

## Further Education Corporation

### Meeting of the Policy and Resources Committee

5 September 2022

#### MINUTES

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<b>Timings</b>	<b>18.00 to 18.58</b>
<b>Location</b>	By teleconferencing
<b>Present (Governors):</b>	<p><b>P&amp;RC Members</b>  Lee Freeman (Chair)  Dr Rod Gray  Elizabeth Sipiery (Chair of Governor)  Sarah Stone  Denise Brown (Principal and CE)</p> <p><b>Other governors by invitation</b>  Roland Anderson (co Vice-Chair)  Rick Olver (co Vice-Chair)  Ian Spademan (Support Staff Governor)</p>
<b>In attendance</b>	Anthony McGarel (Deputy Principal and CE) Daniel Olorode (Director of Finance) Melissa Drayson (Clerk to the Corporation)
<b>Apologies for absence</b>	Louise Parr-Morley
<b>Quorum (4)</b>	The meeting was quorate throughout

Item	Action lead
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#### 1. Preliminary Items

The Chair opened the meeting and welcomed colleagues back after the summer holiday. This was an additional meeting to consider the 9<sup>th</sup> September CFFR return on the 31<sup>st</sup> July 2022 financial position, as required by the ESFA Colleges Financial Handbook.

Members were reminded that, although the authority for signing off the CFFR resided with the Accounting Officer, the Corporation had decided that governors should have oversight of each return prior to submission.

##### 1.1 Apologies for absence

Apologies listed as above

##### 1.2 Declarations of interests

Previously declared interests were brought forward. There were no new declarations relating to items on the agenda.

### **1.3 Urgent items of other business**

No urgent items of other business were raised.

## **2. CFFR Return- 31<sup>st</sup> July 2022**

*Supporting papers presented by the Deputy Principal and CE and Director of Finance*

The following papers had been circulated in advance of the meeting:

- Commentary
- 31<sup>st</sup> July Management Accounts
- CFFR Return
- Cashflow forecasts with and without capital expenditure.

Discussion focussed on the 2021-22 year-end position. Governors noted the further deterioration in the actual outcome since the 2022-23 budget was approved to a deficit of £300k. It was confirmed that the budget had not been changed but would be reviewed once learner numbers for the year were known. There would be an additional P&RC in October to consider the September Management Accounts and income forecasts for the year.

Many of the factors contributing to the year-end out-turn were recognised from previous Committee and Corporation discussions and it was noted that the exceptional capital income from Nethermayne and the balance sheet adjustments had helped to offset the impact. The increase in HE validation fees had, however, been significantly beyond the budget figure and premises costs had continued to increase, particularly with the increase in energy prices.

It was reported that the year end cash position had been on target, and all financial covenants had been met.

Governors asked if there was likely to be an upturn in apprenticeships in the next year. Management confirmed that the plan to diversify was going ahead but it was thought unlikely that Tesco numbers would recover. The Committee was informed that the change in Tesco's policy had been a commercial decision and was no reflection in their satisfaction with the College.

The year-end apprenticeship income figure might, however, be £200k higher when end point assessment funding came through. The 2022-23 budget was deliberately cautious.

In response to further questions, it was confirmed that processes were now in place to manage supplier payments in anticipation of cash pinchpoints in January to March and July 2023.

Governors noted the CFFR return and that this reflected the previous budget framework. Management were asked if there had been communications with the ESFA about areas of significant adverse variance to the previous CFFR. It was explained that the key area was the increase in energy costs, which were now forecast at 300%. The FE Commissioner had been asked by ministers to gather evidence on

the impact on college budgets, but there was not yet any indication of financial support.

Following discussion, it was agreed to stick to the plan to test the budget during the Autumn Term, and to take stock at the end of term of controls, budget assumptions and the impact of the restructure. The need to continue a transparent dialogue with the ESFA was stressed. It was noted that, in the longer term, there would be a range of estate options including the sale of the Aveley site.

The cashflows with and without Capex were welcomed. The Committee noted that this would be the last year of high cash variances caused by capex. This would need careful management but good controls were now in place. Governors were informed that, in anticipation of the Nethermayne income coming to an end, a capital bidding process was being put in place to ensure that future capital plans were linked to curriculum need and areas of growth.

Management were thanked for a clear set of papers. The commentary had been a particularly useful document. A request was made for further work to ensure that financial reports were easily understandable for non-financial governors.

**AGREED: That further work be undertaken to simplify financial reports to ensure they were accessible to all governors.**

**DOF/  
DPCE**

### **3. Dates of future meetings**

The Chair reminded governors of the decision to hold monthly P&RC meetings during the first term of the new year. It was noted that the September Management Accounts would not be ready in time for circulation prior to the 17<sup>th</sup> October meeting. Governors confirmed that they would be content to receive these at the meeting as this would be the only item. Rod Gray gave his apologies in advance for this meeting.

A full P&RC would be held on 3<sup>rd</sup> October as planned

### **4. Other Business**

The Committee noted that this would be Melissa Drayson's last meeting as Clerk and took the opportunity to thank her for her support and to wish her well in her new job.

There being no further business, the Meeting finished at 18.58

Signed.....Dated.....