

FINANCE & RESOURCES COMMITTEE

DATE: THURSDAY 4TH FEBRUARY 2016
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, Fusion Consultant
Christopher Wright, Vice Principal Planning & Resources
Ralph Moran, Director of Finance

1. **Apologies for Absence**
None
2. **Declarations of Interest**
Cllr Jim Maddan, Item 6.
3. **i) Minutes of the last meeting held on 22 September 2015.**
The minutes were approved and signed by the Chair of the Committee

ii) Confidential Minutes of the last meeting held on 22 September 2015.
The minutes were approved and signed by the Chair of the Committee
4. **Matters Arising:**
Noted that the following matters would be carried forward to the next normal termly meeting.
 - Updated Business Centre profile - included at Item 8
 - Update on any external investment options – This is a work in progress but an update on new income streams has been included at Item 8.
 - Update on overdraft arrangements - On agenda under Item 7
 - In year adjustments following ILR return – Reflected in Management Accounts
 - Outstanding income from Newham College – The Principal confirmed that the majority of this had been received. However the SFA had taken some clawback. Newham College was in the process of challenging this decision.
 - Monthly circulation of management accounts – The Director of Finance assured Members that this would be circulated each month regardless of SLT meetings. Noted.
 - Update on any SFA clawback – Included in the management accounts report
 - All staff email on change to Financial Regulations and updated version published on blackboard – Members were assured by the Director of Finance that staff with budget responsibilities had been emailed a copy of the changes. The updated financial regulations had been [placed on blackboard for all staff.
 - Risk register updated with Merger risks – Noted that the Risk Management Group was due to meet the following week and an updated report would come to the

termly meeting.

- Residual risk column reinstated – Noted that this would be actioned for the above report
- Termly Estates and Facilities Report – C/F to the regular termly meeting.
- Planned Maintenance programme and report – C/F to the regular termly meeting
- Additional meeting of F&R Planned – Action complete.

5. Use of Financial Procedures

- S106 Deed of Variation signed 21/01/16 – RATIFIED
- Warranty T Posen Engineering signed 21/01/16 - RATIFIED
- Warranty Hambledon Partnership signed 21/01/16 - RATIFIED
- Warranty Green Piling Ltd signed 21/01/16 - RATIFIED
- Warranty Morecroft Electrical signed 21/01/16 - RATIFIED
- Overdraft agreement Barclays signed 03/02/16 (see item 8) – RATIFIED by Committee referred to the Corporation for approval.
Noted

6. Tower Block Sale – CONFIDENTIAL Subject to a separate confidential Minute

7. Management Accounts – Presented by the Director of Finance.

Items discussed:

- Members noted the forecast position at period 5.
- The Director of Finance drew Members attention to paragraph 5 and the actions identified to recover the balanced budget forecast position.
- The Director of Finance confirmed that overall the forecast was showing a deficit of approximately £2.27m.
- Members were informed that there had been an additional shortfall of approximately £200k on Adult Skills income.
- Members also noted that there had also been some unplanned additional overspend on pay and non-pay.
- Members reviewed the cash flow in detail and queried what loan costs were included.
- The Director of Finance confirmed that no break clause costs had been included. Members were informed that cash needs were expected to remain within the overall envelope of £2.5m during February.
- However it had been necessary to apply for an additional overdraft facility to ensure that pay and suppliers obligations could be met. Noted that the delay was due to the delayed completion of the Tower Block Sale.
- Members were informed that the cost of the overdraft was the same as the previous one £6k.
- Members reviewed in detail the agency staff costs supplied and sought information on how agency staff were used.
- Discussion followed on the provision of specialist areas of the Curriculum and the challenges of delivering this.
- Discussion followed on the use of Visiting Teachers. The Director of Finance informed Members that some of the overspend was due to the need to cover staff sickness. The Principal confirmed that this was part of the overspend but not all. Members requested that a

**Director of
Finance**

detailed breakdown of the use of the agency budget be supplied to the next meeting. Agreed.

- Members queried the level of cuts applied and debated whether or not this was impacting on core service delivery.
- Members expressed concern over the shortfall identified in delivery for full cost work.
- The Principal confirmed that prudent budget had been set for this area, discussion followed on what particular areas, were a cause for concern.
- The VP Planning & Resources, discussed the new products that the College had developed to try and refocus International area of delivery.
- Members were informed that it was unlikely than any significant income would be forthcoming from these products until June/July at the earliest.
- Detailed discussion and debate followed on the pros and cons of continuing to have an international presence.
- Members pressed for this area to continue to be monitored with a view to making a decision about further investment or complete pulling out over the coming months. Noted.
- The VP Planning & Resources agreed the need for a comprehensive and cost business plan for this delivery and it was agreed that this would come to a future meeting. Noted.
- The Principal expressed her concern at the lack of a signed service level agreement with Wandsworth Council for the Adult and Community Learning.
- The Committee discussed the last minute inclusion of severe penalties attached in appendices, e.g. to enrolment forms.
- Following discussion it was agreed that the Principal would keep Members updated with progress on this and would advise on any further action required. Noted.
- Members discussed the need for the full cost work to meet targets and deliver. It was agreed this would continue to be an area of focus. Members again discussed the cash profiling.
- Noted that the College had clawback of approximately £1m.
- Discussion followed on the break clauses attached to the loans and on-going discussion and potential negotiations for the stand alone South Thames College and the potential of the merged College.
- Members discussed the receipt arising from the sale of the Tower Block.
- Members discussed their experience of dealing with banks and business loan repayments and advised the Senior Leadership Team on possible variations to the proposals.
- Members requested that they be provided with any information that was provided to the banks for comparison purposes. Agreed.
- Members expressed the view that the College was potentially in a strong negotiating position and that independent expert advice would be invaluable when final negotiations took place.
- Members discussed the non-pay costs and the Director of Finance confirmed that these were largely due to a quality system subscription and the subsidy for the catering contract. Noted.
- Members sought assurance that the remaining budget was fit for

**VP
Planning &
Resources.**

Principal

purpose.

- The Director of Finance informed Members that some areas were a cause for concern such as engineering where the costs of materials were difficult to predict, Noted.

**Management Accounts RECEIVED and recommendations APPROVED.
The Committee endorsed the Chair's action and recommended ratification to the action to the Corporation.**

8. Funding performance Termly Update 2015/16 – Presented by the VP Planning & Resources.

Items discussed:

- Member's attention was draw to the summary of income developments at paragraph 4.
- Members noted the 16-19 income lines. Discussion followed on what a combined provision would be for the merged College. The Principal requested that the EFA be contacted to obtain modelling predictions for the merged College. Agreed.
- Members welcomed the information on income streams identified in Table 2.
- Members discussed the attendance figures and expressed concern that this could impact on progression and attainment.
- The VP Planning & Resources informed Members that the profile was better than the previous year and progression was expected to be reasonably robust.
- Detailed discussion followed on the issues around programme completion without attainment. The Principal confirmed that comparisons were being undertaken with Lambeth to assess strengths and weaknesses in both Colleges in managing attendance.
- Debate followed on how attendance was measured. Members were assured that the College maintained a robust and transparent process for recording absences.
- The Principal identified some areas of concern. It was agreed that a detailed attendance breakdown within areas would be provided for the next meeting.
- Members noted the positive progress made by the Business Unit. The VP Planning and Resources confirmed that the Unit was currently ahead of budget but that it was being closely managed to ensure that resources were being pushed within budget.
- Discussion followed on staff utilisation and the Director of Finance informed Members that detailed staff utilisation figures were available.
- It was agreed that these would be attached to future management account reports. Noted.
- Members also requested that the income strand summary be produced on a regular basis for the termly meetings. Agreed.
- Members queried whether the potential impact of the Merton Adult Education income had been included in the forecast. Members were informed that the tender process was still on-going.
- Members discussed the costs and benefits of the contract noting that there were TUPE implications mainly for support staff. Members endorsed the use of the 6th form space to maximise utilisation of the site.

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- Members were informed that the Harris Academy was unlikely to proceed with its interest in the site due to the costs of purchase and conversion. Noted.

Report RECEIVED.

9. Strategic Alliance – CONFIDENTIAL

10. Any Other Business

None

11. Date and Time of the Next Meeting

- Wednesday 5pm 9 March 2016 Wandsworth Campus
- Wednesday 5pm 22 June 2016 Wandsworth Campus

Signed By: _____

Date: _____