

Finance and Resources Committee Meeting
Tuesday 10 March 2020
Board Room RuTC

MINUTES

Committee: Jim Marshall (Chair) Andy Chew (Independent Governor & Vice Chair); Rosh Sellaheewa

In Attendance: Diane Dimond (interim Principal); Ian Rule (Interim Finance Director); Alison de Lord (AP HR & OD); Natalie Breeze (Head of Governance) Sue Kingman (Independent Governor & Vice Chair)

Apologies: Nick Deeming

1. WELCOME AND APOLOGIES:	ACTION
<p>Apologies were received from Nick Deeming.</p>	
<p>2. DECLARATIONS: Members of the Committee confirmed they had no interests to declare either generally or specifically in relation to items on the agenda.</p>	
<p>3. MINUTES (paper) (for approval) The minutes of the meeting of 27 November 2019 were APPROVED as an accurate record of the meeting.</p>	
<p>4. ACTIONS The Committee noted the actions and updates given. IR reported that the action from the meeting of 14 January relating to invoicing is in hand.</p>	
<p>5. MANAGEMENT ACCOUNTS: JANUARY 2020 (paper) (for discussion) Income and Expenditure IR introduced the accounts; he explained that the pattern has not changed and variances have changed little. Nothing is giving cause for serious concern He asked the Committee to note that the December variance was against the original budget however the team is now reporting against the revised budget.</p> <p>Clearer information is needed about Apprenticeships and this is being taken forward with Sheila Fraser-Whyte. The ARC will be considering some of the controls put in place following the ESFA funding audit, the actions from which have been added to the Internal Audit Tracker. JM asked whether the total tuition fees in education which is not yet complete is due to Apprenticeships. IR confirmed that the total invoiced amount is known however further work on the breakdown by type is needed.</p> <p>AC commented that the financial reports are showing a normalised situation which after many months of uncertainty and lack of clarity, now provides a solid foundation against which the Committee can review and challenge. He gave credit to IR and the team for their significant work on this. The Committee AGREED that its thanks should be passed to the CLT and Finance Team. IR said that he is not yet satisfied with the pace of progress and that departmental income and expenditure needs to be clearer.</p> <p>Andy Chew (AC) asked about staffing. IR explained that a permanent Head of Finance has now been appointed and an action plan has been agreed to the end of July. The</p>	

<p>team also has the benefit of some good temporary support. The team costs are reflected in the cost savings plan.</p> <p>Cashflow The Committee noted that cashflow has been updated to reflect actuals to January [confidential item]</p> <p>High Needs Student Invoicing It was noted that the £57,054 (highlighted in green) is expected in March.</p>	
<p>6. INTEGRATED FINANCIAL MODEL FOR COLLEGES 2019-22 (paper) (for discussion)</p> <p>The Committee considered a paper attaching the proposed College IFMC and requesting approval to submit the IFMC to the ESFA by the deadline of 13 March. The forecast outputs are broadly consistent with those in the financial plan and financial health returns to 'good' by 2022 on the same assumptions as the Financial Recovery Plan, with the additional £1.2m leasing.</p> <p>IR explained that the excel model is complex however the cover paper summarises the substantive issues for the Committee. Although a complex spreadsheet it has been helpful and the information is now better and more reliable than previous work. The expectation is that this information will be one of the papers that is sent out to those potential partners bidding as part of the SPA.</p> <p>IR explained that the High Needs Student element (table item 2) shows the high needs student element will not be the increase originally factored into our thinking. However, there is an increase in 16-18 funding which mitigates (£390k). In relation to Apprenticeship income growth in 2019-20 had been included in version one of the budget with 25% growth in 2020-21. The forecast was reduced for 2019-20 but not for 2020-21 therefore £90k has been removed, bringing year on year growth back down to 25%. AC asked whether the College will be challenged on not meeting the growth. IR confirmed this but the impact on the bottom line would not be material to the health of the College as the costs had not been removed in the model. DD noted that the Independent Financial Review currently under way, may highlight the apprenticeship growth assumptions as a risk.</p> <p>IR highlighted some slight differences on the balance sheets, the greatest of which is cash, arising from the increased leasing. Non-cash assets also differ but do not impact EBITDA and the overall balance sheet is likely to be more accurate than the previous home grown model.</p> <p>IR asked whether the Committee is content that the budget follows the approach set out in the document. It was AGREED that the budget should follow the lines of the document. The budget will be brought to the Committee in June for approval by the Board in July.</p> <p>JM noted the Financial Health score moving to 220 (GOOD) in Financial Year 2022, which he said is an excellent outcome. AC agreed and commented on the significant progress made.</p>	<p>Committee APPROVED the RuTC Integrated Financial Model for Colleges for submission by 13 March 2020. Members to raise any questions from the excel spreadsheet separately with IR.</p>

<p>The Committee APPROVED the RuTC Integrated Financial Model for Colleges for submission by 13 March 2020.</p> <p>It was AGREED that Committee members should raise any questions from the excel spreadsheet separately with IR.</p> <p>[confidential item]</p>	
<p>7. COSTS SAVINGS (MANAGING CHANGE) (paper) (for approval) [confidential]</p> <p>The Committee APPROVED the Phase 2 Cost Savings Proposals.</p>	
<p>8. ESFA CASE CONFERENCE</p> <p>It was noted that the next ESFA RuTC case conference will be taking place on 25 March 2020, 1:00-3:00pm. It was AGREED that JM will attend this meeting.</p>	
<p>9. INDEPENDENT FINANCIAL REVIEW - UPDATE</p> <p>It was noted that Buzzacott is beginning work on the Independent Financial Review following a tender process approved by the Committee. Buzzacott have requested information which is being provided. The draft report is expected at the end of March 2020.</p>	
<p>10. LEASING</p> <p>It was noted that the arrangements to implement the leasing package agreed by the Committee are in hand and will be reported to the Committee when complete.</p>	
<p>11. NEXT MEETING</p> <p>It was AGREED that the next meeting should take place on 09 June 2020, 6:00pm</p>	
<p>12. AOB</p> <p>i. FEC-led SPA</p> <p>AC commented that given the College's financial position has improved significantly and as such the College might consider discussing with the FEC whether a SPA is needed. It is likely that the College will compare well to potential merger partners. It was AGREED that this should be raised at the SPA Steering Group meeting on 16 March 2020.</p> <p>IT in the new building</p> <p>SK asked about responsibility for IT in the new building and whether there is assurance that the systems solution purchased for the new building is fit for purpose and allows a 'joined up' approach to invoicing etc. The Committee noted that Cyber security insurance has been taken out following approval by the ARC. An internal audit is also planned as part of the 2019-20 Internal Audit Programme.</p> <p>It was AGREED that:</p> <ul style="list-style-type: none"> • this issue should be raised at the Audit and Risk Committee meeting on 11 March. • a regular update on IT/Estates resources should be added to future Committee agendas and should be discussed at the next meeting on 09 June. • Garod Baker, Director of IT and Estates, will be asked to prepare a paper setting out headline roadmap of gaps and opportunities. 	<p>IT for the new build to be raised at the Audit and Risk Committee meeting on 11 March.</p> <p>A regular update on IT/Estates resources to be added to future Committee agendas and discussed at the next meeting on 09 June.</p> <p>Garod Baker, Director of IT and Estates, will be asked to prepare a paper setting out headline roadmap of gaps and opportunities.</p>

There being no further items of any other business the meeting ended at 8:25pm.

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