



## MINUTES

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**PRESENT:** Piers White (Chair)  
Caireen Mitchell (Principal & CEO)  
Gordon Smith  
Jackie Wilding

**CLERK:** Fiona George

**IN ATTENDANCE:** Jo Bland (DHR)  
Ann-Christine Harland (VPF&R)  
Andy Smith (DCE)

**APOLOGIES:** Varsha Mehta  
Rosaleen Liard  
Trevor Morgan

**Timings:** 6.10pm to 8.15pm

Item	
	<b>Apologies for absence</b> Apologies were received from Varsha Mehta and Rosaleen Liard
2	<b>Declarations of interest</b> <i>Members to declare any interest in any item(s) in the agenda</i>  There were no declarations of interest for items on the agenda.
3	<b>Minutes of the meeting held on 1<sup>st</sup> May 2018</b> The minutes of the meeting held on 1 <sup>st</sup> May 2018 were agreed as being an accurate record and signed by the chair.  Action points:  Item 4 will be completed by the end of the calendar year as agreed. Item 9 the Fees Policy wording relating to apprenticeship funding rules has been updated. Item 10 the Risk Policy has been approved by the Audit committee.  The confidential minutes were agreed as being an accurate record and signed by the chair.
4	<b>Matters arising from the minutes not already on the agenda</b> There were no other matters arising.
5	<b>Financial Monitoring Report</b> <i>Supporting paper for discussion</i>  The April management accounts were circulated prior to the meeting, VPF&R reported the May accounts will be circulated as soon as they are

available.

The VPF&R reported the merger due diligence and coordination costs will increase compared to what had been forecast in the April Management Accounts, to total £190k should the Committee agree to proceed to the second stage due diligence; it was requested that the Governors approve that £100k of Transition Grant is applied for, funded by the Transaction Unit. It was confirmed this is the cost for both colleges.

The VPF&R confirmed the contribution schedule comprises totals by School at present however the narrative highlights the departmental situation. The VPF&R will be developing the current departmental report, which cannot be issued in its current format as it would expose individual pay costs.

Governors queried whether the income of £166k included in the cash flow for 2018/19 are deferred. The VPF&R explained that £169k is the HE teaching grant which is based on the number of students and has therefore reduced. Its value depends on the Programme Weighting type of course as students are charged the same regardless of their course.

Governors noted the overall performance in the 9 month period is a deficit of £120k compared to the budgeted surplus of £17k, an adverse variance of £137k.

Governors queried the progress against allocation of the Skills Network subcontract. The VPF&R reported the Skills Network allocation of £275k increased to £425k late in the year and at the time of writing they had delivered £86k. The Skills Network has assured the DCEO they will be recruiting learners up to the end date. The P&CEO commented that the internal Learning Support for Adults (LSA) provision was not making their projected income and this is being addressed. However internal delivery is ahead of the internal allocation therefore it is anticipated AEB delivery still being within 97% tolerance.

The P&CEO commented in the next year's budget the plan is to reduce subcontract levels by delivering more internally.

In terms of the financial health ratings, Governors noted a 'satisfactory' outcome is expected. VPF&R confirmed the college will not move to unsatisfactory due to the College's cash reserves, although it would be possible to move to 'good' if some of the loans are repaid from the proceeds of Barclay Road.

Governors commented the revised cash flow schedule 5 is very helpful. Governors noted the anticipated operational cash inflow for 2017/18 is low at only £597k. The VPF&R pointed out that historically all fixed asset additions are coming out of the cash reserves.

**RESOLVED: The committee approved the submission by the College, on behalf of itself and Coulsdon College, for £100k of Transition Funding to fund the due diligence costs required for the merger of the two Colleges.**

6

**Budget and Financial Forecast 2018-19**

*Supporting paper to recommend to the Board for approval*

As papers showing the proposed Budget 2018/19 compared to the expected 2017/18 outcome had been reviewed at the Board Meeting on 1<sup>st</sup> May , the VPF&R informed the Governors of the reductions to the proposed surplus of £129k then to £58k currently proposed. The budget is illustrated in the second column of the three year plan. An updated commentary focussing on key aspects has been produced based on the finalised curriculum plan.

Table 1.3 shows the reconciliation of 'own delivery' activity, ie excluding subcontractors, to the 3 year ESFA financial plan. Pay costs as a percentage of income show 62.91% or 65.4% without bursary grossing up. The analysis highlights the staff pay costs for the stand alone College of nearly 70% of income, which is above the sector norm.

Table 1.4 contribution analysis shows the college subsidy of the hospitality area in 2018/19. Governors agreed to discuss this area at the strategy day.

The P&CEO reported the new position of Vice Principal – Training, Skills and HE is currently being advertised. The remit of the new role includes growing HE, apprenticeships and adult skills and training. There was a brief discussion around the school of Art and the VPF&R reminded governors the College is planning to subsidise a very small number of HE students in 2018/19 to complete their studies at another institution where student numbers have dwindled, as this is less than the cost of delivering the course.

Following the writing of the report, a review of the margin in Construction has led to some reallocation of costs, which would increase the contribution to 28%. The College is planning to partner with CITB and JTL to get the numbers which is disappointing bearing in mind the opportunities that exist in Croydon with the redevelopment and growth of construction jobs. It was agreed this is for discussion at the strategy day.

The VPF&R reported Access, Public Services, Law, HE, SFL and ESOL are planned to generate significant income which subsidise the other areas.

Section 1.5, Cash in/out flows, was noted by the committee.

The financial health score has already been discussed above. It was agreed that the options on the levels of cash and borrowing should be discussed further at the strategy meeting and for the VPF&R to take to the Board for discussion.

The VPF&R reported the current proposed budget would give satisfactory financial health.

Section 1.7 risk. The VPF&R reported the review risk OP2 Income and Contribution Targets deteriorating has been allocated to the LQC committee for review. The P&CEO suggested this should be presented at the F&R committee. The P&CEO and the VPF&R wish to revise the detail of the current risk register and identify new risks. This will be revisited over the summer and a new version will be presented next year.

Governors asked if the VPF&R is comfortable with the budget assumptions. The VPF&R commented that the key risk assumption

	<p>causing her concern was that for apprenticeship growth and, in particular, engagement with the levy paying market. Before the Board meeting she hoped to continue investigations into the College position for planned starts in September 2018.</p> <p>Governors agreed a strategy discussion is required around Higher Education, possibly early next year. The P&amp;CEO is keen to have a benchmarking review to see where Croydon is compared to other colleges.</p> <p>The VPF&amp;R reported that planned CAPEX for 2018/19 is currently £600k. The committee requested that this is not exceeded. This was approved.</p> <p><b>RESOLVED: The Committee recommended the budget to the Board for approval.</b></p> <p><b>RESOLVED: CAPEX was approved to be no more than £600k.</b></p> <p><b>ACTION: It was agreed that a strategic review of curriculum areas would be undertaken at the strategy meeting in July.</b></p> <p><b>ACTION: It was agreed to discuss the options for the College's level of gearing and effect on the health score at the strategy meeting in July.</b></p>
7	<p><b>Three Year Financial Plan</b></p> <p>The three year financial plan 2017/18-2019/20 was circulated with the meeting papers. The papers also showed extensions for 2020/21 and 2021/22 as required for any modelling for applications for funds to the Transactions Unit.</p> <p>The VPF&amp;R reported the three year plan doesn't show much change to levels of income, however, it is important to note the non-levy apprenticeship contract with New City College runs until April 2019 and then it is assumed that the College will be able to access central funds directly for each apprentice. Chris Delaney, the Relationship Manager is not yet aware of how the infrastructure will work but the assumption is the College will not be reliant on sub-contracts from other institutions.</p> <p>In 2019/20 pay savings of £490k are being forecast. A draft plan is being reviewed as part of the due diligence work.</p> <p>The P&amp;CEO reported on a new potential SEND project which the council want to invest in which is going to the Cabinet in July. The project involves £3m capital funding and a discussion is taking place as to whether Croydon has the infrastructure to implement this now or whether they should wait until September 2020. This project is not yet included in the three year plan.</p> <p><b>RESOLVED: The committee noted the risks and recommended the 3 Year Plan to the Board for approval, subject to finalisation of further detailed savings plans for 2019/20 to support the three year plan.</b></p>
8	<p><b>Risk monitoring</b> <i>Update report</i></p> <p>A risk monitoring report was circulated with the papers. The VPF&amp;R's proposed changes are in yellow.</p>

	<p><b>RESOLVED: The Committee agreed the changes.</b></p>
9	<p><b>Policies</b>  Supply Chain Charges and Fees Policy  Probation Review Procedure  Health and Safety Policy (to follow)</p> <p>The policies were circulated with the papers. The Supply Chain Charges and Fees Policy needs to be updated annually.</p> <p>Probation Review Procedure Policy is reviewed every two years. The DHR reported they are tightening up where things have changed so instead of HR manager have HR representative.</p> <p>The Health and Safety Policy draft is still undergoing revision to ensure improved links to the Student Support risk assessment processes. It will now be presented to the Health and Safety Committee for input prior to presentation to the Board on 10<sup>th</sup> July.</p> <p><b>RESOLVED: The committee approved the Supply Chain Charges and Fees Policy and the Probation Review Procedure.</b></p> <p><b>ACTION: The Health and Safety Policy will be presented to the Board on 10<sup>th</sup> July.</b></p>
10	<p><b>Confidential Items in Preparation for Merger</b></p> <p>Confidential items are minuted separately in Part B.</p>
11	<p><b>Review of Confidential Items (2016-2017)</b>  It was agreed the Clerk would check whether there were any confidential items discussed during the year and bring them to the next meeting.</p> <p><b>ACTION: Clerk to check for confidential items for the next meeting.</b></p>
12	<p><b>Review Terms of Reference</b>  <i>Supporting paper</i>  The Terms of Reference were circulated with the papers and taken as read.</p> <p>There were no changes to the Terms of Reference.</p> <p><b>ACTION: The Terms of Reference to be presented to the Board for approval.</b></p>
13	<p><b>Dates of next meeting</b>  The draft dates for 2018/19 were circulated with the papers and noted.</p> <p>PW sent his apologies for the Board meeting on 10<sup>th</sup> July and the strategy meeting on 17<sup>th</sup> July.</p>
14	<p><b>Other business</b>  Urgent matters notified in advance of the meeting.</p> <p>GS reported he has still not had a reply from Croydon Council following his letter to them. The committee noted this and expressed their disappointment.</p> <p>Thanks went to the VPF&amp;R for all her hard work.</p>

	The meeting closed at 8.10pm
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Signed \_\_\_\_\_ (Chair)

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

## Actions

Item	Action	By whom	Status
6	It was agreed that a strategic review of the curriculum areas would be covered at the strategy meeting in July	Chair	
6	It was agreed to discuss the options for the College's level of gearing and effect on the health score at the strategy meeting in July.	Chair	<b>Completed</b>
9	The Health and Safety Policy will be presented to the Board on 10 <sup>th</sup> July	VPF&R	<b>Completed</b>
11	Clerk to check for confidential items for the next meeting.	Clerk	<b>Completed</b>
12	The Terms of Reference to be recommended to the Board for approval	Clerk	<b>Completed</b>