

**Minutes of the meeting of the**

**Policy & Resources Committee held on Monday 9 March 2020, 4.00pm in the Boardroom**

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| **Present** | Evelyn Carpenter (Chair) |  |  |
|  | Stuart Fraser (Vice-Chair)  Yvonne Kelly (Principal) |  |  |
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**In attendance:** Wijay Pitumpe (Chief Finance & Enterprise Officer)

Victoria Eastwood (Clerk to the Corporation)

Mark Farrar (Corporation Chair)

Carole Ditty (present via telephone)

1. **Welcome and apologies for absence**

The Chair opened the meeting and welcomed all present. Apologies for absence were received from Forhad Altafi and Maxine Deslandes.

1. **Declarations of Interest**

Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.

1. **Minutes of the previous meeting – Monday 14 October 2019**

The Minutes of the previous meeting, held on Monday 14 October 2019, were agreed as a true and accurate record.

1. **Matters Arising**

An update on outstanding actions from the October 2019 Committee meeting was provided:

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| **Agenda Item** | **Action** | **Responsibility** | **By (deadline)** | **Update** |
|  | | | | |
| 7. | IoT Licence Agreement to be included within business cycle | Clerk | ASAP | Complete |
| 10. | Additional sentence to be included within management accounts to clarify expenditure. | DOFE | ASAP | Complete |
| 14. | Supply Chain Fees Policy to be presented at the October Corporation Meeting. | Clerk | 28 October 2019 | Complete |
| 15. | Demographic of applicants and wellbeing (including mental health) be included in the next report at the Strategic Planning Event | EDPO | 25 November 2019 | Complete |
| 16. | Three year trends to be provided in the next Health & Safety Report. | DOFE | 9 December 2019 | Complete |

In response to a query from the Chair, the Chief Finance & Enterprise Officer (CFEO) confirmed that employers were in place with regard to outsourcing.

1. **Debt Write Off Update – 2018/19**

The CFEO advised that the Committee were asked to approve any individual debt that exceeded £2,000 to be written off and clarified the College’s internal process for collecting debt prior to the hand over to external agencies. Debts were only written off when all avenues had been exhausted.

During the academic year 2018-19, there were 28 students whose individual debts were over £2,000 requiring write off totalling c£84K. This equated to 1.1% of the College 2018-19 non funded income.

Stuart Fraser commented that £84K seemed a high proportion of debt to write off. The CFEO responded that a trend pattern for previous years would be included going forward.

Carole Ditty asked whether the 1.1% was typical for Colleges and, if it was increasing, could the college be doing anymore to provide financial management advice for students.

The Chair queried whether there was anything to be learnt to mitigate future risks. It was agreed that future reports would continue details on measure to provide financial management to students and ways to mitigate risks

**Approved: The write-off of the 2018-19 debts was approved.**

**Action: Future debt write off reports to include actions to mitigate risks, financial management for students and trend patterns.**

1. **Balance Scorecard inc IoT**

It was noted that a copy of the balance scorecard presentation would be emailed to the Committee after the meeting.

The Principal/CEO presented the revised balance scorecard which reflected broader performance indicators in line with the strategic priorities and the annual operational plan. The balance scorecard monitored the overall performance of the college, by assessing key activities which were differentiated by client group where appropriate.

The Committee were informed that the staff survey would be benchmarked against York College and a further college benchmarking exercise was taking place with Tribal. In response to a query from the Corporation Chair, the Principal/CEO stated that tribal was looking at costs, income apportioned to areas, non-pay, effectiveness and efficient deployment of budget by area.

The Principal/CEO highlighted the performance indicators and advised that trend data would be built in for the last three years. She informed the Committee of the term one position:

* 16-18 recruitment was currently below the 19-20 targets – a key issue was to achieve the retention target through fewer withdrawals.
* Apprenticeships had been impacted by timetables and a change in delivery model and adult recruitment was on track to achieve the allocation target.
* The Performance & Standards Committee had undertaken a deep dive into English and Maths.
* Commercial income was performing slightly below the budgeted target at period 5. The coffee shop continued to perform above target, with the refectory slightly below target and the sports centre at 50%. Both the coffee shop and refectory was now outsourced to caterlink.
* Staff appraisals had now been closed off.
* Gender pay should be 0 as the College was about to report on this.

The Principal/CEO reported that the IoT balance scorecard was work in progress and separate from other figures. It would need to show how the numbers would unfold over the next five years.

**Action: Balance Scorecard to be emailed to the Committee.**

**Agreed:**  **That the current position be noted.**

1. **Horizon Scanning Presentation**

The CFEO presented the key issues in FE:

* 16-18 - how the £400 million increase will be spent
* Bursary funds – current formula based on 2009/10 EMA numbers, a new formula will be available in 2020/21 based on consultation
* Adult Education Budget – national to include flat cash funding, new digital skills entitlement and education secretary keen on level 3 courses
* Apprenticeships – non-levy employers moving to digital accounts
* Current ESFA plan to give all employers an account – there will be a three month with three reservations per employer
* Subcontracting – College is in a fortunate position and this will probably reduce to 0 – currently at 0.5m.
* Capital total bid submitted to GLA to improve F block was £676K. GLA would contribute £300K and expected to receive confirmation from the GLA by end of March 2020.
* T-level capital fund – pound for pound match funding. Employed architects and Q&S engineer re E Block - need strategy meeting to discuss this

The CFEO informed the Committee that the Licence Agreement and Commercial Agreement had now been signed. The College could now draw down capital – no match funding – 4million worth of equipment.

**Agreed: That the current position be noted.**

1. **Management accounts to end January 2020 inc Risk Lines**

The CFEO reported that the College was facing significant budget pressures which had put the anticipated £350K surplus target at risk. The OfS ruling had resulted in the removal of the HE grant and some HE loans. Increased apprenticeship delivery had picked up £526K of the shortfall from HE.

The CFEO advised that the forecasting surplus target for the year had been reduced to £151K. The forecast assumed the College would meet its target and lagged funding would ensure the College would receive the full amount of cash. The College had benefited in a small increase in funding grades, however, there was a need to increase learner numbers to benefit in future years.

The CFEO stated that the College had just received another bid from the GLA re innovation funding for c£300K – 90K this year and 215K next year.

The Chair queried whether the College could deliver on growth for apprenticeships. The Principal/CEO responded that the College would have to deliver to hit IoT KPI’s. There was an expected growth in digital.

Stuart Fraser questioned whether the increased apprenticeship delivery figures were a real increase or transfer of money. The CFEO confirmed this was not an accounting issue but was real apprenticeship delivery. The Principal/CEO added that this had been highlighted as a risk on the balance scorecard.

The Corporation Chair referred to the financial forecast figures and queried whether the College was clear where it would get the numbers from. The Principal/CEO advised that the reprofile had happened in year and the College had the next three months to work against that remaining target.

Stuart Fraser stated that he did not remember the impact being as significant as it was. The Principal/CEO responded that the issue was the ability of the apprenticeship team to perform to profile and remodelling of the workbook due to the OfS.

The CFEO added that there was a timing issue with regards to education contracts from the local council. The Principal/CEO added that the College was aware of the shortfall and would take the hit.

The Chair referred to point 2.1.4 and asked why the four year 4 budget had reduced by 3.2m since last month, adding that it would be useful to see trends. The CFEO advised that he would consider the format going forward with regard to trends.

Stuart Fraser referred to income vs expenditure and questioned the reasons for the positive situation as at the end of January (increase in 500K) and whether the College would be able to hang on to that benefit. The CFEO replied that there had been a half a million underspend and corresponding savings would be made.

Stuart Fraser asked whether spending on staff could be mitigated. The Principal/CEO replied that the College needed to look carefully at pay to ensure it reflected the performance of the areas and the adjustment needed to be shown. The CFEO added that these were ytd savings and not included in the forecast.

Carole Ditty queried, in terms of year end forecast for adult learner responsive, the level of confidence the College had that this could be achieved. The Principal/CEO responded that the College was confident it would hit its AEB allocation. The College needed to ensure it hit each target as the funding was now split through the GLA devolved budget (4% with ESFA re outer London). The College was, however, confident of hitting both targets.

The Chair queried if the College achieved 97% of the target would there be any clawback. The CFEO advised that the College must meet 100% or could be affected by clawback.

The CFEO referred to an email previously received from the Corporation Chair concerning the balance sheet. He advised that next month’s management accounts would include year-end figures.

The CFEO reported that the funding bodies profile was higher in August then decreased, diminishing in March then returning in April. The College’s £10m capital programme had comprised £5m from the GLA, £2m college reserves and £3m loan. The loan had not been used for the programme budget therefore £5m of college cash was used. This would keep the College in good stead for the future and the existing loan was decreasing.

Stuart Fraser stated that cash reserves were £1m in February. The CFEO replied that the College should have reserves of at least £1.5m. One million facility was used in February and would be paid back in April – overdraft facility was more than the term loan. The College had also to pay a none utilisation fee of £1k/month. The CFEO added that the cash flow forecast had assumed college reserves did not have to be used.

The Corporation Chair asked how often there was a formal reforecast. The CFEO replied that this took place every month. Going forward the College debt would be £7 million.

The Corporation Chair questioned the main reason for the difference between the original plan and the current position of £4 million. The CFEO responded that this was due to the College using cash instead of the loan facility.

The Principal/CEO advised that a discussion would be required about how the College made the trajectory towards outstanding and where else the College would need to invest to make the transition. The workforce and infrastructure strategy would need to be considered.

The Chair asked if the detail of how the large budget in Marketing was impacting on student numbers could be made available alongside a visual representation of whether the marketing department were monitoring the impact and their targets. The Principal/CEO replied that enrolments, enquiries and applications were included in the balance scorecard. One of the measures for Marketing was impact and a new Director of Marketing was now in place.

The Chair stated that she was asking for help to better understand impact on college expenditure and it would be interesting to see to what extent targets were being delivered. The CFEO replied that this could be provided in a graph.

The Chair questioned whether the balance sheet included the college subsidiaries. The CFEO replied that the balance sheet focussed solely on the College. The Chair and Corporation Chair stated that if college governance was responsible for the subsidiaries they should form part of the overall balance sheet. The Corporation Chair stated that Governors needed to be looking at subsidiaries in their own right and also as part of the balance sheet to be able to add the numbers up. It was agreed that the figures for each subsidiary and a total figure would be included.

The CFEO reported that if a subsidiary made a deficit it would affect the bottom line. Last year Headjogs made a surplus, Broadway broke even and Aspire made a loss due to Aspire Construction. Aspire Construction had been curtailed this year to mitigate deficit. The Principal/CEO stated that a deep dive into Broadway was taking place as part of an organisational review and it would be useful to do this for all subsidiaries to establish the benefit. The CFEO advised that it had previously been agreed to try to sell Headjogs at the Headjogs Board Meeting but it was business as usual until a buyer was found. The CFEO was currently pursuing a contact regarding selling Headjogs.

Stuart Fraser refereed to the shortfall in income regarding the OfS decision and asked if the College predicted the reduction in funding when the budget was set. The Principal/CEO replied that the issues were in the planning not the budget.

The Chair asked whether the number of new high profile appointments had been allowed for in the budget. The Principal/CEO confirmed that all posts had been allowed for and agency staff were costed against the post.

Stuart Fraser stated that revised forecast portrayed everything to be balancing out. The impact did not seem to have affected the end of the year. The CFEO replied that it was difficult to forecast. The College would normally start forecasting around March/April time but there was a lot of uncertainty. The College was currently going through a business planning process and there were other staffing issues to address as the College may not have all the required skills within the current staff and therefore may need to restructure. The Principal/CEO added that the reality was more work was needed on expenditure and pay/non-pay as this needed to adjust accordingly to areas that did not deliver.

The Corporation Chair advised that the restructuring budget could be held back for the bottom line. The Committee needed to be clear what was being used to manage the bottom line and investment may be needed to enhance skills. The Principal/CEO stated that the contingency needed to be monitored alongside restructuring.

Stuart Fraser noted that the surplus figure provided in appendix 4 needed to be amended to read 151K.

The Principal/CEO reported that Governors reports in November showed performance of applications year by year. The Corporation Chair questioned if the population was on the rise, were students dissipating elsewhere. The Principal/CEO advised that there was an issue in the borough resulting in the high flyers leaving the borough. The College had lost level 3 this year and feedback from T-levels was that they were recruiting with high GCSE’s. The Corporation Chair queried whether a more tactical approach was required. It was agreed that the Director of Marketing would present the Marketing strategy at the next meeting.

In response to a query from Stuart Fraser, the Principal/CEO informed that the College needed to align with priorities and relationships with apprenticeships. The biggest growth in learner numbers would be in 2022.

**Agreed: That the current position be noted.**

**Action: CFEO to consider format of management accounts with regard to including trends.**

**Action: A** **graph to be provided to show impact on college expenditure.**

**Action: Figures for each subsidiary and a total figure to be** **included in the balance sheet.**

**Action: Director of Marketing to present the Marketing Strategy at the June Meeting of the Committee.**

**Action: The surplus figure provided in appendix 4 needed to be amended to read 151K.**

1. **Capital Development Update – Skills for Londoners Grant Position**

The CFEO provided an update on the current position, advising that the College was still awaiting to receive confirmation regarding the grant position.

**Agreed: That the current position be noted.**

1. **IoT Update – Licence Agreement**

The CFEO reported that the licence agreement had now been signed by all parties. A meeting of the IoT Directing Body was scheduled for 31 March 2020.

**Agreed: That the current position be noted.**

1. **Partnerships Progress Report**

Carole Ditty queried whether National STAR were unable to recruit. The Principal/CEO replied that National STAR were drawing down from 16-18. This was not a significant issue as these were learners undertaking supported internships and there would not be a considerable impact on the College.

Carole Ditty referred to the red flag regarding specialist trade services. The Principal/CEO advised that a revised approach had been submitted on the basis they were due to start after Christmas but on track to complete. The change in approach was a risk but on track to deliver and being monitored.

The Chair asked for clarity on the position with Leeds College and Bridgewater and Taunton. The Principal/CEO responded that managing agents paid the College to deliver a proportion of apprenticeships. Scrutiny had taken place and the College was not at risk but would be affected under subcontracting. There was need to monitor JTL as this would cause a hole.

In response to a query from Carole Ditty, the Principal CEO confirmed that the proposed reduction in subcontracted provision was not a massive concern as the College had been reducing its subcontracting over the last three years and was now down to 10%.

**Agreed: That the current position be noted.**

1. **Subsidiary Performance Update Report 2018/19 inc STAR Subsidiary**

The CFEO reported that the STAR subsidiary had been set up to allow the College to have its own agency. An appointment had been made but the person had decided not to take up the position.

The Principal/CEO advised that the College had been approached by the COO at Protocol who had a model of working in partnership. This would provide staff and infrastructure by utilising an existing bank of staff alongside recruitment. A full report on the STAR subsidiary would be provided to the Corporation.

**Agreed: That the current position be noted.**

1. **Health & Safety Termly Report**

Stuart Fraser stated his concern that the previous Health & Safety Manager had left the College and there had not been a meeting of the Health and Safety Committee since October 2019. The CFEO advised that temporary person was in place and agency staff were recovering. The College was trying to recruit to the position but this was proving difficult.

Carole Ditty questioned whether wellbeing should be incorporated into the Health & Safety report. It was agreed that this would be included going forward.

**Agreed: That the current position be noted.**

**Action: Wellbeing to be incorporated into future Health & Safety reports.**

1. **Coronavirus Update**

The CFEO reported that the College was following advice from the AoC and a BDC ‘cobra’ team had been established alongside the disaster recovery ream.

The Corporation Chair questioned what would happens regarding examinations. The CFEO replied that google classroom could be used and staff could access office 365. The Principal/CEO added that the main issue was if the College was asked to close and the need to maintain learning.

The Committee were informed that the current risk was the Erasmus trip who were in Barcelona. The CFEO had spoken to the College’s insurers who had advised that the trip would be covered.

In response to a query from the Corporation Chair, it was confirmed that safeguards were in place for payroll etc.

**Agreed: That the current update be received.**

1. **Guest Speaker Policy Update 2020**

Carole Ditty stated that this was a well-considered policy but questioned whether the potential two working day timeframe to submit the form for advertising events was realistic. The Principal/CEO confirmed that this would be considered and reviewed.

**Action: The timeframe to submit the form for advertising events to be reviewed. The Policy to be resubmitted to the Committee once amended.**

1. **Committee Risks**

The Clerk reported that the risks allocated for monitoring by this Committee remain unchanged from the previous meeting. The updated Risk Register would be presented at the March Corporation Meeting.

**Agreed: That the current position be noted.**

**Any Other Business**

There was no further business.

**Date and time of next meeting – Monday 15 June 2020, 4pm.**

The Chair thanked all those in attendance for their contributions and reports. The meeting concluded at 17.51pm.

Signed…………………………………………. Date………………………………

Evelyn Carpenter (Chair)

**POLICY & RESOURCES COMMITTEE**

**ACTIONS**

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| --- | --- | --- | --- | --- |
| **Agenda Item** | **Action** | **Responsibility** | **By (deadline)** | **Update** |
|  | | | | |
| 5. | Future debt write off reports to include actions to mitigate risks, financial management for students and trend patterns. | CFEO/DOFE | March 2021 |  |
| 6. | Balance scorecard to be emailed to Committee | Clerk | ASAP | Complete |
| 8. | CFEO to consider format of management accounts with regard to including trends. | CFEO | ASAP |  |
| 8. | A graph to be provided to show impact on college expenditure. | CFEO | ASAP |  |
| 8. | Figures for each subsidiary and a total figure to be included in the balance sheet. | CFEO | ASAP |  |
| 8. | Director of Marketing to present the Marketing Strategy at the June Committee Meeting. | CFEO/Clerk | June 2020 |  |
| 8. | The surplus figure provided in appendix 4 needed to be amended to read 151K. | CFEO | ASAP |  |
| 13. | Wellbeing to be incorporated into future H&S reports. | DOFE | ASAP |  |
| 15. | The timeframe to submit the form for advertising events to be reviewed. The Policy to be resubmitted to the Committee once amended. | HR/Clerk | ASAP |  |