

Finance and Resources Committee
Wednesday 25 November 2021 17:30-19:30, Boardroom and Teams

Draft minutes

Committee	John Anderson (Chair); Rosh Sellahewa; Ian Valvona; Jason Jones (acting CEO and Principal) Sue Kingman (observer)
In Attendance	Alison de Lord (Assistant Principal HR, OD & Estates) Ian Rule (Interim VP Finance); Sarah Connerty (interim Governance advisor); Chris Dearnley (ESFA)
Apologies	

Item	Item Description	Action
1	Welcome and apologies The Chair welcomed colleagues. There were no apologies received. Rosh will need to depart at 18.30 and remained until 18.50. Andy Chew has resigned from the Committee. The Chair asked SC if this was an issue for quoracy and if there is a plan in place for recruiting to the role. SC confirmed that quoracy is three and the Committee has a membership of four including JJ. Search, Remuneration and Performance Committee had not proposed any immediate succession planning but this will continue to be reviewed against the length of the merger pause.	
2	Declarations of interest There were no declarations received.	
3	The minutes from the meeting held on 30 September 2021 were agreed as a true and accurate record.	
4	Actions and matters arising Action 1 - The overlap between FRC and CQS remits around IT and student experience. Chairs and CLT leads to work together. This remains an area for work. JJ suggested a mechanism going forward to keep IT on both agendas and SC agreed to take forward this action. [After note: this was included on the 25 November CQS agenda and agreed and the Chair of CQS proposed a meeting with the Chair of FRC to discuss further]. JJ noted that the work of the technology strategy group can take this forward and JJ/IR agreed to take this action. Action 3 - AdL to update the Estates Strategy in line with the capital project developments and bring to the Committee for recommendation for approval - on the agenda for March 2022 Action 4 - JJ to send the MoU with Richmond upon Thames School to JA - this has been actioned. JJ reported that the College are meeting with RTS on Friday 3 rd Dec for a partnership meeting as there has been slippage on both sides against actions. The Chair felt it is a nice document to share with a neighbouring institution. JJ reported that the College want to get actions in place around shared staff, year 10 taster days and locking students into a relationship so we are their provider of choice. Action 5 – Bad debt policy – IR reported that he had updated the action list this afternoon after running the policy through Buzzacott who confirm that it is not part of their specific audit but is consistent with the sector. The policy is covered under the Financial Regulations and extra detail has been included. The Chair asked what action the Committee is being asked to take and IR noted that it is a procedure sitting underneath a policy that doesn't need to change so no further action is required from the Committee. Action 6 – Subcontracting contingency plan – IR reported that this item is included for information. The Chair asked how confident the College is to secure contingency in the current circumstances.	SC JJ/IR

	<p>IV noted that the tone from the ESFA around subcontracting has really changed and this does need to be raised at the next ESFA case conference. IR reported that CLT had talked about it this morning and for the College the issue is not quality but the quantity and the budget and the College will lose any funds it does not use. It is an important mechanism to maintain the grant because once it is lost it is hard to get back. The CLT need a chance to sit down and come up with a proper plan. Hopefully there will be the option to do some internal delivery.</p> <p>IV noted that this will be relevant to HCUC as well and they may have a clear view which should be taken into account.</p> <p>IR noted that there is some value in subcontracting which brings things that the College can't do itself.</p> <p>JJ noted that the strategic objective is to reduce subcontracting and the College did achieve this. Three years ago there was 80% of AEB used by subcontracting. This latest issue means going back in a direction the College did not want to go.</p> <p>IV asked if this is about curriculum planning and strategy as the College don't have a lot of provision for adults.</p> <p>AdL noted there is value of having outreach into the community just not the balance there is at present. The Chair noted that the Committee is looking for a plan around the use of subcontracting by the College up to and including merger. It is not just a finance issue but covers reputation and the curriculum and where should this item be governed from. JJ reported that it will be coming to the CQS Committee next week for further discussion.</p> <p>Action 9 - The Chair requested that the CLT run an assessment of impact, consequences of running the recovery plan and confidence of the recovery plan with the FRC and CQS – IR noted that a draft assessment is included in the budget. The Chair noted his earlier concern that a lot of great work has been done on financial recovery and that the curriculum had suffered. The achievement drop meant the budget has now been hit with a Quality Recovery Plan and a number of other consequences and is there now a concern that this may break other parts of the budget. IR reported that the revised budget is resourcing the QRP in full.</p> <p>Action 10 - The Chair asked for an update from CLT on why the solution for the balustrade will remove risk, the costs and budget area, mitigations in place during this period and a timetable for action – IR has contacted Fusion and is waiting on costs. The CLT have a preferred design.</p> <p>Action 13 – Frequency of meetings and amount of business. The Chair asked IR to consider this further and propose further meetings if appropriate. IR noted that an extra meeting in January is sometimes scheduled dependent on ESFA returns and he will give this thought. IR noted that as the Board has been moved to the 14 December he may be able to bring along all the upcoming finance information. The Chair proposed that a meeting is scheduled in January which can be cancelled if not required.</p>	<p>JJ</p> <p>SC</p>
<p>5</p>	<p>College year end audited accounts 2020-21 including financial statements and regularity auditor's management letter</p> <p>IR confirmed that this will go forward to Audit and Risk Committee next week.</p> <p>Buzzacott are still looking at the numbers so this is a draft set of statements.</p> <p>There will be very little update between the draft and final version and there is very little movement. IR commended the accounts position and the disclosures.</p> <p>There was a discussion with Buzzacott about Going Concern and last year's declaration to merge and a form of words to explain the merger delay is included.</p> <p>IR explained that the whole point is for the Committee to see the accounts in draft and raise any comments on the wording. There will be further input from Buzzacott and comments from ARC before the final paper goes forward to the Board for approval.</p> <p>The Chair noted that FE tend to run a multi model governance structure. There is a view that lots of eyes are better but there is a danger that it enables people to pass things through without check. IR didn't feel this was particularly true. In other colleges there has been a joint meeting with ARC to reduce time on a practical level.</p> <p>The Chair agreed to give more time to the statements over the next couple of weeks and would appreciate early sight of feedback from ARC.</p> <p>RESOLVED: The Committee recommended to approve the College year end audited accounts 2020-21 including financial statements</p>	

1. Revised budget 2021-22

IR noted that the work on the October management accounts and the revised budget is one joined up piece and although it hasn't yet been approved by the Board the draft revised budget has been incorporated into the management accounts for comparison purposes. The reason for doing this was to do with the recruitment pattern, with an average of 25% growth having been staffed in the original budget for curriculum areas. In the event, there has been no growth. 16-19 funding will be affected next year and reductions to staffing in the current year although this doesn't translate into a 25% reduction in curriculum areas. There are however some groups that didn't run and there is therefore a relatively small reduction in teaching costs. Adult and apprenticeship starts were fewer compared to the plan. Impact on income is around £70k. For AEB the only way to retain the income is by subcontracting. There is a further impact on fees, FE/HE adults pay a fee or are loan funded and in rare cases grant funded. On the plus side there are some additional income streams – Good Work for All from a GLA pot and the 16-18 tuition funds from an ESFA support pot. This needs to be 100% spent on staffing which has a detrimental effect on the staffing percentage. There is also the Covid recovery fund which again is mostly allocated for staffing.

The Chair noted that the table was a helpful journey for a new member of the Board.

The Chair summarised that the College had originally targeted £1.9m EBITDA. £350k has been allocated to the QRP and there is now £1.5m EBITDA. This is still a marked improvement on previous years.

IR confirmed that the College remains cashflow positive and still has Good financial health. IV noted that it is really critical to get positive signs from HCUC that they understand this position. IV asked if they have a misunderstanding of the position. IR reported that Shane Woodhatch is putting together a paper for the Joint Steering Group for this. SW has split cashflows between operational and capital to compartmentalise the capital risks. The underlying position is cash positive and the College is paying the leases back. The risks and peaks and troughs come from the capital project.

The Chair noted that the capital project is highly conditional and has very significant controls built around it. The College can't build STEM until the conditions are met.

The Chair noted that it is so important that the budget and accounts are stakeholder engagement tools, and the College should regularly provide to HCUC so there are no surprises.

SK noted that it is important to call out the additional cost for the QRP. It should clarify that yes it is more money but the College can afford it and it is non-recurring.

The Chair noted that it is a use of cashflow to invest in what really matters and asked if JJ is comfortable that this is sum is the necessary level to deliver on the QRP. JJ confirmed that a lot of work has been done on this and he is content with it.

SK asked if there is any idea on costs for fixing the balustrade. IR reported that previous estimates had been around £70-80k but may be a bit more now as it is not being done within the context of an existing contract. It maybe more like £100k. SK noted that this needs to be considered as it is material. IR noted that it would be funded from capital contingency or bottom line.

IR reported on a Fusion discussion looking at the affordability statement. The College has to factor in the extra £1m for the sports hall. This brings the surplus to less than £500k and there is a suggestion to roll it all in as a Phase 2 contingency. The Chair agreed with the use of a contingency pot but it has got to be against specific elements against sports hall, STEM and S278. It is an interesting outcome but if it hasn't been allocated to something and then there is the danger that it disappears. It could be applied to RuTC to make us a good merger partner rather than to just pump up the contingency. IR agreed that he wanted processes and controls around the release of contingency.

SK noted the comments about students not having any recreational space and using the old buildings as a temporary basis and asked what is the long-term plan and is it costed. JJ confirmed that this a big item and the CLT needs to look at strategy. AdL confirmed that there will be better

	<p>outdoor space once STEM is built. The CLT have talked about what might be done around structures. It is about how to manage behaviour and use the spaces better.</p> <p>The Chair noted that for so long it has been about the capital estates strategy, but it now needs to be more a College estates strategy and one within the HCUC group. It is important to have a clear statement of the management of physical and special resources. This would need to be part of a wider HCUC capital planning in 12-18 months' time or critical in a standalone context. Moving towards a concrete MoU with the school and all organisations in space shared is required.</p> <p>The Chair noted that he was happy with the way the financial statements are presented and the outcomes.</p> <p>IR asked for permission to share with HCUC. The Chair agreed in principle as a communication tool but asked the CLT to put some thought into how it is shared. IR explained that this will be initially through the work with SW around the numbers. Then there may be other comms. The Chair suggested that this is fronted with a note to DDS from JJ to explain that IR will be updating SW on the numbers and the investment with the QRP. JJ confirmed he has already shared the QRP details with DDS.</p> <p>IV noted it would be really good to see what information HCUC are sharing with governors on the finances to ensure it is correct. IR noted that is paper will be coming to JSG next week.</p> <p>RESOLVED: The Committee recommended to approve the Revised Budget 2021-22</p> <p>2. Management Accounts October 2021</p> <p>The Chair noted that the detail from the accounts had been duly advised and reported in the previous item. IR noted the risk management and performance against KPIs. There is a continuing risk around Clarion and new risk around AEB and subcontracting.</p> <p>The Chair noted that there is a key CLT issue of how to make sure there is appropriate Board level visibility on moving from risk to risk crystallisation. The obvious one is the risk of failure to merge. (18.50 RS departs)</p>	JJ
	<p>3. ESFA College Financial Forecasting Return 2021-23 (CFFR)</p> <p>IR reported that the ESFA CFFR is reflecting back what on what the College has reported and confirms the returns submitted. Sometimes there are interesting contexts in the dashboard. He noted from the dashboard that colleges are generally forecasting better financial health, however they are also campaigning for better funding and it is likely therefore that the forecasts are optimistic.</p> <p>The Chair noted that there are fewer colleges.</p> <p>IR reported that colleges can't claim poverty and then be reporting improved financial health. SK agreed that it looks much better than previous years.</p> <p>The Chair noted that over a decade FE colleges have been forced to do more with less. Reporting suggests achieving that. This is not true as colleges are putting a lot of stress into the system and relying on the human resource a lot more.</p> <p>The Chair noted that the College should take comfort in the move to green because the Board know how hard this has been for the team.</p> <p>IV asked whether this allows the College to stand down from financial intervention. IR noted that the College had asked during the SPA process and the ESFA confirmed that the College needed to demonstrate a year of Good financial health, which at the moment it is only forecasting. It was agreed that this is a moot point given the intended merger.</p>	
7	<p>Review against Finance and HR KPI targets for 2021-22</p> <p>AdL reported that staff sickness is high, with four long term sickness cases. Covid rates have gone down. There have been a few more cases in the last couple of weeks and there will be monthly reporting going forward. Covid cases have been isolated and appear to be brought in from outside which gives assurance that measures are working to stop any spread in the College..</p> <p>The results on the staff survey around staff satisfaction – "I feel valued and this is a good place to work" was surprisingly positive although the response rate was only 34%. AdL has drafted a paper on staff engagement as this is not high at the moment and whether this is because staff are so busy or anything else.</p>	

	<p>SK felt the sickness results did not look too bad given the time of the year it is being reported on. The Chair reported on the great work rotation and the more labour friendly employment market and asked how is that exposing the College with so many organisations struggling to hire and retain and how do you measure the likelihood of this. AdL noted that the Chamber of Commerce have asked the College to deliver a workshop on this. It is a tough market for employers and the College is finding it difficult to recruit and the merger delay is not helping. The College has been lucky with a Director of Quality who wanted a fixed term contract. Lois Vassell started this week, as AP Curriculum and is permanent because it mirrors the HCUC structure and a new HoS for Sixth form and English & maths has been appointed. HR have just recruited an HR administrator. Finding teachers in shortage subjects remains difficult. The agencies report that the College don't pay staff for marking hours which is out of kilter with the sector.</p> <p>The Chair asked if money is the answer to this problem or is it a resource issue. AdL noted that the College is resourced in terms of the QRP but money is not always the answer. Teachers don't teach for the money. For some of more vocational subjects they are better paid in industry. The Chair noted the data around College workforce lost to retirement. In an industry where the pension is good but it isn't going to get any better, does the College need to make sure there isn't a rush to retirement leaving a vulnerability in the staffing structure. AdL noted that the College did have an aging workforce, it is less so now but it is absolutely an issue. People are not wanting to come back into a working environment after the pandemic. There is a sense that the turnover is going up but it is too early to tell. HR will run a review early next year. AdL is clear that the College is going to lose people and it is going to be difficult to recruit to roles in the current circumstances.</p> <p>SK suggested the College may benefit from the great resignation. Lots of people are resigning to do more worthwhile activities and there may be opportunity to pick up people looking for a career change. SK noted that 3.5 million Americans retired during the pandemic, 2m higher than expected.</p> <p>AdL hoped this may support our recruitment and noted that the College is developing better links with graduates.</p> <p>IV noted that it has been a difficult term and there is uncertainty among staff. IV asked if it would be useful for a communication from the Board to all staff to recognise this uncertainty is there, because there is no way at present to alleviate it. This could include staff well being and the impact on staff from Hazrat's death. JJ welcomed this and it was agreed IV would draft a message before the 17 December.</p> <p>AdL reported that there had been an attempted mugging of someone unlocking their bike at the College. The area around the College has dark, narrow alleyways and staff are fearful and people are getting scared. This will be the focus item at the upcoming H&S committee.</p> <p>IV asked if the lane is lit which would be the bare minimum mitigation for staff and students using it. AdL noted that the College had been asking the Council over a long period to provide lighting and this was done the day after Hazrat's death. They haven't taken responsibility for cutting back the undergrowth and the College is doing this. Dialogue continues with Borough colleagues.</p> <p>The finance KPIs were covered under item 6.</p>	IV
8	<p>HR and OD and Operational Estates report It was agreed that this had been covered under item 7.</p>	
9	<p>IT Strategy The Chair noted the recent discussion identifying that there was a GDPR concern around the College's lead for GDPR. Clarity as to who is taking on that responsibility was requested by the Board. JJ is reviewing and will come back with a solution. [confidential item]</p>	

	<p>IR provided an update on the progress report. The strategy has been reviewed and there has been quite a list of progress, the most significant being awarded cyber essentials plus and the ground work that represents. There has been a massive step change in terms of cyber resilience and IR is pleased with the progress and the College will remain vigilant. The auditorium is working and the College is living in the good of it. The team have put through virtual desktop improvements. There is a large fleet attached to IT but it may not be as well deployed as it could be. The College has established Teams as the learning platform and is well on the path of migrating from Moodle. The IT team is strong and is settled down. There is a mixture of internal promotions and external recruitment and Stephen Hacon runs this team as the IT Manager. The Technology Strategy Group met today to set out next steps. The Disaster Recovery Plan needs updating. Statistically the College has a lot more devices per student but there is a question on the effectiveness of deployment. It is a good system but needs adapting.</p> <p>The Chair asked where does the strategy sit with the merger. [confidential item]</p> <p>SK felt that this is an important area for additional capacity and speaks to the curriculum and quality issues and achievement decline that there are the right systems in place to identify early warnings when things are going off kilter.</p> <p>The Chair noted IR's comments around GDPR and the relative low concern around this from CLT and asked CLT to make sure there is clarity around GDPR.</p>	JJ
10	<p>Risks relating to Finance and Resources</p> <p>The Chair noted that essentially this is a snapshot from the wider risk register which has attempted to show risk movement. AdL reported that with the exception of culture progress there is no change in the levels of risk. The change with full lockdown to the tragic death of Hazrat shows that the College has a very resilient culture. [confidential item]</p> <p>AEB is the significant risk. AdL noted it is an amber risk and not red yet? The uncertainty of the merger is edging some people away from the College.</p> <p>IR reported that if the preceding papers have done their job properly the risk item shouldn't give any surprises. It was noted that the 3.1 and 3.4 boxes should be red and IR will update. The Chair confirmed that there are no surprises in the finance risk update.</p>	IR/JJ
11	<p>Senior Post Holder and Governor expenses – IR noted that finance have reported that there are no expenses to report for 20/21 and this has been double checked.</p>	
12	<p>ESFA case conference updates from the 14 October</p> <p>IR reported that at the meeting the College had updated the ESFA on the capital programme, recruitment position, financial position, Barclays facility. It was an open meeting with the ESFA and they have remained supportive of the College. At the next meeting on the 2 December the agenda will look at subcontracting and the apprenticeship position. The GLA attend meetings as well. The meetings have opened up the conversations about the achievement rates.</p> <p>The Chair asked if in preparing for case conferences the team get advice from governors and the wider community. IR confirmed that there is an ongoing conversation in a lot of different contexts. JJ met with the ESFA and RT to look at the QRP. This was positive and they would like to add this as a standing item on case conferences for a light touch and also have further detailed meetings with JJ and LV, the new Assistant Principal for quality to monitor the quality recovery. These will take place half termly.</p>	
13	<p>Any other business</p> <p>The Chair confirmed that no items were received in advance. [confidential item]</p>	
14	<p>Meetings for 2021-22</p> <p>15 March 2021-22 22 June 2022</p> <p>It was agreed that March was too long away for the next meeting and SC to schedule a further meeting in January 2022.</p>	SC

Meeting closed: 19.36