



**MINUTES**

<b>PRESENT:</b>	Piers White (Committee Chair) Gordon Smith (Chair of Governors) Frances Wadsworth (Principal/CEO) Jackie Wilding
<b>CLERK:</b>	Melissa Drayson
<b>IN ATTENDANCE</b>	Keith Oxspring - Chief Operating Officer (COO) Andy Smith - Deputy Chief Executive (DCE) Jo Bland - Director of Human Resources (DHR) (item 6 & 9 only)
	Bill Lumsden - BDO (Item 6 only)
<b>APOLOGIES</b>	Martin Corney Trevor Morgan Kevin Zuchowski-Morrison
<b>QUORUM</b>	The meeting was quorate throughout
<b>TIMING</b>	18.50 – 21.04

**Action lead**

- 1 Apologies for absence**  
Martin Corney and Trevor Morgan
- 2 Declarations of interest**  
  
There were no additional declarations of interests relating to items on the agenda
- 3 Minutes of the meeting held on 26 April 2016**  
  
The Minutes were approved as an accurate record and were signed by the Chair.
- 4 Matters arising from the minutes not already on the agenda**  
  
Item 5: Apprenticeships companies:  
This item would be considered in workshops by the Chair's Strategy Group as they reviewed strategic options for apprenticeships and delivery of learning. The DCE gave an update on the discussions that were taking place with Learning Curve in preparation for the introduction of the Apprenticeships Levy. It was acknowledged that apprenticeships were one part of the strategic jigsaw of what the college should deliver and how, and there was a need to map and

interlink consideration of all delivery and key strategic issues across the Board, the CSG and the Committees. The Principal would be providing a Strategic update to the Board on 12 July.

Governors asked whether the Brexit vote would have an impact on apprenticeships. The implications of leaving the EU were not yet known, but it was anticipated that the Autumn Statement would determine whether the levy would be implemented as planned.

9b. Insurance cover for terrorism

The COO confirmed that the College was not covered for terrorism, and that a recent survey showed that only 10% of colleges had such cover. It would only be possible to insure for loss of buildings, but not loss of life or injury. The cost of cover would be £45k.

Governors were mindful, however, that Croydon had been assessed as the third highest risk target in London. Management were, therefore, asked to take further advice and to bring this back to the Board.

**AGREED: that a brief advisory report on insurance for terrorism COO be brought to the Board on 12 July.**

**5 Financial Monitoring and Student Numbers report**

*Supporting paper presented by the COO*

The April 2016 Management Accounts were taken as read, and headlines presented.

The full year position had improved to a deficit position of £66k. In response to governors' questions, it was confirmed that the deficit had improved from £227k in February. There was moderate confidence that it would be reduced to zero by the year-end.

The improvement in the overall position was due, in part, to additional full-cost income from CITB for teaching their apprenticeships within the College.

The Committee noted the following issues relating to income:

- Although learner responsive SFA income was above the budgeted figure, when combined with Adult Apprenticeships, this was within the overall allocation for adult learning.
- Further funding for over-delivery of 16-18 had now been approved by SFA

In respect of non-pay costs, the management accounts assumed that the recommendations relating to the revaluation of land and buildings under FRS102 had been approved.

The highest area of risk, in terms of pay costs, was agency staff. There remained some areas where recruitment of permanent staff was a significant challenge.

The cash-flow forecast included estimated proceeds from the sale of Heath Clark (Duppas Hill). The exact price achieved would be dependent on a number of variables, including planning permission,

and was yet to be finalised.

Governors sought assurance that bad debt provision was sufficient. It was explained that there was no reason to believe that it would not be sufficient and a review of the provision was currently in progress which would confirm the position in due course.

## **6 FRS 102. Feedback from the Audit Committee and proposals**

*Supporting paper by the COO, attended by Bill Lumsden of the college external auditors, BDO.*

The Committee was reminded of the key features of FRS102, which were considered at the April meeting, which included a range of mandatory changes to accounting practice, including holiday pay accrual. A decision was needed by the Board relating to the policies to be adopted for the valuation of assets and treatment of grant. It was fully recognised that the changes only affected the appearance of the accounts, and not the underlying financial position. There was no cash impact.

As requested by the Committee, the Audit Committee had considered a report by BDO and a report by the COO recommending the preferred options. Both BDO and RSM had confirmed that these were the methods being adopted by the majority of colleges.

It was recognised that both the proposal to retain the accruals accounting method for government grants would achieve a smoother transition from the old UK GAAP to the new GAAP. It was likely, however, that the SFA and FRC would insist that the accruals method was discontinued by 2020.

The proposal, to separate land and buildings in terms of revaluation, was also being adopted by a number of colleges. Revaluing land would increase asset value, whereas freezing buildings at deemed cost would minimise depreciation.

It was noted that the recommendations were cautious, but were the most beneficial option for the College in terms of showcasing the balance sheet to suppliers and other stakeholders.

In response to questions, governors were informed that future government capital grants e.g. Local Enterprise Partnership funding, would not make a difference to the value of buildings if the decision was made to freeze the value at deemed cost. It was also confirmed that the depreciation gain of the proposal would be in excess of £300k a year

**RESOLVED: that it be recommended to the Board that the following accounting policies be approved:**

- i. Government grants should be accounted for on the accruals basis**
- ii. Buildings should be included in the balance sheet at deemed costs at 1 August 2014 and not revalued thereafter**
- iii. Land should be revalued**

## **7 Budget and Financial Forecast 2016-17**

*Supporting paper by the COO*

Key headlines were:

- The budget proposed a deficit of £284k. Although it was recognised that it was not ideal to propose a deficit budget, this was felt to be a reflection of the turbulence and uncertainty within the sector, the high level of income risk and a consequence of a previous decision to build and use a 'war chest' and to invest in building management capacity to engineer change. The extra resource would only be utilised if required, but would also be an important aspect of succession planning at senior level
- The forecast currently reflected the status quo. It was noted, however, that the budget would need to be reviewed in the Autumn, both in the light of enrolment, but also the recommendations of the Area Review, which were expected by the end of September.
- Governors sought assurance that, if capacity was to be maintained, the additional resource required was being deployed in the most effective and efficient areas and that where there was excess capacity there would be prompt action to address.

### Income

Governors sought clarification of the shift in student numbers which underpinned the assumed changes in income, compared to the current year. Increases appeared to be particularly marked in Level 3 loan income and HE and FE tuition fee income

It was noted that changes to adult learner responsive and apprenticeship figures were linked to changes in the adult funding methodology and the introduction of the Adult Education Budget (AEB) which separated out classroom based activity from adult apprenticeships and included discretionary learner support.

It was reported that FE loan income figures had been based on the curriculum plan but it was, in reality, very difficult to predict take-up.

Likewise, it was very difficult to judge HE Fees income. In particular, the impact of the abolition of the NHS bursary for nursing was not yet known. A further unknown was the impact of the increase in capacity by high performing universities.

Increasing concern regarding Acquire Learning was reported

### Expenditure

Pay costs had been calculated according to the planned hours in the curriculum plan, on the assumption that all posts would be filled for the

whole year. It was likely that there would be savings through vacancy management. The increase in established business support costs mainly reflected the creation of additional senior posts. Pay costs also included additional costs of National Insurance, additional LGPS costs and the filling of existing vacancies.

As with student numbers, the Committee considered that it would be helpful to know the full-time equivalent staffing numbers which linked to the budgeted pay costs.

Governors asked whether the budget assumed any change to interest rates. It was confirmed that no changes had been assumed. One loan was on a fixed term, and one on a variable rate.

The Committee confirmed that it had paid particular attention to the changes in the budget, understood the components within it and considered them reasonable.

**AGREED: that the final budget should include the student number assumptions underlying the income estimates and, subject to this,**

**RESOLVED: That it be recommended to the Board of Governors that the Budget for 2016-17 be approved.**

## **8 Tuition Fees**

### **a. Higher Education Fees proposal for 2017/18**

*Supporting paper by the Deputy Chief Executive*

It was confirmed that the College that no significant issues had been raised by OFFA in relation to the proposal, and the College should hear by the end of July.

The impact of Brexit on higher education was raised. It had been reported anecdotally that universities were not anticipating changes to policy for either EU or non-EU international students. It was confirmed that the number of EU HE students at Croydon College was small, and the risk had yet to be quantified.

It was agreed that it would be helpful for the Chair's Strategy Group to have a strategic discussion of HE: opportunities for developing the UCC offer as well as that which might be through partnership with a University. The Committee noted the report and looked forward to further discussion, once the outcome of the proposal to raise fees was received from OFFA.

### **b. 2016/17 Fees Policy: Distance Learning**

*Supporting paper presented by the COO*

The revised Policy updated the version approved in March 2016-17, with the addition of appendices relating to distance learning. It was confirmed that students received and signed a funding agreement.

**RESOLVED: that it be recommended to the Board that the revised Tuition Fees Policy 2016-17 be approved.**

## 9 Human Resources strategy

*Supporting paper presented by the Director of Human Resources*

The intention, in reviewing the 2013 version of the HR Strategy, was to produce a clear and succinct strategy document, covering key areas of HR activity and proposing KPIs against them where appropriate. The College senior management team had been consulted, as had the Unions who had returned no comments.

The table mapped HR themes, KPIs and activities across strategic drivers, and set out a timeline for three years from 2016-19.

There was a discussion about the College's Investors in People status, which had improved from Standard to Silver in recent years and was shortly to be reviewed. Due to the costs and demands on staff resource involved, the Committee supported the view that it would be prudent not to resource effort to achieve gold, but to consolidate the Silver award level of service for the next review..

The Committee expressed its support for the proposed KPIs. There was a discussion about breaking down sickness data to identify stress-related absence separately. It was reported that the system had been developed more recently to allow for categories of absence to be self reported.

Governors asked for an overview of action taken by the college to support staff reporting stress. A stress risk assessment was offered if a colleague indicated that the issues were work-related. A range of support was then provided to mitigate any problems identified. Referrals to Occupational Health were made if necessary and the college contracted with a support service that all staff could access independently.

The Committee discussed the need to attract and retain the best staff, particularly to hard-to-fill positions which were currently reliant on agency workers.

The Committee commented that it was impressed with what they had observed in terms of talent management and considered that the HR Strategy might be enhanced, when next reviewed, to add more about how the College developed its leaders. Comparative data on the use of the professional development budget would also be useful.

The broader issue was raised of future workforce planning, to fit the emerging strategic needs and possible changing shape of the College. It was considered that this would be a further candidate for detailed discussion at a workshop.

### **AGREED:**

- (i) that the Chair's Strategy Group workshops would encompass best and judicious deployment of the staffing resource, and the impact of emerging changes**

- to the college
- (ii) **That the Board should be informed that the Committee had considered the HR Strategy in detail and fully supported its contents.**

The Committee noted Jo Bland's forthcoming retirement and thanked her for her sterling support to the College and the Board.

**10. Estates and capital development update**

*Supporting paper presented by the Principal.*

The Principal outlined the discussions relating to College Green, held at the Chair's Strategy Group. The priority was now for the Council to proceed with the demolition of Barclay Road as quickly as possible. The CSG had also been clear that it was vital for the Board to understand fully the values of both the current College site, and the proposed building. It was proposed that a series of CSG meetings would be held over the summer to progress matters.

The marketing of Heath Clark was progressing and the process for consideration of formal bids and selecting a preferred buyer was discussed. It was noted that it might be necessary to convene a group of governors to oversee the sale during the summer college closure and ensure that an appropriate route for Board approvals could be engineered.

**RESOLVED: that it be proposed to the Board that the Chair's Strategy Group, with input from Finance and Resources Committee members, be given delegated powers to oversee the sale of Heath Clark or other property matters over the summer.**

**11. Risk monitoring**

*Supporting paper presented by the Principal and COO*

The risk register and risk map were noted. The Committee considered the report on the business disruption simulation to be extremely clear. The suggestion made at Audit Committee, for a representative from the Metropolitan Police to present to governors, was supported.

**DHR**

As discussed previously, the impact of Brexit on the sector was not yet clear.

**AGREED: that the Executive should keep under review any risks associated with Brexit, as details emerged, and update the risk register accordingly.**

**Exec**

**12. Dates of 2016-17 meetings**

The 2016-17 dates were noted

**13. Other business**

**Chair**

There were no urgent items of other business.

Signed (Chair)..... Date .....