

Minutes Finance, Planning and Resources Committee Meeting

(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	26 January 2023 at 5.30pm							
Members	Dr J. Brumwell (JB) Mr D. Cheema(DC) Mr R. Foulston (RF) Mr J. Marshall(JM) - Chair Mr P. Mayhew-Smith(PM-S)- Group Principal / CEO							
In Attendance	Ms. R. Devan(RD) - Director of Finance Mr R Greenaway(RG) - Deputy CEO, Finance and Resources Ms S. Lockett (SL) Director of Facilities Mr J O'Shea Principal, Kingston and South Thames Colleges Mrs H Meredith(HM) - Head of Governance							
Key Meeting Outcomes								
	The meeting was held remotely.							
1.	APOLOGIES							
1.1	Apologies were received from Cllr Holt. Mr Monger-Godfrey was absent from the meeting. Apologies were also received from the Principal, Carshalton and Merton Colleges and the Director of Human Resources who normally attend committee meetings.							
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 24 NOVEMBER 2022 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</u> The two items from the action log (below) were both for review at the March meeting							
	<table border="1"> <tr> <td>Approach for energy costs 2023-24 to be reviewed</td> <td>RG</td> <td>March 2023</td> </tr> <tr> <td>FPR to review next year whether to introduce a formal Reserves Policy.</td> <td>JM /RD/ RG</td> <td>March 2023</td> </tr> </table>		Approach for energy costs 2023-24 to be reviewed	RG	March 2023	FPR to review next year whether to introduce a formal Reserves Policy.	JM /RD/ RG	March 2023
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2.3	It was resolved to agree the minutes.							
3.	MANAGEMENT ACCOUNTS NOVEMBER 2022 AND DECEMBER 2022							
3.1.1	RD presented the most significant variances between Budget and Forecast from the November 2022 Management Accounts as these accounts showed a greater variance than the December management accounts. The Committee noted that the net negative change of £182k was made up of some significant positive and negative changes to income and expenditure forecasts of which the most significant were:							
3.1.2	<ul style="list-style-type: none"> AEB income – negative variance of £321k 							
3.1.3	<ul style="list-style-type: none"> Apprenticeship funding – negative variance £350k as growth has not happened 							
3.1.4	<ul style="list-style-type: none"> HNS- forecast reduced by £1.5m as the significant growth in HNS planned for 2022/23 will not be delivered. The impact of this significant reduction was reduced by the fact that the contribution level from this funding stream is only 23% and there will also be significant staff cost savings from recruitment drag or savings in agency staff costs 							
3.1.5	<ul style="list-style-type: none"> Adult Learning Loans- forecast reduced by £576k either due to reduction in enrolments of 19+ learners being able to access other sources of funding 							
3.1.6	<ul style="list-style-type: none"> Utility costs – positive variance due to the application of the energy price cap which resulted in £0.5m savings between October 2022 and March 2023 in addition to £200k savings from early fixing of costs for this year (in July 2022) and some recent reductions in energy costs in the past 2 months 							

<p>3.1.7</p> <p>3.1.8</p>	<p>RD took questions from governors.</p> <ul style="list-style-type: none"> • RF asked about the variance in HNS and RD explained that the number of HNS is still growing but much more slowly than the rate of increase seen over previous years. The Element 3 funding is being reduced so the overall HNS income for this year is forecast to remain the same, despite a small increase in the number of HNS. • RF asked about the reason for the reduction in Adult Learning Loans- factors contributing to this include students being less willing to take on a loan due to the cost of living crisis and more students qualifying for funding under the new National Skills Fund.
<p>3.2</p> <p>3.2.1</p>	<p>ESFA FINANCE DASHBOARDS</p> <p>Members reviewed the ESFA Finance Dashboards which presented some previously seen financial data for South Thames Colleges Group in a slightly different format. RD had updated some of these presentations in the cover sheet with the management accounts and some governors confirmed that they found the more pictorial presentation of data helpful.</p>
<p>3.3</p> <p>3.3.1</p> <p>3.3.2</p>	<p>REVIEW OF GROUP FINANCIAL POSITION</p> <p>Members reviewed and discussed this when reviewing the management accounts. RD confirmed that the forecast remains ahead of budget despite the variances discussed and that the Group will remain in Good Financial Health.</p> <p>It was resolved to note the management accounts.</p>
<p>4.</p> <p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p> <p>4.6</p> <p>4.7</p> <p>4.8</p> <p>4.9</p>	<p>IMPACT OF ONS RE-CLASSIFICATION OF COLLEGES TO THE PUBLIC SECTOR</p> <p>HM presented a paper outlining the main financial impacts from the decision by the ONS in November 2022 to re-classify colleges into the public sector highlighting key points below:</p> <ul style="list-style-type: none"> • college debts become part of the national debt; so, with immediate effect, colleges needing borrowings must now borrow from the Department for Education instead of from commercial lenders. STCG will also need to obtain Treasury approval before drawing down on its rolling credit facility (RCF). • The ability for colleges to sell land without permission and to retain the surpluses from disposals will be reviewed by the DfE and may be removed/ altered in 2025, so STCG needs to analyse its estate's needs. • A variety of new financial controls have been imposed on colleges which are now subject to the Managing Public Money (MPM) framework. This includes senior pay controls and Treasury consent processes and new rules around severance payments. A new financial handbook for colleges will be published - but not until 2024. • The Corporation will remain as a self-governing Corporation and there are no changes to the main governance rules and structures. <p>RD has submitted a request for Treasury consent to draw down on the RCF for cash flow purposes because of a delay in the receipt of anticipated sale proceeds from the disposal of the parcel of land at Richmond Road.</p> <p>DC asked about any other financial impact from this change. PM-S reported that other college principals are very concerned about the impact of a possible change to the financial year end for colleges from 31st July to 31st March, but no decision had yet been made on this by the DfE.</p> <p>It was resolved to note the financial implications identified in the report including the possible removal of the ability to sell land without permission and to retain the sale proceeds from after 31st March 2025 and the impact on the College's future borrowing requirements including that Treasury consent is now needed to draw down on the RCF.</p> <p>JM thanked HM for the helpful paper and asked for further updates to be brought to future meetings.</p>

5.	ACCOUNTABILITY AGREEMENTS				
5.1	HM presented a paper explaining that as part of the reforms under the Skills and Post-16 Education Act, Accountability Agreements have been introduced to replace the current Funding Agreement with ESFA. Guidance on these was published by the DfE in December 2022. The Government's intention is to focus accountability on outcomes and simplify the funding system, to give providers flexibility to deliver the curriculum to meet skills needs in the most effective way. The Committee reviewed the Guidance and noted key points below:				
5.2	<ul style="list-style-type: none"> Accountability Agreements are new 2-part documents setting the expectations of what colleges will deliver in return for DfE's funding. Receipt of the college's annual accountability statement by ESFA by 31 May 2023 is a new requirement of funding. 				
5.3	<ul style="list-style-type: none"> Part 1- The Accountability Framework - replaces the existing, annual, grant funding agreement and is intended to be a shorter document than the current agreement. 				
5.4	<ul style="list-style-type: none"> Part 2 - The Annual Accountability Statement - is a new document which must be prepared by the college for submission annually. This should be a relatively concise public statement highlighting what elements of STCG's provision constitute its key aims, targets, and outcomes to meet support local, regional, and national skills needs in the coming year. As the content will focus on the curriculum, from a governance perspective it was agreed that the detail should be reviewed by the Quality, Learning and Standards Committee and the Corporation rather than by this committee. 				
5.5	It was resolved to note the report.				
6.	ESTATES STRATEGY UPDATE				
6.1	The Deputy CEO gave a brief update reporting to the committee that the deal agreed for a long lease of the retail unit at Wandsworth had recently fallen apart. It was agreed that RG would ask TM-G for some advice about whether to instruct new agents.				
	ANY OTHER BUSINESS				
	JM asked for an update in relation to the negotiations with the unions about the proposed new pay and grading scheme. PM-S updated the committee on a slightly increased offer being proposed for those staff set to receive the lowest percentage increase under the proposals. The offer for them has been increased to a minimum of 4% by way of a non-consolidated payment. UCU are in dispute with the college, but they and the other unions had balloted staff on the final offer with decisions on the ballots due the week after the meeting.				
Action points			Responsible	Deadline	Signed off
From this meeting					
1.	Approach for energy costs 2023-24 to be reviewed		RG	March 2023	
2.	FPR to review next year whether to introduce a formal Reserves Policy.		JM/RD/RG	March 2023	
3.	Further updates from the impact of the ONS re-classification decision to be brought to future meetings.		HM/ RG	Future meetings	
4.	RG to ask TM-G for some advice about whether to instruct new agents in relation to the Wandsworth retail unit.		RG/ TM-G	March 2023	
Date of Next Meeting	<p>The next meeting will take place on Tuesday 16 March 2023 at 5.30pm by Teams</p> <p>The meeting closed at 6.20pm.</p> <p>Signed:Date:.....</p>				