

Draft Minutes of a Meeting of the Finance and General Purposes Committee

on Monday 22 June 2020 at 5.30pm held virtually, using Microsoft Teams

F&GP Committee Members in attendance: Jonathan Langdon (Chair), Dave Tomaney (Vice Chair), Guy Adams (RHT Board Chair, RHC Foundation Chair of Trustees and RHC Governor), John Abbott (Principal) and David Griffin (Chair of RHC Governors)

Also in Attendance: Paul Lonsdale (RHC Vice Principal – Finance), David Watson (RHC Director of Apprenticeships and Adult Learning), Emma Fielding (RHC Deputy Principal), Barbara Barratt (RHC Governor and Vice-Chair), Sarah Gardner (Clerk)

Apologies: Karuna Tharmananthar

		Actions
FGP 39	Declarations of Interest (agenda item 2) There were no declarations of interest.	
FGP 40	Minutes of the Previous Meeting and Matters Arising Report (agenda item 3) RESOLVED: that the minutes of the F&GP meeting dated 5 May 2020 be agreed and signed by the Chair as an accurate record. The matters arising report was covered. This meeting was chaired by the Vice Chair due to the Chair experiencing technical issues. The Chair was present at the meeting via conference call.	
FGP 41	Financial Reports (agenda item 4)	
4.1	<u>May Management Accounts</u> This report was circulated prior to the meeting and the Committee considered the management accounts for May. The VP-Finance reported on the accounts and noted that it was important that the Committee observe that the management accounts are getting close to showing a 5% EBITDA. If everything else remained the same this would improve the financial health score for this year to 'good'. It is not yet known whether the ESFA and DfE will change the rules and methods for assessing the financial health of Colleges due to the COVID-19 situation. The situation around refunds for international students is also being discussed; at the time of this meeting 14 requests for refunds had been made. Oak House students continue to receive online tuition so the VP-Finance is confident that any claim can be revoked but suggested that it would be fair to offer each student a refund of £500 which reflects some of the savings that has been made as result of not having the International Students in residence. This refund would still leave around a £20K contingency which would help contribute to the improved EBITDA positions.	
F&GP Page 1 of 4	DATED 22 June 2020	Author: Sarah Gardner

The Chair questioned that as students were not asked to leave Oak House and that tuition continues to be provided a refund should not be forthcoming but recognises that this is a management and not a governors' decision. A further discussion followed about the possible benefits and drawbacks to issuing this refund, and the potential positive impact both to reputation.

The management accounts includes the full impact of the pay award. The VP-Finance is confident that, although there may be some variations between budget lines, the overall pay outturn forecast can be achieved.

The committee was reminded that the £120K payment received from Chartwells has had a significant impact on this year's financial performance and without it, the College would still be looking at a deficit position and reduced financial health score.

4.2 RHC Budget 2020/21 and Financial Forecast 2020-2024

The RHC Governor and Vice Chair attended the meeting due to the F&GP Committee's quorum being at risk for this particular meeting. A number of Governors on this Committee are affiliated to the Trust, and would be conflicted for agenda item 4.2, as the budget has cross charges to the Trust.

The RHC Budget 2020/21 and Financial Forecast 2020-24 had been shared with Committee members prior to the meeting.

Governors have been asked to consider a scenario of either a £50K or £100K surplus for next year. The base budget presented at this meeting is for a surplus of £22K. The VP-Finance has detailed within his report additional items that could apply to the budget that would increase the surplus to £50K and £100K.

All costs relating to the senior management team restructure and costs associated with support tutors for 16-19 provision have been covered in the budget. The increased pay award was higher than anticipated which will have a bearing on next year. The support staff pay award has been approved and is in the budget but teaching unions have yet to reach agreement with the SFCA on their award for 2021. The VP-Finance has allocated 2.5%, payable from January 2021, to the budget to cover this.

The VP-Finance has included areas in his report where the budget has been pared back where possible. One stand out change is around student transport with neighbouring colleges continuing to offer more financial support to students than Huish currently offers. The RHC Student Finance Officer is looking at ways we can support students with travel costs and there is also a collective appeal from Somerset Colleges for County Council support for travel.

The VP-Finance and Director of Apprenticeships continue to work on improving the financial contribution and performance of the apprenticeship area. The Director of Apprenticeships has written a paper setting out the current issues around pay costs, income and potential savings. The paper that the Director of Apprenticeships has written looks specifically at two different phases. 1) Activity in 2019/20 and lower starts producing carry forward income and 2) more intelligence and business activity around initial starts where savings need to be made. Work continues to implement these plans.

The Director of Apprenticeships has done a lot of work over the last few months to establish where assessors are with their caseloads and how this compares to the current years. He also talked through the current challenges in student recruitment and the impact of COVID on delivery.

It was suggested that it would be useful to understand the P&L contribution for the apprenticeship area and the VP-Finance confirmed that he would be happy to add this to the management accounts for next year.

The Chair asked if there would be additional funding as per the recent announcement for schools and if RHC would benefit from this. The VP-Finance understands that at the moment this would only apply to schools and there is no guarantee that the post-16 sector would receive any additional income but that it would be hugely positive if any additional funds were to be made available. The Principal shared information from the AoC who had indicated that they felt there was going to be some financial support made available to FE early in July but it was unclear exactly what Colleges would need to deliver for this.

The level of recruitment for Oak House next year is based on estimates provided by the Director of Marketing and the International Student Coordinator. Two students have withdrawn and their deposits refunded but the College are receiving 2 – 3 enquiries per week from international students and classes are still taking place daily for existing students. The VP-Finance does not anticipate income being worse than is detailed in the budget for international students.

A discussion took place around the baseline budget and it was agreed that this be recommended to the Corporation and discussed at AP&Q next week.

RESOLVED: that the RHC base budget be recommended to Corporation and that the AP&Q Committee will have chance to consider during their meeting next week.

4.3 COVID-19 specific July financial collection from colleges

- The VP-Finance reported that when the IFMC introduced this in February, the expectation would be that the July forecast wouldn't be submitted. The base budget will therefore be submitted as it stands with the forecast for 2020/22 as part of this submission. The date for this is 31 July and the budget will have been approved.

4.4 RHC Financial Regulations Annual Review

- The VP-Finance confirmed that there is no paper for this item. No amendments were suggested and therefore this will be rolled over to next year.

FGP Risk Register

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- Governors have had sight of the Risk Register and the VP-Finance will send out the updated College Risk Register after the meeting.
- The Risk Registers have been viewed by the Audit Committee.
- A review of risks around the financial performance of the College and international recruitment have been completed.

FGP ESFA Funding Audit – Action Plan for Finance & GP Committee Oversight

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- It was agreed that this agenda item had been covered through agenda item 1.
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FGP Review Committee's Strategic Risk Register Assurance Report

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- This item has been covered in agenda item 5 so it was agreed that is required no further discussion.

FGP 45 Health and Safety Annual Report 2018-19

- This report was circulated to Committee members prior to the meeting. Governors commented positively on the clarity and constructions of the report and noted its contents.

FGP 46 College Accounts Direction 2019-20

- This item was added to the agenda to ensure that Committee members are aware that each year, College Finance Directors produce a pack of closing down financial statements and this will be done for 2019-20. RHC must be compliant with this document.
- The VP-Finance confirmed that there has been no major change that would have an impact on the accounts.

FGP 47 Committee Calendar of Meetings and Business for 2020-21

RESOLVED: that meetings for next year will be arranged and circulated to Committee members. **Clerk**

FGP 48 A.O.B. Items for Next Agenda Date of Next Meeting - Sept 2020

RHC Financial Regulations Annual Review.

- The impact of the catering contract was discussed. There is going to be a significant change in how this is dealt with but financially it has been de-risked as far as possible. It is very likely that the catering function for next year will be put through a subsidiary company and discussions with a supply catering operations manager are ongoing.
- The base budget, assuming that this is implicit, will be £15K for next year.

With no further business the meeting concluded at 7.16pm.

The minutes were agreed and signed.

Chair Date