

Agenda

5 May 2015

- 1. Apologies for absence 5.30**
- 2. Declarations of interest 5.35**
- 3. Minutes of the meeting held on 10 March 2015**
Minutes attached
- 4. Matters arising**
- 5. SFA Notice of Concern (Administered Status) 5.40**
Report attached
Ian Rule
FOR INFORMATION
- 6. Progress on organisational review 5.55**
Verbal update
Jean Inker
FOR DISCUSSION
- 7. Performance and funding report to 31 March 2015 6.10**
Report attached
Jenny Pharo
FOR INFORMATION
- 8. Management accounts to 31 March 2015 6.25**
Report attached
Ian Rule
FOR INFORMATION
- 9. Camberwell and alternative provision 6.40**
Report attached
Stephen Lawes
FOR RECOMMENDATION TO THE BOARD
- 10. Draft three year financial plan and budget 6.50**
Report attached
Ian Rule
FOR DISCUSSION
- 11. Marketing strategy 7.10**
Report attached
Sonia Furley
FOR DISCUSSION
- 12. Committee risk register 7.25**
Report attached
Ian Rule
FOR DISCUSSION

13. Any other urgent business

7.30

14. Date of next meeting
16 June 2015

Present:

Chris Bilsland (Chair)
Jo Lomax, Interim Principal
Nigel Peet

In Attendance:

Allison Howe (Clerk)
Sonia Furley, Head of Marketing (Item 11)
Jean Inker, Interim Director of HR
Stephen Lawes, Vice Principal Estates Strategy
Jenny Pharo, MIS Director
Ian Rule, Vice Principal Corporate Services

Also in attendance

Steve Hutchinson (Advisor to the Board)

1. Apologies for Absence

It was noted that Marlene Oates Hinds had resigned as a Governor and that Batiste Ogier, in response to the letter from the Clerk, stated that he was unable to fully commit to attend meetings and he too, had resigned. This meant that the Committee currently comprised, of two external Governors plus the Interim Principal.

A paper would be submitted to the next Board meeting asking for a refresh of committee memberships (ACTION 1).

2. Declarations of Interest

There were no declarations of interest

3. Minutes of the meeting held on 10 March 2015

The minutes were approved as a true record of the meeting, subject to the amendment of Head of HR to Interim Director of HR.

4. Matters Arising

The Clerk updated the Financial Recovery Board on the actions

Meeting date	Action no	Action	Officer responsible	Status
27 January 2015	9	Prepare a paper for the Committee on Procurement	IR	On agenda for 16 June
10 March 2015	1	Agree to the Unions request to delay the launch of the Organisational Review until after Easter	JL/JI	Complete
10 March 2015	2	A marketing and recruitment briefing to be provided to the next meeting	IR/SF	On agenda
10 March 2015	3	Management level application data to be provided on dashboard	IR/JP	To be completed for Period 9
10 March 2015	4	Marketing of Waterloo to 14-16 year olds to commence	IR/SF	Not yet commenced. In marketing presentation.
10 March 2015	5	ESPB to work up alternative options to Camberwell provision	SL	Complete
10 March 2015	6	Risk management plan on Financial Recovery Risk to be circulated after the meeting	AH	Complete
10 March 2015	7	College statement on Ofsted report and link to report to be placed on website	IR/SF	Complete

5. SFA Notice of Concern

The Chair introduced the paper which contained the timeline of events leading to the College being placed in Administered College Status and the Structures and Prospects Appraisal.

The Governing Body would continue to do what it was doing until it was told not to. There was a concern that LB Southwark would delay on the SPA to prevent the closure of Camberwell. However it had always been the College's intention to close Camberwell at some stage in the next two years.

The Observer to the Board stated that the Corporation still had statutory duties to fulfil, however there was a need to inform the SFA and FE Commissioner of new strategies.

The Financial Recovery Board noted the content of the report.

6. Progress on Organisational Review

The Interim Director, HR, Jean Inker, presented the report stating that the Review was on track. First formal consultation meeting with unions held on 22 April 2015. 136 issues had been raised thus far and the FAQs were being updated. The procedure for ring fencing was being consulted on. Unions had held some demonstrations. The response from staff had thus far been measured.

UCU were currently balloting for staff action, they seek agreement for no compulsory redundancies. The ballot closed on 14 May, there was then two weeks from 15 May to inform staff of strike action, and four weeks to take action. 80% of membership would be required to vote in favour. 159 staff would be balloted for action. It was noted that GMB had also balloted for action.

The Interim Principal would issue factual information to staff on the issues being balloted on. The Chair asked that he, Nigel Peet and John Litchfield were able to see information being sent in advance to the communication to staff (ACTION 2). There was a need to ensure staff were aware of the need to improve success rates and strike action could impair this. It would be impossible to accept all requests for voluntary redundancies, and even if they were accepted, there were not enough volunteers.

There was a need for staff to be made aware of what exactly they were voting for.

The Financial Recovery Board noted the content of the report.

7. Performance and Funding Report to 31 March 2015

The report was delivered by the Director of MIS who highlighted the three main income categories at period 8:

- Educational Funding Agency – Young People
- Skills Funding Agency – Adults
- Other – including HE, 14-16 Local Authority and Full Cost

Full year forecasts for all income report an outturn position of £35,532k, an improvement of £549k from previous period 7.

Due to under recruitment in Adult provision full year forecasts had decreased significantly from period 6 to period 7 as a result of under recruitment in the following areas:

- traditional classroom semester 2 provision
- JCP provision for the unemployed
- NVQs in the workplace
- Subcontractor in liquidation
- full price commercial

Following the reduction reported in period 7, additional provision has been planned and commenced in traditional classroom (£80k) and a new partnership

agreement has been agreed and signed with Learning Curve to support the delivery of £500k distance learning. This has improved the overall full year forecast by £549k (including withdrawal and non achievement factors).

Overall full year forecasts at period 8 remain below the original full year targets by £668k.

A Governor asked why there was under recruitment in many areas. It was noted that referrals from JCP had dropped in light of reducing unemployment levels. There was a concern that under recruitment was a recurring issue, yet the College had not been able to overcome that.

The Observer to the Board stated that there were significant financial implications for next year due to lagged learner funding. There was an importance to get students into higher level bands due to the impact on 16/17. There would be a huge cash clawback on SFA funding that remained unearned.

There was a concern about the EFA plans to reconciling the funding bands, and the potential funding impacts that would arise from that. There was a need to ensure that the funding agencies were content with our funding plans. It was noted that changes in bands was relatively small compared to the risks of under recruitment.

The Financial Recovery Board noted the content of the report.

8. Finance Report to 31 March 2015

The Vice Principal Corporate Services presented the College's financial position after eight months of the year.

The net operating deficit at 31 March was £1,805k (budget £4,125k deficit). Income was over budget by £2,274k. The full year forecast was to fall short of budget by £1,004k. The reported over expenditure on pay of £343k was largely due to the use of freelance assessors and visiting teachers. The forecast was for the overspend to increase to £962k due to the non-achievement of the in-year savings target.

Non pay was currently £344k underspent and the forecast was to underspend by £1,228k following the 15% reduction to non pay budgets and further adjustment during the planning for Organisation Review. There was now no remaining contingency budget.

Given the scale of restructuring required this year, against a budget of £1,000k, reorganisation costs were forecast to be £3,500k. The forecast deficit at 31 July 2015 before demolition costs and proceeds from disposals was £7,469k (budget £4,275k deficit). Within that, the forecast operating deficit is £3,969k against a budget of £3,275k.

The workings underpinning the cashflow projection had been significantly revised, based on the daily bank reconciliation. At March, the cash balance was £7.6m and forecast to be £17.0m at July. The overall cash position was correct, however there was an issue with the creditor balance at the beginning of the

year. Accruals for reorganisation and accruals of capital expenditure needed to be further worked out.

By February 2016, the cash balance was forecast to fall to a deficit position although it then increases after land sales, it was then expected to fall a £1.2m deficit by July 2016, despite having £5m from the disposal of Camberwell.

Governors expressed their nervousness about the cash figures, and asked for assurance that this would be a priority to ensure the College did not arrive at a deficit position. This work had to be completed by the time the final financial plan was submitted to the SFA by the end of June 2015. The Vice Principal Corporate Services acknowledged this concern and suggested this should be discussed under Item 10 later on the agenda.

The Financial Recovery Board noted the content of the report.

9. Camberwell and alternative provision (CONFIDENTIAL ITEM)

10. Draft three year financial plan and budget

The report was presented by the Vice Principal Corporate Services who informed the Financial Recovery Board that under the notice of concern, the College was required to submit a financial plan and commentary. The first draft of the plan had been submitted to the SFA on 17 April 2015.

There was a need to do more work on the plan on underlying assumptions in conjunction with the marketing plan, the curriculum plan and the Estates strategy.

The organisational review was currently in a period of consultation delivering £6.5m in cost savings. There was a need to identify a further £0.5m savings. Staff costs were still at 65% of income, a further £0.5m pay savings would bring the ratio closer to the target of 63%. This was likely to be difficult to achieve under the organisational review, although there was a possibility of not filling all posts at the earliest opportunity. Some posts might be recruited at a lower salary level.

The EFA were of the view that the income assumption for 16-18 was optimistic. Application numbers were currently 33% down on last year. There was a need to prudently reflect that in planning. However there had to be some expected growth in Waterloo, and this would be increased as a result of the marketing strategy.

The Financial Recovery Board agreed the following:

This plan would remain draft until the next meeting of the Financial Recovery Board which meant it would be submitted to the SFA prior to approval by the Corporation Board on 7 July.

The updated Three Year Financial Plan should be passed by members of the Financial Recovery Board prior to submission (ACTION 3). A Governors meeting

would be arranged to sign off the organisational review prior to 30 June 2015 (ACTION 4).

11. Marketing strategy

A presentation was given by the Head of Marketing.

The Chair asked what was being done to ensure that the time between application and interview or assessment was made shorter. There would be ongoing communications with students during the application and enrolment periods.

Good luck postcards would be sent out during the exam /results periods. There would be increased activity using social media and wider student engagement strategies.

A Governor asked what was being done for students who might wish to progress. Conditional offers were given to existing students.

An alumni database was being discussed, this would help to gain progression data.

In response to a question about competition with Academies and Sixth Forms, the Head of Marketing stated that there was a need to reposition the College to overcome the increasing number of academies. Schools were not co-operating with colleges. There was a need for differentiation. There was a greater tie in to employers through College which was a selling point. People don't understand the word vocational, so 'work based' was being used instead. There was a focus on employability of students beyond their course.

A Governor asked how marketing intelligence was being used. The RCU vector data was currently being built so the College would have the last 3 years of data, this year's data was also being sourced. Schools and focus groups would be a target for opinion forming to get qualitative data.

There was a requirement to understand the needs of the business community. This needed to be joined up with the curriculum strategy.

The Head of Marketing explained that the College would focus on issues that were important to young people such as environmental issues. There were also plans to have a creative presence at local events and careers and jobs fairs. Social media presence was being increased and new technological applications were also being used such as contactless information sharing.

The Financial Recovery Board noted the content of the report.

12. Committee Risk Register

The Vice Principal Corporate Services and the Chair agreed that everything in the risk register had been discussed through the meeting.

13. Any Other Business

14. Date of next meeting : 16 June 2015

Action sheet

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10 March 2015	3	Management level application data to be provided on dashboard	IR/JP	To be completed for Period 9
5 May 2015	1	A paper would be submitted to the next Board meeting asking for a refresh of committee memberships	AH	On May 19 Board Agenda
5 May 2015	2	Governors to preview information about ballot prior to sending to staff	JL/JI	
5 May 2015	3	The updated Three Year Financial Plan should be passed by members of the Financial Recovery Board prior to submission	IR	
5 May 2015	4	A Governors meeting would be arranged to sign off the organisational review prior to 30 June 2015	AH/CB	