Total expenditure		1	12,081	1,042	13,124	11,849
Net income / (expenditure)		75	718	(915)	(122)	60
Transfer between funds	17	-	(472)	472	-	-
Other recognised gains / (losses)						
Actuarial (losses) on defined benefit pension schemes	19	-	(234)	-	(234)	(1,200)
Net movement in funds		75	12	(443)	(356)	(1,140)
Reconciliation of funds						
Total funds brought forward	17	186	(1,932)	15,484	13,738	14,878
Total funds carried forward	17	261	(1,920)	15,041	13,382	13,738

16. During the review it was **AGREED** for the commentary in the Financial Statements to make reference to the plans for the capital project that has received planning permission but the College has yet to receive confirmation of any capital funding grants that may be made available to help fund the project. As a result funding for the capital project has yet to be finalised and agreed by the Trust Board.

17. The Committee **AGREED** to endorse the going-concern assessment on page 14 in the Financial Statements.

18. 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.

19. 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.

CONTRACTS

20. 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 November and 28 February 2021 with a value in excess of £1,000.

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

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

22. 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).

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

Agenda Item	Paper	Subject	RAG rating	Any Committee Recommendation(s)
7	4	Management Accounts		No concerns/ The recommendation to have a separate Covid-19 expenditure line in the budget was agreed.
8	5	Financial Statement Year Ended 31 August 2020		No concerns/no recommendations other than to inform the Audit & Risk Committee that there were no issues of concern to report to the Audit & Risk Committee on the financial figures contained in the Financial Statement
8	6	Reconciliation Statement		No concerns/no recommendations
8	7	Financial Statement Auditor's 'Audit Findings Report'		No concerns/no recommendations
9	8	Review of Contracts		No concerns/no recommendations

ANY OTHER BUSINESS

24. There was no other business.

DATE OF NEXT MEETING

25. Tuesday 02 March 2021 @ 17.30

The meeting closed at 18.30

Signed: _____ Date: _____
(Chair)

SUMMARY ACTION LIST

MIN REF	ACTION POINT	REVIEW DATE
8	To add to the Management Accounts a budget line on covid-19 related expenditures to enable costs to be identified and monitored, and to attempt a year-end forecast on Covid-19 related expenditures.	01/03/2021
16	Commentary in the Financial Statements to make reference to the plans for the capital project	02/03/2021