

## Minutes of the Finance and General Purposes Committee Meeting

on Monday 22 March 2021 at 5.30pm

Via Microsoft Teams

**Present:** Jonathan Langdon (Chair), Dave Tomaney (Vice Chair), David Griffin (part) and Karuna Tharmananthar.

**In Attendance:** John Abbott (Chief Executive Officer), Paul Lonsdale (Chief Finance Officer (CFO)), Emma Fielding (Principal)

**Clerk:** Bettina Walker (Clerk to the Corporation)

**\*Denotes paper circulated in advance of the meeting**

### MINUTES

#### 1. APOLOGIES

Apologies were received from Guy Adams. David Griffin joined the meeting from item 4.

#### 2. DECLARATIONS OF INTEREST

**FGP 26** John Abbott, Jonathan Langdon and David Griffin declared an interest in agenda item 4 and 5 due to their dual membership with Richard Huish Trust.

#### 3. MINUTES AND MATTERS ARISING

##### **FGP 27** 3.1 \*Minutes of the Meeting of the 25 January 2021

**RESOLVED:** that the minutes of the Finance and General Purposes Committee held on 25 January 2021 be agreed and signed as a true record. The confidential minutes marked in red would be redacted before publication on the website.

##### **FGP 28** 3.2 \*Matters Arising Report 2020-21

The Committee was pleased to note that a number of the Matters Arising had been completed. Other matters arising were on today's agenda.

##### **FGP 29** 3.3 \*Terms of Reference Review

At the last meeting, the Clerk was asked to look into a potential conflict of interest of the Chief Accounting Officer (CAO), in this case the CEO, being a member of the Committee. After researching sample terms of reference and consulting the National Clerks' Network, the Clerk reported that :

- There was no legal requirement for the CAO to either be or not be a member of the Finance Committee (or the Corporation)
- It was more common than not for the CAO to be a member of the Finance Committee.
- If the CEO/CAO was a member of the Corporation, this was no more a conflict of interest at Corporation level than it was at Finance Committee level.

The Committee had in the past had the Principal & CEO in attendance and not a member of the Committee. Following a discussion, the Committee agreed that the membership should be four Governors, and that the CEO and the Principal should not be members of the Committee but should be in attendance.

### RESOLUTION

The Committee agreed that, with these amendments, the revised Terms of Reference would be forwarded to the Corporation for approval.

#### **4. FINANCIAL REPORTS**

##### **FGP 30 \*Management Accounts to February 2021 and Forecast Outturn 2020-21**

The Committee reviewed the Management Accounts to February 2021 and noted that a full mid-year review had taken place. The current forecast outturn was a £36K surplus after allowance of FRS102 pension deficit adjustments, and the forecast outturn for the year still remained in the ESFA “Good” category.

The apprenticeship income forecast was based on 90% of apprentices completing on time, the 50% achievement bonus being achieved and £25K of New Starts between February and July 2021. A clawback of the Adult Education budget above the 90% threshold would mean an adjustment of £9000 upwards by the end of the year. More apprentices achieving would result in an increase of income.

Other significant reductions in Income streams included tuition fees from international students. All but two international students had now returned to College, which reduced the risk of refunding of tuition fees. However, refunds for boarding costs such as accommodation and food, could be expected, especially from UK based flexi boarders.

The original budgeted pay award for teachers was 2.5% from January 2021. The negotiated award was 2% backdated to September with a further 1.25% being payable from May: the cumulative effect of the two created a slightly higher pay settlement than that agreed with support staff unions, and this was now being matched. The support staff award was 2% from September, 0.5% from January and a further 0.75% from May. This would increase the baseline budget for future pay.

The Non pay cost savings included those related to a reduction in Enrichment activity. The Committee noted that the Enrichment programme, including sports activities, had taken place whilst the College was open during the autumn term. Since then, some enrichment activity had continued online during the lockdown. Sports activities would normally reduce after Easter as students prepared for exams, but as there were no exams this year, some sports activity would continue into the summer term. There had been a limited number of requests for refunds due to the enrichment programme being reduced.

The 3G Football Pitch project was gaining momentum, with the project management consultant appointed by the Football Foundation in the process of preparing the tender document.

There was an assumption that examination bodies would discount their fees by an average of 15% as they did for 2019-20. Other cost savings made from the closure of the College premises had offset the costs incurred by putting Covid-19 related measures in place.

The Committee noted that cash levels were higher than forecast, with the improved year to date revenue position and low debtor position impacting positively.

#### **5. BUDGET ASSUMPTIONS 2021/22 AND FORECAST 2022-2024**

##### **FGP 31 5.1 \*RHC Baseline Planning Assumptions 2021-22**

The Committee noted that the paper detailed the outline financial forecast that had been submitted to the ESFA as part of the re-designation to academy status. The primary baseline assumption was that the College would join the Multi Academy Trust on the 1<sup>st</sup> October 2021.

The positive impact of the increase in student numbers and retention rate in the 2021/22 forecast had been incorporated and the assumption was that these improvements would carry through to future year projections.

Another assumption was that both the employer TPS and Teacher Pay Grant would continue to be paid, either through an increase in the funding tariff or by the continuation of the direct grant at current levels.

Apprenticeships income was forecast to remain at similar levels to the present. Adult apprenticeships might be outside the College's charitable activities once it joined the MAT, and the College was looking at the most appropriate delivery vehicle for apprenticeships and adult fee-paying work. The use of a subsidiary company would protect the charity status.

The Adult Education Grant had recently been confirmed for 2021/22, and would be retained for future years. The CFO expected that the final allocation would be higher than that included within the forecast.

## 5.2 \*Forecast 2022-24

The Committee noted the forecast for 2022 to 2024, and especially the forecast deficit in 2023/24:

- 2021/22 – surplus £98K (forecast)
- 2022/23 – surplus £40K (forecast)
- 2023/24 – deficit £17K (forecast)

The forecast deficit was mostly related to the decline in fee income from international students and the occupation of Oak House. The recovery of VAT once the College was an Academy would help to recover some costs, and the level of VAT benefit would depend on the costs incurred, for example for building projects.

The planning to ensure the occupancy of Oak House was underway, however, a decision would have to be made by April 2022 on whether or not to continue with the Oak House lease, especially if the College failed to attract sufficient UK boarders.

Other variables included the introduction of different types of qualifications such as T-Levels. It is assumed that Applied General Qualifications will continue to receive funding over the forecast period.

Staffing was the College's greatest cost, and class size efficiency was important. Once the pandemic was over, larger class sizes and delivery models could be considered (use of the lecture theatre). The anticipated increase in 16-18 numbers would help to offset the impact of pay award inflation and the expected increases in employer pension contributions. Pay costs were increasing, with the average in the Sixth Form Sector being 75%. The College was currently in line with the average, and the Committee noted that a cost in excess of 78% of income would be of concern.

**RESOLUTION:** The Committee recommended that an early and more detailed discussion in mitigating the potential deficit in 2023/24 should take place with the Committee in the next 12 months, and asked the College Executive to come back with some proposals once the UK market for boarders had been tested.

## 6. \*COVID RISK REGISTER ASSURANCE REPORT

The effort of mitigating against the transmission of COVID-19 had gone beyond basic compliance. College Senior Managers met weekly to ensure Covid risks were being managed.

Re-opening the College on 8 March had been easier than in September 2020, as resources and the majority of the processes were in place. The College had funded the Covid Testing Centre, but this would be refunded by the funding bodies by the end of the year.

The Committee praised staff for their great efforts in operating new processes on top of their normal duties. The Committee was reassured that the high-level risks were being controlled effectively.

Efforts had now shifted to lessening staff stress in an environment of relentless workload from operating during the pandemic to coping with putting in place the new guidance for Teacher Assessed Grades.

**7. HEALTH AND SAFETY UPDATE**

**FGP 7.1 \*Report from Health & Safety Committee – March 2021**

**34** The Committee noted the Report from the Health & Safety Committee.

**7.2 \*Sixth Form Colleges Association Health & Safety Guide – March 2021**

The SFCA guide on Health & Safety explored an overview of the health and safety law applicable to all SFCA member colleges and those that work within them, with a particular focus on the way that the laws may be interpreted during the current pandemic. The Committee considered this to be a useful report.

**FGP 8. ANY OTHER BUSINESS AND DATES OF MEETINGS 2020-21**

**35 Any Other Business**

The meetings of the F&GP Committee Meeting for the remainder of the academic year would take place on 4 May 2021 and 21 June 2021

With no further business the meeting concluded at 7.15pm

The minutes were agreed and signed

Chair.....

Date.....