

MEETING OF THE CROYDON COLLEGE FINANCE AND RESOURCES COMMITTEE
Thursday 27 June 2019 at 5.00pm

MINUTES

Present: Rosaleen Liard (Chair)
 Gordon Smith
 Caireen Mitchell (Principal)
 Varsha Mehta
 Chris Wright

Ann-Christine Harland (VP Finance and Resources)
 Fadia Clarke (VP Training, Skills and HE)
 Richard Beales (Principal, Coulsdon Sixth Form College)
 Dawn Cowcher (Director of Human Resources)

Interim Clerk: Jill Small

		Action
1.	Apologies for Absence There were no apologies.	
2.	Declarations of Interest There were no Declarations of Interest relating to matters on the agenda.	
3.	Minutes of the Meeting held on 8 May 2019 The minutes of the previous meeting were approved and signed as a correct record of the meeting.	
4.	Matters Arising not on the Agenda i) New Members (Item 5i)) The Clerk advised that four potential new Board members were being interviewed on 1 July and successful candidates would be appointed at the Board meeting on 10 July. Following this Search and Governance would review Committee membership for the Autumn term. ii) Apprenticeship Update (6ii)) FC confirmed she was following up the comment from the Chair on potential apprenticeships for private and social housing care assistants. iii) Approval of Contract – Adult Education Subcontract The Clerk confirmed that Board members had been contacted and	



	<p>given approval of the award of the subcontract and this decision would be ratified at the Board in July.</p> <p>Other actions in the minutes had been completed or were on the agenda.</p>	Clerk
5.	<p>Updated Terms of Reference</p> <p>The updated Terms of Reference were approved.</p>	
6.	<p>April Management Accounts</p> <p>ACH introduced this item.</p> <p>The overall performance in the 9 month period was a surplus of £5,280k compared to the budgeted surplus of £4,976k, a favourable variance of £304k. Income for the period was £500k less than budget and pay was £120k over budget but these were offset by savings to date of £474k in non-pay. The largest adverse area was agency pay costs.</p> <p>The report gave details of the key points for the Committee members to note in the accounts to date. Members reviewed the figures and noted these points.</p> <p>ACH advised that the overall outturn was expected to be a surplus of £3,981k compared to the budget of £4,072k, an adverse variance of £91k.</p> <p>The cash position was in line with the forecasts in the TU model with current bank and cash balances standing at £10,267k. The year end position is forecast to be £72k short of the balances modelled for the TU.</p> <p>VM asked about the arrangements for managing the staff costs more closely. DC explained that the College was now making more direct appointments rather than using agency cover. Posts were being advertised and direct applications were at a good level, and around 20 posts had now been moved to direct employment including SEN and ESOL roles. Many of the agency posts were sessional roles which would finish at the end of this term.</p> <p>Members noted the report.</p>	
7.	<p>i) Budget 2019/20</p> <p>ACH presented this item. The budget showed a proposed deficit of £311k which was in line with the TU model submitted to the ESFA in September 2018. However, a worst case scenario of £290k of additional pay savings needs to be concluded by 31 July in order to achieve this outcome.</p> <p>The income in the budget was anticipated to be higher than the TU model due to the SEN Centre plans and the impact of increased learner numbers on the ESFA grant. However, pay costs are</p>	



	<p>anticipated to exceed the TU budget, which will be offset by a reduction in Partnership non pay costs as a result of the AE subcontract, and also the savings in non-pay costs. Despite this an additional saving of £290k was required to meet the deficit agreed in the TU model.</p> <p>ACH explained that further modelling on pay was taking place and the intention was to provide a further update for the Board meeting on 10 July. This followed a monitoring meeting with the ESFA and TU on 26 June where the latest TU spreadsheet was reviewed in detail.</p> <p>ACH went through the current risks relating to the figures as outlined in the report. These were:</p> <ul style="list-style-type: none"> - risk that Adult Education assumed budget growth income of at least 3% is not given in December 2019 = £50k reduction in income; - risk that the reduction of the Adult Education bursary results in fewer adult enrolments = £80k reduction in income; - risk that the delivery of the College's planned share of the non-devolved AEB grant through distance learning is not successful; - risk that Apprenticeship contracts are not received for non-levy starts = £200k reduction in income; - risk that pay savings are not achieved to meet the budget pay by September 2019 = £290k - risk of LGPS contribution increase form April 2020. <p>VM asked about courses being offered as distance learning. FC explained that these were areas such as care, business, AAT and teacher training and assessment where students found it more difficult to have time off for attending college. A pilot had been successful with 40 learners signing up but the challenges were ensuring that the students were able to do the course and also maintaining the quality of the provision.</p> <p>FC advised that the College was still strongly pursuing the income relating to Apprenticeship contracts through the New City College arrangements and agreed to provide an update for the main Board meeting in July.</p> <p>ACH also drew members' attention to the departmental performance and contribution shown in the detailed figures. This report also showed the change from the previous year and members particularly noted the improved performance and contribution of Hair and Beauty and Hospitality. At the moment this report did not include Coulsdon as a department but was shown overall elsewhere in the reports.</p> <p>VM asked why the category of Citizenship and Progression had a negative contribution. CM explained that this area was not funded directly but colleges were required to offer these programmes.</p> <p>ACH advised that the planned learner numbers were 1,448 for Croydon and 1,045 for Coulsdon. This was a modest level of growth. VM asked about the likelihood of growth in numbers. CM advised that the indications were good but the College plan was to fill classes rather than offer more courses as this would improve cost efficiency.</p>	<p>VPTSHE</p>
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CW asked about the success of marketing. CM advised that the marketing had worked last year to assist in recruitment at Croydon but the problem had been retaining students. Staff were now focussing on internal processes to ensure that students were re-directed onto appropriate courses rather than allowing them to leave the College. FC advised that the College was now targeting local schools more closely and overall the College offer was much more comprehensive following the merger providing much better progression routes.

RL commented on the use of social media as the best communication route to engage and retain students as well as keeping the level of interest. FC agreed and said the College was making better use of these routes and also consulting with students to check the most effective marketing routes.

VM asked about the relationship with local schools. RB advised that the College was building a partnership approach with schools with their own sixth forms as this provided a wider range of choice for their students. Schools without sixth forms were working well with the College.

Members noted the report and thanked ACH and the management for the explanation of the information. Members noted that the proposed budget 2019/20 would be updated and re-presented for final approval at the July Board meeting.

ii) Three Year Plan to 2021

ACH presented this report and apologised for the late circulation of the document. The plan covered the current year, 2018/19, the budget year reported above 2019/20 and one further year 2020/21. The plan had been reviewed with the TU at the first quarterly meeting on 26 June, but in addition to the plan the College had been required to present a detailed cash flow, bank reconciliations and statements. The level of review and detail should provide more confidence to the Board that the figures had been challenged and were robust.

ACH explained that the TU financial plan was in a different format to the ESFA three year plan which had complicated the presentation. However, it had been agreed that the plans would be aligned for the Board next year. In addition the latest ESFA guidance had changed the description of 'satisfactory' financial health to 'requires improvement'. Colleges who had been through a merger were expected to get back to 'good' financial health within two years of the merger.

Members' attention was drawn to the key points which were:

- Small growth in 16-18 student numbers and income for 2019/20, which has offset the reduction in HE income previously assumed for 2019/20 in the TU model. No further increases in 16-18 income are assumed for 2020/21;
- Reduction in the Restructuring Grant, which had been modelled as £6.3m, however was only £5.9m. The TU did not agree to pay for potential increased LGPS costs, despite allocating grant for this purpose;



	<ul style="list-style-type: none"> Increased pay costs and reduced subcontractor costs following the successful increased delivery of AEB budget by the College in 2018/19. Whilst subcontractors are assumed as necessary for the non-devolved AEB grant in 2019/20, it is not at the level previously assumed in the TU model; Increase in income for the new SEN centre at Coulston planned from September 2019, following the small provision piloted at the Priory School in 2018/19. This provision was not finalised nor modelled in the TU model and the financial arrangements are still under discussion with Croydon Council <p>ACH went through the financial health report in the plan and the basis for the overall scores each year.</p> <p>Members noted the report and thanked ACH for the explanations of the details. The Three Year plan would be updated and represented for approval at the Board meeting in July.</p>	
8.	<p>Pay Award 2019/20</p> <p>CM presented this brief report which recorded the assumptions made in the Budget for 2019/20. Formal proposals on the Pay Award would go to the Autumn term meetings.</p> <p>Members noted the report.</p>	
9.	<p>Coulston Financial Statements 1 Aug 2018 to 11 Feb 2019</p> <p>ACH presented this report. The Audit Committee had reviewed the audit reports for this item. Information on the LG pension scheme had now been received from the actuaries and the impact included in the figures. The Balance Sheet now recorded the movement on the pension following the FRS102 valuation and as a result Coulston College would not have the reserves to finance its liabilities, confirming that it was not a going concern at the date of merger.</p> <p>Members noted the report and <u>agreed to recommend the Coulston Financial Statements to the Board for approval and signature.</u></p>	
10.	<p>Capital Projects Report</p> <p>ACH gave a verbal report on this item which was concerned with the proposed SEN Centre to be based at Coulston. The financial arrangements were still under discussion with the Council and subject to this a Memorandum of Understanding would be put in place.</p> <p>CM advised that a full paper on the project was being prepared for the July Board meeting.</p>	
11.	<p>Policy Updates</p> <p>i) HE Tuition Fee Policy 2020/21</p> <p>FC presented this item. The College had undertaken an exercise to consider competitors' fees, the proposed timetable and the impact of</p>	



	<p>any increases on student numbers. The report contained details of the outcome and overall the recommendation was to maintain the fees at the current level. In response to questions FC confirmed that the College believed the current HE numbers could be maintained and have modest growth at this level of fee.</p> <p>VM asked about the level of bad debt relating to HE fees. ACH confirmed that this was a potential problem as it was very difficult to collect fees from students who left part way through, particularly if they had not been happy with their course. Reports on the level of bad debt were a regular part of the management accounts.</p> <p>Members noted the report and <u>approved the Higher Education Tuition Fee Policy for 2020/21.</u></p> <p>ii) Student Financial Support Policy</p> <p>ACH presented this policy which now covered both campuses. The Policy covered all sources of financial support and bursaries.</p> <p>Members noted the report and <u>approved the Student Financial Support Policy.</u></p> <p>iii) Health and Safety Policy</p> <p>ACH presented this item which was the annual review and update of the College Health and Safety Policy. There had only been minor changes to the previous version and internal audit had undertaken a review of health and safety in May which provided a good level of assurance.</p> <p>Members noted the report and <u>recommended approval of the Health and Safety Policy to the Board.</u></p> <p>iv) Probationary Policy</p> <p>The Clerk advised that this Policy was concerned with management issues and so did not require approval of the Finance and Resources Committee or the Board.</p>	
<p>12.</p>	<p>Human Resources Report</p> <p>DC presented this report detailing the activities of the HR Department and providing an update on relevant legislation.</p> <p>Members noted the report.</p>	
<p>13.</p>	<p>Health and Safety Report</p> <p>ACH presented this report which had been prepared by Rebecca Lynch, the College Health and Safety Adviser.</p> <p>The report provided details of Health and Safety activities, training and incidents. The internal auditors had completed a review of Health and Safety which provided a number of minor action points which were</p>	



	<p>being addressed. A number of activities and training had taken place to align the Croydon and Coulsdon systems and reporting.</p> <p>A full building condition survey had been completed at Croydon following an issue where a piece of external render fell from the building. Remedial works on the façade were now taking place.</p> <p>ACH advised the Committee that the Tower Car Park site had now been sold by Phoenix to Tide Construction who were seeking planning approval for a 40 storey residential building on the site. If this construction was to proceed she understood that the College would need to install fire-proofing to the eastern wall of the College building. This work was being reviewed and costed although an alternative would be to remove the windows on that face of the building.</p> <p>Members noted the report on accidents, none of which were RIDDOR.</p> <p>RL confirmed that, as the governor nominated for Health and Safety she was invited to the termly Health and Safety Committee meetings and also received copies of the Committee reports.</p> <p>Members noted the report.</p>	
14.	<p>Committee Risk Register</p> <p>ACH presented this report which highlighted the updates to the risk relating to this Committee. These were in relating to the Budget for 2019/20 and the SEN Centre.</p> <p>Members noted the latest Risk Register.</p>	
15.	<p>Dates of future meetings</p> <p>To be confirmed at the Board meeting in July 2019.</p>	
16.	<p>Any other business</p> <p>There was no other business.</p>	

Signed Chair

Date: