



Croydon  
College



**MEETING OF THE FINANCE AND RESOURCES COMMITTEE**  
**Wednesday 14 June 2023 at 5.00pm**  
**Virtual Meeting**

**MINUTES**

**Present:** Andrew Lowe (Chair)  
 Caireen Mitchell (Principal & CEO)  
 Tony Stevenson  
 Nasim Jivani Hemani  
 Catherine Boyd Maunsell  
 Niral Patel

**In attendance:** Ann-Christine Harland (VP Finance and Resources)  
 Helen Langford (Head of HR) – Item 6

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

1.	<p><b>Apologies for Absence</b></p> <p>There were no apologies for absence.</p>
2.	<p><b>Declarations of Interest</b></p> <p>There were no declarations of interest.</p>
3.	<p><b>i Budget</b></p> <p>The VPF&amp;R reported that as at 5 June 2023, the proposed draft budget for 2023/24 showed a substantial deficit of <b>£475,000</b> derived from income of £33.0m (including bursary grant income). The budget generated an education specific EBITDA of <b>£615k</b>, a significant reduction from the 2022/23 forecast outturn of over £1.7m. The key reasons for the forecast deficit were:</p> <p>The reduction of over £1m in the main 16-18 grant of £1,066k, which was the College’s main source of funding. The main factors that contributed to this were:</p> <ul style="list-style-type: none"> <li>- a <b>£338k</b> reduction in funded learners (54) based on 2022/23 recruitment;</li> <li>- a significant <b>£454k</b> (3%) reduction in student retention in 2021/22 – which affected the grant 2 years later;</li> <li>- a <b>£264k</b> reduction in the percentage of students on full Study Programmes (6%).</li> </ul> <p>This was offset by a <b>£364k</b> 2.2% national ESFA increase in funding per band, which compensated for a further <b>£305k</b> reduction in disadvantage funding.</p> <p>In order to achieve a higher ESFA grant in 2024/25 the College would need to recruit more 16-18 students and improve retention. The number of offers for 2023/24 were currently higher at the Coulson Campus than at Croydon, but there was the potential for mid-year starts at the Croydon Campus. An additional 12 high</p>

needs students would be starting at the Croydon Campus in 2023/24 who would all be on maximum hours.

The College was still waiting for the outcome of a bid to the GLA for £600k pa for the next 3 years for additional AEB for Skills for Londoners. The outcome was expected in June. The GLA had not yet announced their increase in funding/qualification for 2023/24. If the College was awarded this grant, the forecast deficit would improve by £150k to **£(325)k**.

The Chair asked what actions would be taken to close the gap so that this was a one year deficit budget only. The P&CEO reported that the curriculum plan would be reviewed and if necessary classes and the associated expenditure would be cut. Reductions in staffing would be avoided if at all possible because of the need to address the Ofsted recommendations. The priority would be to ensure that this was only a one year deficit budget. By the time of the November 2023 F&R meeting information would be available on enrolments for 2023/24 and the need for further action would be reviewed at that point.

Governors queried whether the budget for pay costs in 2023/24 was sufficient. It was clarified that this was an interim figure. It was likely that there were additional hours in the current curriculum plan, which had been delayed by the Ofsted inspection, which could be removed and the budget for pay costs increased. However, the P&CEO warned that there was the possibility of industrial action in 2023/24 if there was no additional funding from the government.

The Chair asked if there were any wider implications of setting a deficit budget. The VPF&R responded that Managing Public Money indicated that, provided the deficit could be covered by cash previously generated from operations, then a deficit budget was permissible. The Committee was clear that the 2023/24 deficit budget needed to be a one off and not the start of a trend.

The Committee **RECOMMENDED** the 2023/24 budget to the Board for approval.

## ii **Forecast 2022/25**

As at 5 June 2023, the proposed draft forecast for 2024/25 showed an improvement on the 2023/24 budget (attached), currently showing a break even position at **£0** derived from income of £33.7m (including bursary grant income). The 2024/25 forecast generated an education specific EBITDA of £1,094k, a significant increase from the 2023/24 forecast outturn of just £618k. The key reasons for the forecast increase are:

The increase of **£669k** in the main 16-18 grant. A detailed analysis of the factors that contributed to this was shown in Appendix A to the 2022-25 Forecast Commentary.

The College was still awaiting the outcome of a bid to the GLA for £600k pa for the next 3 years for additional AEB for Skills for Londoners. If the College achieved this grant, a forecast surplus of **£150k** would be possible. A 3% increase to the GLA AEB was forecast on the assumption that the 2023/24 over activity would be consolidated through an in year growth bid.

A 25% increase to the Apprenticeship income had been planned continuing the projected annual growth in STEM apprentices and contribution.

Pay posts had been reduced for the loss of the 16-18 tuition fund and reduced Multiply grant costs. Marginal additional apprenticeship costs were assumed within the pay budget and a modest pay increase, matching the assumed increase to grant income, has been assumed. Non pay inflation was assumed to be 5%. Interest on the variable rate loan was assumed to be 4.5% throughout.

The VPF&R reminded the Committee that different groups of staff had received different levels of pay increase in 2022/23 and that senior managers had received the smallest pay increase. It has been agreed that, depending on the level of the surplus in 2022/23, a decision would be made as to whether an additional non-consolidated payment could be provided for senior managers. This would be reviewed after the May management accounts were available.

The Committee **AGREED** the key assumptions and forecasts for 2022/25 and **RECOMMENDED** the forecast to the Board for approval.

### iii Financial Monitoring and Forecast Report as at 30 April 2023

The VPF&R reported that financial performance for the 9 months to 30 April 2023 was a surplus of £991k against the profiled budget surplus of £129k, a favourable variance of £862k. There had been a minimal £10k change this month in the year end forecast for normal operations but overage forecast receipts relating to the sale of Duppas Hill and the Barclay Road site had been added to the forecast. The overage payment from the sale of Duppas Hill had now been received.

The College was very close to the 97% funding target for its GLA AEB allocation but this was not significantly high enough to include the additional 3% income receivable if this target was achieved, therefore a prudent increase of £92k had been added to current forecast. Catering receipts continued to outperform the annual budget with the uptake of the free school meals allowance and activity being higher than previous year almost returning to pre-Covid levels.

Small changes such as 14-19 and other grants had improved the income forecast by £206k this month but this was offset by additional resources required to fund more 19+ ESOL provision and a third 14-16 group this term. A line-by-line deep dive into non pay costs was completed this month to ensure that the estimated costs were robust and based on this analysis it had been deemed that the current forecast of £7,406k did not require any amendments.

The Committee noted that the College had a very significant cash balance generated through operating surpluses, as it has been monitoring capital balances separately since 2018. This would support the one year deficit budget planned for 2023/24, which would be a one off budget, with a clear trajectory for improvement by 2024/25. Cash balances were also higher than expected at this point in the year as the FECTF works had not yet begun.

The Committee noted the additional investment that was being made in 2023/24, particularly at the Coulsdon Campus, to address the recommendations in the Ofsted report.

Governors asked about energy costs in 2023/24. The VPF&R stated that a consultant would be helping the College to maximise the benefits of its contract with Laser.

The Committee **discussed** the management accounts for April 2023.

<p><b>4.</b></p>	<p><b>Key Issues – Finance and Estates</b></p> <p>The VPF&amp;R noted that the management accounts for April 2023 and the 2022/23 forecast had been discussed under the earlier items.</p> <p>The VPF&amp;R gave an update on estates projects. Mulalleys had been appointed as the main contractor for the FECTF grant works. These were expected to be complete by the end of October. Work was also taking place with a specialist planning architect in relation to the West End entrance.</p> <p>Remodelling of the current reception area had commenced following concerns about the current layout and how best to keep our students and staff safe under the ‘Protect’ Duty about to be placed on the College. There were plans to remodel the LRC first floor to become a ‘Student Wellbeing’ area, with the safeguarding and enrichment staff being brought together.</p> <p>The College flood Phase 1 works had been completed. An increased figure of 72.5% of costs had been proposed by the insurers to conclude the settlement. The insurance contract would be re-tendered in 2024 and both a contents and buildings valuation would have taken place by the end of 2023/24. The Chair of F&amp;R asked to be informed of the renewal premium.</p> <p><b>ACTION: VPF&amp;R to inform the Chair of F&amp;R of the insurance renewal premium.</b></p> <p>Phase 2 of the flood works remained on hold. The report of the costs of reinstatement of the Performing Arts area has now been reviewed but a final settlement figure had yet to be agreed with the insurers. It was agreed that the Chair of F&amp;R would be invited to the meeting with the insurers to agree the final settlement in July.</p> <p><b>ACTION: VPF&amp;R to invite the Chair of F&amp;R to the meeting with the insurers to agree the final settlement.</b></p> <p>The LBC had appointed contractors to refurbish a small area on the first floor corridor at Croydon, for 12 Pathways students progressing from Coulsdon for September 2023. The College was still asking for a permanent building at Coulsdon, as the temporary accommodation was not robust enough to cope with extreme weather and growth.</p> <p>An ITT submission was being finalised for the GLA Framework of tendered Green retrofit specialist suppliers (the GLA’s Accelerator Scheme) in order to be ‘bid ready’ for the next funding round, expected in October.</p> <p>The Committee <b><u>discussed</u></b> the key issues paper.</p>
<p><b>5.</b></p>	<p><b>Estates Strategy Update</b></p> <p>The VPF&amp;R presented the update, which was part of the information requested by the FEC prior to their intervention visit on 15/16 June 2023. The property strategy had originally been developed at merger. There had been a number of developments since then, which fitted within Track 2 of the original strategy, including the development of the CSC and leasing space for educational purposes</p>

	<p>at the Croydon Campus. There were also future plans to bring the undercroft space into the main Croydon campus building.</p> <p>There were plans to bid, with other Colleges in the region, for £2m of capital funding through the South London Development Partnership for Green Skills. Given the relatively small amount of funding available, the plan would be for each College to develop a different facility and then make it available, e.g. through leasing, to other Colleges in the region.</p> <p>The Committee asked for a review of the property strategy post Covid as part of the development of the College's new strategic plan from 2024.</p> <p><b>Action: VPF&amp;R to review the property strategy post Covid as part of the development of the College's new strategic plan from 2024</b></p> <p>The Committee noted that this was discussion paper at this stage. The VPF&amp;R emphasised the importance of having a regularly reviewed property strategy for submission as part of capital funding bids. The current property strategy covered the period up to 2024/25. The P&amp;CEO and VPF&amp;R would discuss whether this paper should be presented to the Board meeting in July.</p> <p><b>Action: P&amp;CEO and VPF&amp;R to discuss whether this paper should be presented to the Board meeting in July</b></p> <p>The Chair requested that the review of the property strategy include considering opportunities for value creation. The VPF&amp;R noted that the original constraints on the Croydon Campus e.g. in terms of the height of the building had been removed as part of the negotiations with Tide Ltd.</p> <p>In respect of the Coulsdon Campus, the VP&amp;R reported that outline planning permission had been granted for part of the playing fields prior to merger. The Chair emphasised the need for a strategic review of the property strategy to consider the options at the Coulsdon Campus.</p> <p>The Committee <b><u>discussed</u></b> the Property Strategy</p>
6.	<p><b>Human Resources Update</b></p> <p>The HoHR presented the key points from the HR update.</p> <p>The HR team had been heavily involved in both communications with staff and Trade Union representatives post Ofsted and the recruitment to a number of interim roles. Interviews for the new post of Vice-Principal Young People and High Needs would take place shortly.</p> <p>The HR team had been using social media and LinkedIn to recruit to hard to fill vacancies and that had proved successful. The HR team would be overspent on its budget because of increased recruitment to interim roles and the cost of making some interim staff permanent at a senior level. The team was considering dropping some of the College's recruitment subscriptions to sector publications.</p> <p>The HR team had onboarded 140 new members of staff between September 2022 and 1 June 2023, this included a significant number of invigilators and LSPs, which were roles that were hard to recruit. Turnover was lower than the previous year but would continue to be a focus in 2023/24. The impact of the outcome of the recent Ofsted inspection on recruitment and retention was not yet fully understood.</p>

	<p>Progress was being made on Investors in Diversity accreditation. The new Dignity at Work Advisers were about to receive training. Staff reported a significant improvement in the provision of training, including unconscious bias training. The EDI Committee had now been re-established. Corporate induction would be introduced from September.</p> <p>The Hybrid Working Policy had been reviewed by the Executive in April and it was proposed that the trial period was extended for the next academic year. The feedback was that it was helpful in establishing parameters for working at home e.g. staff were expected to attend in person for staff development days and teaching staff were expected to be in College for all classes, but could do preparation work from home. The policy could be used to encourage staff, particularly those in the corporate areas, to return to the workplace where necessary. Catherine Boyd Maunsell asked if hybrid working would become contractual after the extension of the trial period. The Head of HR indicated that she did not expect hybrid working to become a contractual right. The Committee supported the extension of the hybrid working policy for the next academic year.</p> <p>The HR team had been working on performance improvement cases. Appraisal rates had increased significantly. There had been a significant increase in casework over recent months. This was an issue across the sector.</p> <p>The Committee <b>discussed</b> the HR update.</p>
<b>7.</b>	<p><b>Operational and Quality Improvement Plan (OQIP) Update 2022/23</b></p> <p>The Committee <b>noted</b> the progress update on Strategic Objectives 4 and 5 of the OQIP. The VPF&amp;R reported that she had just received an update on the impact of the property strategy on reducing the amount of College estate that was designated as Category C. By the end of summer 2024 this was expected to reduce to 38.5%.</p>
<b>8.</b>	<p><b>Health and Safety Report – Summer Term 2023</b></p> <p>The Committee <b>noted</b> the Health and Safety Report.</p>
<b>9.</b>	<p><b>Sustainability Update – Summer Term 2023</b></p> <p>The Committee <b>noted</b> the Sustainability Update.</p>
<b>10.</b>	<p><b>Risk Register Strategic Objectives 4&amp;5 – Summer Term 2023</b></p> <p>Progress was being made on improving processes to ensure a smooth start to the new term and the appointment of an additional MIS member of staff who would be based at Coulsdon at the start of the new academic year to assist with any issues. Other risks had already been covered by the Head of HR and the VPF&amp;R.</p> <p>The Committee <b>APPROVED</b> Strategic Risks 4 and 5 for submission to the Audit Committee.</p> <p>The focus of the deep dive was the impact of increased interest rates on the College's bank loans. Please see minutes of the Part 2 meeting.</p>
<b>11.</b>	<p><b>Policy Updates</b></p>

	The Committee <b>approved</b> the updated Supply Chain and Fees Policy and the Fees Policy for approval by the Board. Subcontracting of a small amount of the ESFA AEB funding would continue into 2023/24 as the subcontractor had not fully recruited its allocation of income in 2022/23 due to restriction on the number of learners it could recruit.
<b>12.</b>	<b>Review of Committee Terms of Reference</b>  The Committee <b>approved</b> the recommendation that no amendments were required to the current terms of reference.
<b>13.</b>	<b>Minutes of the Part 1 meeting held on 8 March 2023</b>  The minutes of the meeting were <b>approved</b> as a correct record.
<b>14.</b>	<b>Matters Arising not on the Agenda</b>  The Committee <b>noted</b> the updated action list. The VPF&R would send out details of the calculation of the debt service cover ratio. The DoG indicated that meeting invites for 2023/24 would be sent out before the Summer break.
<b>15.</b>	<b>Post Meeting Reflection</b>  The Committee had found the papers difficult to follow online because of the multiple packs. The Committee would benefit from in person meetings next year.
<b>16.</b>	<b>Any other business</b>  The VPF&R reported that the FEC would be meeting the Chair of Finance and Resources and the Chair of Audit during their intervention visit. The FEC team included a finance specialist.
<b>17.</b>	<b>Dates of future meetings</b>  Wednesday 8 November 2023 - 6pm to 8pm in person at the Croydon Campus Wednesday 28 February 2024 - 6pm to 8pm in person at the Croydon Campus Wednesday 12 June 2024 - 6pm to 8pm in person at the Croydon Campus

*Approved as an accurate record by the Finance and Resources Committee at its meeting on 8 November 2023*

*Clare Mitchell  
Director of Governance*