

Finance and Resources Committee Meeting
Wednesday 27 November 5:50pm
Board Room RuTC

MINUTES

Committee: Rosh Sellahewa (Chair); Andy Chew (Independent Governor); Dayo Oduguwa (Independent Governor); Diane Dimond (Interim Principal).

In Attendance: Diane Dimond (interim Principal); Ian Rule (Interim Finance Director); Natalie Breeze (Head of Governance); Sue Kingman (Vice Chair) (Member, Audit Committee) (observer)

Apologies: Nick Deeming and Robert Shaw

1. WELCOME AND APOLOGIES:	ACTION
Apologies received from Nick Deeming and Robert Shaw.	
2. DECLARATIONS: Members of the Committee confirmed they had no interests to declare either generally or specifically in relation to items on the agenda.	
3. MINUTES: The minutes of the meeting of 03 July were APPROVED as an accurate record of the meeting.	
4. ACTIONS: It was AGREED that a full list of the Actions 2019-20 will be circulated to Committee for review. It was confirmed that the relationship with Fusion is led by the Director of Finance and the Executive Director of Business Innovation and Development, rather than the Principal, as agreed at the previous meeting.	Full list of Actions 2019-20 to be circulated to Committee for review.
5. RUTC POST AUDIT MANAGEMENT REOPRT YEAR ENDED 31 JULY 2019 (Post Audit Report, Audit Representations RuTC, Audit Representations RuTC Trading Services Limited) (paper) (for discussion) IR reported that the closing meeting with Buzzacotts was successful. It was noted that the accounts are still subject to a provision of £141k subcontractors' costs and 60k additional bad debt provision. A number of items are highlighted which are to be adjusted prior to final version being put to the Board for approval. Management letter [confidential item] Letter of representation The Committee noted that the College is a going concern. A question was raised about the ownership of land. It was noted that the ESFA will stand in the shoes of the Government in relation to this and are aware of the position in relation to ownership of land. The Committee agreed the letter of representation.	
6. COLLEGE ACCOUNTS: Year-end 31 July 2018 (paper) (for review) The Committee undertook a 'page turn' of the accounts and made a number of points:	Amendments to be made to the accounts to reflect

<ul style="list-style-type: none"> • Page 5: it was noted that reference is made to the capital build as part of a difficult year. It was AGREED that this reference should be amended as the current financial situation of the college is not due to the capital project. • Page 8: payment performance (Treasury target of payment to suppliers within 30 days, of 95%). The Committee sought confirmation that the College incurred no interest charges in respect of late payment for the period. IR confirmed that no charges have been made although it is not known firmly that this is true. It was AGREED that IR Will check this question with the Finance team and the wording will be amended if necessary, possibly to add the word ‘material’ charges. • Page 9: whether the current restructure will impact the number of staff employed (noted as 220). It was noted that there are 13 staff redundancies from Phase One of the Cost Savings exercise. Significant vacancy management accounts for one third of the reduction. It was noted that Phase One savings represents 7% of the total pay bill. IR explained that £2m savings needed is approximately 20% of the £10m college turnover. The Committee considered this note and AGREED that no additional wording referring to the savings, is needed. • Page 11: The Committee noted that the number of apprentices needs to be included in this section. • Page 15: The Committee AGREED that the table of members who served on Board and Committees to be amended. It was AGREED that a check will be made as to whether David Cope was a member in financial year 2018-19. • Page 17: It was noted that there is reference to the Audit Committee comprising four members. It was AGREED that a check will be made to confirm whether there were four members of AC for whole of the financial period. • Page 16: It was AGREED that the findings of the Internal Audit report should be included in the commentary once finalised. The Audit Committee is currently discussing the final report with the internal auditors. • Page 21: There is a ‘not’ missing from the confirmation. It was AGREED that this will be amended. • It was noted that in relation to the figures, deficit of £6081 will increase to £6281 due to the debt write off provision and £140k of subcontractor costs. Noted that the student debt is over three months old. There is no formal policy on debt write-off and student debt had not been pursued. <p>The Committee AGREED the accounts for recommendation to the Audit Committee and the Board.</p>	<p>the Committee’s comments.</p>
<p>7. COLLEGE SUBSIDIARY COMPANY ACCOUNTS RuTC Trading Services Ltd (paper) (for review)</p> <p>The Committee noted that profits of £16k are gift aided to the Corporation. This is surplus and no tax on profits. It was noted that reference to Creditors relates to food suppliers.</p> <p>The Committee AGREED the accounts for recommendation to the Audit Committee and the Board.</p>	<p>Accounts, following amendments, to be recommended to the Audit Committee for their consideration and recommendation to the Board.</p>
<p>8. FUNDING UPDATE 2019</p> <p>The committee noted the new report produced by the Finance team which will be further developed for future meetings. The committee:</p> <ul style="list-style-type: none"> • Noted that 16-18 current learners are 117% of the 2019-20 funding allocation statement which is good news. Numbers are provisional as checks are still to be 	

<p>completed before RO4 on 05 December. Currently 40 learners have not attended in the last 30 days.</p> <ul style="list-style-type: none"> • Noted that ESFA has further clarified the position in relation to in year funding: The College needs to have 200 learners above funding levels; the College has reached this number. ESFA will net off the extent to which the College under recruited last year (and payment received). The in-year funding is calculated at 50% of the difference. Noted that the rules appear fluid. Noted that the final numbers will be confirmed at the Board meeting on 11 December. Noted that the 40 learners not included in the ESFA calculations are less likely to trigger a threshold break in relation to funding. • Noted that Apprenticeship funding has been impacted by the 2018-19 funding assurance audit, some learners were removed from funding due to non-compliance. Total number of apprentices is 133. • Asked whether there are any benchmarks against rest of sector/geographically. Noted that the performance of demographics will be monitored over time and information e.g. population growth in Richmond, will be used as part of the planning. This is complex as we draw students from across other boroughs. Noted that some data has been obtained from Richmond and hoping to get some from Hounslow (two key catchment areas). The AoC may also have information. <p>The Committee welcomed the report.</p>	
<p>9. FINANCE DIRECTOR'S REPORT ESFA Financial Plan July 2019 Management Accounts, September 2019 Management Accounts, Cash flow for October 2019) (paper)(for discussion)</p> <p>The Committee considered the new report and noted:</p> <ul style="list-style-type: none"> • ESFA financial plan – IR reported that version 1 was submitted 09 October. Version 1a has now been submitted, incorporating the draft outturn for 2018/19 and with a balanced balance sheet and indirect cash flow statement but with no other changes to assumptions. [confidential item] • 2018-19 year-end - generally speaking this is positive. Andy Chew (AC) asked whether further restructure is allowed for in the accounts. IR confirmed that no further changes are planned however a provision of £150 has been included. The Committee agreed this approach is prudent. It was noted that the College is behind the sector in relation to pay increases. • July management accounts – IR highlighted the variances. The Committee noted that all elements have been rationalised. [confidential item] • Insurance for cyber security – Sue Kingman (SK) said that discussions had taken place with the previous interim Finance Director and with Garod Barker, Director of IT and Estates. IR confirmed that insurance is not yet in place however a quote has been obtained that is value for money. The Committee AGREED the recommendation that insurance should be taken; it was noted that a quote has been obtained and is good value for money. It was AGREED that IR will check that this would not duplicate insurance cover already in place. • 19-20 September management accounts college level – [confidential item] It was noted that the Head of Finance is chasing up older student debt. • Creditors – the Committee said that £65k over three months in relation to creditors is of concern and that reassurance is needed that this is kept under control. It was AGREED that this should be tracked with the aim of showing improvement. DO asked how the debtor and creditor are picked up in cashflow. IR explained that creditor balances have been cleared; if creditors have grown they need to be paid, but this may need further work. AC asked whether it is usual 	<p>Cyber Security Insurance to be taken out.</p>

<p>for student loan debts to be over three months old. IR confirmed that this is not usual.</p> <p>The Chair thanked IR for the report which he said provides the most visibility the Committee has had for some time. He thanked IR for providing full and open disclosure.</p>	
<p>10. ESFA CASE CONFERENCES</p> <p>The Committee noted that the most recent case conference took place on 20 November and that the ESFA is generally content with the information provided to date.</p>	
<p>11. COLLEGE REDEVELOPMENT FINANCE UPDATE</p> <p>The Committee noted that an application is being prepared for GLA approval in relation to the STEM savings. This needs to be submitted by 10 December and requires Board approval. A steer is awaited from the GLA about the content of the paper.</p>	
<p>12. MEETINGS:</p> <ul style="list-style-type: none"> i. Date of next meeting: Tuesday 10 March 2020 ii. Future meetings: Tuesday 23 June 2020 <p>It was noted that a meeting for 07 January 2020 had been pencilled in however it was likely that this would not be needed.</p>	
<p>13. ANY OTHER BUSINESS</p> <p>No items of any other business were raised</p>	

There being no items of any other business the meeting ended at 7:00pm

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Rosh Sellahewa

Chair