

**MEETING OF THE CROYDON COLLEGE FINANCE AND RESOURCES COMMITTEE
Wednesday 11 November 2020 at 6.00pm
Virtual Meeting**

MINUTES

Present: Andrew Lowe (Chair)
Caireen Mitchell (Principal & CEO)
Gordon Smith
Tony Stevenson
Nasim Jivani Hemani
Catherine Boyd-Maunsell

In attendance: Ann-Christine Harland (VP Finance and Resources)
Fadia Clarke (VP Training, Skills and Higher Education)
Helen Langford (Head of HR) – Items 1-5
Stuart Markham (Property Adviser, Fusion) – Item 9.i

Clerk: Clare Mitchell, Director of Governance

1.	Apologies for Absence Apologies for absence were received from Andy Booth.
2.	Declarations of Interest There were no declarations of interest.
3.	Minutes of the Meeting held on 24 June 2020 The open and confidential minutes of this meeting were approved as correct records.
4.	Matters Arising not on the Agenda The Committee noted the action list. The P&CEO reported that the pay award for staff for 2020/21 would be brought to the Board meeting in December. The College's income for 2020/21 had not yet been confirmed the pay award could not yet be finalised.
5.	Human Resources Update The Head of HR presented an HR update together with the draft HR Strategy and the HR Annual Report for 2019/20. The development of the HR strategy had included engagement with stakeholders from across both campuses. Focus groups had taken place with staff and there had been input from the Executive Team and the unions. A delivery plan would be developed for the strategy as a whole. Equality and Diversity was one of the five



key strands in the strategy and an equality action plan would be developed once the strategy was approved.

Action: Head of HR to present delivery plan for the HR strategy to the next meeting in February 2021

The HR Annual Report for 2019/20 covered the broad range of HR activity, rather than being limited to EDI. Voluntary turnover was high and actions were being planned, linked to the HR strategy, to address this and improve staff engagement.

Coronavirus planning had been a significant, unplanned, area of work for the HR team. Good relationships had been established with unions and staff through the establishment of Covid working groups. Union relations were positive.

All staff appraisals would take place before the end of term and developments were taking place in iTrent over the next few months to cleanse existing data and include HR processes such as induction and appraisal. The team were working to reduce agency spend. In time, a tender process might be required to move to a single source arrangement for agency staff. Planning was also taking re the implications of BREXIT for staff.

The Committee queried the recruitment equality data in the HR annual report which showed that although the number of disabled applicants for staff roles had been increasing over the last four years, the number being appointed had declined. It was suggested that a separate budget should be identified to provide training and support to encourage recruitment of staff with a disability. The Head of HR indicated that the College already worked with organisations that could provide practical support in this area and that she would be focusing on ensuring that “two ticks” recruitment practices were being implemented correctly. This would form part of the equality action plan linked to the HR strategy.

The VPF&R indicated that HR was an area that needed increased investment. However, the budget for 2020/21 was already set and this meant that actions falling out of the HR strategy which had budget implications would need to be planned and budgeted for in 2021/22.

The Committee’s view was that there need to be more emphasis on recruitment of staff within the HR strategy. The Head of HR stated that she would be undertaking an in depth review of recruitment processes in 2020/21 and she would make this clear in the HR strategy.

Action: Head of HR to include in depth review of recruitment processes in 2020/21 within HR strategy

The Head of HR gave an overview of the feedback that had been received from staff during the consultation on the HR strategy. Issues raised by staff included recruitment and retention concerns, lack of staff engagement and communication with staff, lack of internal development and reward and recognition. The HR strategy and the action plans arising from it, would be designed to address these issues.

Action: Head of HR to circulate a summary of the issues arising from the engagement with staff on the HR strategy



	<p>The Committee noted that the pay gap analysis had not yet been completed because of problems with the data. The deadline for this data had been delayed because of Covid.</p> <p>Action: Head of HR to circulate pay gap analysis to F&R members when complete</p> <p>The Committee asked for clarification of the number of redundancies/settlement agreements arising from the Student Services Restructure. The Head of HR indicated that numbers had been small and none had been contentious.</p> <p>Action: Head of HR to provide F&R members with details of the number of redundancies/settlement agreements arising from the Student Services Restructure</p> <p>The Committee noted the HR update and HR annual report 2019/20 and recommended the HR strategy to the Board for approval</p>
<p>6.</p>	<p>Financial Monitoring and Forecast Report as at 30 September 2020</p> <p>The Committee noted the report, which summarised the College’s financial performance for the two months to 30 September 2020.</p> <p>The VPF&R reported that enrolment numbers for 16-18 year olds were approximately 120 higher than in 2019/20. Under normal circumstances funding for these additional students would not be received until 2021/22, but the ESFA was considering reducing the threshold for in year growth.</p> <p>The Council had asked the College to provide support for an additional class of Year 11 learners. However, the Council had issued a Section 114 Notice, which meant that no new expenditure would be permitted, with the exception of funding statutory services, which did raise concerns about income from this source.</p> <p>The VPF&R drew the Committee’s attention to the cash flow by month. There would be a significant increase in investment in capital projects in 2020/21 to £2.3m, compared with £0.8m in the previous two years.</p> <p>For the period to 30 September 2020, the report showed a positive variance of £112K.</p> <p>ACTION: VPF&R to arrange for section 1a) of the accounts, income and expenditure, to be circulated to the Committee</p> <p>The Chair noted that the College held a high level of reserves and queried whether there was some flexibility for additional spending in 2020/21 to support the implementation of the HR strategy. The VPF&R emphasised the importance of achieving the breakeven position budgeted for 2020/21. The College needed to be in a position where it could pay its bank loans without impacting on its reserves. The P&CEO indicated that access to any further capital investment that might be available for the sector could be contingent on having a good financial health rating and that it was very important for the College to be able to prove it was in a sustainable financial position at a time when many Colleges were facing significant financial difficulties. The staff pay award for 2020/21 also had to be factored into the current budget. The P&CEO hoped that it would be possible to award staff a</p>



	<p>pay increase of between 1.5 and 2% in 2020/21 and this would impact on HR issues such as recruitment and retention.</p> <p>The Committee queried whether budgeted income would be achieved in some areas e.g. apprenticeships, because of the impact of the Covid pandemic. The P&CEO indicated that there were risks to income in this area but this was compensated for by growth in other areas e.g. SEN income, subject to the Council's financial position.</p>
<p>7.</p>	<p>Financial KPIs 2020-21</p> <p>The Committee noted that there were two sets of financial KPIs for 2020/21; those contracted under the Restructuring Fund Grant at merger, which would be monitored until the end of 2020/21, and a set in house KPIs presented to the Board in October 2020.</p> <p>The VPF&R reported that the cash flow after debt servicing (CFAD) KPI was likely to be met. However, the KPI on staff costs as a % of adjusted income might not be met due to increased pay costs and pension contributions. In addition, a higher number of Coulsdon staff than anticipated at merger remained on Coulsdon College terms and conditions. Performance against workforce KPIs would be available later in the term. The room audits which were necessary to calculate the estates utilisation KPI had just been completed.</p>
<p>8.</p>	<p>Draft Financial Statements 2019/20</p> <p>The VPF&R presented the draft financial statements for 2019/20. The impact of the LGPS pension scheme triennial revaluation and the valuation adjustments required under FRS 102 meant that the operating deficit reported in the financial statement was £1,332K compared to a period 12 management accounts outturn deficit of £262K.</p> <p>The revaluation had resulted in an increase of just over £7m in the College's pension liability, which was shown on the balance sheet as a decrease in the College's reserves in accordance with FRS102. The VPF&R reported that the College was not currently required to make any lump sum payments into the pension scheme to reduce this deficit but the College's employer contribution had increased for the next three years as set out in the Trustees' Report.</p> <p>The College's external auditors, Buzzacott, audited a significant number of FE Colleges and pension liabilities had increased across a significant number of them. Buzzacott would be supplying comparative information, which would show how Croydon Council's pension scheme was performing compared to others.</p> <p>Buzzacott had also queried whether the valuation of the College's property at the Brit School, £5m in 2018, was still current given the impact of Covid on commercial property values. The property was due to be revalued in 2021. However, given that the value of the property was mainly calculated on rental income received by the College, which would be increasing, it was expected that the valuation of this asset would remain unchanged in the 2019/20 accounts.</p> <p>The Audit Committee would review a further draft of the financial statements at its meeting on 26 November. The VPF&R reminded the Committee that the Board would also need to consider at the point of signing the accounts, whether there had been any subsequent events that had a material impact. This could include whether</p>



	<p>Croydon Council was making payments against its contracts with the College on time now that a Section 114 notice had been issued and any increase in Covid risks.</p> <p>The Committee reviewed the draft financial statements for 2019/20.</p>
<p>9.</p>	<p>Property Strategy</p> <p>i Progress Report</p> <p>Stuart Markham gave an update on progress against Track 1 of the strategy. Work had commenced on planning the delivery of the initial strategic/curriculum development priorities, with investment in the refectory and reception area completed. The grant of £940K awarded by the DfE under the FE Condition Capital Allocation had to be 25% match funded by the College, providing a total budget of £1.253m. This work had to be completed by 31 March 2021 but could include eligible capital expenditure from end of June 2020. Approximately £240K of previously completed capital works was eligible for inclusion. The timescale for the completion of the building condition works was challenging and meant that there would need to be a flexible approach to procurement with direct orders used where possible.</p> <p>The appointments process for the professional team, who would cover both the development of the clinical simulation suite and the building condition work, had been completed. The timetable for the Clinical Simulation Suite included some flexibility with project completion scheduled for August 2021. Specialist equipment was being procured early on to avoid any delays. A single competitive tender for the contractor for the CSS was due to conclude in March 2021. The timescale used in the procurement process would be as tight as possible to ensure the CSS was ready for a September 2021 start.</p> <p>The VPF&R noted that the combination of the building condition work and the development of the CSS would mean significant disruption to some parts of the Croydon College building.</p> <p>Initial activity in relation to Track 2 would focus on commissioning a full Report on Title. The VPF&R reported that Eversheds had been asked to quote for this piece of work, which was expected to be completed by the end of January 2021.</p> <p>The VPF&R reported that Stuart Markham was also assisting the College in its discussion re the Fairfield Homes Development in terms of party wall issues and the height of the proposed development.</p> <p>The Committee noted the progress report.</p> <p>ii Property Strategy v2</p> <p>The Committee noted the revised version of the Property Strategy. The VPF&R reported that the space utilisation data from the recent audit would be included in the next iteration of the strategy.</p>
<p>10.</p>	<p>Business Case for Clinical Simulation Suite</p> <p>The VPTSHE presented the business case for the CSS. The CSS would not only support the delivery of a nursing degree; it would also support the learning of</p>



	<p>existing students on courses ranging from Access to Nursing, Health and Social Care and Public Health. Enrolment on Health and Social Care courses had increased in 2020/21.</p> <p>Students on the Access to Nursing programme at the College had been informed that a Nursing Degree would be delivered at Croydon College from September 2021. Potential students could express an interest in studying nursing at Croydon College via the University of Roehampton (UoR) website and a significant number of expressions of interest had already been received. It was expected that there would be a staged expansion of the nursing student numbers over time. Students would apply direct to the UoR, who would set the fees for the course and register the students.</p> <p>The payback period for the capital investment in the CSS, which included the cost of additional equipment as student numbers increased and refurbishment, was reviewed as acceptable, with the intention that the period should be within the minimum contract period with UoR. The student retention rate used in the calculation was based on UoR's previous retention figures.</p> <p>The Committee approved the business plan to recover the costs of capital investment of up to £750K using delegated authority from the Board agreed on 21 October 2020.</p>
<p>11.</p>	<p>Health and Safety Annual Report 2019/20</p> <p>The Committee noted the Health and Safety Annual Report. Managing the covid pandemic had been a major focus since March 2020 but the report covered all areas of health and safety.</p> <p>The VPF&R clarified that the contract with Zurich insurance was to ensure that machinery was maintained as scheduled following a fatality some years previously. There were a significant number of incidents relating to incisions and contact with moving object/vehicle or machinery in vocational courses. The VPF&R clarified that the incisions related to hairdressing students cutting themselves accidentally. In future the College would be benchmarking its incidents against data from other Colleges. Overall the number of incidents had been lower this year and there had been very few claims for injury. Numbers of incidents continued to be lower in the first term of 2019/20.</p>
<p>12.</p>	<p>Sustainability Strategy</p> <p>The VPF&R presented the Sustainability Strategy. A Sustainability Group had been established which included representation from students and from the Board of Governors as Tom Hesmondhalgh was a member. More work had now been completed on implementing sustainability within the curriculum. As a sector FE was behind many others and in general Colleges were in the “emerging” phase in this area. It was agreed that there should be an update on the implementation of the strategy to the next meeting.</p> <p>Action: VPF&R update on implementation of the sustainability strategy to the February 2021 meeting</p> <p>The Committee recommended the Sustainability Strategy to the Board for approval.</p>
<p>13.</p>	<p>Committee Risk Register</p>



	<p>The Committee reviewed the amendments to Strategic Risks 4 and 5. Covid risks were now incorporated into the main College Risk Register. All four HR risks continued to be rated as medium. Two of the four finance risks had decreased from medium to high and a third risk had decreased from medium to low. The VPF&R would ask the Executive Team and the Head of HR to RAG rate sub risks in future updates of the risk register as had been done for Strategic Risk 5.</p> <p>Action: VPF&R to ask the Executive Team and the Head of HR to RAG rate sub risks in future updates of the risk register</p>
14.	<p>Policy updates</p> <p>i) Annual Review of Financial Regulations</p> <p>The VPF&R presented the proposed amendments to the Committee. In relation to the financial limits at Annex A, she reported that the tender for the building conditions work was likely to exceed £500K once VAT was included i.e. over the threshold for Board approval. Given the tight timing for the completion of this work, it was proposed that an additional amendment to Annex A should be presented to the Board for approval, which would allow contracts for capital projects over £500K to be signed with the approval of the Chair of the Finance and Resources Committee and the Chair or Vice-Chair of the Board, prior to ratification by the full Board. The Committee noted that contracts of this amount would already have been through a tender process. The name and contact details of the Chair of the Board in the section on fraud would also need to be updated following the Board meeting.</p> <p>Action: VPF&R to include an amendment to Annex A to the Financial Regulations to allow contracts for capital projects over £500K to be signed with the approval of the Chair of the Finance and Resources Committee and the Chair or Vice-Chair of the Board</p> <p>The Committee recommended the changes to the Financial Regulations to the Board for approval.</p>
15.	<p>Annual Committee Self Assessment</p> <p>The Committee reviewed the Committee self assessment and agreed that the performance of the Committee should be graded as good. There were a number of comments about the length of the papers and it was agreed that this would be addressed for the next meeting.</p> <p>ACTION: DoG/VPF&R to review the length of the F&R papers for the next meeting in February 2021</p>
16.	<p>Dates of future meetings</p> <p>Wednesday 24 February 2021 Wednesday 23 June 2021</p>
15.	<p>Any other business</p> <p>The P&CEO reported that during the meeting she had received an email from Shelley Davies, Interim Director of Education at Croydon Council indicating that</p>



	<p>expenditure against the schools and SEN budgets would be protected. The P&CEO noted that this would not necessarily allow for any expenditure in these areas that was over budget and there was no indication that capital investment for education purposes would be protected, which potentially jeopardised the plans for a permanent SEN centre at the Coulston Campus and the development of a Creative Hub at the Croydon Campus.</p>
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Signed Chair

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