



**MINUTES OF A MEETING OF THE FINANCE AND RESOURCES  
COMMITTEE OF THE CROYDON COLLEGE FURTHER EDUCATION  
CORPORATION,  
Thursday 19<sup>th</sup> June 2014 at 4.30pm in Room 419**

- PRESENT:** Gordon Smith (Chair items 1 – 4))  
Frances Wadsworth (Principal)  
Kate Ward  
Piers White (present and Chair from item 5)  
Jackie Wilding
- ATTENDING:** Jo Bland (Director of HR)  
Keith Oxspring (Interim Chief Operating Officer - COO)  
Andy Smith (Deputy Chief Executive – DCE)  
Jane Stroud (Clerk)
- APOLOGIES:** Trevor Morgan, Piers White for late arrival
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**1 APOLOGIES FOR ABSENCE**

Apologies were noted as above.

**2 DECLARATION OF INTEREST**

No new declarations were made.

**3 MINUTES AND OTHER RECENT DECISIONS**

3.0 Minutes of the Meeting held on 6 November 2013

The minutes of the meeting of 6 November 2013 were **agreed** and **signed** as a true record.

3.1 Matters Arising From These Minutes

There were none.

3.2. Notes of the Inquorate Meeting held on 5 March 2014

These were **RECEIVED**

3.3 Electronic Written Resolutions of 10 March 2014

The decisions to approve the following updated policies: Data Protection Policy, Information and Technology Monitoring Policy, and Probationary Review Procedure (staff) were noted.

3.4 Other Matters Arising from the Inquorate Meeting held on 5 March 2014

Item 4: Financial Monitoring

Chair's Action on 17 March 2014 to approve additional partnership activity for Learning Curve of £431k was endorsed by members.

Item 12: Any Other Business / Matters for the Next Meeting

In compliance with the financial regulations the procurement waivers of £14k for Blast, £8,940 for Joliph Contracts Ltd, and £21,300 for Ash Technical Services Ltd were noted formally.

#### **4 FINANCIAL MONITORING AS AT 30 APRIL 2014**

The report was **RECEIVED** from the COO. The April figures showed a surplus on operations of £191k and a historic cost surplus of £209k. This was less than budget because the College had; underperformed on 16 – 18 Apprenticeships and Adult Provision; and in turn had experienced reduced tuition fee income together with difficulties with fee collection. The College had over delivered on Learner Responsive work at the beginning of the year, in part due to national software issues for which it may receive some compensation from the SFA. The favourable variance on pay was partially offset by sessional staff costs. A historic cost deficit of £847k was forecast for the year end in the management accounts.

The COO highlighted on page 27 the level of debtors at £2,272m in April compared to £992k 2013. This was largely due to £1.2m paid by the Student Loan Company in May. On page 22 the Cash Flow Forecast was based on procedures currently in place. Since the Forecast had been produced he had analysed the cash position further and deduced that, in the worst case scenario of the Tower Block property sale not going ahead, it was unlikely that there would be any cash flow issues until at least July 2015. He drew members' attention to the financial objectives on pages 22 and 23. Since the report had been written work had been undertaken to verify the position vis a vis the SFA financial health rating if the Tower Block property sale was not included in the 2013/14 financial year. He could now report that if the sale did not go through in 2013/14 then the College would still retain its 'satisfactory' rating.

Members queried why income could be extrapolated from April to July, but costs were much higher in the last three months. Officers answered that higher Exams, MIS and HR costs were typical in the last three months of the year, and that there were above budget additional re-structuring costs. Costs, especially in respect of facilities work, might yet be less than forecast.

The Chair commented that it was clearly a challenging situation, but that the challenge was a national one. The Executive were doing the right thing to minimise impact on students and to make sure opportunities arising from the OFSTED grade were not lost.

#### **5 DRAFT BUDGET AND FINANCIAL FORECAST**

The report, sent separately from the pack, was **RECEIVED** from the COO. The Draft Budget showed a surplus of £151k. To date savings of c£900k had been achieved from established posts, and c£850k from sessional pay costs. The Principal outlined that a number of areas were still subject to review and verification, including pay costs and tuition fee income as well as carry forward of apprenticeships. The DCE also outlined some possible additional sources of income, such as from a partnership with an Australian company called Acquire, and regional hospice training, both of which had not yet been fully researched and so were not included in the Budget. Whilst the overall shape of the draft headline budget was deemed appropriate, it was acknowledged that there were uncertainties to resolve which mitigated against production of meaningful further detail at this juncture.

There followed a discussion in which the following points were made:

1. In answer to a question about why higher tuition fees and lower HEFCE income were budgeted, officers reminded members that this was due to be a switch in funding from HEFCE income to tuition fees.
2. Governors asked how officers knew that the Budget was deliverable given the level of available detail. Officers responded that it was the right shape, with staff costs at two thirds of income. Further work, it was acknowledged, was still required on the detail.

3. The COO stated that increased costs were projected in future years for National Insurance and Pensions. For 2015/16 this was £250k, and for 2016/17 this was £460k. These figures would feature in the required SFA 2 + year forecast.

It was **RESOLVED** to recommend the Draft Budget to the Board for approval, but to recommend that their approval be subject to the Finance & Resources Committee verifying the detail of the Budget before the end of July, once all areas had been reviewed and uncertainties resolved .

## **8 HR UPDATE**

The report was **RECEIVED** from the Director of HR. The report set out the approach being taken to reduce staff costs in line with a review of expenditure in order to match expected income. A conservative approach had been taken to staffing efficiencies, reducing agency costs, deleting unfilled budgeted posts, implementing a vacancy freeze, restructuring management responsibilities around vacant management positions and effecting a relatively small number of staff redundancies (12 individuals) primarily in management and support areas.

The following points were made in discussion:

1. In answer to questions on how the efficiencies would work officers stated that instead of cutting back incrementally, particular areas of activity had been re-defined, for example Information, Advice and Guidance had moved to the Employability Hub, and International and Marketing had been combined. Briefings to staff had been carefully managed and there had only been minimal teething problems.
2. Governors queried whether this could lead to International being diluted and were told that there was a synergy in combining the functions and that the manager in charge had good experience of both Marketing and International. He was using new digital technology and being supported by EMRA for PR and FE Associates for labour market intelligence.

## **6 FE TUITION FEES POLICY**

The report was **RECEIVED** from the COO. The Policy was broadly similar to that used in 2013/14 but included a small increase in FE fees, and the inclusion of International fees payable.

The Chair asked about the differential increases in HE fees in appendix B, holding Part Time (PT) fees at the same level while raising Full Time (FT) fees. The DCE responded that PT fees were to be packaged more attractively, and that FT courses were not yet affected by the ability of higher universities to attract ABB students without them being included in their number caps. Other HE providers were under more pressure but applications to Croydon were slightly up on the previous year and were better distributed. There was a brief discussion about how best to market the fees.

There was also a discussion about Bursaries. The increase from £1k to £1.5k was the result of hard evidence about the best bursaries offered. They were to be offered to ABB or better students which effectively meant additional students beyond our cap on numbers could be attracted at marginal delivery cost.

It was **RESOLVED** to approve the FE Fees Policy.

## **7 PROPERTY UPDATE**

The report was **RECEIVED** from the Principal. She reported that an extension of the contract for the sale of the Tower Block was due to be signed either that day or the next. Once it had

been signed a non-refundable deposit of £275k would be made by Phoenix, the buyer. The extension included an unconditional commitment by Phoenix to pay the full amount three weeks after planning is approved, or by 30 September if this is sooner.

Following the favourable OFSTED inspection early discussions had taken place with new Cabinet members at Croydon Council on the feasibility of setting up a secondary school or Free School on the Barclay Road site. There were both educational and business reasons to pursue this initiative. The next step would be to submit an application to the DfE by September or October. The cost would be c £30k to work up and submit an application, and the College would need to set up a company to take it forward. If and when approval was given the College would receive £300k to produce more detailed plans, and the EFA would , if approval was received, pay for the building. The Principal offered to prepare information on the issue for the Governing Body. It was noted that the Chair would be attending a meeting with the Executive and external consultant to discuss in further detail,

It was **RESOLVED** to recommend to the Governing Body that they agree in principle that further work be undertaken to explore the feasibility of setting up a school on the Barclay Road site. Also, that they agree an application to the DfE for permission to open a school be prepared at a cost of £30k and that a company be set up to support this if needed. There would be no other commitment at this stage.

## **9 ANNUAL REVIEW OF TERMS OF REFERENCE**

The report was **RECEIVED** from the Clerk.

It was **RESOLVED** to recommend one small change to the Terms of Reference: that the minutes only, and not the agendas for the Committee, be placed on the College's website

## **10 DATES AND AGENDA PLANNING FOR NEXT YEAR**

The report was **RECEIVED** from the Clerk.

It was **RESOLVED** to approve the agenda plan and that the Committee should meet on the following dates, all Wednesdays, at 6pm:

5 November 2014

11 March 2015, and

1 July 2015

Members were asked to advise the Clerk as soon as they can if they envisage any problem with these dates.

The Chair stated his intention to review the policies and risks to be addressed by the Committee during the course of each year with the Clerk and officers before the next meeting. These can then be scheduled appropriately.

## **11 ANY OTHER BUSINESS**

The COO reported that he had been keeping the College's bank, Barclays, abreast of progress with the sale of the Tower Block. Even if the sale had not gone through he could confirm that the College's covenants with the bank would not have been broken. He pointed out that the sale would give the College a profit of circa £1.5m.

The Chair requested that bank covenants and financial modelling be included in Jackie Wilding's induction with the COO on the College's finances.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Chair

The meeting ended at 6.20pm.