

Finance and Resources Committee
Thursday 30 September 2021 17:30-19:30, Teams

Minutes

Committee	John Anderson (Chair); Rosh Sellahewa; Ian Valvona; Andy Chew; Jason Jones (Acting CEO and Principal) Sue Kingman (observer)
In Attendance	Alison de Lord (Assistant Principal HR, OD and Estates) Ian Rule (Interim Finance Director); Sarah Connerty (interim Governance advisor)
Apologies	

Item	Item Description	Action
1	Welcome and apologies The Chair welcomed colleagues to the meeting. There were no apologies received. SK (observer) joined the meeting at 18:17.	
2	Declarations of interest RS declared an interest under item 6.1 as a member of the audit team for Lloyds Banking Group.	
3	The minutes from the meeting held on 30 June 2021 were agreed as a true and accurate record.	
4	<p>Actions and matters arising</p> <p>SC noted that there are six actions carried from 2020-21. These were considered as follows:</p> <ul style="list-style-type: none"> • 3 relate to IT strategy and curriculum (actions 44, 58) – to ensure that the chairs and CLT leads for FRC and CQS are working together on IT and curriculum. SC reported that an initial meeting had taken place with the Chairs of FRC and CQS but this work was ongoing. It was agreed to carry this action forward • Action 45 (to keep the IT strategy on the agenda and bring as an item to the CRPG/FRC meeting in January with a brief update from the Technology and Strategy Group, what needs to be done in the context of what has been learnt from HCUC and an update on how the College is using Teams to deliver learning and some of the challenges around this. It was agreed this would be useful. Developing a template for the meeting on key areas of implementation, service level agreements and where they fit into the College’s business strategy to inform the road map going forward was suggested by AC and agreed by AdL as a useful proposition.) - this action did not take place and IR agreed to update on the IT strategy under item 11 • Action 54 – sharing the estates strategy with the School – this was an action to ensure transparency with a key partner, but it was agreed that as the estates strategy required update around the capital project this would have little value and the action was closed. The Chair asked if a new strategy is being developed and AdL confirmed that it will be reviewed as part of the annual review and an accurately approved strategy is being developed for approval by FRC. IV noted that the College has an MoU signed with the School around the principle of sharing and relationships. IV and JJ had been part of the School’s governance until recently but stood down due to the conflict around the sports halls. ACTION: JJ to send the Chair the MoU for information. • Actions 59 – Bad debt – IR to check the financial regulations and the calculation for provision - IR reported that the Financial Regulations notes that requests to write off debts 	<p>SC</p> <p>IR</p> <p>AdL</p> <p>JJ</p>

	<p>must be referred in writing to the VP Finance for authorisation. He provided the following details:</p> <ul style="list-style-type: none"> Any debt write-off above £2,000 must be submitted to the FRC for consideration. Debts below this level may be written off with the permission of the VP Finance and reported in the management accounts reporting process. Where multiple write-offs are proposed within the same category of debt, the VP Finance shall define written procedures to ensure consistent decision making. Where the total write-off is likely to exceed £50,000 or £100,000 these procedures shall be reviewed by the Principal, or the Corporation respectively. IR confirmed he was satisfied these areas are complied with but noted that in terms of the bad debt provision, the Financial Regulations are silent on how this should be calculated. The College has adopted the following (quite conservative) policy with regard to the provision at July 2021: Debts within 3 months: No provision unless by exception they are considered at risk (we have none) For debts over 3 months: All debts prior to the current financial year: 100% provision (all outstanding older debts were written off) Debts within the current financial year for which no recovery is being made: 100% (we had none in this category) Debts within the current financial year which are being recovered: 50% provision (we had £56k, so £28k provision) Total provision should be £28k per the policy. The existing bad debt provision was £27k so this has not been adjusted. IR noted that if FRC is content with this approach, or would like to suggest an alternative, the Financial Regulations can be updated accordingly. The Chair asked if there is a sector approach or guidance to such policies or whether it is very much at the discretion of the College and the auditors. IR confirmed it is the latter and he would take forward with the auditors. IR noted that he had proposed a conservative position. The Chair asked if this a material consideration needing time and it was agreed to revisit. ACTION: The Committee agreed to bring back to the November meeting after IR has run through the auditors. Action 64 – Subcontracting contingency plan for update– IR confirmed that he had passed this action to SFW but is not aware if it had been actioned to date. The Chair asked about the levels of subcontracting at the College and IR reported that out of £16m £400k is subcontracted and the College has two subcontractors that it has worked with for many years. The Chair noted that it doesn't feel like an urgent action and agreed to carry to the next meeting as it has a low relative materiality. The Chair noted the importance of compliance with subcontracting particularly around reputational risk. ACTION: IR to bring the revised Subcontracting Contingency Plan to the Committee on 23 November 2021 <p>(SK joined the meeting at 18:17)</p>	<p>IR</p> <p>IR</p>
5	<p>HR update</p> <p>AdL apologised for the late papers and explained that as the items are based on end of August data which then needs review by CLT to finalise it necessitated a quick turnaround. The HR Update paper provides the suite of planning and preparation documents intended to support the incoming Chair to understand the staffing position for the previous year.</p> <p>1. Workforce Composition Report 2020-21</p> <p>The reported is provided annually and includes staff turnover, contracts, demographics, employment relations, sickness absence, promotions and recruitment for the previous year. The Chair asked what would AdL like from the Committee and are there areas for guidance, areas to formally note or approve which best support AdL to deliver mission and affordability in the budget. AdL noted it was “a hell of a year” last year, there was a pandemic, a two-year SPA process and all the uncertainty around that for staff, a delay to merger, moving to a new building, legacy issues and planning issues. Last year was spent looking after the staff and their wellbeing. The College is</p>	

<p>developing a wellbeing strategy, and the Covid support to staff was very good and noted by Ofsted. That level of uncertainty and turmoil is having a significant effect on staff. There are more gaps for recruitment, there is more casework, the structure is very lean, the management is lean. All the staffing reports chime in with Quality Recovery Plan. There is recruitment to extra posts such as an Assistant Principal Curriculum. The College is very much reliant on interims and the uncertainty of merger means an established and more stable workforce is not an option for us at the moment. As an example, a junior member of the HR team has resigned so it will be recruited but it is difficult to appoint with the merger.</p> <p>The Chair noted that the concerns raised by AdL differ from those raised in the paper and that is a governance concern. It is important to be clear on the ability to deliver the service, the balance of availability of resources and a merger is an important consideration. The Chair asked if there is a stronger risk statement being made by AdL than outlined in the paper. AdL noted it is reflected in the risk register and reflected in the comments on merger in the report. There is a plan in place, but it is a difficult time.</p> <p>IV noted he was pleased that the Quality recovery plan was referenced and asked that the data more explicitly talks to hard to fill vacancies such as maths and English tutors for Functional Skills as even if they are hard to make progress against, they are all workforce threats to delivering the quality recovery plan. IV noted that the paper is helpfully descriptive, but it is marrying up the workforce issues with the achievement recovery job more explicitly and he asked if that piece of work can be done in time for the full Board. IV noted that there is positive data on the BAME profile but continuing to make progress on that against the student cohort is a key point.</p> <p>AC reported that there is a recurring theme that governors and leaders will be aware of where there have been a series of nasty surprises that results in a recovery plan. There is then a focus on those issues and then something else comes up that governors weren't aware of. AC proposed that an organisational recovery plan is the place to focus on this to look at what are the key areas to address and what is the focus.</p> <p>The Chair noted that it is a clear set of documents. What is important is the executive being clear and upfront of the challenges they face. The tone of the commentary is really helpful, and the Chair noted that he is sensitive to the challenges of paper production and reporting.</p> <p>JJ reported that this is a constantly evolving situation and a continuing ramping up of the situation. There has been a swell of issues over the last couple of days. It is not new; it has been a "hell of a year". There are teething troubles with the building, they are only issues being noticed now with a full cohort on site which is adding to the casework AdL has referenced. JJ supported what AdL is saying and is very aware to keep a constant eye on issues.</p> <p>The Chair reported that resilience is under pressure, it is a transitional period to a brand-new estate that hasn't been tested and sounds like it is not ideal for an educational environment. It is at an operational level knowing that governors can support a series of recoveries.</p> <p>The Chair warned of the potential risk of the merger being seen as a lifeboat.</p> <p>The Chair noted that AdL has requested that the Committee review and agree with the priorities and asked AdL if she has anything else to raise. AdL asked for clarity on the expectation for something different for the Board. The Chair confirmed that it would be inappropriate for a wholesale change to the report and would like an open and transparent chairing of opinions and conversations coming from the report. IV clarified that he would value more of the tone of AdL's presentation to the Committee in the cover paper and a focus that reflects the Quality improvement recovery plan. The Chair agreed that he would find value in being transparent and clear in cover paper on areas needing governor support and guidance.</p> <p>RESOLVED: The Committee noted and agreed with the HR priorities for 2021-22.</p> <p>2. HR and Organisational Development Plan 2021-22</p> <p>3. Staff Professional Development Prospectus</p> <p>SK asked about achievement and areas of weakness and are there particular elements that need drawing out and differentiating any gaps in teaching where results were particularly poor. AdL explained that Development Plan is high level and was developed with Rose Turner (interim DP Curriculum) in the summer prior to the issues around achievement. It does talk about going back to basics. The CPD plan doesn't go into detail, but it will go into the recovery plan.</p>	<p>AdL</p> <p>CLT</p>
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	<p>JJ reported that CPD for 2021-22 focuses much more strongly on TLA and there is a relentless focus. To date there has been one effective session looking at observation with an external trainer. Rose Turner is leading on this work.</p> <p>IV noted AC's point of on the centrality of organisational design and this needs to work through governance. The specific point for the Board is has Jason got what he needs in terms of workforce planning to get what he needs from the recovery plan. He suggested this is picked out as a subset of this item at full Board. JJ confirmed he is clear on this action and there are responses already being formulated to this by CLT and he and AdL will sit down and go through this in more detail.</p> <p>RESOLVED: AdL and JJ to produce a subset item around workforce planning and the quality improvement recovery plan for the Board on the 11 October.</p> <p>4. HR and Organisational Development Risk Register</p> <p>The Risk Register was taken under item 13.</p>	AdL/JJ
6	<p>Finance (in budget) and HR KPI targets for 2021-22</p> <p>SC reported that all committees consider the proposed targets from the CLT and recommend to approve to the Board on the 20 October. It was noted that the targets had been included in the papers this afternoon, so the Committee had not had time to consider in any detail.</p> <p>The Chair asked if the targets are a true reflection and forecast and are they broadly the same as previously. He questioned if the Exec sees this as a not particularly material document or has thought and consideration gone into them based on realism, aspiration and stretch. JJ confirmed that the KPIs have gone through CLT with each taking ownership of them and JJ endorsed them as realistic and challenging targets.</p> <p>The Chair asked if the KPIs are shared with the merger partners. JJ confirmed that HCUC do have the static version of last year's targets from the QIP; they don't get the rolling updates but would be welcome to receive them.</p> <p>The Chair noted that he was struggling to add value on this and asked for further input from the Committee on anything that raises a red flag or requires further information. He asked if the intention is that there is a standard paper on KPIs through the year. SC confirmed that the KPIs are reported against by JJ as part of the Principal's report for the Board to monitor progress and also come through committees. IR noted that the finance KPIs are reported in the commentary for the finance papers.</p> <p>AC noted that the size of the recovery necessary in some of the areas is high and asked whether the quality recovery plan will be monitored at CQS and brought to main Board and JJ confirmed this would be the case. The Chair asked if there are KPIs that are a material improvement. JJ confirmed that there are in the blue section. The quality recovery plan will be embedded in QIP and this will be reviewed in depth at CQS.</p> <p>IV reported that at the end of summer he had reported to JJ that he had lost confidence in the data coming to the Board so that is the sharp focus of the recovery plan. This conversation is one for the CQS Committee but to give the Committee a context he explained that the recovery plan will be an annex of the QIP but there is something about re attaching engagement with the QIP at the right time in the governance cycle when there is a real understanding and engagement of what this recovery plan is setting out to do and the progress against it.</p> <p>The Chair noted that there is nothing outside of the sector norm in the KPIs so there does not appear to be anything as a target that is unreasonable. There are some that require significant change, and these will be discussed and debated at the full Board.</p> <p>SK asked about the VA vocational line and why the target is being dropped this year. JJ reported that the VA is being shifted back to ALPs and will add a footnote to clarify this. The CLT will review the VA targets once the ALPs target is available.</p> <p>IR noted a discrepancy between the enrolment number of 2100 and the budget allocation. JJ reported that this is a post day 42 target and 2100 is an accurate reflection. The allocation is 2093 so CLT would not target below that, and it is realistic that there will be some similar attrition rates to</p>	

previous years. The Chair questioned if that number is consistent with the economic KPIs of £16.6m. IR confirmed that it is because the budget didn't factor in any growth funding.

The Chair noted that the Committee is being asked to recommend the FRC elements (pink (HR) and purple (finance)) of the KPI document which is a bit of an ask given the time given to review the document and the discussion that has taken place. He asked if the Committee is willing to endorse with a caveat of any found issues between now and the Board raised and debated at the final Board meeting. Key KPIs are the learner numbers assumption on total income.

SK noted that line 27 is borrowing over income and questioned if that includes the £1m from Barclays. IR noted that it will have been paid back by year end and if it is not paid back there will be a variance. IR noted that there will be finance leases in place in the 2021-22 year. IR confirmed that the KPIs are all year end targets.

The Committee raised line 25 ratio of staff costs. There is an understanding of the FEC benchmark but questioned does there not need to be more spend and flex or accept that the target might stay where it is in light of the achievement rates and risks around a lean workforce. IR noted that at the moment the ratio reflects the budget and if the CLT decides to appoint staff over and above the budget that will reflect that. IV noted that a less demanding target which accepts the need for additional spend around staff this year which might move away from the benchmark could be used. The Chair reported that the target is set by definition of the budget being approved. IR noted that the income has gone up since 20/21 which affects this. The Chair asked for clarity on whether or not this is an actual top-down target or a bottom-up calculation of an approved budget. If as a CLT there needs to be flex in the target because of some of the issues around recovery plans, then these KPIs should allow flex against the budget and use this to demonstrate at year end. IR confirmed that the KPIs reflect the budget set. The Chair noted that this is a clear discipline but constrains governors for setting targets and asked for JJ's view.

JJ noted it is tricky and he doesn't want to sit at the start of the year sticking to targets when there are things that will require altering the position and there will be a cost from the quality recovery plan. JJ felt that there needs to be a measure of flex in KPIs to reflect that. IR reported that the KPI stands as the measure to compare to and then the CLT can say it had to put extra resource in for the recovery plan. JJ reported that there isn't any point in setting a target the College is unlikely to meet. IR confirmed that there is a plan to set a revised forecast at the end of the first quarter.

The Chair asked what the value of these KPIs is? Is the intention that they will report against the budget and variances against it. It is either fixed cells and not for debate or discussion or they are set by the Board and there are clearly some differences of opinion among the Exec on this. JJ would like to use them as a tool for tolerance, and IR is not comfortable to set a new budget forecast one month from operation.

AC noted that the KPIs are the outcome of the budget set and proposed that the budget is revised. There is a danger in moving the targets all the time because you can lose sight of how you have moved.

IV noted that targets should drive behaviour. For example for the ESFA the College will be reporting and narrating against the targets which in the context of JJ's job could lead to a position of wanting to take cost out to meet those targets.

IR noted that it is around being prepared to justify departure from the targets. To sit in front of ESFA and not be clear about how targets have been derived and how they came together would be a weaker position for the College.

AC noted that there is a budget which was supposed to represent the yardsticks, and already alternative action is needed to adapt the budget to reflect that and report on those alternations and outcomes.

JJ noted that the point is that the College is in a different place now from when the budget was set and there is now a recovery plan to finance.

The Chair confirmed that the KPIs accurately reflect the budget the Board approved. Where there is discretion for KPIs 14-22 this is based on sector norms and reasonable. For KPIs 28-29 there is no

	<p>previous data and targets are set based on curriculum planning. IV noted that he was surprised to see them the same and questioned have these KPIs been looked at in the context of the recovery plan. IV noted that he would agree with setting a new budget because of a core recovery on the curriculum.</p> <p>AdL noted that these KPIs are around staff utilisation and contact time and there is not a mechanism to report on it yet. HR is working with MIS on a staff utilisation report which should be available next week. The Chair noted that if the College can't measure class size this is slightly surprising. IR reported that there is no robust methodology and there is the issue of infill classes. The Chair asked if this makes a material difference. IR confirmed that there is not a particular problem with class sizes and numbers are growing so groups fill up and there are proxies for this. IV challenged this point and noted the references to classes of up to 40 students in Functional Skills which is where the bulk of achievement decline took place. This may be an exceptional circumstance but in that context, it is something the Board would very much would want to be focused on.</p> <p>AC noted that if IR is preparing to re budget as we speak he would expect that to be reported on up front.</p> <p>JJ noted that it is a CLT owned recovery plan developed by JJ with RT. IR noted that the plan has only just been completed and hasn't been costed yet so there are no figures to amend the budget. A revised forecast from the first quarter's results will be produced. MIS are pulling together an up-to-date version of the curriculum plan to compare like with like. There are costs, but the College also budgeted for more students which will be reflected in a change in class size and some classes not running. For instance, Rosh Turner has picked up on staffing assumptions required in E&M that are not required. It is a work in progress.</p> <p>The Chair reported that the challenge is how will CLT be tensioning between the resourcing and affordability given the indication to allocate more resource to deliver a recovery. Between the CLT what tools will IR be using for JJ to know the realms of recovery. IR confirmed that there is a new curriculum plan and AdL is producing an up-to-date establishment list. The two will be compared to confirm recruitment needs, that should reduce the base line for teaching because of lower recruitment. There is already a contingency fund so there should be plenty to fund the recovery work once the exact costs of staff required are identified.</p> <p>ACTION: The Chair requested that the CLT run assessment of impact, consequences of running the recovery plan and confidence of the recovery plan with the FRC and CQS.</p> <p>IR confirmed that it is a CLT owned plan and when it comes through it will be joined up and be reflected in the budget so there is one version of the truth.</p> <p>The Committee questioned if lines 28 and 29 can be accurately measured and reported on and AdL confirmed that staff utilisation will be in place by end of this week so there will be a benchmark. JJ noted that it is an established MIS function.</p> <p>The Chair noted that the aim is to have appropriate and sensible targets to measure performance against.</p> <p>RESOLVED: The Committee agreed to recommend to approve the Finance and HR KPIs to the Board subject to having time to review and come forward with any further questions and areas for review at the Board on the 20 October 2021.</p>	CLT
6.1	<p>Barclays Overdraft facility</p> <p>6.1 - Summary paper and Barclay's proposal</p> <p>6.2 - Treasury Management Policy 2021-22</p> <p>[confidential item]</p> <p>RESOLVED: The Committee recommended to approve to the Board:</p> <ul style="list-style-type: none"> • The Treasury Management Policy 2021-22 • The addition of Sheila Fraser-Whyte to the bank mandate • Delegated authority to enter into the Barclays overdraft transaction which needs to be in line with the Treasury Policy. 	
7	Draft Management Accounts July 2021	

Cashflow forecast

IR presented the draft management accounts for July 2021 and the cashflow forecast and noted he was very pleased to report the closing position in July was broadly in line with the forecast. It was 1% down on income, 1% up on pay costs. It has beaten the budget and is a good outcome. This is largely because of in year growth funding. The College has fallen short on AEB funding. The Covid funding for 16-18s Tuition Fund had been difficult to recruit the resources to deliver but the College is able to rollover and utilise for 2021-22 alongside a fresh allocation of funding which has been expanded to other areas of economic deprivation.

Additional costs for agency support for the Covid Tuition Fund not included in the forecast. Non pay costs subcontractor costs has got more to do with accrual position at the end of the last financial year which caught the College out.

The slight disappointment is staff costs as amber, which IR noted he could have rated as red at 69.37% against the revised budget of 68.9%.

The key risk is around land sale and availability of cash.

IR asked for any questions.

The Chair proposed that beating budget but not delivering achievement rates is not the right balance and is a risk on delivery. Financial discipline is very important and added to this the College is coming from a background with concern around financial performance. Shifting staff costs is indicative of an element of ethos and it is important to reflect about the resources necessary to deliver the mission. There is the organisational challenge of moving to merger. IR noted that where the need for additional resources was required it was discussed and the need met. The College was caught out, but it wasn't from a conscious lack of investment. The Chair noted that he was investigating if it was subconscious. The College has had significant challenge over the last few years and asked is there a case of budget first mission second. He noted that he may be misunderstanding the position.

JJ reported that it was important to unpack the Chair's comments. Whilst it is true that there had been no formal requests from CLT to IR to address the lean structure, it is not true to say it is budget first mission second, but to rewind to two years earlier the College was in a very difficult financial position and it had been necessary to take out a significant amount of staffing resource to achieve the financial recovery plan. In Rose Turner's report on quality issues, one of the points made is that the College has stripped a lot of resource out of management and support services and it has been to the detriment of the quality and achievement and CLT have not been quiet about that and have said that many times. JJ noted that he could not say, with knowledge of last year's achievement rates, that this has not had an impact.

IV noted that across the course of the last academic year there were no explicit points raised about lack of finance and teaching resource putting at risk achievement for this year and it wasn't a feature of the conversation between CLT and the Board last year.

JJ noted that resource wasn't taken out of teaching but CLT were very clear about the risk around the merger and lean staff, and it is lean because of the financial recovery that had to be put in place. The Chair noted that there is a balance that needs to be struck.

AC reported that through the intervention and merger process he had led the Board to challenge the position of the FEC overloading the CLT at the time of recovery and layering on top merger and post-merger. The Board did give the CLT the opportunity to come forward on this point of capacity and at no time was it raised that the expectation was that results would fall away. AC noted that he was in no way playing down the stress on the CLT, but the achievement outcomes are portrayed as a very nasty surprise and the Board was not aware that this was part of delivering the budget.

The Chair noted that the College will benefit over the next year from the outcomes of the budget and summarised that IR is aware of some adjustments, but none are material at the moment. IR will present the final figures at the next Committee and will provide a bridge summary of what has moved.

	<p>AdL reported there are no areas of great concern to report. It was a strange year, and the main focus was around Covid and the safeguarding of students.</p> <p>The Chair questioned where health and safety sits within the governance structure and whether there is a strong H&S structure in place at the College and assurance that the policy is fit and appropriate. He noted that H&S is a heavy responsibility, and it is important that the governance is fit for purpose around it. SC noted that H&S is a full Board responsibility and comes through FRC prior to the Board. The Chair noted the H&S duties in the FRC terms of reference.</p> <p>The Committee noted the health and safety issue with the balustrade which will require spend and there is an intention to pursue. This is a potential hazard, although the building has been signed off in health and safety terms. It is an emerging issue coming back to full student capacity which the College is finding issue to resolve. It creates an operating risk but is compliant and there is no contractual recourse to people to fix it. The Chair asked if the College has costs or is pursuing likely costs. JJ reported that Fusion is currently getting quotes on different solutions. The Chair asked if this will be captured as an extraordinary item under construction and asked if there is a capital budget. IR noted there is, and this will be taken forward when quotes are received.</p> <p>The Chair asked if the College is able to take any mitigations to make it a less risky item. AdL confirmed that the College has increased signage and security, as the risk is around managing student behaviour.</p> <p>The Chair noted that it is a duty of care around 16-19s to enable best possible behaviour against a realistic understanding of behaviours.</p> <p>ACTION: The Chair asked for an update from CLT on why the solution for the balustrade will remove risk, the costs and budget area, mitigations in place during this period and a timetable for action.</p>	CLT
9	<p>Policies</p> <p>1. Health, Safety and Welfare policy</p> <p>AdL confirmed that the College are developing a joint policy with HCUC, the policy presented is a roll over from last year and there are no changes to report.</p> <p>RESOLVED: The Committee recommended to approve that the Health, Safety and Welfare policy is approved without change for 2021-22 subject to the Chair looking at in greater detail to understand the consequences of the policy</p> <p>2. Environment and Sustainability policy</p> <p>AdL reported that the policy was created last year and there are no updates to report.</p> <p>RESOLVED: The Committee recommended to approve that the Environment and Sustainability policy is approved without change for 2021-22 subject to the Chair looking at in greater detail to understand the consequences of the policy.</p>	JA JA
10	<p>Finance and Resources Committee terms of reference</p> <p>SC reported that the Committee last reviewed its terms of reference in June 2020, followed by Board approval in July 2020. Terms of reference reviews were aligned to take place annually in the summer term but due to the expected dissolution date of 30 July 2021 this did not take place. As there has been a delay to the merger it is recommended that the terms of reference for all committees are considered and approved in the Autumn term.</p> <p>There are no recommended or statutory changes required to the FRC terms of reference.</p> <p>RESOLVED: The Committee confirmed they were happy with the current terms of reference which will be recommended for approval at the Board</p>	
11	<p>IT and resources strategy update</p> <p>IR reported that the College has not developed any further strategy around IT since the last meeting. The main focus is developing the strategy around remote learning and to what extent is the extensive fleet of equipment deployed. The Chair asked about systems compatibility around the merger and IR noted that RuTC have achieved Cyber Essentials and because of the investment with the new campus are in a strong position with HCUC being better at back-office integration.</p> <p>The Committee asked about quality of management information to support executive decisions and if that is covered in the IT strategy. IR noted that information strategy is very much part of this and is an area being hit by merger where things are not progressing.</p>	IR

	ACTION: The Committee asked that IR continues to work on the IT strategy and bring to a subsequent meeting.	
12	<p>Merger risk register including update on progress with pensions JJ provided an update on the merger risk register which is a standing item on the Joint Steering Group agendas with HCUC. The principal focus of both colleges in that respect is on managing the redevelopment project risks.</p> <p>1a - Planning applications for sports halls submitted by both parties– a meeting is taking place tomorrow with the Council and planning authority to talk about the sports halls</p> <p>1b – RuTC consider transfer of small parcel of land to Council to enable School sports hall development within existing planning parameters – Heads of terms are ready to go and drafted and awaiting formal request from the Council once 1a is resolved</p> <p>2 – Heads of terms for a further deed of variation and tranche payments finalised with Clarion – a meeting is taking place with Clarion meeting next week to progress</p> <p>3 – Confirmation with GLA with regards to clawback – [confidential item]</p> <p>4 – impact of 1-3 to student targets remains the same.</p> <p>5 – School Sports Hall funding gap. At REECH Free Schools Capital (DfE) proposed a 50-50% split with the Council which was received favourably by the Council at the meeting.</p> <p>6 – Financial implications of the interest paid on drawdown – this is now progressed with the overdraft facility which has 10% of the original anticipated impact</p> <p>7 – Inflationary costs associated with building materials – remains the same</p> <p>8 – Leaseback charges to RuTC for late release of premises to Clarion – this remains 14 months for leaseback charges.</p> <p>JJ referred to part two of the merger risk register and highlighted the following risks: 1-Failure to dissolve by 1 August 2021- the length of delay to merger now looks likely to be beyond six months and FEA have put in revised milestones 3- VAT issues – HMRC’s rules on change of ownership class the building as change of use triggering a £1.5m crystallisation of a VAT bill. IR confirmed that PWC have been brought in. The Chair noted that is a significant cost to merger but asked would it de rail merger? IV noted that it had been part of the early discussions during the SPA. HCUC want ESFA to fund this but they won’t. Other options have been explored such as HCUC dissolving which would have had a significant economic impact but HCUC were not content with this proposition. IR confirmed that there is no longer a budget line to recycle that funding from Treasury to DfE. JJ confirmed that everything else on the register is green and amber and asked if there are any questions on other risk items. The Chair noted that there is already significant weight of governance on the merger process through the JSG.</p>	
13	<p>Risks relating to Finance and Resources and HR AdL noted that the HR risks are included under item 5. The Chair asked what the Committee’s role is around risk and SC clarified that the Audit and Risk Committee have oversight of the full risk register which also comes to the Board and the Committee’s consider risk items related to their remit at each meeting. IR noted that it is a back stop sense check to ensure meetings cover the relevant items and risk areas. The Chair asked if IR, JJ or AdL have any comments or specific issues to raise, and it was noted this had been addressed on the agenda.</p>	
14	<p>RuTC Trading Services Ltd minutes from 15 September 2021 SC noted that it was requested by the Board last year that FRC would receive minutes from the RuTC TS meetings to ensure oversight. IR reported on the meeting discussions. The outturn had been better than forecasted due to an issue in the finance team with reconciliation work which has now been addressed. Trading projections should improve, and TS is recruiting a café manager to help accelerate that. The Chair suggested that the Committee consider TS in greater detail at a future Committee when it has started to trade again and is dealing with trading in a new building.</p>	
15	Any other business	

	[confidential item] ACTION: SC to send through the membership and terms of reference for the Strategy Working Group to the Chairs for further discussion on a governance platform to consider the strategic plan for the outcome of merger breakdown	SC/IV
16	<p>Meetings for 2021-22 – 23 November 2021; 15 March 2022; 22 June 2022 (all 17.30 start)</p> <p>Meeting dates were noted. The Chair asked the Committee to consider if they are comfortable with the frequency of meetings in ensuring that they do not feel disconnected from key business.</p> <p>ACTION: The Chair asked IR to consider this further and propose further meetings if appropriate.</p> <p>IR noted that an extra meeting in January is sometimes scheduled dependent on ESFA returns and he will give this thought.</p>	IR

Meeting closed: 19.57