

CROYDON COLLEGE BOARD OF GOVERNORS

FINANCE AND RESOURCES COMMITTEE

6 MARCH 2019 at 18.00 room 422

MINUTES

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MEMBERS: Rosaleen Liard (Chair)  
Caireen Mitchell (Principal and CEO)  
Varsha Mehta  
Gordon Smith  
Chris Wright  
External member

IN ATTENDANCE: Dawn Croucher (DHR)  
Ann Christine Harland (VPF&R)

INTERIM CLERK: Ra Hamilton-Burns

	Item	Action
1	<p>The Chair introduced Ra Hamilton-Burns as the interim Clerk for this meeting.</p> <p><b>Apologies for absence and Chair's introductions</b></p> <p>Chris Wright had sent apologies.</p> <p>The Chair noted that the Board is actively seeking two qualified accountants for the Board and that once appointed, one would sit on the Finance Committee. She noted that Ra Hamilton-Burns had been asked if she would contact Inspiring Governance on behalf of the College to advertise the vacancies. Any suitable candidates will be considered by the Search Committee and then recommended to the Board.</p> <p><b>Action: Ra Hamilton-Burns to send details of Inspiring Governance to Shariel Condappa and assist in registering the Board's vacancies.</b></p>	RHB
2	<p><b>Declarations of interest</b></p> <p>There were none in addition to the register of interests.</p>	
3	<p><b>3.1 Minutes of the meeting held on 23 January 2019</b></p> <p><b>Item 4</b></p> <ul style="list-style-type: none"> <li>• The self-assessment was circulated in the papers</li> <li>• The report on apprenticeships had been sent by email immediately prior to the meeting and copies were tabled.</li> </ul> <p><b>AGREED: THE MINUTES OF THE MEETING HELD ON 23 JANUARY 2019 WERE AGREED AS A TRUE AND ACCURATE RECORD.</b></p>	

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	<p><b>3.2 Confidential minutes of the meeting held on 23 January 2019</b></p> <p>A copy of the press release and a letter had been circulated to Gordon Smith but not to the other members of the Committee. Rosaleen Laird commented that she had seen very positive coverage, particularly on social media.</p> <p><b>Correction - The F&amp;R Committee was to meet with the VPF&amp;R before the EXTRAORDINARY meeting.</b></p> <p><b>AGREED: THE CONFIDENTIAL MINUTES OF THE MEETING HELD ON 23 JANUARY 2019 WERE AGREED AS A TRUE AND ACCURATE RECORD.</b></p>	
4	<p><b>Matters arising from the minutes not already on the agenda</b></p> <p>There were none.</p>	
5	<p><b>Financial monitoring</b></p> <p>Ann Christine Harland explained that there are two sets of management accounts presented to this meeting, one for each legacy college. The merger of Croydon and Coulsdon Colleges had taken place on 12 February 2019. These accounts will be used to set the budgets and the merged entity of Croydon College accounts will be reported in March 2019.</p> <p>The closing audit report of Coulsdon College will be presented to the Audit Committee and therefore the audit of Coulsdon will take place at the end of March. It is proposed that RSM, the previous accountants for Coulsdon should undertake the audit as they are able to offer institutional memory and context. Varsha Mehta asked if this could be undertaken sooner, Ann Christine Harland explained RSM do not have capacity for this immediately, but a proposal to appoint RSM will go to the Audit committee for ratification.</p> <p><b>Action: AMH to submit formal proposal to the Audit Committee to appoint RSM as the auditors for Coulsdon College for 2018-19.</b></p>	ACH
5.1	<p><b>Management accounts for Croydon College to 31 January 2019</b></p> <p>All of the merger costs - £85k non-pay and £18k pay costs have all been accepted as eligible costs by the Transaction Unit. This means that the deficit outturn is reduced to (£56k).</p> <p>Ann Christine Harland reported that nothing material has changed in-year. What has changed is the in-year starts for short-courses and distance learning which is going to result in the engagement of a sub-contractor of £250k, which has been adjusted since the papers were issued. The remaining AEB work will be run in-house.</p> <p>Rosaleen Liard commented that the previous meeting had given significant scrutiny to this item and offered a great deal of detail and it is pleasing that nothing has altered. She asked why the conversion to actual enrolment from original applications was so poor. Ann Christine Harland said that bringing provision on in-year meant that marketing and courses need to be carefully planned to ensure that it meets learners' demand. Gordon Smith asked if this meant that the College should not undertake in-year provision in future or if rather it should be done more strategically. Rosaleen</p>	

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Liard asked who is being targeted for short courses. Caireen Mitchell responded that it was local Croydon residents. Gordon Smith commented that the banner adverts outside the College for short-courses are not immediately informative and might be reconsidered.

Rosaleen Liard observed that she had been involved in a lunchtime event yesterday and one of the speakers was from a local employer who explained that the collaborative relationship with the College allowed him to offer a taster for learners in the workplace. His description of this chimes with the package of the short-courses and this might attract local Small to Medium Size Enterprises (SMEs) and reassure them before they were required to make a longer commitment. Caireen Mitchell reminded the Committee that the College runs a programme called traineeships which is for six weeks which would also offer a 'try before you buy'.

In terms of non-pay costs, the College is seeking to make savings as the year-end outturn is forecast to be an adverse variance and most non-pay budgets are overspent. Exams and marketing have cost more than forecast. The maintenance and repair budgets are likely to be reduced with repairs done in the summer rather than the Easter Holidays. There should be pay savings post-merger. The restructuring proposals will be presented to the Executive Team next week. The merger TU fund offers substantial support to align the systems in both colleges. This will allow Ann Christine Harland to commission getting a 'budget limiter' set up and this will be paid for by merger support funds.

Gordon Smith commented that staff percentage costs have crept up. Ann Christine Harland explained this is because the College is not using sub-contractors and substantive staff have therefore increased. Dawn Croucher has asked all heads of school to look at their agency costs and to consider bringing in establishment staff. The College is also looking at the Crescent Purchasing Consortium procurement service to work with agencies and achieve cost effective contracts. The College is undergoing a significant recruitment exercise. Governors asked why there are so many agency staff at the College. Ann Christine Harland said that it was lack of planning last year and this lead to an immediate need for teaching staff which had been filled by using agencies. Caireen Mitchell explained that it had often been the easier option to appoint agency staff rather than go through recruitment processes in the College. Dawn Croucher explained that the College is undertaking an exercise to create a pool of assessors rather than work with agencies to supply them. Rosaleen Liard asked that equality issues are kept as a central focus during these processes.

The contribution analysis by course shows some areas of concern such as business and building and engineering. Ann Christine Harland is working with them to ensure that they understand that adults bring less funding than 16-18 year olds and that therefore their courses must be designed differently. Hospitality for instance is still making a loss with a turnover at £76k as pay costs are £76k with additional non-pay costs of £17k. Ann Christine Harland has explained that these courses must be redesigned to ensure that the area is profitable.

Governors discussed an outstanding debt from the Summer School but Ann Christine Harland explained that Croydon College is listed in the Italian School's Prospectus for the coming summer so there is reason to expect that they will pay before the next

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	summer when they expect to use the College facilities.	
5.2	<p><b>Management accounts for Coulsdon College to 31 January 2019</b></p> <p>It is to be noted that Coulsdon College's full-year income is £5.5m. Their pay costs are at 74%, not including a recently awarded, back dated 1% pay rise, this doesn't leave a lot of budget to spend on capital equipment.</p> <p>The Coulsdon operating model is very straight forward - students are recruited at the beginning of the year and in-general this is the same for staff. The budget has been pro-rata'd into half although the pay rise has not yet been accrued into these figures. Whilst pay and income are close to budget, the non-pay costs have exceed the planned budget by £67k. Two large costs were generated by legal fees for their Lloyds Bank loan. All the new IT equipment in Coulsdon has been installed but there has been a delay in rollout due to campus licence issues but imaging is currently underway and it is expected to be in use soon.</p> <p>The accounts for the year until 11 February 2019 are being prepared for audit in late March 2019.</p>	
6	<p><b>2018/19 Budget</b></p> <p><b>Proposed budgets for the merged college for the remainder of 2018/19</b></p> <ul style="list-style-type: none"><li>• This budget will be presented to the Board on March 20 2019 Board</li><li>• At the last meeting the Finance Committee revisited the assumptions and revised and agreed them.</li><li>• The merged College budget shows 6 months of Coulsdon and a whole year of Croydon College. The total income is £27,192K.</li></ul> <p>The restructuring facility grant was in two tranches. Drawdown 1 has been made and the second drawdown will be finalised by 11 March 2019. The grant will pay the Lloyds loan, a VAT bill and the remainder will hit the Croydon balance sheet. The situation has thrown up some anomalies such as a saving on the interest that would have been payable on the Lloyds loan.</p> <p>The other point is that as part of the contract for the Transaction Unit (TU) funding, the College is being monitored on a quarterly basis for the next three years and there is a condition that if the College exceeds the budget submitted, 25% of any overachievement will be payable to the TU. There is a set of KPIS agreed with the TU such as EBITDA, cash balance, staff utilisation, an estates strategy and granular detail of contribution by course. Rosaleen Liard reminded the meeting that an extraordinary meeting of the Finance Committee had scrutinised these KPIS.</p> <p>Rosaleen Liard suggested that because this is the starting budget for the new College it should be circulated electronically to the Audit Committee prior to the full Board for comment.</p> <p>The second drawdown of £739k is a contingency in case the staff restructure does not generate the savings expected. It also includes an element to cover potential LGPS costs. Ann Christine Harland has commissioned an actuary at Price Waterhouse to ascertain if the merger has increased the risk to Croydon College and this work has just</p>	

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	<p>commenced. £197k has been claimed on 6 March 2019, the requirement to drawdown more will be confirmed in coming weeks. There is also a third element of a contingency for contract penalties from Coulsdon suppliers.</p> <p><b>RESOLUTION: THE FINANCE COMMITTEE RECOMMENDS THE MERGED BUDGET 2018/19 TO THE FULL BOARD ON 20 MARCH 2019.</b></p> <p><b>Action: Ann Christine Harland to circulate the draft merged budget to the Audit Committee prior to the Board for comment.</b></p>	ACH
7	<p><b>Health and safety termly update</b></p> <p>Paul Mottram from Coulsdon College has joined the Croydon Health and Safety Group termly meetings. The Group now monitors Health and Safety matters at both sites. Coulsdon has been added to the Croydon College Zurich insurance.</p> <p>This report is for Croydon only. All high risk priorities have been addressed and the College continues to continually review</p> <p>A second review of the SEN provision at Priory School has taken place but feedback has not been received. There was a proposal that this provision be moved to Coulsdon College and work to review this has begun. Wilmot Dixon are leading on a feasibility study. Gordon Smith commented that the ambitious scale of the Council's plans for SEN is exciting but will demand a great deal of capacity.</p> <p><b>Accidents</b> – reported accidents are 54 which is double that of the same period last year and is thought to be due to increased reporting as staff have been trained more comprehensively. There was one significant RIDDOR – a student crushed a finger going into the music studio. Zurich Insurance has been made aware in case there is a resultant claim.</p> <p><b>Near miss</b> – there was an incident where some masonry fell but it fell into an area that had been cleared. The College has commissioned an intrusive external condition survey.</p> <p>Caireen Mitchell reminded the Committee that under the terms of the TU funding grant the estates strategy will be brought to governors for review and input.</p> <p><b>The Committee thanked the team for the comprehensive report.</b></p>	
8	<p><b>Risk report – this was taken as a confidential minute</b></p>	
9	<p><b>Dates of next meetings</b></p> <ul style="list-style-type: none"><li>• 8 May 2019</li><li>• 12 June 2019 – Varsha Metha offered apologies and asked if this might be moved to a different day.</li></ul>	
10	<p><b>Other business</b></p> <p>These reports had been circulated immediately prior to the meeting by email and were tabled.</p> <p><b>Apprenticeship update</b></p> <p>In September 2018 the forecast income was £875k and at the end of February 2019,</p>	

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<p>the revised forecast for the end of year outturn is £629,899 if no further recruitment takes place. The shortfall is due to the delay in the Croydon University Hospital contract.</p> <p><b>There are two key barriers to generating extra income of £60k to achieve the revised forecast:</b></p> <ul style="list-style-type: none"><li>Lack of middle management</li><li>Lack of assessors</li></ul> <p>The Committee reviewed some key activity taking place to generate further recruitment. These included:</p> <p><b>Croydon University Hospital</b> – Caireen Mitchell has scheduled a meeting with the new CEO and one key objective will be to secure a timely contract before other competitors move into the area.</p> <p><b>NHS – Barking, Havering and Redbridge University Hospital</b> – there is a bid to deliver training which has a contract value of £400k.</p> <p>There are also a number of College events and the National Apprenticeship Week which are expected to boost the College’s apprenticeship numbers.</p> <p><b>Governors commented that it is to be hoped that the recently</b> published figures about how much apprenticeship levy will be lost if it is not spent by May 2019 means that employers will be focussed and start to utilise this fund. AM explained that it is possible to subcontract this to suppliers.</p> <p><b>Self-assessment report</b></p> <p>The self-assessment report for 17-18 had been drafted by Ann Christine Harland and Gordon Smith for review and approval of the Committee.</p> <p>The members asked if it was two or four leavers from the Committee during this period and this will be clarified.</p> <p>Point 12. Franchise provision. Rosaleen Liard noted there are no comments to offer evidence of this compliance. Gordon Smith explained that the Finance and HR Committee minutes would demonstrate that it had reviewed this. Ann Christine Harland will provide a report on the subcontractors to the March 2019 Board meeting.</p> <p><b>AGREED: THE COMMITTEE APPROVED THE SELF-ASSESSMENT REPORT 2017-18</b></p> <p><b>Action: ACH to provide a report on sub-contractors to the March 2019 Board meeting.</b></p>	<p>ACH</p>
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