

**Minutes of a Virtual Meeting of
the Finance and General Purposes Committee
on Tuesday 5 May 2020 at 5.30pm using Microsoft Teams**

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

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

For the purposes of recording meeting attendance, the meeting noted that Duncan Alexander, following a sabbatical, had resigned as a RHC Governor on the 25 February 2020.

**FGP
32** **Declarations of Interest (agenda item 2)**

No additional declarations of interest were made for any agenda items.

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

RESOLVED:

1. that the Finance and General Purposes Committee minutes dated 27 January 2020 be agreed and signed as a true record, subject to a minor amendment under declarations of interest, and
2. that the identified sections of the minutes be withheld from publication for a 12 month period due to commercial sensitivity.

The 2019-20 Matters Arising report was covered with updates on the following items:

- (a) RHC LGPS Pension and the disparity of the pension deficit with other national colleges was being explored by reviewing the data set. There were a high number of deferred pensions and it was AGREED that an ex RHC Principal and ex Assistant Principal be consulted to check the deferred pension data held.
- (b) Review of RHC Catering Provision for 2020, the VP-F updated the meeting on the stage of the catering tender process and the current caterer's contractual obligations.

**FGP
34** **COVID-19 Risk Register (agenda item 4)**

The COVID-19 Risk Register had been previously circulated to the RHC Audit Committee on 20 April 2020. The Audit Committee had asked for an additional risk to be added around longer term lockdown restrictions, and to keep the COVID-19 risk register live, with lessons learned being fed into the RHC Business Continuity Plan. Governors would receive the updated COVID-19 Risk Register at the scheduled RHC Corporation meeting on 18 May 2020.

The F&GP Committee discussed the COVID-19 Risk Register in detail and the following points were highlighted:

- the scoring of the risks and the associated RAG rates were queried, Governors questioned the high risk scores,
- the Executive Team would continue to review the mitigating controls and it was noted that additional controls would reduce the overall risk score to more ambers and greens in the heat map,
- the COVID-19 risk register was a live document and was viewed as a 12 month risk management plan that would evolve during further government guidance and relaxing of the coronavirus lockdown for the FE sector,

- current interventions in place by the College were covered by the VP-F,
- the Committee requested that the government funding model impact for colleges be recognised under Risk COV09 for the next two to three years,
- SFCa and AoC continued to lobby the government on behalf of the SFCs and FE sector around financial support, some FE colleges were wholly reliant on apprenticeship funding, while the College had greater diversification of risk with 16-19 ESFA funding. The VP-F made reference to the government's Post-18 Review Augar report,
- the College's IT had the required capacity, competence and resilience during the lockdown period and beyond, however the variable access to broadband across the county provided additional challenge to the teaching and learning element,
- the key risks to the College, as detailed in the RHC strategic risk register, were international students, 16-18 funding and apprenticeships. The COVID-19 risk register was in addition to the RHC strategic risks, at a certain point the RHC strategic risk register would be updated.

RESOLVED:

- (1) that the COVID-19 risk register be noted as a live document,
- (2) that the longer term funding of the sixth form college and FE sector be included under risk COV09, and
- (3) that the Finance and General Purposes Committee continue to monitor the COVID-19 risk register at each Committee meeting as additional mitigation controls are added.

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Financial Reports (agenda item 5)

(a) Management Accounts to March 2020 and Redwood Capital Project Update

The Committee considered the management accounts for period eight 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.

The good category threshold was 180. The next band for EBITDA was 5%> with a score of 50, the current ratio higher band was 1.2:1 with a score of 60. Based on current predictions the College was now forecasting being just above 4% EBITDA, our current ratio performance was now forecast mid-way between the two scoring bands. Whilst it was now highly unlikely that we could achieve a CR of 1.2:1 financial performance would have to drop by over £200K for the College to drop into the lower band.

The outturn forecast would potentially improve by circa £50K. To a greater extent this was to be expected given that the vast majority of RHC income related to 16-19 students for which we were continuing to receive grant in full. The cash flow forecast compared to the actual for Feb 2020 to Apr 2020 was included. The cash position remained inflated by the non-collection of the Sycamore ESFA loan and the grant received in advance for the Redwood cladding project. The first contract payment request for Redwood was now in hand.

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

- the apprenticeship provision income had been reduced to reflect apprentices on Breaks in Learning (BIL), those furloughed by employers and no new recruitment,
- there was an assumption that there would be some achievement funding between now and the year end, awarding bodies and End-Point Assessment (EPA) providers were working on remote/online solutions to allow those apprentices that were ready to complete their EPA – AAT was one such example,
- following a query from some parents on the level of work, projects and resources available for students, the APs had been in contact with parents and had shared the volume of work, projects and online resources available to students, tuition was still being delivered to students on a variety of virtual platforms,

- Oak House was not closed and currently had one student residing, the College was still providing education virtually and had not furloughed staff, discussion centred on the lack of government guidance around international students. Governors debated the refunding or not of any of the Oak House fees and were in agreement that the College shouldn't be making refunds as the facility had remained open, the management accounts and key points from this Committee meeting would be raised at the May Corporation meeting. From a financial perspective, refunding Oak House students would have a significant impact on the outturn for the year,
- an update on the Redwood cladding project was provided, the visual asbestos inspection had not been able to detect the licensed asbestos, which had added additional cost to the project. This overspend could be depreciated over time, but would ultimately have an impact on the College's overall financial performance.

RESOLVED: that the Management Accounts to March 2020 and Redwood Capital Project report be noted. **PLO**

(b) CONFIDENTIAL Update on RHC Base Budget 2020-21

Minutes for this item were kept confidential

(c) Lloyds Banking Group Facility Letter dated 24 March 2020

The Lloyds Banking Group Facility Letter dated March 2020 was for ongoing banking facilities, and was an annual review setting out the College's operating banking limits.

RESOLVED: that the Lloyds Banking Group Facility Letter dated 24 March 2020 be noted. **PLO**

FGP 36 RHC Health and Safety Committee Report dated 4 March 2020 (agenda item 7)

The Committee NOTED the Health and Safety Report dated 4 March 2020.

FGP 37 2020-21 RHC Annual Corporation/Committee Business Planner/Calendar of Meetings (agenda item 8)

The Committee discussed the meeting dates for 2020-21 for both the Committee and the Corporation. The Clerk highlighted the Integrated Financial Model for Colleges (IFMC) submission deadline for 2020-21 (31 Jan 2021) and it was agreed to add an additional virtual F&GP Committee meeting in early January 2021 to recommend the IFMC to the Corporation for final approval later in January. A final iteration of the 2020-21 calendar of meetings and corporation business would be submitted to the F&GP Committee in June 2020, prior to Corporation approval in July 2020.

RESOLVED: that the 2020-21 governance business and calendar of meetings be noted and resubmitted to the Finance and General Purposes Committee in June 2020 with an additional virtual Committee meeting scheduled for January 2021. **Clerk**

FGP 38 AoB (agenda item 9)

The meeting noted that no further government guidance had been made available on the reopening of schools and colleges.

The agenda items for the next Committee meeting on 22 June 2020 were agreed as follows:

- Management Accounts for April 2020
- 20-21 Budget Recommendation
- COVID-19 Risk Register

- iv. ESFA Funding Audit – Action Plan for Finance & GP Committee Oversight* To monitor the audit's corrective actions for financial viability
 - v. Review Committee's Strategic Risk Register Assurance Report
- Committees are required to challenge the mitigating controls to make sure that the controls are in place and achieving the required control objective
- vi. College Accounts Direction 2020
 - vii. Health and Safety Annual Report 2018-19.
 - viii. RHC Financial Regulations Annual Review.

With no further business the meeting concluded at 7.08pm

The minutes were agreed and signed

Chair.....

Date.....