

Minutes Finance, Planning and Resources Committee

(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 September 2023																																		
Members	Mr J. Marshall (JM)	-	Chair																																
	Ms L. Austin (LA)																																		
	Mr R. Foulston (RF) Cllr																																		
	A. Holt (AH)																																		
In Attendance	Mr P. Mayhew-Smith (PM-S)	-	Group Principal / CEO																																
	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 (JO)	-	Principal, Kingston and South Thames Colleges																																
	Ms J. Percival (JP)	-	Interim Principal, Carshalton and Merton Colleges																																
	Mrs H Meredith (HM)	-	Head of Governance																																
Key Meeting Outcomes																																			
1.	APOLOGIES, WELCOMES AND DECLARATION OF INTEREST																																		
1.1	Apologies were received from the Director of Human Resources who normally attends meetings. The Chair welcomed Ms Austin to her first meeting of the committee.																																		
1.2	Members confirmed that they did not have any other new pecuniary or other interest in any item on the agenda other than interests which have previously been declared.																																		
2.	ELECTION OF CHAIR AND VICE-CHAIR FOR F, P and R COMMITTEE 2023-24																																		
2.1	Mr Marshall was elected as Chair . Rob Foulston was elected as Vice-Chair .																																		
3.	MINUTES OF MEETING OF 20 JUNE 2023 AND MATTERS ARISING																																		
3.1	<u>Accuracy</u> . The minutes were accepted as an accurate record to be signed by the chair.																																		
3.2	Matters arising. The Action Log was reviewed and the following updates noted:																																		
	Add Environmental Sustainability to the November Corporation awayday & include a report on analysis of energy use . Also ask Corporation to determine frequency of future reporting on Environmental Sustainability and whether to F, P R or Estates Committee.	TG	November 2023 Awayday																																
4.	FINANCE																																		
4.1	DfE 16-19 Funding Allocation Changes RD reported that since the Corporation approved the budget for the y/e 31 July 2024 , on 14 July 2023, Colleges received a letter from the Secretary of State for Education announcing a new investment of £185million in FE colleges in 2023-24 and £285 million in 2024-5 for "key priorities including the recruitment and retention of staff". The government's expectation is that this new funding will 'go to the frontline'. RD confirmed that the impact for STCG is an increase of £2.023million in 16-19 funding. The revised allocation compared to original funding allocation (March 2023) is shown below: <table border="1" data-bbox="501 1724 1302 2018"> <thead> <tr> <th></th><th>Allocation in March 23</th><th>Revised allocation</th><th>Increase in funding</th></tr> </thead> <tbody> <tr> <td>Core funding (including T Level)</td><td>20,262,675</td><td>20,747,565</td><td>484,890</td></tr> <tr> <td>Retention factor</td><td>(896,421)</td><td>(917,872)</td><td>(21,451)</td></tr> <tr> <td>Programme cost weighting</td><td>3,297,298</td><td>4,389,104</td><td>1,091,806</td></tr> <tr> <td>Disadvantage funding</td><td>2,092,865</td><td>2,295,850</td><td>202,985</td></tr> <tr> <td>Level 3 M&E</td><td>304,127</td><td>304,127</td><td>0</td></tr> <tr> <td>Area cost</td><td>3,776,373</td><td>4,041,321</td><td>264,948</td></tr> <tr> <td>Total</td><td>28,836,918</td><td>30,860,095</td><td>2,023,177</td></tr> </tbody> </table>				Allocation in March 23	Revised allocation	Increase in funding	Core funding (including T Level)	20,262,675	20,747,565	484,890	Retention factor	(896,421)	(917,872)	(21,451)	Programme cost weighting	3,297,298	4,389,104	1,091,806	Disadvantage funding	2,092,865	2,295,850	202,985	Level 3 M&E	304,127	304,127	0	Area cost	3,776,373	4,041,321	264,948	Total	28,836,918	30,860,095	2,023,177
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	Staff cost budget 2023-24 The Group is proposing to utilise the additional funding for its intended purpose of funding recruitment and retention of staff through an improved pay offer utilising £1.5m of the funding with a further £400k to improve wellbeing, workload and/or pay. PM-S wrote to the Secretary																																		

4.2

of State to confirm that this allows the college to make radical changes on pay. This should result in an average 5.5% pay increase at the top end of lecturer pay.

EBITDA impact

Based on these proposals, the additional funding is expected to have little or no impact on the Group's budgeted EBITDA. The Group will need to ensure that EBITDA improves by a minimum £60.6k in order to maintain the budgeted EBITDA % of 3.03%.

JM asked how the additional allocation to STCG compares to other colleges; PM-S indicated that the college is receiving slightly less than average as 16-19 provision makes up only about half of STCG's income streams and there are no increases to HNS or AEB and HE funding has gone down for Foundation Years. STCG will award the pay increase to all staff; not just for teachers of 16-19.

AH asked for a paper showing the context of how well STCG has done and how other colleges are spending this funding.

AH asked whether the proposed pay award will have any impact on improving pay gaps; RG confirmed that STCG is not affected by any historic equal pay claims. AH asked for assurance that all employees are on the London Living Wage and RG confirmed they are.

JM and the committee confirmed that this additional funding is very well received.

It was **resolved** to note this update.

4.3
4.4

Management Accounts

RD presented the July 2023 year end management accounts (the June management accounts were superseded by the July accounts).

The Committee noted that EBITDA for the year (£2,495k) was £1m above budget although this is only approximately half of the EBITDA achieved in 2021/22 (£4,852k) largely due to the rise in energy costs.

Financial Health was forecast to be Good and finished the year as Good.

The College met loan covenants during year and finished the year with a significantly higher year end cash balance due to £3.3m capital funding and different way of treating clawback. Clawback will now take place in December 2023. Clawback and capital expenditure in 2023-24 result in the cash balance forecast to reduce from £20.5m to £12m at the end of the year. JM commented that the Estates Sub-Committee will need to monitor when the College is likely to receive some Capital receipts to fund that.

The main variances between the budget and actual income and expenditure included:

- Apprenticeship funding considerably lower than forecast – had a significant impact
- Performance against GLA funded AEB budget 3.76% over forecast- of which 3% will be paid but 0.76% will probably not be recovered
- Clawback against in year growth funding for HNS last year as numbers declined in year

	2022/23			2022/23			2021/22
	Budget	Actual	Variance	Budget	Forecast	Variance	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
ESFA Non Apprenticeship delivery	45,237	45,073	(163)	45,237	44,969	(267)	44,784
ESFA Apprenticeship delivery	2,312	1,931	(381)	2,312	2,170	(142)	2,392
Local Authority High Needs ALS	6,864	5,563	(1,301)	6,864	5,559	(1,306)	6,105
Other grants	3,054	3,265	211	3,054	3,245	191	2,850
Total Funding	57,467	55,833	(1,634)	57,467	55,943	(1,524)	56,130
Fees and Loans (HE & FE)	5,128	4,169	(959)	5,128	4,184	(944)	4,986
Other teaching income	1,900	3,119	1,218	1,900	3,152	1,251	2,481
Non teaching income	2,235	2,213	(21)	2,235	2,145	(89)	1,795
Total Income	66,730	65,334	(1,396)	66,730	65,424	(1,306)	65,392
EXPENDITURE							
Staff costs	45,114	44,274	840	45,114	44,258	856	43,926
Non pay costs	20,127	18,565	1,562	20,127	18,861	1,266	16,614
Total Expenditure	65,241	62,838	2,402	65,241	63,118	2,122	60,540
EBITDA - education specific	1,489	2,495	1,006	1,489	2,306	816	4,852

	<p>RD reported that the Group has just received a TPS re-valuation report indicating that the pension scheme is now an asset of £25m- this will have a huge impact on assets on the balance sheet. RF thanked RD for this good news.</p> <p>RF asked about the timescale for depreciation; RD confirmed that buildings are depreciated over 25 years, new build over 50 years and IT equipment over 4 years. RD confirmed that depreciation charges will increase as the college continues to invest in the estate. The FE Commissioner is encouraging colleges to focus on operating surpluses which is a problem for STCG with depreciation from operating from 6 campuses</p> <p>RF commended RD on the impressive budgeting –in the context of a £65m budget. JM congratulated the college on maintaining good financial health in the context of the increased costs faced by the college.</p> <p>It was <u>resolved</u> to note both sets of management accounts.</p>
4.5	<p>CFFR return for ESFA- July 2023</p> <p>RD confirmed that this return was submitted to the ESFA by the 31 July deadline. The forecast and budget had been previously reviewed by this committee and approved by the Corporation before the announcement of the additional funding . It is likely that an additional return will be required by ESFA to include that.</p> <p>The return confirmed the Group's Financial Health for year ended 31/7/23 as Good and forecast for years ending 31/7/24 and 31/7/25 as Good. The first year of the plan is consistent with the 2023-24 budget.</p> <p>It was <u>resolved</u> to note the return.</p>
4.6	<p>STAFF PAY AND GRADING UPDATE</p> <ul style="list-style-type: none"> • The Group introduced a new pay and grading structure last year consisting of 11 grades. Arrangements for staff falling within grades 1-6 have been implemented together with changes to key non- pay terms for all staff. The grading structure for grades 7-11 are subject to on-going negotiations with the trade unions. • It is intended to enter three collective agreements to confirm the new pay and grading arrangements for grades 1-6, grades 7-11 and the introduction of new non-pay terms of conditions for all staff. The engagement with the trade unions have been extensive. • Since the initial pay proposals were set out Government had made significant increases to funding allocations to enable colleges to raise pay levels. The Committee reviewed a paper detailing the latest proposals to the trade unions in the light of the increased funding. The intention is to work toward implementation of the enhanced proposals within the November payroll. 1% for Grades 1-6 was paid in August 2023. In addition, for all staff a fixed amount of £1250 was proposed for all the scale points . This will benefit lower paid staff more . • LA asked what job evaluation system was used – RG confirmed that it was a system developed by AoC and Unions specifically tailored for FE. • PM-S confirmed that for some staff these proposals will result in pay increases of over 10% in the last year. The College is also planning work to reduce contact time and lecturer hours over the next year. A meeting was planned with the unions the following week to try to agree the proposals <p>It was <u>resolved</u> to note this report.</p>
4.7	<p>LSIF BID UPDATE</p> <p>The local skills improvement fund (LSIF) is designed to enable further education providers across a geographic area to respond collectively to the priorities in local skills improvement plans (LSIPs) and is intended to provide investment in new facilities and equipment</p> <ul style="list-style-type: none"> • As the selected lead provider within the South London region, the Group has submitted an LSIF bid to the DfE for both capital and revenue funding. The total bid is £2.34M of which

	<p>STCG element is nearly £1.7M. If successful the bid will enable the Group to upgrade its Hair and Beauty facilities at Kingston College and Carshalton College.</p> <ul style="list-style-type: none"> The bid was developed following extensive research by the Group into the local demand as identified by the employer body, SLP. <p>The Outcome of bid should be known by then end of October</p> <p>JM asked for confirmation that the bid is not included in the budget – RG confirmed that it is not. JM asked are whether the College has any liability for any over or under spend by partner colleges. PM-S confirmed not; STCG will check what partner colleges have spent and then draw funding down from the DfE and pay it over to them.</p> <p>JM thanked RG and PM-S for this</p> <p>It was resolved to note the report</p>
4.8	<p>CURRICULUM EFFICIENCY AND FINANCIAL SUSTAINABILITY SUPPORT (CEFSS)</p> <p>RG reported that STCG has volunteered for CEFSS support from the FE Commissioner's team. Although the Group is in Good financial health there is inconsistent financial performance of its curriculum delivery with variation across sites and curriculum areas. Although managers have tried to establish reasons for this there are often differing opinions.</p> <p>The work is due to start in November and some governors are taking part in the process. The intention is to try to get a better understanding of the factors that contribute to curriculum financial variations and identify actions arising from this process for future planning.</p> <p>It was resolved to note this update</p>
5.	<p>GROWTH STRATEGY UPDATE ON 2023-24 ENROLMENTS</p>
5.1	<p>PM-S presented a paper detailing enrolment data. The funding threshold date for 16-19-year olds (Day 42) is 20th October 2023. JM asked for a briefing to be circulated to governors after Day 42 about the final number –PM-S agreed to do that.</p> <p>The summary at the date of the meeting was :</p> <ul style="list-style-type: none"> 16-18-year-old recruitment has been excellent (20-25% increase on previous years)and projected that the Group will exceed its funding target . It appears likely that Adult (AEB) funded student targets will be met There are risks that the Group will not meet its targets for Apprenticeship and HE enrolments Enrolment of High Needs Students is on-track to meet the target <p>JM asked if the college knows the reason for the increase in enrolments and suggesting trying to identify these to build on these in future. PM-S indicated a number of factors including:</p> <ul style="list-style-type: none"> the new building at Kingston better results at STC and increased progression– highest percentage increase is at STC improvements in marketing increase in grade boundaries for GCSEs making it harder for students to stay on at school sixth forms <p>One challenge arising is the significant number of students re-taking Maths and English GCSE and finding sufficient staff and classrooms to deliver these classes.</p> <p>PM-S mentioned the possibility of bidding for exceptional in-year growth funding if the college retains a qualifying percentage of students above target.</p> <p>It was resolved to note this update and JM congratulated the college on this outcome.</p>
6.	<p>TERMS OF REFERENCE AND SELF- ASSESSMENT OF WORK OF COMMITTEE FOR 2022-23</p>
6.1	<p>Members considered the committee's Terms of Reference and it was resolved to</p>

6.2	<p>recommend the Terms of Reference (as attached to these minutes as Appendix 1) for approval by the Corporation.</p> <p><u>Planned Business for the Year</u></p> <p>It was <u>resolved</u> to agree the Planned Business for the year -attached to these minutes.</p>
6.3	<p>SELF ASSESSMENT OF WORK OF COMMITTEE FOR 2022-23</p> <p>The Committee considered and discussed a checklist of questions to prompt their self-assessment of the committee’s effectiveness for 2022-23. Key points discussed:</p> <ul style="list-style-type: none">• The Committee reviewed the schedule of meeting dates and agreed that, together with the Estates Sub-Committee meetings, the schedule is appropriate. The January and April meetings focus on reviewing management accounts. A change has been made this year to include a full-length committee meeting in November and a separate invitation to the committee to hear the Auditors’ presentation of the financial statements, as the November 2022 FP& R meeting felt too rushed;• The Estates Sub-Committee has been re-convened to give sufficient time for scrutiny and consideration of the options for the new Estates Strategy• JM commented on the need for additional committee members. HM confirmed that the college is currently advertising to recruit two additional governors for the committee with financial monitoring knowledge or experience.• RF reported on a suggestion from governor review meetings of holding at least one committee meeting a year in person so that the members get to know each other – the committee agreed that suggestion and to hold the January 2024 meeting in person. <p>It was <u>resolved</u> to agree these changes.</p>
	<p>NEXT MEETINGS</p> <ul style="list-style-type: none">• The Estates Sub-Committee meeting is on Thursday 9 November @ 17.30• The next FP& R Committee meeting will be a virtual meeting on Thursday 23 November 17:30- 19.30.• The Committee are invited to a Corporation Meeting to receive a presentation of the Financial Statements from the auditors on Monday 27 November at 17.30.
	<p>The Committee were reminded about an AoC / ETF Webinar on College Funding and Finance Friday 23 February from 13.30-16.00</p>
	<p>The meeting closed at 18. 50pm</p> <p>Chair.....Date:.....</p>
Action points	
1.	<p>Add Environmental Sustainability to the November Corporation awayday & include a report on analysis of energy use .</p> <p>Also ask Corporation to determine frequency of future reporting on Environmental Sustainability and whether to F, P R or Estates Committee.</p> <p>TG</p> <p>6 Nov 23</p>
2.	<p>AH asked for a paper showing context of how well STCG has done in terms of the additional funding & how other colleges are spending this funding.</p> <p>RG</p>
3.	<p>PM-S to circulate a note to governors after Day 42 about final enrolment numbers</p> <p>PM-S</p>
4.	<p>JM suggested identifying the reason for the increase in enrolments to build on these in future.</p> <p>PM-S / JOS/ JP</p>
5.	<p>January FP &R meeting to be in person</p> <p>HM</p>

Appendix 1:
Terms of Reference, Membership and Delegated Authority
Finance Planning and Resources Committee

Financial Responsibilities

1. To advise the Corporation on financial matters.
2. To recommend to the Corporation for approval:
 - Financial Budget for the Year
 - Financial Forecasts
 - Mid-year revisions to Budget for the Year
 - Medium and long-term Financial Strategies
 - Student tuition fee and charges policy
3. The Finance Committee in the first instance to review the financial information and commentary in the year-end accounts, and once reviewed, to inform the Audit Committee of the outcomes of their review and recommend, together with the Audit Committee, the Annual Financial Statements of the College Group to the Corporation for approval.
4. To consider the content, format and quality of management accounts.
5. To review arrangements for:
 - ensuring the effective and efficient use of resources,
 - securing value for money,
 - maintaining solvency,
 - the safeguarding of assets.
6. To determine investment and borrowing policies.
7. To monitor, review and advise the Corporation on the consequences of the operations of subsidiary and connected bodies.
8. To receive reports on student enrolments and achievement against funding targets.
9. To monitor and report to the Corporation on the performance of the London Pension Fund Authority and to make appropriate recommendations.
10. To review relevant benchmarking data and set appropriate related performance targets.

Human Resources Responsibilities

11. To consider and advise the Corporation on strategic HR matters, including recruitment, retention, and staff development.
12. To recommend to the Corporation, a framework for the pay and conditions of service of all staff other than the holders of senior posts and the Head of Governance.
13. To ensure that appropriate HR policies are adopted and published.
14. To consider and advise the Corporation on restructuring proposals.
15. Obtaining external expert HR advice when considered necessary

Estate Responsibilities – either directly or through the Estates Sub-Committee

16. To consider and recommend to the Corporation a medium and a long-term strategy for the College estate.
17. To consider and advise the Corporation on the acquisition, maintenance and disposal of the College estate.
18. To monitor and report to the Corporation on major capital projects.

19. Obtaining external expert property related advice when considered necessary.
20. The Committee has set up an Estates Sub-Committee to oversee the estate-related responsibilities of this committee. The members of the Estates Sub-Committee are all members of the Finance, Planning and Resources Committee. It only meets separately when there are a significant number of Estates matters to be considered requiring a separate meeting. The Estates Sub-Committee reports either to the next Corporation or Finance, Planning and Resources Committee, whichever meets first.

Board Assurance & Risk

21. To provide a termly opinion to the Audit Committee on risk areas and assurance levels allocated to the committee.

General

22. Obtaining external expert advice when considered necessary.

Delegated Authority

The approving of contractual arrangements for banking and insurance.

The determination, through the Panel established for that purpose, of appeals relating to applications for voluntary severance and redundancy.

To commission an investigation of any activity within its Terms of Reference and in order to do so has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

Obtaining appropriate external advice when considered necessary.

Additional authority to be delegated by the Corporation when so resolved.

Proposed Membership

The Committee to consist of 7 nominated members, of whom one will be the Group Principal / CEO. Other senior management staff may not be members of the Committee but the Deputy CEOs and Finance Director will attend all meetings of the committee and other senior managers may be invited to attend meetings as required.

Quorum

A quorum of the Committee shall be three members.

Clerk

The Head of Governance shall act as Clerk to the Committee.

Chair

The Committee members shall annually elect a Chair and Vice-chair at the first meeting of the academic year.

Reporting Responsibilities

The Chair of the Committee shall report formally to the next Corporation meeting on the proceedings of the Committee on all matters within its duties and responsibilities.

The Committee shall provide a termly opinion to the Audit Committee on risk areas and assurance levels allocated to the committee.

Reviewed November 2023
Next review November 2024

APPENDIX 2

FINANCE, PLANNING & RESOURCES COMMITTEE PLANNED BUSINESS FOR THE YEAR

	Autumn 2023	Spring 2024	Summer 2024
Governance			
<u>Apologies & Declarations of Interest</u>	*	*	*
<u>Election of Chair and Vice-Chair</u>	*		
<u>Minutes & matters arising</u>	*	*	*
<u>Terms of Reference & Planned Business</u>	*		
Financial			
<u>Draft Financial Statements for the year ended</u>	*		
<u>Funding Outturn previous year</u>	*		
<u>Enrolment Review current year</u>	*		
<u>College Accommodation Update</u>	*	*	*
<u>IFMC</u>		*	
<u>Students & Tuition Fee Policy</u>		*	
<u>Management Accounts Review</u>		*	*
<u>Financial Regulations and Procedures</u>		*	*
<u>Bad Debts</u>		*	
<u>Governors' Budget Revision: current year</u>		*	
<u>Benchmarking Data</u>		*	
<u>Financial Forecasts & Budget for next year</u>		Agree key assumptions	*
<u>Financial Policy Updates</u>	*	*	*
<u>Cash Management & Investment year ended</u>	*		
<u>Man. Accs. - Fin. Statements: Variances</u>	*		
<u>Reports from Subsidiaries</u>	*	*	*
Human Resources			
<u>Strategic HR Policies, Strategies and issues</u>	*	*	*
<u>Framework for Pay & Conditions non-SPHs</u>	As required	As required	As required
<u>Key Performance Indicators</u>	*	*	*
<u>Pension Fund Updates</u>	*	*	*
Property			
<u>Estate Strategies</u>	*	*	*
<u>Estate acquisitions, maintenance & disposals</u>	*	*	*
<u>Major Capital Projects</u>	*	*	*
Other matters			
<u>Board Assurance review</u>	*	*	*
<u>Any other business</u>	*	*	*
<u>Date of Next Meeting</u>	*	*	*