MINUTES OF A MEETING OF THE FINANCE AND RESOURCES COMMITTEE OF CROYDON COLLEGE FURTHER EDUCATION CORPORATION, Wednesday 19 June 2013 at 4.30pm, Room 422.

PRESENT:	Tim Thirlwall (Chair) Roz Liard Gordon Smith Frances Wadsworth (Principal) Helen Walley
ATTENDING:	Neil Blackmore (Clerk) Jo Bland (Director of HR) Sinead Borland (Head of Finance) Chay Champness (Chief Operating Officer, COO)

1 APOLOGIES FOR ABSENCE

There were none.

2 DECLARATION OF INTEREST

No new declarations were made.

3 MINUTES OF THE MEETING HELD ON 20 March 2013

The minutes were agreed and signed as a true record.

3.1 Matters Arising

The Chair noted that a business plan for international income had not been received. The COO stated that a director for international recruitment had just been recruited. The business plan will now be further developed, but will have a pragmatic approach, using agents. The reapplication for higher trusted status from (now) the Home Office has gone ahead and a two-hour visit is scheduled for 2 July. If this is successful, a January 2014 recruitment can take place. Governors expressed concern that a business case was not made available before the appointment. This is a significant strategic approach to developing income and needed Governor consideration. The COO assured members that there had been significant discussion at Executive level but recognised a gap in communications to Governor level.

ACTION: The COO to write a paper articulating the process for moving towards a business case on international business to come to board on 3 July.

3.2 It was noted that a revised Fees Policy was approved by the Committee by an email resolution on 9 May 2013.

4 FINANCIAL MONITORING

The report was **RECEIVED**. In addition to outlining the report, the COO stated that the Finance Dept, near the main College entrance, was being refurbished as an Employability hub to give a well-located major new resource for learners.

Governors queried the position on permanent and non-permanent pay spend and if the balance of staffing was right. Managers stated that this was being managed and will be addressed in the HR strategic plan. Governors asked if managers were confident in how staffing costs were profiled, given the headline favourable and adverse figures on permanent and sessional/agency staff. Heads of division are much more responsible for overspends on non-permanent staff but this has required a high level of scrutiny on the part of the senior team. Governors cautioned against wide variances on pay and expressed concern over the level of variance in the forecast, from the last meeting, and asked how the finances could be insulated against any shocks. The COO agreed that this is a lean budget but that contingencies have been planned and used effectively. Governors asked the management team to look at the forecast out-turn of £14k and how this would impact on the pay award for 2012/13. Governors reaffirmed their preference that pay awards, even if small, be made.

Governors expressed their concern on the tuition fees adverse of £511k. The COO noted that a paper outlining the significant impact of changes to part-time fees which constituted £300k of the variance had been presented at the last committee meeting. There were further issues relating to retention and forecasting and this is now being monitored more closely centrally. The Chair concluded that controls on tuition fees needed to be tightened in the coming years as the issue becomes more significant and the processes complex.

5 BUDGET 2013/4

The report was **RECEIVED**. The COO stated that it was unknown how the market would react to the introduction of 24+ loans. However, the College's provision of Access to HE (as learners progressing from that to complete a degree do not repay the loan) provided a strong basis for the College business. Due to the uncertainty arising from wider funding changes, the COO restated that this was a prudent budget. After outlining it, he stated that the SFA Financial Health Rating is projected to move to Good, with net current assets, relatively low gearing and a modest surplus. This changed the College's position strategically in a number of ways, especially if the result from the likely 2014 inspection was also Good. Governors congratulated him on the significant progress since his appointment.

There was further discussion about the relative advantages of employing permanent and non-permanent staff (in simple terms, quality of provision versus flexibility and cost). Managers stated that non-permanent recruitments did provide flexibility which might be increasingly necessary as provision and the College structures changed but that they were very mindful of the disadvantages. Governors stated that it was a fine line to match quality and flexibility but queried how such an approach might impact the quality journey. The COO stated that this was one of the biggest dilemmas the management team faced. It was agreed that quality remained a primary factor in assessing allocation of staff.

The COO outlined the changes to EFA funding which increases the average number of hours in a programme of study, and so create issues around attendance in those additional hours. Governors asked how attendance issues will be captured. Learner monitoring will be more rigorous with the introduction of ProMonitor. Managers stated that the effectiveness of this will be critical to establish funding. Next year, a hard-audit approach will be used to attendance impacts to ensure rigour even though only a soft audit is required. The SFA will be introducing in-year success and retention clawback and this is another significant change. However, the COO stated that the main issue with SFA funding remains the reduction in core funding (15% before a compensating allocation for 24+ loans). Additionally HEFCE funding has been reduced. As stated before, Governors requested significant controls on tuition-fee controls/compliance, with which managers agreed.

The COO outlined that increased pension costs, including the cost of auto-enrolment, will lead to additional estimated costs of £400k by 2017.

Governors asked whether there was any more contingency identifiable given the uncertainty of the prevailing environment. The COO stated that this has been a fundamental question during the year. Discretionary non-pay spend is small and has already been looked at to a point where there are few significant non-pay savings to be made. The risk would be that any (artificially created) contingency would be consumed quickly. Governors stated that the Budget was clear and well thought through, even if a break-even outcome was disappointing. They stated that there was more risk than in previous years, including changes to clawback, loans, fees and enrolment. Governors expressed concern that the prevailing situation was not going to change. The Principal again noted the importance of achieving Good in the next inspection to add flexibility and growth. The COO stated that fixed costs were now very efficient and that the uncertain future would make growing income all the more necessary.

Governors asked for assurance that the small surplus was supportable. In a coming year at least as difficult as the current (with outcome £87k down on original budget), Governors noted that a budgeted surplus of £27k was not a substantive surplus figure. As the non-pay was now so efficient and the budget was prudent, the COO stated that it was better to wait until in-year to see if additional staff savings were necessary but the prudence of the budget would hopefully provide further support.

The Budget was then **RECOMMENDED** to the Governing Body. It was also agreed to **RECOMMEND** the Learning Curve contract above £500k to the Governing Body. G Smith then gave apologies and left the meeting.

6 TWO-YEAR FINANCIAL FORECAST

The report was **RECEIVED**. The COO outlined the forecast as a prudent plan, including the growing of international business. He noted that the SFA had changed the approach to a two-year forecast. Much of the detail had been discussed in the previous item.

The Two-Year Financial Plan was then **RECOMMENDED** to the Governing Body.

7 SUPPLY CHAIN CHARGES AND FEES POLICY

The COO outlined the background to this policy, noting that colleges would soon have to publish this policy formally. It was **RESOLVED** to approve the policy.

8 AUTO-ENROLMENT UPDATE

The report was **RECEIVED**. The Director of HR noted that the transitional delay would provide significant efficiencies and most London boroughs were opting to use it, although LB Croydon was not. It was noted that there was no restriction on any eligible job holder wanting to join a pension scheme and that the College would strongly observe its requirements to make employees aware of their pension options. It was **RESOLVED** to approve the proposal and to include the report for information at board.

9 STAFF STRATEGY REPORT

An oral report was made by the Director of HR, incorporating the annual reports on IiP and HR strategy. On IiP, the College has comfortably achieved Bronze status which is an improvement on the current status against the framework which was Standard. An organisation must achieve 26 additional evidence requirements in order to achieve Bronze and 76 to achieve Silver. The College has achieved 56 additional evidence requirements which can be regarded as a solid Bronze. Governors welcomed this and asked that this be effectively communicated to staff. In respect of the HR Strategy, it was agreed that the Staff

Strategy Report should be wide-ranging and strategic, moving away from basic reporting of the staffing profile to showing how staffing strategy is aligned to the strategic aims and objectives of College and progress in meeting those aims and objectives in this regard. This would include analysis of data on matters such as equality and diversity, performance management, staff turnover, sickness, etc. Governors requested a tight strategy with appendices of key data and that this would replace the Annual Staff Profile Report. The Committee would determine the frequency on receipt of the Strategy when fleshed out.

The Director of HR reported that UCU balloted for industrial action over current restructuring proposals (39 yes out of 41 votes, from a membership of 113) and have notified the College of a lunchtime strike over a 2 hour period on Wednesday 26 June 2013.

10 DCE'S REPORT ON PARTNERSHIP (AS LQC)

The report was **RECEIVED**.

11 RISK MAP

The report was **RECEIVED**.

12 ANNUAL REVIEW OF TERMS OF REFERENCE

The report was **RECEIVED**. It was **RESOLVED**, as proposed by the Clerk, not to change the terms of reference.

13 DATES FOR NEXT YEAR

The dates were noted.

14 ANY OTHER BUSINESS/MATTERS FOR NEXT MEETING

The COO reported on items that had used the previously agreed procurement waiver and was reporting, as agreed, to the Committee: the College's legal support Webster Dixon had ceased trading and an interim provision had been found with a firm named Gelberg's; branding for the School of Art (value £12k) to go to the company, Blast, used for the UCC branding. The Committee confirmed the waivers. The COO updated on positions on the sale and development of the Heath Clark, Tower Block and Barclay Road properties.

The Committee **RESOLVED** that the Chair of Finance advise the management team over the summer vacation on property matters, if required.

The Chair of F&R thanked the Chair of Governors and the Clerk at their last meeting.

[The Clerk has moved the following items from Part B of the meeting to Part A. Original items remain confidential.]

1 CONFIDENTIAL MINUTES OF 20 MARCH 2013

The minutes were agreed and signed as a true record.

2 REVIEW OF CONFIDENTIAL ITEMS (2011-12)

The report was **RECEIVED**. It was **RESOLVED** to release minutes proposed by the Clerk.

The meeting then ended at 7pm.