



MINUTES

PRESENT: Rosaleen Laird (Chair)
Caireen Mitchell (Principal & CEO) (arrived during item 5.1)
Gordon Smith
Varsha Mehta

CLERK: Fiona George

IN ATTENDANCE: Jo Bland (DHR)
Ann-Christine Harland (VPF&R)
Ray Shilling (VPTSH)

APOLOGIES:

Timings: 6pm to 7.50pm

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| 1. | Apologies for absence There were no apologies for absence. |
| 2. | Declarations of interest Members to declare any interest in any item(s) in the agenda The Chair reminded the committee of her previously declared interests |
| 3. | Minutes of the meeting held on 12th June 2018 The minutes and the confidential minutes of the meeting held on 12 th June were approved and signed by the Chair as being a correct record. GS confirmed the Barclay Road property sale has gone through. |
| 4. | Matters arising from the minutes note already on the agenda Matters arising have all been completed, both the curriculum area review and the options for the College's level of gearing and effect on the health score had been discussed at the strategy meeting held in July. From the Confidential minutes the property report had been updated and sent to the TU unit. The TU application was presented at the board meeting on 10 th July. |
| 5. | Merger Matters This item is minuted separately under confidential items. |
| 6 6.1 | Financial Monitoring and Student Numbers report <i>Financial Monitoring and Forecast Report</i> A supporting paper containing the financial forecast for the proposed merged College to 31 July 2023 was circulated prior to the meeting. Some key assumptions have been applied for the period, as noted in the report. Growth in student numbers is forecast to increase steadily, consistent with the |

increase of 25% in the 10 year local demographic forecast. The overlay for the SEN centre at Croydon is not yet in the figures, although the contract has been agreed with the council. The main issue is the 7% increase in TPS costs now estimated at 23.6%, from April 2020, following recent AoC announcements.

The proceeds from the sale of Barclay Road are forecast to be kept in reserves until spend on the Croydon site in July 2022, thus reducing the current £300k annual refurbishment costs on the Croydon site thereafter. This spend could be earlier once the location of the SEN centre is finalised and completed. The detailed estates strategy, planned for 2019, will show possible further investments as there is a need to ensure any return generates an income.

Non levy starts – the ESFA announced that the current contract arrangements are to be extended by a further year to March 2020 which means that the College will have to find a partner for a non-levy contract for a further year. Discussions will be held with the current contractor, NCC. Partly as a result of this uncertainty, and as the College is still at an early stage with delivering its levy requirements with CUH, limited change to total Apprenticeship income has been assumed for 2022 and 2023.

Schedule 2b shows staff ratios as a percentage of income and is at an average of 63%, or 67% excluding sub-contracted income. These percentages include Coulsdon, who have a much higher staff ratio.

Governors recalled historical staff ratios being around 68%/69% and queried if this ratio is realistic. The VPF&R responded the assumption is on increased income in terms of ESFA and therefore larger class sizes. The average for FE Colleges is 65% but the ratios shown include the teacher pension increase which is pushing teaching costs up.

The high cash balances means financial health scoring calculates as 'good' throughout the period.

The P&CEO reported the college is already investing in the merger going ahead through support to Coulsdon.

RESOLVED: The committee approved the forecast 2018 - 2023.

2018/19 Student Numbers Report (16-18 and Adult)

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A supporting paper was circulated prior to the meeting with a further update at the meeting

An updated report was circulated which showed student numbers are currently 1639, which is 172 above the funded target; however this number is expected to drop. The number of walk ins has gone up and the college is still taking learners in where there is capacity. Growth has been seen in several areas, however where additional groups are being run, there will be unplanned pay costs, but under the lagged funding rules for 16-18s, the college will not be reimbursed for growth in year.

Adult learner recruitment has been significantly higher than the same time last year with 1940 enrolments compared to a target of 1561 and last year's 1257. Current calculations show that AEB in house could exceed plan by £600k+, which would reduce the total subcontracting requirement to under £300k, improving contribution. The VPF&R reported that the subcontractor contract could therefore be close to the

minimum £250k. There was a discussion on the reason for increased numbers. The P&CEO reported on a trial with families on low income getting fee remission where previously they had to pay part of tuition costs, impacting on increased ESOL and functional skills enrolments. Also additional funds have been spent on marketing and a Marketing Manager has been employed. The college now only opens late one night a week instead of four which has meant more twilight courses which may be attracting more learners.

Governors queried if it was possible to measure what worked in terms of marketing, the P&CEO responded more detail should be available on this later in October.

The VPF&R reported HE is a different situation. The college has enrolled 2775 learners against a plan of 319, excluding teaching and IV programmes, which is accounting for a reduction against income of £242k, and an estimated loss of contribution of £165k.

The committee noted the report.

Apprenticeship update

An updated paper was circulated at the meeting. The VPTSH gave an update on the 2018-19 position and progress towards delivering the budget of £874k:

6.3

A contract has been secured with Croydon University Hospital (CUH), which is being finalised with the college solicitors. It has been agreed to push starts back, with some happening in November but mainly January and February 2019 rather than September, as budgeted. The college has also been asked to deliver another 7 qualifications, all IT based.

The VPTSH is also investigating Sussex University management degree apprenticeships and possibly a Civil Engineering apprenticeship.

An Interim Head of Apprenticeships has been appointed, who has been supporting the VPTSH in working with Croydon Council. Croydon have put in a bid for CITB which will generate apprenticeships.

Croydon Works have made Croydon College their preferred supplier for Construction apprenticeships.

Governors commented how this links in really well to what is going on in Croydon at the moment.

The VPTSH also outlined discussions with a number of new employers including:

Brick by Brick (Croydon Council)

Neilcott

Maxwell Richards

City of London construction

L&Q housing association

Corbin and King

Governors queried what would be considered a level of success – the VPTSH responded that L&Q and Maxwell Richards are the main companies but he is still meeting with others.

Governors felt this was really encouraging.

The VPTSH reported £376k is still needed to be generated through new levy starts and as many have been pushed back compared to plan, more starts are needed to meet the income requirement. The P&CEO assured governors the new team are

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| | <p>working hard on this. The VPF&R advised governors that the modest budgeted surplus may not be achieved if these apprenticeship targets are not met.</p> <p>The committee noted the report.</p> <p>Thanks to went to the VPTSH for his report. The VPTSH left the meeting.</p> |
| 7. | <p>P12 Management Accounts 2017/18 A supporting paper was circulated prior to the meeting.</p> <p>The College forecast a deficit of £428k in the 3 Year Plan submitted in July to the ESFA. The P12 outturn of £405k deficit is therefore as expected, despite unbudgeted merger costs.</p> <p>Bank and cash balances as at 31 July were £10.05m compared to the £10.156m forecast (including the receipt in July from the sale of Barclay Road).</p> <p>In terms of AEB outcomes, the allocation looks to be slightly exceeded, however, further achievement income is still expected from sub-contractors. The college will not be expecting any clawback money this year.</p> <p>The VPF&R reported that year end restructuring costs had been accrued and the FRS 102 valuation liability dropped from £23m to £19m.</p> <p>The VPF&R was thanked for her report.</p> <p>The committee noted the report.</p> |
| 8. | <p>HR Update A supporting paper was circulated prior to the meeting.</p> <p>The DoHR reported on increased contributions to teachers pensions. The Government are revising the implementation date to September 19; the estimated additional costs for Croydon are £287k and £140k for Coulsdon. Previously the Government have mentioned protection for schools, academies and colleges but not independent schools; however, they are now just talking about protection for schools and academies.</p> <p>The P&CEO reported on the Institute of Fiscal studies report which shows how significant the cuts are for 16-18 year olds. Further details will be provided in the Principal's report to the Board in October. Colleges' week is running the week before half term led by AOC which highlights the impact of funding cuts.</p> <p>There will be no extra funding for the FE sector for teachers pay rises.</p> <p>ACTION: The P&CEO commented that the devolution of AEB budget will be discussed at the next meeting.</p> <p>Governors noted the report</p> |
| 9. | <p>Risk monitoring A supporting paper was circulated prior to the meeting.</p> |

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| | <p>The VPF&R outlined the various internal activities in planned to ensure financial monitoring continues throughout the organisation, including meetings with head of schools, benchmarking of 2017/18 by Tribal (starting in October), SMT training and Business Planning commencing in January 2019.</p> <p>Health and safety risks have been mitigated in particular at offsite SEN provision facilities by deferring teaching and monthly communication on College Green Works update is being received. A warning system is being put in place by the end of November for lockdown.</p> <p>Legislative requirements review has been moved to December 2018 to allow for the VPF&R to focus on this in more detail.</p> <p>There is a separate risk register on the merger that is reported on at the joint project board meeting, with the key risk at present being the risk of delay.</p> |
| <p>10.</p> | <p>Policies for updating Pay & Progression Policy – A supporting paper was circulated prior to the meeting.</p> <p>The College introduced an agreed Modernised Pay Policy (MPP) in 2010 which has been implemented annually since 2011. Although it was negotiated with the UCU trade union it is now outdated and regarded as unwieldy. A simplified and more readily understood version has been developed in agreement with the UCU trade union. This has been agreed in principle by UCU officials and will form a collective agreement incorporated into contracts.</p> <p>Managers are responsible for day to day management of staff performance and utilise college procedures as necessary. There is no significant additional cost arising from the revised procedure. MPP was one of three elements of the current UCU pay claim for 2018/19 and the revised procedure has been welcomed by staff.</p> <p>With regard to the pay award, discussions are ongoing about fractionalisation and annual cost of living increase (unions are claiming 5% which is going through the AOC process), a 1% increase allowance has been included in budget costs which equates to around £35k in addition to the new pay scales.</p> <p>Governors approved the policy. FG to check if it also needs to go to board for approval.</p> <p>ACTION FG to check if the MPP needs to go to the Board for approval.</p> |
| <p>11.</p> | <p>Self-Assessment <i>A supporting paper was circulated with the papers.</i></p> <p>The audit committee have requested the F&R committee carry out a self-assessment. The self-assessment form is taken from the committee ToR. It was agreed FG will complete the comments as far as possible and send to GS for completion by the end of December.</p> <p>ACTION: FG and GS to complete the self-assessment form by December 2018.</p> |
| <p>12.</p> | <p>Dates of 2018-19 meetings 31 October 18 23 January 19</p> |

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| | 6 March 19 8 May 19 12 June 19 <i>(meeting dates are also published on the College website)</i> |
| 13. | <p>Other business</p> <p><i>Urgent matters notified in advance of the meeting</i></p> <p>The VPF&R queried who will be the Health and Safety governor now Piers has left the Board. The next H&S meeting is on 3rd October. RL agreed to attend the next meeting in the interim until a new H&S governor has been appointed.</p> <p>GS reported he has asked FG to formally write to Trevor Morgan assuming he no longer wishes to be a governor. Committee memberships will change with the new board.</p> |

Signed _____ (Chair)

Date: _____

| Item | Action | By Whom | Status |
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| 8 | The devolution of schools budget to be discussed at the next meeting | P&CEO | |
| 10 | FG to check if MPP needs to go to the Board for approval | Clerk | |
| 11 | FG & GS to complete the self-assessment by December 2018 | FG/GS | |