

Minutes Finance, Planning and Resources Committee 25 April 2023 at 5.30pm

(All resolutions passed were the unanimous decision of the Finance, Planning and Resources Committee members present unless otherwise stated)

Meeting Title	Finance, Planning and Resources Committee																		
Date	25 April 2023																		
Members	Mr D. Cheema (DC) Mr R. Foulston (RF) Cllr A. Holt (AH) Mr P. Mayhew-Smith - Group Principal / CEO (PM-S) Mr J. Marshall - Chair Mr T. Monger-Godfrey (TM-G)																		
In Attendance	Ms. R. Devan (RD) - Director of Finance Mr R Greenaway (RG) - Deputy CEO, Finance and Resources Ms T.Gleeson (TG) - Director of Facilities Mr J. O'Shea (JOS) - Principal, Kingston and South Thames Colleges Ms J. Percival (JP) - Acting Principal, Carshalton and Merton Colleges Mrs H Meredith(HM) - Head of Governance																		
Key Meeting Outcomes																			
	The meeting was held remotely.																		
1.	WELCOME, APOLOGIES																		
1.1	Apologies were received the Director of Human Resources who normally attends committee meetings and following the meeting from Dr Brumwell. Ms Trudy Gleeson was welcomed to her first meeting following her appointment as Director of Facilities .																		
1.2	DECLARATION OF INTEREST Members confirmed that they did not have any new pecuniary or other interest in any item on the agenda other than interests which have previously been declared.																		
2.	MINUTES OF LAST MEETING OF 16 MARCH 2023 AND MATTERS ARISING																		
2.1	<u>Accuracy</u> The minutes were accepted as an accurate record to be signed by the chair.																		
2.2	<u>Matters arising the</u> items on the Action Log were reviewed and the updates below noted: <table border="1" data-bbox="225 1391 1465 1619"> <tr> <td>The Treasury Management Policy to be reviewed to take account of MPM rules and presented for approval to the June FPR meeting</td> <td>RD</td> <td>June 2023</td> <td>Next meeting</td> </tr> <tr> <td>Consider convening the Estates Sub-Committee to consider the Estates Strategy option appraisals</td> <td>HM / JM</td> <td>June 2022</td> <td>Agenda Item 4.2</td> </tr> <tr> <td>Investigate any benchmarking for estates management costs</td> <td>RG</td> <td>June 2023</td> <td>Next meeting</td> </tr> <tr> <td>Estates Consultants to be asked to evaluate renting out parts of the college estate.</td> <td>RG</td> <td>June 2023</td> <td>Next meeting</td> </tr> </table>			The Treasury Management Policy to be reviewed to take account of MPM rules and presented for approval to the June FPR meeting	RD	June 2023	Next meeting	Consider convening the Estates Sub-Committee to consider the Estates Strategy option appraisals	HM / JM	June 2022	Agenda Item 4.2	Investigate any benchmarking for estates management costs	RG	June 2023	Next meeting	Estates Consultants to be asked to evaluate renting out parts of the college estate.	RG	June 2023	Next meeting
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2.3	It was resolved to agree the minutes.																		
2.4	MATTERS ARISING FROM OTHER MEETINGS The Committee discussed the suggestion by the Audit Committee that each Committee should review any additional Internal Audit or other Assurance Reports to commission for 2023-24. Following a recommendation from RG, the committee agreed that active support from the FE Commissioner's office through their package of Curriculum Efficiency and Financial Sustainability Support (CEFSS) should be commissioned. PM-S also suggested using support being offered by the DfE for apprenticeships.																		
3.	MANAGEMENT ACCOUNTS FEBRUARY AND MARCH 2023																		
3.1	RD presented the February and March 2023 Management Accounts highlighting the most significant variances between Annual Budget and Forecast. These were reviewed with the Committee noting in particular:																		

- **Fee income:** The two main Schools with a reduction in forecast income contributing to an overall reduction of £60,134 were Adult Community Learning at Wandsworth and ESOL at Kingston - the reduction in EFL (fee paying) students at Kingston was compensated by growth in AEB funded students
- **Staff costs:** increased in March by £85, 678 as shown below. This includes an additional nonconsolidated payment of £150 per member of staff (total value £150k) which was contained within the forecast without impacting the forecast EBITDA

Non consolidated payment agreed in March 23	(150,000)
Cost of applying pay & grading to agency staff	(80,000)
Allowance for job re-evaluation for a number of staff	(50,000)
Increase in forecast South Thames College staff costs	(10,478)
Other minor changes (KC & CCMC)	(200)
Release of staff cost contingency	205,000
Total	(85,678)

- **General contingency-** has been reduced by £125k this month because a number of risks have already materialised . The original budgeted contingency of £1,170,000 was made up of centrally held discounts to planned income levels and additional cost allowances as well as general contingency of £475k. The remaining contingency is to cover specific risks detailed in the management accounts (table at page 11) .
- **Redundancy cost forecast** has reduced by a further £100k this month based on experience from previous years
- **Professional Fees** - Forecasts previously assumed that the legal and professional fees incurred on the disposal of the Richmond Road parcel of land will be off-set against disposal proceeds (Richmond Road costs incurred last year were charged to income and expenditure). Though proceeds are no longer expected, the Group will still bear its share of the fees incurred this year
- **High Needs Student Funding Elements 2 and 3-** RF asked about any risks for the Group in relation to recovery of the Element 3 HNS funding due to delays in invoicing Local Authorities and whether any Local Authorities are bankrupt or bad debtors. Of the forecast income of £5.9m, only £1.8m (31%) had been invoiced to date. RD confirmed that the ALS management team have provided assurance that this is only a timing difference and that the income currently forecast will be achieved in full. JP explained that the College can only issue invoices when Local Authorities provide a purchase order number and the LAs have put in more processes before providing these, including panel meetings. JP confirmed that the Group is owed a significant sum by LB Croydon which is close to bankruptcy but HNS funding is protected and Croydon have started to make payments. RD also commented that JP is very good at getting invoices paid and JP confirmed that she has a good working relationship with the Local Authorities. RF asked about forecast HNS numbers for 23/24. JP confirmed that the budget is based on the same number of HNS as the current year.

3.2.1

ESFA FINANCIAL HEALTH LETTER AND FINANCIAL HEALTH DASHBOARDS

Members received and noted the following documents:

1. a letter from ESFA (29 March 2023) which confirmed that, following their review of STCG's Financial Plan the Group's Financial Health Grade for 2021/22 was **OUTSTANDING**.
2. Finance Dashboard Benchmarking data shared by the ESFA based on college accounts for 2022/22. RD reminded the committee that she shares the same data in the covering report for each set of management accounts and so there was nothing new in this data for governors.
3. Curriculum Efficiency Benchmarking data shared by the ESFA for the first time.

It was **resolved** to note the letter and Financial Health Grade for 2021/22 and JM congratulated the team on this outcome.

3.3

REVIEW OF GROUP FINANCIAL POSITION

3.3.1

The Committee reviewed and discussed the Group's financial position noting that budgeted EBITDA was suppressed by the unavoidable impact of energy price rises. Government intervention meant that the actual rise in costs (as well as reduced consumption and price fixing) is £818k better than

	budget, meaning that the improvement of £680k in forecast EBITDA is entirely attributable to utility cost savings. The group generated an EBITDA of £448k for the year to date against a profiled budget for the period of £0.805k (deficit). The year to date variance of £1.2m was also attributable to timing differences including an underspend on staff costs due to invoices for agency staff being still due.
3.3.2	DC asked about the team's level of confidence in the forecast and RD explained that the main remaining risk is of under delivery of AEB possibly by sub-contracting partners. However, the contingency should cover that and RD was quietly confident that the final AEB figure will be within the tolerance of 97% of target. DC asked whether the budget for 23/24 will also include contingency and RD confirmed that it will but that the budgeted contingency will be less than for this year.
3.3.3	JM thanked RD for the very clear and thorough management accounts and commented that the relatively small variances from budget are a tribute to the rigorous process by the finance team which enables governors to look forward to the full year figures with confidence.
3.3.4	It was resolved to note the management accounts.

4.	ESTATES STRATEGY PROGRESS UPDATE
4.1	See Confidential Minutes

4.2	<p>ESTATES SUB-COMMITTEE</p> <p>It was decided to re-convene the Estates Sub-Committee and hold a meeting of this to hear a presentation from the College's property consultants on Monday 19th June at 5.30pm.</p> <p>It was resolved to agree:</p> <ul style="list-style-type: none"> The membership of the sub-committee as: JM, RF, AH, PM-S, TM-G (to be appointed as a co-opted member after the end of his term of office as a governor) with JM as Chair. The Sub-Committee Terms of Reference subject to adding to these provisions about working towards net zero targets for the Group.
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4.3	<p>EFSA BITESIZE GUIDE TO COLLEGE REQUIREMENTS REGARDING ASSET DISPOSALS</p> <p>The Committee received with the meeting papers a recently published EFSA Bitesize Guide to college requirements regarding asset disposals and noted that the proceeds of disposal of land and buildings must be used for capital reinvestment in further fixed assets and/or to:</p> <ul style="list-style-type: none"> repay loans, to DfE and to banks repay any overpayments of ESFA/DfE grants, or satisfy grant conditions where a repayment to ESFA/DfE is due (for example overage) exceptionally, provide working capital for colleges to avoid the risk of insolvency
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	The Committee received with the meeting papers a recent AoC Finance Briefing.
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Date of Next Meeting	The next meeting will take place on Tuesday 20 June 2023 @ 5.30pm. The meeting closed at 6.35pm. Signed:Date:.....
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Action points		Responsible	Deadline	Signed off
From this meeting				
1.	The Treasury Management Policy to be reviewed to take account of MPM rules and presented for approval to the June FPR meeting	RD	June 2023	
2.	Investigate any benchmarking for estates management costs	RG	June 2023	
3.	Estates Consultants to be asked to evaluate renting out parts of the college estate.	RG	June 2023	
4.	Commission active support from the FE Commissioner's office through Curriculum Efficiency and Financial Sustainability Support (CEFSS) + DfE support for apprenticeships next year.	RG	Autumn 23?	
5.	Convene Estates Sub-Committee minute to take place on 19 June 23	HM	May 23	
6.	Add Net zero target wording to Estates Sub-Committee TOR	HM	June 23	