

Minutes Finance, Planning and Resources Committee 30 April 2019

(All resolutions passed were the unanimous decision of the Finance, Planning and Resources Committee members present unless otherwise stated)

Meeting Title	Finance, Planning and Resources Committee	
Date	30 April 2019	By conference call
Members	Mr G. Allen Dr J. Brumwell Mr D. Cheema Mr E. Gilbert Mr J. Hick	
In Attendance	Mr P. Mayhew-Smith	- Group Principal / CEO
	Ms. R. Devan	- Director of Finance
	Mr R Greenaway	- Deputy CEO, Finance and Resources
	Mrs H Meredith	- Head of Governance
Key Meeting Outcomes		
1.	APOLOGIES	
1.1	Apologies were received from Mr Hossain and the College Principals who normally attend meetings.	
1.2	DECLARATION OF INTEREST Members confirmed that they did not have any new pecuniary or other interest in any item on the agenda other than interests which have previously been declared.	
2.	MINUTES OF MEETING OF 14 MARCH 2019 AND MATTERS ARISING	
2.1	<u>Accuracy</u> The minutes were amended to show that the Corporation Chair attended the meeting and as amended were accepted as an accurate record to be signed by the Chair.	
2.2	<u>Matters arising</u> Members reviewed the action log.	
2.2.1	The Chair asked that this committee should receive updates on action being taken to address the Gender Pay Gap across the Group.	
2.2.2	The Committee asked about action taken in response to the findings from the Equality Impact Assessment of the 2018 Institutional Review. The Deputy Principal confirmed that action is being taken to ensure that the selection criteria for the 2019 IR will not result in any over-selection of staff with protected characteristics. A report on the 2019 IR selection criteria will be presented to the June 2019 Finance, Planning and Resources Committee Meeting.	
2.2.3	In response to a question about serious incident reporting to the Charity Commission the Deputy Principal confirmed that as an exempt charity the regulator for FE Colleges is ESFA acting on behalf of the Secretary of State for Education. Any issues requiring reporting will be reported to ESFA .	
3.	MANAGEMENT ACCOUNTS FEBRUARY 2019	
3.1	The Director of Finance presented the February 2019 management accounts and drew members' attention to the main variances as detailed in the commentary to the management accounts and took questions from Governors on these.	

3.2	<p><u>Staff Costs</u></p> <p>Members noted the increase in budgeted staff costs of £806k, compensated by reducing the staffing contingency by £650k and moving the finance charge on enhanced pensions to interest. £920k relates to the central delivery of ALS, and a further £105k to the Aurora centre due to the significant increase in high needs learners supported by the College.</p>
3.3	<p><u>Fee income (full cost and funded FE)</u></p> <p>The forecast reduction of £90k this month refers mainly to the School of Engineering at Kingston College. The School's fee income has reduced significantly year on year in the past two years. The change in Apprenticeship funding methodology has had a greater than anticipated on employer fees generated by the School.</p>
3.4	<p><u>Adult Education Budget funding</u></p> <p>Only minor changes were made to forecasts this month. However, the risk of not achieving 97% of the AEB allocation remains as the level of planned future enrolments may not materialise and the ALS claims submitted to date are not sufficient to provide assurance that the total forecast ALS for SEB funded learners will be evidenced and claimed. The discount of £150k applied to the AEB forecast to maintain the forecast at less than 97% has been retained in view of the high level of risk that remains. In response to questions about the work being undertaken to achieve the AEB allocation the Director of Finance confirmed that every effort is being made across the College to grow the current activity so as to achieve this target which would result in additional income of £0.5m.</p>
3.5	<p><u>ESF project income and expenditure</u></p> <p>The Business Centre team identified further changes in ESF contract income and expenditure this month. The LLDD project forecasts were reduced further this month. ESF franchising expenditure has not reduced by a corresponding amount because a large element of the reduction in the LDD project relates to delivery commissioned internally from Schools within South Thames College. The proportion of franchise costs payable to external partners has increased from 65% to 82% this month.</p>
3.6	<p><u>Miscellaneous expenditure</u></p>
3.6.1	<p>Members are about recruitment expenditure of £154,255 (£56,052 above budget) and whether this work could be done by an in-house recruitment consultant. The Deputy Principal confirmed that the College is currently reviewing how to reduce these costs which include both recruitment agency fees and advertisement costs.</p>
3.6.2	<p>Members also asked about the high cost of college subscriptions of £146,283 (£66,462). The Group Principal explained that the group AoC subscription amounts to about one third of these costs but that the figure includes some items that needed to be re-assigned to other budgets. The Group Principal is undertaking a review as to whether the subscriptions provide good value. Members asked why this figure was higher than budget and the Director of Finance reported that some subscriptions from Merton and South Thames Colleges were not properly recorded last year.</p>
3.7	<p><u>Key Performance Indicators</u></p>
3.7.1	<p>Members noted a similar range of staff utilisation levels across the Colleges and asked why there remains such a difference in school contribution levels. The Deputy Principal confirmed that the College is trying to identify the factors which impact on school contribution levels and the Financial impact of curriculum mix across the Colleges. The Deputy Principal explained that the financial contribution is less from expensive workshop based provision than from classroom based provision.</p>
3.7.2	<p>Members asked about the differences in class sizes between the Colleges particularly the smaller class sizes at Carshalton and Merton. The Deputy Principal confirmed that this was due to demand and that this is being reviewed as part of the current Curriculum Review. The Group Principal also reminded governors that the Aurora Centre needs to have smaller class sizes. However, under- recruitment in hospitality and catering will be addressed by efficiency savings and reductions in the number of groups being planned for next year.</p>

<p>3.8 3.8.1 3.8.2 3.9</p>	<p><u>Cashflow Forecast</u> Members noted the forecast decrease in cash and cash equivalents in the year excluding the impact of Estates Strategy & proceeds is £618k.</p> <p>The Chair expressed the hope that the 2019-20 budget for the underlying business of the College will be cash generative – noting the plan to use capital for Estates Strategy expenditure previously agreed.</p> <p>It was resolved to note the management accounts.</p>
<p>4. 4.1 4.2 4.3</p>	<p>ESFA FINANCIAL HEALTH GRADE AND FINANCE DASHBOARD MARCH 2019 AND LETTER FROM OFS RE FINANCIAL VIABILITY AND SUSTAINABILITY</p> <p>Members discussed both letters and a further explanatory email circulated about the letter from the OFS by David Hillier, Assistant Principal - HE and Apprenticeships. . The letter set out the concerns of the OFS about the credibility of HE providers’ student number forecasts and over optimistic forecasting.</p> <p>The Chair asked about the granularity of the process of forecasting student numbers across the Group for all provision. The Deputy Principal outlined the process which takes into account trends from the same course over the previous 5 years which has been standardised across the Group. In response to questions about reference to external demographics the Deputy Principal confirmed that forecasting includes links between Heads of Schools / Curriculum Managers to the local area and employers and feeders schools.</p> <p>It was resolved to note the letters from ESFA and the OFS.</p>
	<p>The Chair asked for an update on Estates Strategy work and the Deputy Principal reported as follows.</p> <p><u>Wandsworth part disposal</u> The Deputy Principal reported on delays on the Wandsworth disposal due to two pre-conditions which needed to be satisfied at the date of the meeting;</p> <ol style="list-style-type: none"> 1) The Bank need to sign off the final agreement for release of the security and provision of alternative security; 2) Formal confirmation was awaited from ESFA that there will be no requirement for repayment of previous grant funding. <p>Completion of the final agreements needs to take place within the next few weeks to allow sufficient time for the separation and decant works to be completed over the summer.</p> <p><u>Drapers Court disposal</u> The transaction is proceeding with the hope that the transaction will complete by 31st July 2019.</p> <p><u>Sale of parcel of land to rear of Richmond Road</u> Heads of Terms had been agreed with the neighbouring landowner to go to market jointly. This should facilitate the sale of this parcel of land.</p> <p><u>Tooting</u> More work is needed on travel to learn patterns for students before decisions can be made in relation to moving any provision from Tooting to Wandsworth. The plan is to have a proposal in relation to this by June 2019.</p> <p><u>Carshalton and Merton</u> Work is progressing with proposals to put forward to the Estates sub-committee in June for further rationalisation and land disposals.</p>

Date of Next Meeting	<p>The next meeting dates were noted as:</p> <ul style="list-style-type: none"> • F, P and R Committee Tuesday 11 June 2019 @6:30pm at Merton College • Estates Sub-Committee Monday 17 June 2019 @6:30pm at Merton College. • <p>The meeting closed at 7.55pm</p> <p>Signed:Date:.....</p>
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Action points		Responsible	Deadline	Signed off
From this meeting				
1	FPR committee to receive updates on action being taken to address the Gender Pay Gap across the Group.	DHR	Ongoing	
2	Report on action being taken to ensure that selection criteria for IR will not result in over selection of staff with protected characteristics to be presented to June 2019 FPR meeting.	DHR	June 2019	