



**MEETING OF THE FINANCE AND RESOURCES COMMITTEE**  
**Wednesday 23 June 2021 at 6.00pm**  
**Virtual Meeting**

**MINUTES**

**Present:** Andrew Lowe (Chair)  
Caireen Mitchell (Principal & CEO)  
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) – Item 6

**Clerk:** Clare Mitchell, Director of Governance

<b>1.</b>	<b>Apologies for Absence</b>  There were no apologies for absence.
<b>2.</b>	<b>Declarations of Interest</b>  There were no declarations of interest.
<b>3.</b>	<p><b>Financial Position</b></p> <p>i. <u>Management Accounts as at 30 April 2021</u></p> <p>The Committee <b>noted</b> the report, which summarised the College’s financial performance for the nine months to 30 April 2021. The accounts showed an operating surplus of £434K against a profiled budget deficit of £80K. The forecast outturn surplus had increased from the previous month as result of increases in other grants and catering income, offset by a reduction in FE tuition fees and a reduction in staffing costs.</p> <p>In terms of income, retention rates for HE students were higher than anticipated, which was expected to improve performance against budget. The income stream for high needs learners continued to perform above budget. Since the paper had been written, the College had been informed that any underspend in 2020/21 against the small group tuition grant could be carried over into 2021/22. However, the College was currently subsidising catering and the mass testing centre, which was expected to close at the end of the Summer term.</p> <p>The VPF&amp;R reported that there had been significant non pay savings in 2020/21, in part as a result of the second lockdown. Pay costs were also being well controlled overall. £200K had been budgeted for property development costs, this might be exceeded given that the College had submitted four bids for estates funding.</p> <p>The Committee asked why some employers had not completed the paperwork to ensure that all apprentices were fully signed up. The VPTSHE reported that there had been changes to the government website used by employers and that no central training had been provided.</p>

	<p>The College's own move to an online enrolment process had delayed the team providing assistance to employers.</p> <p>In response to a question, the VPF&amp;R confirmed that the Debt Service Cover Ratio included repayments as well as interest. The College had recently submitted four bids for capital funding to the DfE, all of which required some element of matched funding, which would be taken from reserves. Once the outcome of the bids was known, the desirability of paying off the College's variable rate loan might need to be reconsidered.</p> <p>ii. <u>ESFA Financial Dashboard and Lifting of NTI</u></p> <p>The Committee <b>noted</b> that the ESFA had confirmed the College's financial health assessment as good for 2019/20 and that they agreed with the College's planned financial health assessment of good for 2020/21.</p> <p>The Committee also <b>noted</b> the ESFA's confirmation that, as a result of its improved financial position, the College was no longer in early intervention.</p>
<p><b>4.</b></p>	<p><b>Budget and Financial Forecasts</b></p> <p>i. <u>Budget 2021/22</u></p> <p>The VPF&amp;R presented the draft budget for 2021/22, which showed a surplus of £167,000 derived from an income of £29.1m, which was £1m higher than in 2020/21. The budget anticipated that the College would subsidise 105 unfunded 16-18 learners as a result of improved progression, strong enrolments and a demographic increase in the number of 16-18 year olds.</p> <p>The budget included a 2% pay increase for all established staff. Non pay costs were anticipated to increase by £500K as activities returned to pre-Covid levels. Savings were being made in areas such as reprographics but some additional staffing was needed in areas such as IT and HR. The College's financial health for 2021/22 was forecast as good.</p> <p>Two grants, good work for all and the catch up fund for 16-18s, and some additional associated pay costs were not included in the draft budget as the allocations were not yet known.</p> <p>The Committee asked whether the budget was tested against different scenarios, particularly given the ongoing pandemic. The VPF&amp;R confirmed that sensitivity analysis was undertaken but Covid had not significantly impacted on the College's main funding streams in 2019/20 or 2020/21. The Committee asked whether Brexit might impact on staff recruitment. The P&amp;CEO stated that the College had a number of EU teaching staff and that the College would need to develop alternative recruitment pathways and develop staff internally. However, the main factor impacting on the recruitment of teaching staff was pay, which was lower than in other parts of the education sector because of low levels of central government funding over a number of years. The College did need to be aware of the potential impact of Brexit on the enrolment process for students, who were now required to provide proof of settled status.</p> <p>The Committee <b>recommended</b> the budget for 2021/22 to the Board for approval.</p>

	<p>ii. <u>Financial Forecasts 2020/23</u></p> <p>The VPF&amp;R presented the forecast for 2020/23. This would be finalised for the July Board meeting. The forecast outturn figures for 2020-21 were taken from the April 2021 management accounts with two adjustments. A further provision of £100K had been included for a potential non-consolidated staff award in recognition of the exception work and effort of all staff and also any Executive PRP awards, which were not provided for in the budget. The forecast cash balance as at 31 July 2021 had also been increased to £10,219m; reflecting an additional £150K of income from the National Skills Fund and projected cash flow increases.</p> <p>The VPF&amp;R set out the key points for the Committee to note. The College was still assessing its new “normal” ways of future delivery of teaching post Covid and the Head of HR would be undertaking a review of flexible working for staff. This would further inform the development of Track 2 of the Property Strategy. In terms of risk, enrolments were higher than at the same point last year at the Croydon Campus, but lower at the Coulsdon Campus. However, the Coulsdon Principal was working hard to improve the conversion rate from offer to enrolment. The forecast assumed that the central grant covering the increased Teacher Pension Scheme costs would continue after April 2022. If this was not the case this would be a significant risk to the later part of the forecast.</p> <p>The surplus forecast for 2021/22 and 2022/23 were the same as approved by the Board for the submission of the IFMC in January 2021.</p> <p>The Committee <b><u>recommended</u></b> the financial forecasts for 2020/23 to the Board for approval.</p>
<p>5.</p>	<p><b>Key Performance Indicators</b></p> <p>i <u>Croydon College KPIs 2020-21 - Finance, Staff and Estate</u></p> <p>The Committee <b><u>noted</u></b> the updated College KPIs. ESFA AEB income was amber as this area currently forecast to deliver 87.97% against the threshold of 90% set by the ESFA for 2020/21. Provision had been made in the forecast for the clawback of undelivered funds.</p> <p>The P&amp;CEO commented on the improvement in performance demonstrated in the KPIs, which had been achieved despite the pandemic. Improvements in teaching and learning were evidenced by the snapshot reviews and the student survey results, particularly from the Croydon Campus. The VPF&amp;R reported that the recent internal audit on teaching staff utilisation, which was currently rated amber, had been positive. In terms of estates, the sports hall at the Coulsdon Campus was category B or below but none of the capital grants that had recently become available had enabled the College to address this and improvements would need to be factored into the planned estates maintenance for 2021/22.</p> <p>ii <u>Transaction Unit KPIs</u></p> <p>The Committee <b><u>noted</u></b> the updated KPIs, set by the Transaction Unit post-merger for the three years 2018/19 to 2020/21. Performance against a number of these KPIs would not be known until after the end of the financial year. Non achievement</p>

	<p>of these KPIs did not impact on income, but the College expected to exceed many of them.</p> <p>iii <u>Operational and Quality Improvement Plan Updates – Strategic Objectives 4 and 5</u></p> <p>The Committee <b>noted</b> the updated OQIP.</p>
<p><b>6.</b></p>	<p><b>Human Resources Update</b></p> <p>The Committee <b>noted</b> the HR update presented by the HoHR. This included an overview of the results from the staff survey. The survey had had a 66% response rate, which was good for the sector. The overall engagement score was 72%, which was in line with the education sector benchmark. The results had highlighted some areas that required further focus and a detailed action plan was being developed which would involve focus groups and the staff forum. The engagement score for the black/black British - Caribbean staff group was significantly lower than for other groups of staff. This was also true of disabled staff and staff aged 25-34. LGBTQ+ staff had lower scores for leadership and enablement and academic staff were less engaged than support and management staff. The number of LGBTQ+ staff was lower and the HoHR would check that small numbers were not skewing the results.</p> <p>The Committee <b>approved</b> the Recruitment and Selection Policy and Procedure. The HoHR would be delivering staff training on the new policy during staff learning week. She confirmed that the College had signed up to Disability Committed and would be actively promote flexible working. Recruitment documentation would state that the College welcomed applications from a diverse pool of candidates. The HoHR agreed to circulate a copy of the recruitment template.</p> <p><b>Action: Head of HR to circulate a copy of the recruitment template</b></p> <p>The HoHR reported that the College's equality analysis had been published, including its ethnicity pay gap, which was lower than the London average. The College had been commended as one of only three Colleges to publish this information. A draft action plan had been developed to focus on key areas including under represented staff in management roles. The reinitiation of academic pay progression at Croydon should bring about a major shift in the ethnicity pay gap over the next 2-3 years. The College would be working with the National Centre for Diversity and the action plan would be shared with them. The Committee asked whether data on pay gaps by quartile was available. The HoHR reported that pay gaps by quartile were currently only analysed for areas of concern but this could be included in the next analysis to be presented to the Committee.</p> <p><b>Action: Head of HR to include analysis of pay gaps by quartile in next pay gap analysis</b></p> <p>The HoHR reported that the College had received formal notification from the UCU that they would be balloting teaching staff at Croydon on strike action as the College had not been able to meet the UCU's demand for a 5% pay increase. The ballot was due to close on 4 July 2021. The College had been very open with staff about the reasons why a 5% pay increase was not affordable and it was hoped that there would not be a mandate for strike action. If strike action did go ahead, a day of action was planned for September with possible further action later in the term. The proposed budget for 2021/22 included a 2% pay increase but staff were not yet aware of this as the budget had not been approved. The 2% increase would be in addition to an incremental pay increase for academic staff.</p>

<p><b>7.</b></p>	<p><b>Property Strategy</b></p> <p>i. <u>Property Update</u></p> <p>The VPF&amp;R presented an update on the College’s Property Strategy. Four bids had been submitted to the DfE for matched funding as follows:</p> <ul style="list-style-type: none"> <li>• FE Capital Transformation Fund (FECTF);</li> <li>• T Level in Science;</li> <li>• T Level in Engineering;</li> <li>• Post 16 Capacity Fund.</li> </ul> <p>The College also expected to receive £3m of capital funding from Croydon Council to develop a permanent SEND centre at the Coulsdon Campus. If all were successful, the total value of these projects would be £8,471,484 made up of grants worth £6,173,742 and matched funding from the College of £2,297,742.</p> <p>These projects were in addition to the Building Condition Fund grant, value £940K, which had funded estates work at the Croydon Campus in 2020/21 and the development of the Clinical Simulation Centre, which was ongoing at the Croydon Campus.</p> <p>The Committee noted that the FECTF had been oversubscribed and no decisions had been made to date on which bids proceed to the next stage. This meant that the timescale for submitting Stage 2 bids was likely to be delayed.</p> <p>The Committee asked why a permanent SEND centre was unlikely to be in place before September 2023. The VPF&amp;R responded that significant work was already planned to take place on the ground floor of the Coulsdon building in the summer of 2022 if the bids for T level science and Post 16 capacity funding were successful. The current plan was to develop a permanent SEND centre on the ground floor of the main Coulsdon building in the summer of 2023. The funding available from Croydon Council was insufficient to fund a separate building for the SEND centre at the Coulsdon site, unless a source of matched funding could be found. It was agreed that the timescale for the development of the SEND centre would be kept under consideration in case a further source of funding became available over the next 12 months.</p> <p>The Committee noted that the final figures for the bid for Post 16 Capacity Funding were as follows; total cost - £1,461,576 with the College providing 15% matched funding of £219,236.</p> <p>The Committee <b>noted</b> the update on the College’s Property Strategy and <b>recommended</b> that the Board delegate approval of any Stage 2 application for FECTF funding to the Chair of the Board.</p>
<p><b>8.</b></p>	<p><b>Bank Loan – Changes to Use of LIBOR Rate</b></p> <p>As the use of the LIBOR rate would be discontinued as of 31 December 2021, the College had to decide on an alternative rate for its bank loans. The two alternative rates proposed were SONIA and the Bank of England Base Rate.</p>

	<p>Following discussions with Barclays and the Chair of the Audit Committee, the VPF&amp;R was recommending the use of SONIA. Any difference between the rates calculated using SONIA or the Bank of England Base Rate was likely to be small and the impact would be immaterial for the College.</p> <p>The Committee <b>recommended</b> that the Board approve the use of SONIA as the alternative to LIBOR for College bank loans and that the bank documentation should be amended accordingly.</p>
<b>9.</b>	<p><b>ESFA Subcontracting Regulations &amp; AEB Tender 2021/22</b></p> <p>The VPTSHE reported that the revised rationale for subcontracting for 2021/22 had been reviewed by the Croydon College LQC at its meeting on 16 June 2021 and would be presented to the Board for approval.</p> <p>The Committee considered the changes to the subcontracting rules set out in the paper and a proposal to increase the value of the subcontracting tender for ESFA (non-London) AEB funding in 2021/22 from £159K to £297K, with the College continuing to subcontract £159K in 2022/23. The ESFA had agreed that Colleges could continue to subcontract up to a maximum of 25% of the value of the funding and this proposal met this requirement.</p> <p>The College still planned to move towards delivering all of this funding inhouse over time, but there had been delays in developing the College's capacity. It was agreed that Catherine Boyd-Maunsell and Fadia Clarke would meet to discuss how the College could grow its online courses for adults living outside London</p> <p><b>Action: Catherine Boyd-Maunsell and Fadia Clarke to meet to discuss how the College could grow its online courses for adults living outside London</b></p> <p>The Committee <b>recommended</b> the revised levels of subcontracting for 2021/22 and 2022/23 to the Board for approval</p>
<b>10.</b>	<p><b>2020-21 Risk Report Summer 2021</b></p> <p>The Committee <b>noted</b> the updates to Strategic Risks 4 and 5. The VPF&amp;R reported that in response to the recent internal audit of risk management, all Committees were now undertaking a deep dive at least annually into a specific risk. Members were asked to consider which risk they would like to look at in more detail, possibly at the March 2022 meeting.</p> <p><b>Action: Committee members to consider which risk should be selected for a deep dive at the March 2022 meeting</b></p>
<b>11.</b>	<p><b>Health and Safety Termly Performance Report June 2021</b></p> <p>The Committee <b>noted</b> the Health and Safety report for June 2021. Nasim Jivani-Hemani had attended the last Health and Safety Group meeting as the Lead Governor for Health and Safety. The Committee asked whether the College planned to develop a vaccination policy. The P&amp;CEO stated that the need for a vaccination policy would be kept under review.</p>
<b>12.</b>	<p><b>Policy updates</b></p> <p>The VPF&amp;R presented the minor amendments to these policies:</p>

	<p>i. <u>Health and Safety Policy</u></p> <p>ii. <u>Supply Chain Charges and Fees Policy</u></p> <p>iii. <u>Fees Policy 2021/22</u></p> <p>The amendments to the above policies were <b><u>recommended</u></b> for approval by the Board.</p>
<b>13.</b>	<p><b>Minutes of the Meeting held on 24 February 2021</b></p> <p>The open and confidential minutes of this meeting were <b><u>approved</u></b> as a correct record.</p>
<b>14.</b>	<p><b>Matters Arising not on the Agenda</b></p> <p>The Committee <b><u>noted</u></b> the action list. Discussions were continuing with the Council about the development of a permanent SEND centre.</p>
<b>15.</b>	<p><b>Review of Committee Terms of Reference</b></p> <p>The Committee <b><u>recommended</u></b> the amendment to its terms of reference relating to risk to the Board for approval.</p>
<b>16.</b>	<p><b>Post Meeting Reflection</b></p> <p>The Committee noted that the meeting had ended on time and that discussion had focussed on the main issues.</p>
<b>17.</b>	<p><b>Any other business</b></p> <p>The P&amp;CEO thanked the VPF&amp;R for her hard work developing the budget for 2020/21 as well as submitting four capital funding bids in two months.</p>
<b>18.</b>	<p><b>Dates of future meetings</b></p> <p>Wednesday 17 November 2021  Wednesday 2 March 2022  Wednesday 15 June 2022</p>

*Approved as an accurate record by the Finance and Resources Committee at its meeting on 17 November 2021*

*Clare Mitchell  
Director of Governance*