

FINANCE & RESOURCES COMMITTEE

DATE: WEDNESDAY 09 MARCH 2016
PLACE: RM 410 WANDSWORTH CAMPUS
TIME: 5.00 pm.
PRESENT: Andrew Brown (Committee Chair) Godfrey Allen (Chair of the Corporation),
Sue Rimmer (Principal).

IN ATTENDANCE Natalie Watt, Clerk to the Corporation
Christopher Wright, Vice Principal Planning & Resources
Ralph Moran, Director of Finance

1. **Apologies for Absence**
Cllr Jim Maddan, Jonathan Hick.
2. **Declarations of Interest**
None
3. **Minutes of the last meeting held on 4 February 2016.**
The minutes were approved and signed by the Chair.
4. **Matters Arising:**
 - **Update on SFA Claw back** – Members were informed that this had now been confirmed
 - **Agency Staff** - Detailed breakdown of the use of agency staff to come to the next meeting as part of the management accounts.
 - **Staff Utilisation** – The Director of Finance informed Members that this would be circulated outside of the meeting as work was still underway on these figures. Agreed
 - **International provision** – under review for future viability.
 - **Wandsworth ACL Contract** – The College had agreed to the same agreement as previous years, any highly punitive penalties would be discussed as part of negotiations prior to next year's contract rather than retrospectively applied. Members were informed that the College was confident of achieving the delivery of the contract in year.
 - **Attendance** – It was noted that this would be specifically addressed in the next Principal's report to the Board. Agreed.
 - **Merged College Financial Plans** – Noted that these were still a work in progress and would be shared as soon as they were available. Noted.
 - **Merton Adult Contract** - The Principal confirmed that this had been offered to the College but that further detailed discussions were needed on potential TUPE implications before any final decision was taken.

Director of
Finance

Director of
Finance

5. Financial Procedures Update

- The Director of Finance confirmed that there were no matters to report.

6. Management Accounts 2015/16– Presented by the Director of Finance
Items discussed:

- Members were advised that the provision set aside to deal with tier 4 visa issues had now been released, following confirmation that students will be allowed to complete their courses. Noted.
- Members were informed that there was a typo on the front page and the deficit should read £2.271m deficit predicted. Noted.
- Members were informed that the tower proceeds had been reflected in the P6 accounts.
- Members were also informed that robust budget meetings were being held to ensure that all expenditure was reviewed and controlled where possible in year.
- Members discussed the variances identified in paragraph 3.3.
- Members sought more detailed explanations of the information in paragraphs 4.2 and 4.3.
- Members requested confirmation on what was happening to the interest arising from the 700K currently held from the Tower proceeds. The Director of Finance confirmed that he had raised the matter with Fusion but had not had a response.
- The Director of Finance was again asked to follow this matter up and report back. Agreed.
- Members requested information on the total final costs of the overdraft facility. The Director of Finance agreed to confirm this at the next meeting.
- Members noted the overspend in the Business Centre and were assured that progress against predicted income was significant. Members were assured that the centre was making a contribution to the overall bottom line of the College. Noted.
- It was agreed that this would continue to be closely monitored and progress against targets would be reported back with the next management accounts to the Committee.
- Members discussed the agency budget at length.
- Members queried the overspend on rates identified for estates and facilities and challenged why this had not been forecast given rates were a fixed costs? The Director of Finance confirmed that he would investigate this further and report back.
- Members sought assurance that the predicted cash balance at year was as a result of assumptions that loan repayments had been made and that break costs had been accounted for?
- Members sought more information on the cash profile and the cash days in hand throughout the remainder of the year. Noted that this information would be provided on the monthly management accounts.
- The Principal asked for further analysis at the staff ratio as Members raised concerns that this was increasing.
- Members re-stated their commitment to the ratio not exceeding 65%. It was agreed that further drilling down on staff utilisation would be undertaken.

Director of Finance

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Management Accounts RECEIVED.

7. Loan Re-Structuring Provision – Presented by the VP Planning and Resources.

The Chair of the Committee tabled information on loan re-structuring and analysis provided to the SLT.

Items discussed:

- Members were informed that Eversheds had recommended JC Rathbone for financial loan restructuring advice and representation.
- Discussion followed on the terms of appointment and the negotiating position of the banks involved. Members endorsed the use of JC Rathbone but asked that the College also explore any other levers and alternative firms open to them (time permitting) to ensure the best deal for the College.
- Members proposed that point 10a) and the associated front sheet of the report be adjusted for accuracy prior to submission to the Corporation.
- Members urged the Senior Leadership Team to push for a discount and better price on the services of JC Rathbone to ensure that value for money was being achieved. Agreed.

Loan restructuring report RECEIVED and recommendations APPROVED.

**Director
of
Finance**

8. Subcontracting Provision 2015/16 – Presented by the Director of Finance.

Items discussed:

- Members noted the contracted volumes to date and the intention to increase total subcontracting by £300k with existing partners. Agreed.
- The Director of Finance discussed the external audit that had been undertaken.
- The Clerk informed Members that the Audit Committee had noted that the minimum requirement had been met.
- The Director of Finance confirmed that the audit had been conducted as required and that no additional works had been identified as necessary at this time. Noted.

Report RECEIVED.

9. Estates & Facilities – Presented by the Director of Finance.

Items discussed:

- Members noted that it was hoped that merger would provide an opportunity to review major contracts and achieve savings.
- The Director of Finance confirmed that he had focused the Head of Estates and Facilities on ensuring that statutory compliance areas were fully updated.
- Members attention was drawn to the summary at Annex A. Members also noted the detail provided at Annex B.
- The Director of Finance sought feedback on the structure of the report.
- Members approved the use of Annex A but asked that the cross campus report be combined for ease of reference.
- Members also agreed that Annex B was in considerable operational detail and requested that future reports be on an exception basis for ease of monitoring.
- Detailed discussion took place over the use of the RAG risk rating

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system.

- The Director of Finance confirmed that some of the areas flagged as red were where contractors had missed appointments.
- Members requested that greater context be provided and the ratings employed reflect the appropriate level of attention needed. i.e. that the risk report be at a strategic level for Governors. Agreed.
- Members suggested that the wording used in the report in the table at page 1 paragraph 3 should say offset instead of reduce. Noted.
- Members discussed the areas flagged as red in some detail and were assured by the Director of Finance that none of the areas were considered high risk or significant at this time. Noted.
- Discussion followed on the use of CCTV cameras and the Principal expressed her unhappiness that a recent incident showed that there were a number of cameras across the College awaiting repair.
- The Director of Finance confirmed that this was as a result of the responsive rather than proactive contract currently in place.
- Members discussed the need to maintain expectations around the level of maintenance and upkeep of the buildings.
- The Principal also raised the issue of an ILT Strategy for replacements across the board arising from feedback at a recent teacher's lunch as she attended.
- It was acknowledged that this area would need some additional financial input as the budget constraints of the previous year had halted all but essential spend.
- The Principal also requested that the Wi-Fi set up in College be reviewed when the next round of IT work was underway. Agreed.

Director of Finance

Report RECEIVED.

Director of Finance

10. Risk Management Termly Update – Presented by the Director of Finance.

Items discussed:

- Members noted that the report was not attached and would be circulated with the Corporation papers.
- Appendix A, the risk register was discussed.
- The Director of Finance confirmed that the layout incorporated all previous requests for changes.
- Members noted that the Audit Committee had also requested that College Performance indicators also be included.
- Members discussed one of the key risks around delivery of targets for 16-18 year olds.
- Members noted that the International income target was also not going to be met. It was agreed that the new risks identified under merger plans and associated controls needed further consideration.
- The Principal raised concerns over access to information for the merger and confirmed that an update on the challenges around merger would be provided to the Joint Steering Group. Noted.
- Members discussed the formulaic approach currently in place and proposed that consideration be given to a wholesale review that was focussed on the risk appetite for some of the areas identified.
- It was agreed that the system did not allow for quick responses and did not necessarily capture all the live information.
- The Director of Finance confirmed that the auditors were in support of the current process.
- Members noted this but were keen to ensure that the risk system

Clerk

Principal

Director of Finance

delivered to their needs rather than met the needs of an audit process. Noted.

Report RECEIVED.

11. Funding Performance Termly update 2015/16 – Presented by the VP Planning and Resources.

Items discussed:

- Members discussed the figures reported.
- Members noted that when the loss of the 6th form was considered in the review that the College held its own in terms of student numbers.
- Members noted that ACL provision had grown and that the expected additional sub-contracting had been included in the report.
- Members discussed the average group size and noted that despite reports of additional work in this area that the College had failed to maintain its target group size of 18.
- Members expressed serious concerns over the increase to 20 as a group size given that group sizes of 18 were not achieved.
- The Director of Finance confirmed that financial calculations would be worked out against an actual out turn, but that the targets were used for curriculum planning purposes and enrolment. Noted.
- Members sought assurance from the VP Planning and Resources that more robust efforts would be made to maintain this figure.
- The VP Planning and Resources confirmed that detailed monitoring of group sizes had been initiated already to ensure that earlier action could be taken and have an impact.
- Members asked if any radical incentives were being offered to maintain class size.
- Members were informed that progression as considered to be the key to ensuring that class sizes were maintained as it reduced the pressure on enrolment.
- The Principal stated that excellent teaching was the best incentive for students attending and achieving. Discussion followed on attendance.
- Members noted that it was a continual area of challenge.
- Members requested case studies on where attendance had been poor and turned around. Noted that this had been requested at Quality and Performance Committee.
- Members were informed that the College had been notified that it was the front runner for the awarding of Merton Adult Education Contract. Members congratulated the Principal and SLT on their work for this.
- Discussion followed on the possible challenges and opportunities arising from this.
- Discussion followed on TUPE and the need to confirm detailed staffing lists prior to any contract signing.
- Members proposed that due diligence of the contract be undertaken and that the SLT review the financial viability and contribution of the contract prior to any acceptance of the contract. Agreed.
- Members expressed concern at the resourcing levels of the Senior Leadership Team particularly in light of the on-going merger discussions. The Principal conceded that leading the merger was a considerable challenge.
- Members reiterated their view that where necessary the SLT should contract for additional resources. This should be considered where individual projects were concerned such as the Merton Adult

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Contract. Noted.

Report RECEIVED.

12. Budget Construction 2016/17 – Presented by the Director of Finance

Items discussed:

- Members were advised that the SFA required a standalone budget plan to be submitted by 31st July 2016.
- Members noted the key points addressed at paragraph 9.
- Members discussed the key assumptions identified at paragraph 12 and the timescales at paragraph 14.
- Members were informed that should the budget plan show a surplus of £783k as per the attached appendix then the College would be rated as financially outstanding by the SFA.
- Members discussed and agreed that the model should include a pay increase.
- It was agreed that the budget would be constructed based on the priorities and assumptions contained in the report.
- Members noted that the start of the coming financial year was steadier and more robust than the previous one.
- Members stated the need for income predictions to be as risk free as possible and that the risk appetite based on the challenges from the previous year was low.
- Members were informed that it was anticipated that there would be a minimal number of business cases this year compared to the previous one.
- The Principal provided feedback on Government priorities and areas of focus for provision.
- Members were assured that the course fee planning process was well underway and in advance of the previous year. Noted.
- Members noted that there was a typo in paragraph 5 and at point 9.
- It was agreed that the report would be updated by the Director of Finance prior to submission to the Corporation.

Director of Finance

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Report APPROVED.

13. Fees Management Policy – Presented by the Director of Finance.

Items discussed:

- Members noted the typos to be corrected on the front page.
- Members were advised that the Fees Policy had been significantly amended to bring it into line with national guidance (see paragraph 20). It was agreed that fee targets across all areas would be set and closely monitored.
- Members noted that due to crossing two Boroughs some further alignment had been undertaken.
- Discussion followed on the HE Fees. It was agreed that the discretionary concessions also needed to be re-visited to ensure that the College was maximising its income. Agreed.
- Members noted that the policy may need further work should Lambeth also come on line via the merger.
- Members asked if any market sensitivity analysis was available?
- Members were informed that it was only available to a limited extent as private training provider information was sparse.
- Discussion followed on the need to exploit on line training opportunities due to the reduced cost of delivery. Agreed.

Director of Finance

- Members were informed that Fees were identified in the prospectus in a more ready accessible form and that the Fees Policy was for reference purposes. Noted.

Report and updated Fee Policy APPROVED for recommendation to the Corporation.

14. Treasury Management Annual Report – Presented by the Director of Finance.

Items discussed:

- Members noted the summary of repayments at Annex B for information.
- Members noted that the report reflected the proceeds of the sale of the Tower Block. Members noted that the cost of the overdraft had been requested as a follow up action.
- The Director of Finance confirmed that the second round of fees for the overdraft extension had not yet been included.

Director of Finance

Report RECEIVED.

15. Any Other Business

- **Terms of Reference** – The Clerk to the Corporation advised Members that the Audit Committee was seeking to ensure that the terms of reference between the two Committees dovetailed. It was agreed that draft terms of reference would be considered by the joint Chairs and the Director of Finance.

16. Date and Time of the Next Meeting

- Wednesday 22nd June 2016 at 5pm Wandsworth Campus.

Signed By: _____

Date: _____