

Minutes of the Finance and Resources Committee meeting held in the Executive Boardroom at 1630 hrs on 28 November 2019

Present	Rod Allerton	Ian Jackson	Michael Rabbett
	Bryan Redshaw (Chair)	Simon Smith	Rachel Nicholls (Acting Principal)
In Attendance	Ralph Devereux (Interim Clerk)	Greg Hanrahan (MD Business)	Catherine Hall (ED (HR))(16-18/19 only)
	Charlotte Hobday (Interim (Dir Fin))	Angela O'Reilly (VP(C& Q))	Peter Walker (VP(cs))
Apologies	Kelly Swingler		

PART ONE

STANDING ITEMS

F16/19 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS

The apology was accepted. The meeting was quorate, no notice had been received of any Member becoming ineligible to hold office and there had been no unregistered interests declared; the register remained as previously declared.

The information was noted and received.

F17/19 MINUTES AND ACTIONS

- a. The Minutes of the last meeting held on 3 October 2019 were confirmed for electronic signature; action delegated to the Clerk. **(Action 1)**
- b. Matters Arising from the Minutes. There were no matters arising.
- c. Action Register; actions from the previous meeting were considered.

	Please refer to referenced Minute for further detail	Status
Action 1	F03/19. (P3) Last minutes (27.06.19) confirmed for signature.	Complete
Action 2	F08/19. (P19) PW put forward to be Director of PSA.	Confirmed
Action 3	F10/19. (P21) Enrolment numbers to members each Friday.	complete
Action 4	F13/19. (P26) Financial regulations as amended approved.	Complete
Action 5	F30/19, (P28) Cttee TORs recommended for approval.	

- d. Training and Attendance. The Chair had met with the Business curriculum area, regular meetings continued re Safeguarding and the Venture Board and actions continued.
- e. Urgent Business. There was no urgent business requested.
- a. **The information was noted.**
- b. **Action had been identified.** (Register at 29/19)

BUSINESS ITEMS

(Papers had been available well in advance to familiarise Members)

F18/19 HR UPDATE

The rolling report generally included the first 2 months of the academic year. Staff numbers continued to reduce with 42 departures in the last 2 months, probably caused by the pay cost

reduction process, the comparative percentage of which now stood at 64.3% for the College (in scope with the FE Commissioner's target of 65%) and 64.7 for the Group. Staff turnover had reduced to 22.3%, but remained above the AoC national benchmark of 18.2%. Days lost per employee remained at 5.8, with the main reason (36.5%) quoted as psychiatric reasons. Performance Management issues had reduced to an average of 12.3 month reduced from the previous year's 16.4, most were discipline related followed by sickness and capability and a small number of other causes. There had been one dismissal and 6 formal warnings. The information was fully explained in the formal comprehensive and detailed report together with the Annexes, all of which were noted with no questions.

The information was received.

The ED (HR) left the meeting.

F19/19 ANNUAL FINANCIAL STATEMENTS

- a. Reconciliation to Management Accounts. The reconciliation was explained. Major elements included:
 - (i) the annual surplus had been reduced by a reduction in the Adult Education Budget (AEB) of £10k;
 - (ii) the sole adjustment to the Income and Expenditure (I&E) account related to FRS 102 issues; and
 - (iii) the full reconciliation between month 12 management accounts (including APT and PRCV) and the Annual Financial Statements (AFS)
- b. PRC Group consolidated Accounts. AFS 2018/19 and Regularity Report. The Committee remit was to consider the findings of the External Auditor (BDO), to scrutinize the AFS and the Regularity Report, and to recommend the document(s) for signature if appropriate. Complete sets of marked up documents had been circulated to inform the considerations. The unqualified opinion on both the accounts and the Regularity Report was noted and welcomed. The AFS narrative and numbers were then fully and closely scrutinised and some agreed minor amendments were identified. The Financial Health Grading of "Good" was welcomed and the technical deficit after application of FRS 102 numbers was noted. After full and detailed discussion, it was unanimously agreed to recommend the documents (with any agreed amendments incorporated) to the Corporation for acceptance, approval and signature. **(Action 2a)**
- c. The same Committee remit also applied to:
 - (i) Anglia Professional Training (APT) Ltd. The APT information was considered and discussed; particular note was taken of the "Going Concern" statement in the Directors Report, although some reservations whether the Balance Sheet supported the view were expressed; and
 - (ii) PRC Ventures (PRCV). The PRCV information was considered and discussed.

It was unanimously agreed to recommend the APT and PRC Ventures documents (with any agreed amendments incorporated) to the Corporation for acceptance, approval and signature. **(Action 2b)**

a. The information was noted.

b. Action had been identified. (Register at 29/19)

F20/19 ESFA FINANCIAL HEALTH

A letter (attached) dated 23 October 2019 had been received from the Education and Skills Funding Agency (ESFA) confirming the forecasted Financial Health, for the current year as "Outstanding" and in 2018/19 as 'Good'. The Annex contained the "Financial Dashboard" which was welcomed as it provided useful sector comparative data.

The information was received.

F21/19 MANAGEMENT ACCOUNTS

Financial matters were included in a single report supplemented by a comprehensive list of appendices and a detailed narrative. The forecast YTD remained positive, although reduced, all variances fully explained and numbers detailed in the paper. The revision included the agreed 1% staff pay award although no provision had yet been made for the iMET position. The accounts were received and noted. **(Action 3)**

- a. The information was noted.**
- b. Action had been identified. (Register at 29/19)**

F22/19 SUBSIDIARY COMPANIES

- a. Group accounts. The consolidated Group accounts (PRC, APTLtd & PRCVentures) were considered and the forecast positive surplus was noted. UCP (not a wholly owned subsidiary) was forecast to break even.
 - b. University College Peterborough (UCP). UCP remained a joint venture with Anglia Ruskin University (ARU) who completed the accounts and records, the background was fully explained in the accompanying papers. After meeting with ARU a detailed revised forecast had been detailed, which had compensated for lower than expected income by reducing expenditure; the detail, including the forecast surplus until year 7, was circulated and would be uploaded to the Office for Students in draft form and then formally approved at the December board meeting. The Office for Students (OfS) had required monthly monitoring of student/growth numbers and the action plan determined by the UCP Shadow Council was attached. The approved (by UCP Board) end of year accounts together with the letter of representation were attached; the resultant loss would be met from reserves. All associated actions with the revised forecast and the Shadow Board recommendation of the accounts were noted and approved. **(Action 4)**
 - c. APT. APT had started the year well and all was in line with expectations. Details of investment were discussed and the possibility of paying down the PRC loan was explained. The relationship between Gift Aid and Corporation Tax would be considered in detail to be brought to the next meeting. **(Action 5)** The information was noted.
 - d. PRCV. The forecast deficit for PRCV was £96k against a forecast surplus of £10k, the reasons for the situation were explained in the accompanying paper and explained together with mitigating and corrective action, which was remodelling back to core delivery. The cash position was critical and if PRCV was to continue trading then a further immediate loan from PRC was necessary and requested; a maximum of £100k with initial certain availability of £20k in January and February and the possibility of more up to July 2020. This would be in addition to the existing loan of £105k. There was then consideration of the loan and whether it could be interpreted as a "subsidy", however this was a critical service to PRC and continuance should be guaranteed until after merger; for that reason the loan had been recommended by the auditors and that gave comfort to the Committee. A draft letter, specifying agreement to the request and detailing the terms was circulated, no set amount was mentioned but it would initially be limited to £50k. The issue was discussed at length and was it unanimously agreed to recommend the facility and the letter to the Corporation. **(Action 6)**
 - e. PSA. There are currently no accounts available for PRC; the information was noted.
 - f. IMET. Financial accounts up to 31 October discussed. Concerns were expressed about current performance against business plan. To be discussed in the confidential section of the meeting.
- a. The information was noted.**
 - b. Action had been identified. (Register at 29/19)**

F23/19 FINANCIAL SUPPORT (SUBSIDIARIES)

A draft Policy had been developed to:

- a. protect the interests of the College by setting limits to financial support for subsidiaries;
- b. assist subsidiary Directors by defining that support;
- c. set a treasury management framework for subsidiaries; and
- d. signpost legal requirements in this area.

The forms of financial support available (at entirely the College discretion) were detailed in the Policy, which had been developed with Eversheds' advice and it was recommended to the Corporation for approval. **(Action 7)**

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 29/19)

F24/19 UPDATES

Apprenticeships. Planned apprenticeship provision had been achieved and there were no funds to subcontract starts in 2019.20. The accompanying paper fully detailed the case for increasing subcontracting element of the Adult Education Budget (AEB) by a further £90k (to a total of £334k), an amount consistent with the College budget. The proposal was discussed in detail and, it being in the gift of the Committee, was approved. **(Action 8)**

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 29/19)

F25/19 ESTATES

a. Common Room. The approval of capital plan expenditure included an agreement that further projects would be considered later in the year and refurbishment of the Student Common Room at a total cost of £108k was proposed; funding would be transferred from the IT rolling replacement plan (currently on hold). Full detail of the scheme was detailed in the attached paper and was discussed, the work would be completed during the Easter break in 2020. It was agreed to recommend approval of the scheme to the Corporation. **(Action 9)**

b. Jobsmart and DfE Expenditure Survey. The information in the accompanying paper was noted and updates to the ESFA capital grant policy would be circulated when available.

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 29/19)

F26/19 OfS

A letter from the OfS (the national Higher Education (HE) regulator) had been received, notifying of missed dates for payment of fees and submission of data. It appeared that the minor time lapses in question had prompted an overreaction by the OfS, an experience widely shared across the sector and being progressed by the AoC; as required by the OfS the attached letter and action to prevent recurrence, was noted by Members. **(Action 10)** The College reply and administrative listing of submission dates would be circulated to all Members. **(Action 11)**

- a. **The information was noted.**
- b. **Action had been identified.** (Register at 29/19)

F27/19 URGENT BUSINESS

There had been no urgent business requested.

F28/19 DATES OF NEXT MEETING

The next meeting would be at 1630 on 19 March 2020.

F29/19 ACTION REGISTER

Please refer to referenced Minute for further detail		Resp	Date
Action 1	17/19a. Last minutes (03.10.19) confirmed for signature.	Clerk	wie
Action 2a&b	19/19b/c. All accounts recommended to the Corporation.	Chair	12.12.19
Action 3	21/19. Management accounts noted.		wie
Action 4	22/19b. UCP accounts recommendation noted.	VP(CQ)	19.03.20
Action 5	22/19c. Tax detail to next meeting.		
Action 6	22/19d. Loan and letter recommended to Corporation.	Chair	12.12.19
Action 7	23/19. Financial Support Policy recommended to Corporation.		wie
Action 8	24/19. AEB increase approved.		12.12.19
Action 9	25/19a. Common Room project recommended to Corporation.	All	wie
Action 10	26/19. OfS letter noted by Members.		
Action 11	26/19. Reply to OfS and dates circulated to Members.	VP(CQ)	asap

Ralph Deneveu (Clerk) for Brian Redshaw (Chair)

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Final Audit Report

2020-03-23

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