

FINANCE & RESOURCES COMMITTEE

DATE: TUESDAY 22 SEPTEMBER 2015
PLACE: RM 410 WANDSWORTH CAMPUS
TIME: 6.00 pm.
PRESENT: Andrew Brown (Chair of the Committee), Godfrey Allen, Jonathan Hick, Sue Rimmer (Principal), Cllr Jim Maddan.

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

1. Apologies for Absence

None

2. Declarations of Interest

Julian Grindell Interim VP Special Projects & Fusion Consultant Item 5.
Cllr Jim Maddan Item 5.

3. Minutes of the last meeting held on 17 June 2015.

The minutes were approved and signed by the Chair.

4. Matters Arising:

- **Learner Numbers** – Progression rates and end of year attendance figures – The VP Planning and Resources informed Members that these were being finalised and would be available as part of the revised College Performance Indicator (CPI) report coming to Corporation . Noted C/F.
- **Financial Targets** – The VP Planning and Resources informed Members that some information had been provided; however, in future a break down by campus performance against financial targets would be reflected in reports for the current academic year. Noted C/F.
- **Additional Meeting** – Action completed.
- **Revised Budget** – The Director of Finance confirmed that this had been incorporated in to the budget presented in July; however, subsequent funding changes had meant that a newly revised budget was on the agenda for this meeting. Noted.

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5. Capital Projects – Subject to a separate confidential minute.

6. Financial Review of 2014/15 – Presented by the VP Planning & Resources and the Director of Finance.

Items discussed:

- Members were informed that the report had been produced at the Committee's request.
- Members thanked the Senior Leadership Team for the report but expressed concern that whilst reasons had been identified for the end of year outcome, the report did not marry up actions against the problems.
- Members expressed concern that this imbalance could produce a similar position in this current financial year.
- The VP Planning and Resources discussed the start point for the previous year and confirmed that anticipated income levels did not materialise.
- Members were also informed that the late actions regarding funding from the SFA were also an unpredictable element.
- Members were assured that the management team now had better intelligence and alignment between actuals and budgets for the coming year.
- Members challenged the VP Planning and Resources on the usefulness of tools such as, franchising and subcontracting and an explanation of how these tools were used to fill performance gaps was provided.
- Members were also assured that there was less subcontracting being delivered in 2015-16. Noted.
- Members queried point 12 on the report (relating to the Business Centre) and asked what action was being taken to solve the problem of turning pipeline leads into actual income? The VP Planning & Resources stated that the Business Centre had been instructed to be more robust about delivery and the viability of leads.
- Members expressed concern that the Business Centre consistently over forecasted its delivery.
- Discussion followed on the challenges of turning potential leads and opportunities into income.
- Members accepted the reasons provided but also urged the Senior Management Team to assume a more prudent and realistic level of failure rate.
- The VP Planning and Resources discussed the introduction of a new delivery model for the Business Centre where pay was linked to outcomes, Members were advised, however, that this was still at discussion stage.
- Members queried whether the Business Centre had the skills to take a risk based approach to its delivery profile? The Principal informed Members that the Business Centre was working with the VP Planning and Resources to review ideas to manage its profile whilst maintaining flexibility for future opportunities.
- The VP Planning and Resources confirmed that the new profiles for the Business Centre would be identified and reported back to the Committee in due course.
- Members queried what step changes were being looked at with regard to joint ventures and new opportunities?
- Members challenged the SLT to provide the Committee with ideas for external investments and opportunities.
- It was agreed that the VP Planning & Resources would report back to

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the Committee on this request at its next meeting. Noted.

- Members queried what lessons had been learnt with regard to fee income? The VP Planning & Resources confirmed that the budget anticipated a reduction in fees.
- Members raised a query with regard to section 19 of the report and asked the SLT, how and what they will be measuring to show that changes identified have been implemented and are having an impact?
- Members queried how this effectiveness could be evidenced to the Committee?
- Members were informed that data sets were being developed for reporting back which should be able to demonstrate delivery.
- Members requested that data be provided at a granular level for them to be able to interrogate and provide feedback and guidance. Noted.
- Members pressed for urgency with the actions identified to ensure that they could have an impact in year.
- Members thanked the team for the detailed report and noted the challenging environment within which they were operating.

Report RECEIVED.

7. Budget 2015/16 & Financial Forecast to 2016/17 – Presented by the Director of Finance.

Items discussed:

- Members discussed the risks around income and HE loan numbers.
- The Director of Finance was asked to confirm income levels but stated that it was too early at present to do so, but that realistic expectations had been established. It was agreed that this would be reported on in detail at the next meeting.
- The Director of Finance assured Members that a prudent and realistic budget had been set.
- Members discussed the period 11 Management accounts and challenged the Director of Finance on how VT costs were being managed.
- The Director of Finance confirmed that additional management controls had been introduced to control spending on VT's at a much earlier stage.
- A new system would be in operation from October that provided real time information to staff to enable them to manage their budgets.
- Members were informed that 4-6 weekly meetings had been scheduled across all key areas to review budgets and staff utilisation.
- The Principal confirmed that there was more accountability at VP and Assistant VP level for staff utilisation and quality.
- Members were advised by the VP Planning and Resources that non pay costs could not be reduced any further. It was noted that any additional savings required would have to be generated from business cases later in the year. Noted.
- Members queried how realistic the non-pay costs were and their allocation. The Director of Finance confirmed that the scope of facilities services being provided had been reined back. Members sought assurance that the savings identified were real? The Director of Finance confirmed that this was the case.

Director of Finance

- Members discussed the savings identified in marketing. Members were informed that the budget proposed took in to account all savings. This included those predicted from interest rate savings following the sale of the tower block and repayment of loans. Noted.
- Discussion followed on the impact on the profit and loss account, interest rate rises and the high break costs around the loans.
- Members noted that they requested that external expertise be employed to negotiate and interrogate the break costs and asked if this had been done?
- Members again urged the management team to seek professional guidance on this with a view to preserving the College's interests. Agreed.
- Members discussed the potential impact of not receiving the tower block receipt and the impact on loan covenants. Members asked what action this would generate and were informed that potentially the FE Commissioner could become involved.
- Discussion followed on potential savings from interest payments not being required. It was noted that these had been factored in to the budget.
- Members asked if the capital expenditure could be frozen as a temporary measure? The Director of Finance confirmed that only essential expenditure was being authorised. Noted.
- Detailed discussion followed on funding implications for the coming year and the context nationally for FE and funding.
- Strategic area reviews were discussed.

Director of Finance

Report RECEIVED and revised budget for 2015/16 APPROVED, submission of the Financial Planning return at Annex A APPROVED.

8. Strategic Review Update – Presented by the VP Planning & Resources.

Items discussed:

CONFIDENTIAL AND SUBJECT TO A SEPARATE MINUTE.

9. Any Other Business

None

10. Date and Time of the Next Meeting

- Wednesday 5pm 25 November 2015 Wandsworth Campus.
- Wednesday 5pm 9 March 2016 Wandsworth Campus
- Wednesday 5pm 22 June 2016 Wandsworth Campus

Signed By: _____

Date: _____