

**Minutes of a Meeting of
the Finance and General Purposes Committee
on Monday 27 January 2020 at 5.30pm at Richard Huish College**

Committee Governors in Attendance: Jonathan Langdon (Chair), Dave Tomaney (Vice Chair), Guy Adams, John Abbott (Principal), Karuna Tharmananthar and Barbara Barratt.

Also in Attendance: Xanne Blythe (Clerk to the Corporation) and Paul Lonsdale (VP- Finance).

Apologies were received from Anthony Smith.

The Chair welcomed Barbara Barratt to the Committee meeting to enable a quoracy, during discussions at agenda item 9. At the request of the Chair, it was agreed to bring forward the agenda item 9 'Catering Review' and agenda item 4.4 'Oak House Design Review Report', to enable a Governor to leave earlier.

FGP 21 Declarations of Interest (agenda item 2)

John Abbott, Jonathan Langdon and Guy Adams declared an interest in agenda item 9, due to their dual membership with Richard Huish Trust.

FGP 22 Minutes of the Meeting of the Previous Committee (agenda item 3)

RESOLVED: that the Finance and General Purposes Committee minutes dated 4 and 11 November 2019 be agreed and signed as a true record.

FGP 23 Matters Arising Report 2018-19 (agenda item 4)

The Matters Arising Report was noted. The VP-F had met with the SCC Funds and Investments Manager since the 4 November 2019 Committee meeting. Discussions were ongoing with SCC on the level of deficit in the College's proportion of the SCC scheme. The pension fund manager was in the process of requesting a number of reports from the fund and the actuary to establish the accuracy of data on which the valuation was being conducted. Whilst we are not confident that this would yield any improvement, it would at least demonstrate to the ESFA that our deficit valuation genuinely was much higher than the rest of the sixth form sector.

FGP 24 CONFIDENTIAL - Review of Catering Provision January 2020 (agenda item 9)

Minutes for this item were kept confidential

FGP 25 CONFIDENTIAL - Oak House Disputes Mechanism – Design Review Report (agenda item 4.4)

Minutes for this item were kept confidential

Financial Reports (agenda item 4)

(a) Management Accounts to December 2019 and Capital Project Update

The Committee considered the management accounts for period five and the performance ratios for 2019-20. The report also provided the Committee with the ESFA financial health score forecast for 2018-19 and 2019-20. The 2018-19 actual indicated a 'Good' health score and the 2019-20 base budget indicated a RI financial health score forecast. As at the end of December, the College was running at a £70K positive to the profile budget. The cash flow forecast compared to the actual for Nov 2019 to Jan 2020 were included.

In response to detailed questions and challenge, further information and clarification was provided on the following:

- the apprenticeship provision income, the Director of Apprenticeships was recasting the apprenticeship starts for the academic year to test the original income target, and this could result in a reduction of income,
- the ESFA had changed contractual arrangements from August 2020 and there was no longer a levy contract, all employers went through the Apprenticeship Gateway,
- Apprenticeship income was currently running £1K behind forecast. The ESFA clawback provision (£21K) made in the 2018-19 accounts had been released, without this release the shortfall in income would be £22K,
- the College contracts of employment included a condition that effectively bound the College to the SFCA pay scales. There had been greater increases to the lower pay scales, with higher level scales receiving an increase below the prevailing average,
- the primary areas of risk remained as apprenticeships/AEB income and the pay settlement,
- there were potentially three more days of strike action scheduled for 2020,
- the detail of the Redwood cladding project had now been finalised, the primary area of concern was how to phase the various project elements to avoid minimal disruption to students,
- the cost of fencing of Ash Meadow and the newly acquired land together with installing an improved access across Stockwell stream were reported, the works would be commissioned once the weather improved,
- the 3G project had not progressed since last reported.

An additional paper was tabled at the meeting entitled, 'Huish ESFA 16-18 Student Funding Estimates for 20-21 to 24-25', to show the increase in funding for the College. It had been confirmed that a number of A levels and AGQs would be in scope for a significant funding uplift in 2020-21. This was in addition to the funding rate increase to £4,188. A funding boost for English and maths GCSE students on Level 3 programmes had also been announced. Additional tariff increases in relation to national priority subjects (STEM and Technology) would improve the College's 16-18 funding in 2020-21.

(b) Review of Students' Spend on In-Year Financial Support Funding Allocation

The annual Members' Reports and Financial Statements provided a year-end update on the students' financial support funding allocation. This was deemed to be adequate reporting by the Committee. A robust process was in place for the distribution of bursary funds.

(c) ESFA Financial Health Grade for RHC 2018-19 and 19-20

Governors noted the current ratios as detailed in the monthly management accounts.

(d) RHC Early Intervention Letter dated 6 December 2019

Governors noted the RHC Early Intervention Letter dated December 2019. The Clerk informed the meeting of the recently updated guidance document on the Insolvency Regime, dated January 2020. The new guidance with separate updates would be circulated to all Governors electronically for information.

RESOLVED:

1. that the RHC management accounts for December 2019, and the capital projects update be noted,
2. that the ESFA Financial Health Grade for RHC 2018-19 and 19-20 be noted,
3. that the RHC Early Intervention Letter dated 6 December 2019 be noted.

FGP 27 Financial Outturn 2019-20 and Future Year's Forecast (agenda item 5)

A report entitled 'ESFA financial forecast 2019-2022 – the IFMC', introduced the ESFA's new Integrated Financial Model for Colleges, replacing the annual finance record (recording the outcome of the financial statements) and the finance forecast (returned in July each year). For this year the new plan had a submission deadline of the end of February, in future years this would be January. The report included headline assumptions for inclusion in the plan.

The various components of the return were discussed, the College Financial Planning Handbook 2019 (version 2) dated November 2019 was also circulated with the report for further detail on the IFMC model. The Handbook explained that as the Corporation was accountable for ensuring the financial viability of the College, the Corporation had to approve the IFMC. It was understood that the supporting commentary had to include the detailed assumptions underlying the IFM and explain why the Corporation had adopted these assumptions. A financial planning checklist had to be shared with the governing body to provide assurance that the relevant matters had been considered. The Committee Chair asked for the VP-F and Clerk to provide the Committee with the IFMC reports, as required, for recommendation to the Corporation, by 27 February 2020.

The VP-F informed the meeting that the IFMC was instigated to improve the financial management of Colleges, however the sector was dealing with a model that was still not fit for purpose, due to the high number of errors in the spreadsheets.

RESOLVED: that the VP-F and Clerk provide the Committee with the IFMC reports, as required, for recommendation to the Corporation for approval, by 27 February 2020.

FGP 28 Review of F&GP Committee's Strategic Risk Register Assurance Report (agenda item 6)

Governors discussed the Committee's four strategic risks, together with the gross, net and residual risks on the College risk register and heat map. The SLT reviewed the College Risk Register annually, the Audit Committee monitored the Risk Register at each Committee meeting and if any change occurred the direction of travel was indicated on the strategic risks.

FGP 29 RHC Health and Safety Committee Report dated 15 January 2020 (agenda item 7)

The Committee discussed the Health and Safety Report dated 15 January 2020. A number of the College pathways were uneven and resurfacing was on schedule during the Easter holiday period. Site inspections were undertaken on a regular basis. Oak House was part of the College site and therefore fire drills fell into the remit of the College Estates Team.

FGP 30 F&GP Committee Terms of Reference 2020 -21 (agenda item 8)

The Committee reviewed their terms of reference for 2020-21 and agreed to an amendment under its duties for greater clarity.

RESOLVED: that the Finance and General Purposes Committee's terms of reference for 2020-21 be recommended for Corporation approval.

FGP 31 AoB (agenda item 9)

The meeting noted the update circulated in relation to the teachers' pension scheme employer contribution grant (TPG) on 2 December 2019.

The next F&GP Committee meeting was scheduled for 23 March 2020.
With no further business the meeting concluded at 7.15pm

The minutes were agreed and signed

Chair.....

Date.....