



MINUTES

PRESENT: Rosaleen Liard (Chair)
Caireen Mitchell (Principal & CEO)
Gordon Smith
Varsha Mehta

CLERK: Fiona George

IN ATTENDANCE: Dawn Cowcher (DHR)
Ann-Christine Harland (VPF&R)
Fadia Clarke (VPTSH)

APOLOGIES: None

Timings: 6.05pm to 8.10pm

1.	<p>Apologies for absence There were no apologies for absence.</p>
2.	<p>Declarations of interest Members to declare any interest in any item(s) in the agenda There were no declarations of interest in any agenda items.</p>
3.	<p>Minutes of the meeting held on 26th September 2018 The minutes and confidential minutes of the meeting held on 26th September were approved and signed by the Chair as being a correct record.</p>
4.	<p>Matters arising from the minutes note already on the agenda Item 8 is an agenda item for this meeting. Item 10 - the Clerk confirmed the Committee can approve, on behalf of the Board of Governors, all policies which relate to staff employment. Item 11 - the committee's self-assessment is being completed and will be shared with the committee at the next meeting.</p> <p>There were no other outstanding items.</p> <p>ACTION: GS & FG to complete the self-assessment and share with the committee at the next meeting</p>
5.	<p>2018/19 Student Numbers Report The VPF&R circulated a report on student numbers. Since the report was written the 16-18 numbers have reduced to 1538, however, it is expected these will fall to 1530 by the end of November which is around 60 above the contract value. This could mean extra funding next year of up to £300k. It was noted that additional funding for colleges was not mentioned in the recent budget announcement. The VPF&R reported that</p>

	<p>Coulsdon also have increased student numbers, which could increase potential combined additional funding to £500k next year. Open events for both Colleges are expected to be well attended.</p> <p>Adult learner recruitment is higher than last year and is expected to generate £3.8m assuming £150k is generated by planned-in year ESOL courses plus new additional in year courses generate £250k or minimal sub-contractor contracts.</p> <p>The VPF&R confirmed HE enrolment is under budget with expected funding of £1.6m against £1.8m in the budget. There was a discussion regarding the need to cover a specific industry such as a nursing, construction and engineering.</p> <p>The VPF&R has not included apprenticeships in the report but will report on this following the CUH enrolment in January 2019.</p> <p>The committee noted the report.</p> <p>ACTION: The VPF&R to report on apprenticeships at the January meeting</p>
6	<p>Financial Monitoring</p> <p>The Financial Monitoring report for the 2 months to 30th September 2018 was circulated prior to the meeting and taken as read.</p> <p>The I&E summary shows the variance between budget and actual of £161k which is largely due to reduced apprenticeships and HE tuition fees. Non levy apprenticeships show no income as yet and the VPF&R explained this is due to having not received confirmation yet on income earned from the main contractor. A reduction in FE tuition and adult learner loans indicate more learners are now fully funded.</p> <p>Pay costs are under budget by £42k, however, once final group numbers are finalised, additional teaching costs will be needed due to having 60 new learners for English and Maths, equivalent to 3 more groups. The VPF&R clarified non pay costs include estates, IT software, exams, consumables and the Palace for Life contract.</p> <p>The contribution analysis Schedule 1c shows contributions by curriculum areas; postings for funded learners are based on budget until R04 is available. Meetings are scheduled with heads of school to discuss these figures. Heads of schools will be held accountable for attaining their budgeted contribution.</p> <p>Schedule 3, Capital Expenditure shows the capital bids approved internally to date. The forecast budget includes £600k for refurbishment and IT, however, due to the lack of cash generated from operations in 2017/18, only essential health and safety works with a budget of £271k were approved. However, the Executive has also agreed other small scale investments which will lead to subsequent revenue savings, such as new LED lights in the reception area and the entrance from the car park.</p> <p>Schedule 5, the cash flow for the current year was circulated, in larger font compared to that already issued. The cash balance as at 30th September is currently as forecast and at this stage. The forecast balance for end of year has not changed. The Finance team College is focussing more resource on ensuring that more student claims for HE and Adult loans are accurate and submitted in time for the first income return in October.</p> <p>Schedule 4, Debtor Analysis shows that old debts of £245k have been referred to the debt collectors; however, only £9k has been collected with costs of almost £6k.</p>

	<p>Although fully provided for, the Executive is to consider what recommendation will be made to write some of these debts off.</p> <p>Schedule 6 shows the staffing analysis. Figures had not been received from HR for September before the deadline, but this will be remedied going forward.</p> <p>The committee commented the change in financial report shows clear links to the educational aims of the organisation and the strong narrative between the two is a big step forward. The committee also felt the VPF&Rs understanding of the situation and her financial expertise was reassuring. Thanks were expressed to the VPF&R for this significant improvement in reporting.</p>
7	<p>Financial Health Assessment and Financial Dashboard</p> <p>A letter from the ESFA was circulated prior to the meeting. The letter was received following the 3 year forecast submission in July, the financial statements which will be submitted in December will give a similar judgement. The College has been judged as good by the ESFA.</p> <p>The VPF&R has received a heads up email from the ESFA regarding early intervention status. The college has had regular visits from the ESFA as they had been under early intervention since 2016-17 and will be issued with a continue Early Intervention letter based on the college hitting one of the published intervention triggers in 2016/17. The ESFA will make a decision following the submission of the financial statements in December 18 as to whether to lift the early intervention status.</p> <p>ACTION: VPF&R to forward the letter from the ESFA to the Clerk for circulation to the committee.</p>
8.	<p>Devolution of Adult Education Budget</p> <p>A supporting paper was circulated prior to the meeting and taken as read.</p> <p>P&EO reported the Adult Education Budget (AEB) is being devolved to the Mayor's office from 2019/20. They are in negotiation with the ESFA to use the same data return as previously used. There are some issues with communication between the Mayor's office and the ESFA with a number of risks in the relationship which may mean significant additional administration for the college.</p> <p>Positives in the new funding include fully funded ESOL for all Londoners, London Living Wage as a benchmark for fully funded education and training and better funding for disadvantaged Londoners. There has been some consultation regarding why English and maths do not have good achievement rates and the College has responded to this.</p> <p>There is an issue for the College in the intention that the proportion of ESFA funding which is devolved will be determined on the data returned to the ESFA in 2017/18. The college's proportions will change significantly between 2017/18 and 2018/19 when the proportion delivered to non-Londoners will drop to around 2.8% from 15.7% in 17/18. The P&CEO has written to the ESFA regarding this and has had a response saying this is applicable across the whole country and that there will be no adjustment post funding to reflect current or future delivery. The P&CEO reported that other colleges are impacted differently as they do not seem to have the big reduction Croydon has had, other colleges report adult education is below target and they have continued to use sub-contractors. The college is looking at ways to bridge the gap and the probability is they will have to either apply to the GLA for additional Adult Education Budget in order to continue with the current level of provision or reduce the</p>

	<p>delivery to London residents.</p> <p>The VPF&R commented they have not received the funding rules yet but it is likely to deter other colleges with no London contracts from providing places for Londoners as they will not receive funding for them. Croydon Council and the GLA are aware of the issue. The VPF&R reported the college has mitigated this in the forecast by keeping sub-contracting costs in for 2019-23.</p> <p>The committee discussed the possible impact of Brexit. The P&CEO commented that the college has a different profile of ESOL learners who are not likely to be young Europeans here for a year or two but more permanent residents, however, if their rights change this will be another issue. Conversely, it is anticipated there will be a rise in demand in construction, health and social care and hospitality if those currently working from the EU have to return to the EU.</p> <p>The committee noted the report. The P&CEO will be bringing AEB funding issues to the strategy meeting.</p> <p>ACTION: The P&CEO to report on the AEB funding issues at the strategy meeting.</p>
<p>9.</p>	<p>Risk Report</p> <p>A supporting paper was circulated prior to the meeting.</p> <p>The VPF&R reported AEB will be added but this risk is mitigated as reported above. There were no relevant changes at this point in time from the last report.</p>
<p>10.</p>	<p>Recommendation of Financial Statements 2017-2018</p> <p>A supporting paper was circulated prior to the meeting.</p> <p>The VPF&R reported as this is an early meeting and the auditor sign off is not until Friday this may change.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> • The re-valuation of the investment property at the Brit school which will need to put through the balance sheet • Wording around the recently announced Teachers Pensions Scheme increase, which will be addressed in Note 19. • Post balance sheet Note 18 re the potential merger. Both Croydon and Coulsdon accounts need to be updated before 4th December. In regard to Coulsdon's accounts, the VPF&R attended their sign off meeting with the auditors and a further meeting will be held on 29th November. The accounts will be prepared not on a going concern basis and the bank loan will be a current liability. • The list of SMT on pages 2 and 19 need to be updated with the new DoHR and VPTSH. Governors Attendance did not include the March Board and LQC meetings. FG to update with this information. • Narrative regarding quality outcomes and student performance needs to be updated following the next LQC meeting • Staff numbers are to be provided by the DoHR • The auditors have requested that the remuneration of each P&CEO is

	<p>disclosed separately rather than aggregated.</p> <ul style="list-style-type: none"> • Corporation performance needs to be updated. It was agreed the VPF&R and Chair would update this. <p>The Statement of Comprehensive Income, on page 38, shows a deficit before other gains (comprising the gain on sale of the Barclay Road property). The VPF&R explained the reconciliation from the P12 Management Accounts, which includes adjustment for valuation of the enhanced pension charge and FRS102, both significant adjustment to the accounts. Page 41 shows the net cash flow from operations of £188k compared to £193k in management accounts.</p> <p>The Financial Statements will also be presented to the Audit Committee in November, at which the external auditors attend to discuss their report. The internal auditors also attend the audit meeting. The committee will receive a revised set of accounts with all changes included.</p> <p>ACTION: FG to update governor attendance statistics ACTION: Corporate performance to be updated by the VPF&R and Chair</p>
11	<p>Financial Regulations and Financial Policies</p> <p><i>(i) The Financial Regulations</i></p> <p>The Financial Regulations are a requirement of every college and are reviewed annually in the autumn term. The VPF&R reported there are only a small number of minor amendments following the March 2018 post-16 Audit Code of Practice, shown as tracked changes.</p> <p>The VPF&R was unsure if all of the Terms of Reference take account of these changes and agreed to look at the ToR with FG and update if necessary. The College intranet will be used to publish these documents internally.</p> <p>Governors queried how value for money is quantified. The VPF&R responded the college looks at key measures, for example, pay as a percentage of income and benchmarks this against the sector, contracts the college has tendered for are also looked at along with the processes to show how much has been saved compared to previous years. Measures need to be benchmarked.</p> <p>Governors asked if the college includes social value and if so how is this benchmarked. The VPF&R responded the college have looked at retention of students. The VPTSH commented that the SAR does not specifically collect any other information. The VPF&R reported that in terms of capital bids a costing template is being developed so return on investment can be calculated. The P&CEO commented this could be included in the self-assessment in order to explain to stakeholders how the college has served the local community.</p> <p>Governors queried whether on page 14, under accounting records, this should include anything about being GDPR compliant. The VPF&R responded the Information Policy is in fact the GDPR policy and a link to this is included.</p> <p>Governors queried if gratuities, under Gifts on page 36-37, includes governors. The VPF&R responded that governors are included here in terms of hospitality and pages 55 and 56, Further Related Guidance for Governors and Staff, indicate how this applies to governors. It was agreed that these pages should be included in governor induction.</p>

	<p>Governors queried whether online banking should also be covered by two authorised signatories. The VP F&R confirmed the Regulations will be adjusted to address online payments.</p> <p>RESOLUTION: The Committee approved the Financial Regulations.</p> <p>ACTION: FG to update ToR if necessary ACTION: FG to add Further Related Guidance for Governors and Staff to the governor induction process</p> <p><i>(ii) Treasury Management and Banking Arrangements</i> The VPF&R has updated the report written by the COO last year. The college uses Nationwide as a non-bank investment vehicle with bonds and deposit accounts. The VPF&R reported that the Barclay Road income had not been put in the Nationwide deposit account yet due to signatory problems arising due to new Executive staff. This income will be invested in the Nationwide account.</p> <p>There was a brief discussion on whether to use the proceeds from Barclay Road to pay off the variable rate loan, to reduce costs to the college. Governors agreed it would be better to keep the loan as it has favourable rates. VM agreed to look into comparable rates.</p> <p><i>(iii) Conditions of Funding Agreement</i> The college's 2018/19 ESFA contract was circulated earlier, which indicates the funding rules that the College is obliged to abide by. The VPF&R reported the Audit Committee is the main area for setting compliance.</p> <p><i>(iv) Environmental and Sustainability Policy</i> The VPF&R reported the Environmental and Sustainability Policy has been refreshed earlier than expected prompted by the loss of the car parking spaces adjacent to the site, which are now to be developed. Changes are tracked and include public transport, cycling, disposing of plastic waste and double glazing. The energy Certificate is D. The P&CEO commented there is currently no student cycle parking and thought perhaps Croydon may allow something in the College Green.</p> <p>RESOLUTION: The members approved the changes.</p> <p>ACTION: VM to look into comparable bank loan rates</p>
12	<p>Human Resources Report and Policies</p> <p><i>(i) Pay Award</i> The P&CEO reported the college has not provided inflationary increase to staff for a number of years and has asked the DoHR to complete a review of terms and conditions of staff and benchmark this against other colleges. National negotiations have not reached a conclusion but a 1% increase is expected. The college is 1 of 6 colleges who voted for industrial action but discussions are still ongoing with UCU and no strike action has yet been taken. The USU are sympathetic that the college does not have sufficient funding for large pay increases and are unlikely to take strike action. However, governors need to consider paying staff 1% or more where it is possible to do so. There is 1% in the budget this year. Governors queried whether the review should take place before anything is agreed. The P&CEO responded that the college is around 4% behind some other colleges who have implemented the pay increase every year.</p>

	<p>The P&CEO reported the lecturer scale goes up to £35k and can rise to £37k with retention. The P&CEO commented that if at the end of the year the college has a higher surplus than is in the budget this could be reviewed.</p> <p>RESOLUTION: The committee approved the increase of 1% for all staff. ACTION: The P&CEO to report the 1% pay increase to the full Board.</p> <p>(ii) <i>Recruitment and Selection Procedure (Updated)</i> The Recruitment and Selection Procedure has changed from a Policy to a Procedure. There is a change to the recruitment procedure which now allows Head of Schools to sit on interview panels as long as they have completed safer recruitment training.</p> <p>Governors queried whether item 6.3 on page 7 could be amended to include allowing this to be done by risk analysis. The DoHR agreed to update this.</p> <p>ACTION: The DoHR to amend item 6.3 of the procedure. RESOLUTION: The committee approved the procedure with the above amendment.</p>
13.	<p>Health and Safety Annual Report 2017-18</p> <p>The VPF&R reported RL attended the health and safety meeting in September as the Governors' representative. The College's health and safety officer wrote the report, focussing on high risk areas. Key points are:</p> <ul style="list-style-type: none"> - Documentation has been updated in terms of trips and visits and first aiders. - Accident reported, in section 7, shows a downward trend. - A new lock down alarm has been sourced which will broadcast messages to staff and students. <p>The VPF&R asked VPs to chase up risk assessments from staff for this year and this will be monitored through the Executive team. Governors queried whether the art workshop is the one that has closed for health and safety reasons. The VPTSH agreed to check if has been reopened and report back at next meeting.</p> <p>ACTION: The VPTSH to check if the art workshop has reopened and report back at the next meeting</p>
14.	<p>Dates of future meetings</p> <p>23 January 19 6 March 19 8 May 19 12 June 19</p>
15.	<p>Other business</p> <p>1. The Bank covenant review of the 2017/18 Financial Statements report was circulated to governors for information. There are two covenants.</p> <ul style="list-style-type: none"> • 2 years of operating deficit, this would be in breach of covenant unless there are sufficient discretionary reserves to cover them. • Debt Service Cover which has to be less than 7% of income <p>The VPF&R confirmed both covenants are met.</p>

	2. A Confidential Merger report was tabled at the meeting and is minuted separately under Confidential Minutes.
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Signed _____ (Chair)

Date: _____

Item	Action	By Whom	Status
4	GS & FG to complete the self-assessment and share with the committee at the next meeting.	FG/GS	
5	The VPF&R to report on apprenticeships at the January meeting	VPF&R	
6	The VPF&R to forward the letter from the ESFA to the Clerk for circulation to the committee	VPF&R/FG	
8	The P&CEO to report on the AEB funding issues at the strategy meeting.	P&CEO	
10	FG to update governor attendance statistics Corporate performance to be updated by the VPF&R and Chair	FG VPF&R/Chair	
11(i)	FG to update ToR if necessary FG to add Further Related Guidance for Governors and Staff to the governor induction process	VPF&R/FG FG	
11(iv)	VM to look at comparable bank loan rates	VM	
12	P&CEO to report the 1% pay increase to the Board	P&CEO	
13	The VPTSH to check if the art workshop has reopened and report back at the next meeting	VPTSH	

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