

South Thames Colleges Group

**Minutes Finance, Planning and Resources Committee and Estates Sub-Committee**

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

<b>Meeting Title</b>	Finance, Planning and Resources Committee and Estates Sub-Committee																										
<b>Date</b>	30 January 2020																										
<b>Members</b>	Mr G. Allen Dr J. Brumwell Mr D. Cheema Mr R. Foulston Mr T. Monger-Godfrey Mr P. Mayhew-Smith Mr N. Ratnavel	( By conference call) Group Principal / CEO Chair																									
<b>In Attendance</b>	Ms. R. Devan Mr R Greenaway Ms S. Lockett Mr A. Slade Mr M. Tweedale Mrs H Meredith	- - - - - -	Director of Finance Deputy CEO, Finance and Resources Director of Facilities Principal, South Thames College Principal, Kingston College Head of Governance																								
<b>Key Meeting Outcomes</b>																											
<b>1.</b>	<b>APOLOGIES</b>																										
<b>1.1</b>	Apologies were received from the Principal, Carshalton and Merton Colleges, who normally attends meetings.																										
<b>1.2</b>	<b>DECLARATION OF INTEREST</b> 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.																										
<b>2.</b>	<b>MINUTES OF LAST MEETING OF 21 NOVEMBER and 10 DECEMBER 2019 AND MATTERS ARISING</b>																										
<b>2.1</b>	<p><u>Accuracy.</u> The minutes were accepted as an accurate record and signed by the chair.</p> <p><u>Matters arising</u> Members noted the following updates:</p> <table border="1"> <tr> <td>Bring forward date of circulation of management accounts to governors</td> <td>DoF</td> <td></td> <td>Actioned , The DoF reminded the committee of the process involved in building up the management accounts with monthly meetings across the Group focussing on variance from forecast and performance to date</td> </tr> <tr> <td>Benchmarking data and feedback from staff Wellbeing survey requested re managing stress</td> <td>DF</td> <td>March 2020</td> <td></td> </tr> <tr> <td>Group Action Plan on how it plans to reduce the Gender Pay Gap to go to future meeting .</td> <td>DF</td> <td>March 2020</td> <td></td> </tr> <tr> <td>Clarify the circulation date for the management accounts each month to ensure it complies with AoC best practice guidance</td> <td>RD</td> <td></td> <td>Actioned – now being circulated 10 days after start of following month</td> </tr> <tr> <td>Chair to discuss some changes to the presentation of the management accounts separately with the FD</td> <td>NR</td> <td></td> <td>Actioned</td> </tr> <tr> <td>Reporting requirements of change to balance sheet to be checked</td> <td>RG/ RD</td> <td>Dec 2020</td> <td></td> </tr> </table>			Bring forward date of circulation of management accounts to governors	DoF		Actioned , The DoF reminded the committee of the process involved in building up the management accounts with monthly meetings across the Group focussing on variance from forecast and performance to date	Benchmarking data and feedback from staff Wellbeing survey requested re managing stress	DF	March 2020		Group Action Plan on how it plans to reduce the Gender Pay Gap to go to future meeting .	DF	March 2020		Clarify the circulation date for the management accounts each month to ensure it complies with AoC best practice guidance	RD		Actioned – now being circulated 10 days after start of following month	Chair to discuss some changes to the presentation of the management accounts separately with the FD	NR		Actioned	Reporting requirements of change to balance sheet to be checked	RG/ RD	Dec 2020	
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<b>2.2</b>	It was <b>resolved</b> to note the minutes.																										

<p>3.</p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p> <p>3.5</p> <p>3.6</p>	<p><b>FINANCE</b> <b>MANAGEMENT ACCOUNTS OCTOBER, NOVEMBER, DECEMBER 2019</b></p> <p>The December management accounts were presented by the Finance Director.</p> <p>In relation to the Key Financial Indicators the Finance Director drew governors' attention to the assessment of Financial Health of the Group based on the ESFA scoring. The current score of 240 is the minimum required for Financial Health of Outstanding but the Group has moderated this to Good. This is because the Group may repay less borrowings than originally planned which will impact on the ratio of borrowings as a percentage of income and so impact on the overall financial health score.</p> <p>The Committee reviewed the bank loan covenant monitoring (page 23) noting that the Group is currently forecasting to be well within the range for all of the bank loan covenants.</p> <p>The Committee asked about:</p> <ul style="list-style-type: none"> <li>• A note in the commentary about HE income that numbers for Kingston Digital Industries &amp; Business is believed to be understated and is currently under review by the Head of School. The Finance Director confirmed that this income has dropped and will be updated in the January Management accounts;</li> <li>• The volatility of Local Authority funding for High Needs Students. The budget contained a risk adjustment of £400k in recognition of the risk that planned levels of Local authority funding may not be delivered. As the ALS team has now identified funding of £4.686m as approved by the relevant authorities (against a budget of £4.119m - growth of £566k), the risk adjustment has been reduced to £200k this month. The Finance Director confirmed that this funding has to be negotiated with and invoiced to each Local Authority and that the LAs regularly challenge invoices. The Committee also discussed the rate of growth in High Needs learners, whilst noting that the contribution rate from high needs is only about 25-35%.</li> <li>• The impact of the drop in learner numbers: 430 less learners than planned, 402 less learners than funding target. Governors noted that this will have a negative impact on next year's funding allocation.</li> <li>• The Finance Director explained that the budget for 16 to 18 year old ESFA learners allows for fall out of a proportion of learners after enrolment.</li> <li>• The reason for the increase over budget of Agency costs. The Finance Director explained that this is largely due to additional learning support workers / classroom assistants needed in relation to the growth in AL High Needs learners. There is also an element of agency staff covering recruitment drag.</li> <li>• The future funding of TPS increases – Dr Brumwell thought this might now be funded until 2023. The management accounts record that currently the Group is only being funded for the increase from September 2019 until March 2020.</li> </ul> <p>Members confirmed that they find the commentary to the management accounts extremely useful and thanked the Finance Director for providing this.</p> <p>It was <b>resolved</b>: to note the management accounts.</p>
<p>4.</p> <p>4.1</p>	<p><b>ESFA FINANCIAL EARLY INTERVENTION UPDATE</b></p> <p>The Committee noted the letter from the ESFA (22 November 2019) confirming that the College is no longer classified as in early intervention.</p>
<p>5.</p> <p>5.1</p>	<p><b>INTEGRATED FINANCIAL MODEL FOR COLLEGES(IFMC)- INTRODUCTION TO NEW IFMC FOR INFORMATION</b></p> <p>The Committee noted that ESFA has announced a new single annual financial return (the</p>

IFMC) which has to be completed and submitted by all colleges by 28 February 2020. College financial returns, have historically been submitted at least twice a year.

5.2 The ESFA have introduced the IFMC to help college governors and the agency to “spot signs of declining financial health and ensure preventative action can be taken at an earlier stage”.

5.3 An additional Corporation Meeting has been fixed for Tuesday 25 February to approve the IFMC for South Thames Colleges Group

5.4 It was **resolved** to note the report.

**6. CAPITAL AND ACCOMMODATION ESTATES STRATEGY – PROGRESS UPDATE**

6.1 The Deputy CEO presented an update on the options analysis work which was undertaken at Tooting last summer and had been reviewed by the Estates Sub-Committee previously.

6.2 An Options Analysis exploring the possibility of consolidating the college on the second floor only, allowing the first floor to be sublet as serviced office space had been reviewed by the sub-committee at its last meeting noting that Option 2 would require a new reception, administration, social and LRC to be created on the second floor, to relocate the business centre teaching to other college sites and would have the impact of reducing the number of classrooms, IT rooms and workshops

6.3 The conclusion from the options analysis work carried out since the November Estates Sub-committee meeting was that Option 2 (the option preferred by the Principal of STC and curriculum managers) is achievable. This means the Group will vacate the first floor of the Tooting campus, as soon as possible, following the end of the Summer Term and move all 1<sup>st</sup> floor activities either to the 2<sup>nd</sup> Floor or to the Wandsworth Campus.

6.4 Governors asked about the impact of the changes for students. The Principal, South Thames College confirmed that discussion had taken place with students as part of the decision making process resulting in the decision to keep ESOL provision and Job Centre plus at Tooting. It was also confirmed that the frequency use survey was undertaken during a typical week and that curriculum managers were satisfied that this option can work.

6.5 As the Group cannot assign part of its lease, it will a sub-let a floor which will generate rental income. The estimated financial impact on annual income and expenditure is as follows.

BNPR Rental Estimate			£ 630,848		
Estimate of first floor rental			£ 250,000	Yr 1 Savings	Yr 2 Savings
Assume 6 month rent free				£ 125,000	£ 250,000
		2019-20	2020-21		
Cost		Forecast	Saving		
Gas	A021X	£ 15,000	£ 6,000		
Electricity	A022X	£ 41,200	£ 16,480		
Water	A023X	£ 4,000	£ 1,600		
Cleaning Materials	A024X	£ 6,180	£ 5,000		
Building Cleaning	A025X	£ 79,000	£ 31,600		
Rates	A026X	£ 35,632	£ 14,253		
Building Insurance	A027X	£ 9,500	£ 3,800		
Repairs and Maintenance	A028X	£ 15,000	£ 6,000		
Security	A030X	£ 95,000	£ -		
Waste disposal	A032X	£ 13,081	£ 2,000		
Planned Maintenance	A033X	£ 45,000	£ 18,000		
Equipment and Materials	A045X	£ -			
Accommodation Rental	A128X	£ 37,000	£ -		
		£ 395,593	£ 104,733	£ 104,733	£ 104,733
				£ 229,733	£ 354,733

Mr Monger-Godfrey asked about the un-expired term of the lease and the DCEO will check and confirm this. He also asked whether the College’s property advisors have advised how easy it will be to sublet a floor. The Principal, STC confirmed that Tooting is becoming a Business Improvement District and the DCEO confirmed that the Group’s advisors are very optimistic.

6.6	Mr Monger-Godfrey suggested considering what time which might need to be factored in for a change of use application which might result in a significant void period and the DCEO will raise this, and his alternative suggestion of letting to a capital service provider, with the College's advisors.
6.7	It had provisionally been estimated that capital costs of between £500-£600k will need to be incurred, commencing around May 2020, in order to enable this development and decant activities.
6.7	It was <b>resolved</b> to note the report and the intention to sub-let the 1 <sup>st</sup> floor of the Tooting campus and incur additional capital costs of up to £600k to deliver this development
	<p><b>ANY OTHER BUSINESS</b></p> <p>The Principal reported that the Group has been re-appointed to the Register of Approved Apprenticeship Providers and asked for thanks to David Hillier to be recorded for this.</p>
<b>Action points</b>	
<b>From this meeting</b>	
1	Benchmarking data and feedback from staff Wellbeing survey requested re managing stress
2	Group Action Plan on how it plans to reduce the Gender Pay Gap to go to future meeting .
3	Tooting – DCEO to check and confirm unexpired term of the lease
4	Tooting - Group to take advice on the time which might be needed for a change of use application and the alternative of letting to a capital service provider
<b>Date of Next Meeting</b>	The next meeting will take place on Tuesday 17 March 2020 at Merton College starting at 6.30pm.
	The Open Business closed at 7.30pm and was followed by a session of Confidential Business.
	Signed: .....Date:.....