



**MINUTES CONFIDENTIAL
FINANCE AND RESOURCES COMMITTEE**

Date: Tuesday 05 October 2021
Venue: Boardroom, East Ham Campus
Time: 6:00pm

Chair	David Surdeau
Corporation Members	Bobby Seagull, Danny Ridgeway, Lorraine Reader, Martin Cumella, Paul Stephen (Principal)
In Attendance	Deputy Principal: Jamie Purser Executive Director, Strategy & Innovation: Matt Fawcett Chief Operating Officer: Judith Abbott AA Projects: Alan Simpson
Clerk to the Corporation	Judith Nelson

Item No	Item of business
PRELIMINARY PROCEDURAL MATTERS	
1.	Chair's Welcome & Opening Remarks The Chair thanked and welcomed all in attendance.
2.	Apologies For Absence Bobby Seagull
3.	Declaration of Interests Martin Cumella in respect of the Learning Revolution Trust
4.	<p>a. Minutes of the Meetings held on 07 July 2021 The minutes were approved as a true and accurate record.</p> <p>b. Matters Arising and Action Points from the Meetings Item 5:</p> <ul style="list-style-type: none"> • Mark Street sale delayed. Newtec hoping to exchange contracts and complete with Beifang this week. Planning seems to be adrift with additional requirements, with the planners requesting a sequential test, which will cost Newtec £3k. Gerald Eve have advised that a sequential test relates primarily to retail companies. • An update on the FTM will be presented to the December Corporation Board. Governors noted the FTM had a good year last year, making an overall surplus of £67k, £27k of this total related to staff furlough savings. There are interesting dimensions for discussion on how we get the best out of FTM.
ITEMS FOR CHALLENGE, MONITORING & REVIEW	
5.	<p>East Ham Campus Vision Strategy Governors received the following noteworthy points:</p> <ul style="list-style-type: none"> ▪ The COO has received quite extensive output from a workshop held last term. The workshop was facilitated by the architects AA Projects, meetings were undertaken with curriculum and support areas. The report is high level, with some initial thoughts and ideas on options for rationalising the estate. ▪ Further work needs to be undertaken for reducing the footprint at East Ham with a view to this forming part of the next grant funding round. This is likely to be March next year. ▪ Demolition zones have been excluded from the scope of the current East Ham Stage 2

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	<p>application, as grant is repayable if the assets are not retained for 30 years.</p> <ul style="list-style-type: none"> ▪ Option 1 is recommended as the preferred working model on the basis that this delivers the largest amount of space at the lowest cost. <p><i>RESOLVED: Governors recommend in principle to the Corporation Board that ‘option 1’ is taken forward for further development. Noting that subsequent formal approval to implement the option would be subject to a defined scope of work, funding and business plans.</i></p>
6.	<p>FE Capital Transformation Fund Bids (FECTF) – Stage 2: East Ham & Stratford</p> <p>Governors noted:</p> <ul style="list-style-type: none"> ▪ The proposal application reflects the discussion that took place at the extraordinary committee meeting on 1 October 2021, whereby the Governors received a walkthrough of the new block at Stratford, in readiness for bid submission. ▪ Across the two bids, the College has been able to reduce its grant applications by the required 10%, although this is weighted towards East Ham as costs at Stratford have increased by £600k to address changes needed to the plant room. ▪ The College has increased its match funding on each bid, reflecting the improved financial performance delivered after submission of the Stage 1 bids. ▪ A 6% inflation assumption has been included in the Stratford financial model, with inflationary pressures reflected on the component items for the East Ham campus works. ▪ Y block carries more uncertainty simply because of the lead time to start implementing the project and the level of volatility in labour and materials costs. ▪ The College has some head room on cash reserves to manage some inflation risk. If inflation continues to rise, this will affect all FECTF projects and the DfE will likely have to find a solution, i.e. scale back the funding for the next round, as everyone will face the same issue of the availability and cost of construction workers. ▪ Governors asked if the COO had additional support for and her team on top of the day job, which is also quite demanding. The COO advised that within the submission applications (1) the project manager will be Marcus Lloyd Davy, Director of Estates, who is a good number two, he will take on the operational duties. (2) there is reserve in the budget to buy in resources to directly work on the project i.e. either finance or estates team, this contingency could be used. The outcome of the bid is expected in January 2022. <p><i>RESOLVED: Governors approved submission of the stage 2 FECTF applications for East Ham and Stratford on 8 October 2021.</i></p>
7.	<p>Finance Report - Provisional Outturn 31 July 2021</p> <p>Governors noted:</p> <ul style="list-style-type: none"> ▪ College EBITDA surplus of £5,370k which is 15.58% of income. ▪ College operating surplus of £1,932k which is 5.63% of income. ▪ Year-end cash balance is £9m and 92 cash days ▪ Income £35.8m which is £300k worse than budget ▪ Staff costs £1.2m better than budget at £17.5m (60.1% of income generated) including £284k Furlough payment. ▪ Non pay costs are £12.8m which is £2.1m better than budget. ▪ Financial Health Ratio: Outstanding 270 points (although self-assessed as Good due to condition of estate) ▪ All bank covenants have been met ▪ Depreciation charge at £4.1m is £2.2m higher than budget since the College has taken advantage of the strong out-turn position to clean up the balance sheet and write down assets that have no further useful life, while still meeting bank covenant requirements to generate a bottom line surplus, there has been an improvement since July, which is subject to audit

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	<p>closure.</p> <ul style="list-style-type: none"> ▪ Concern in terms of forecast accuracy and the COO will work with the Finance Team to improve this with a re-training on forecasting to take place. ▪ Overall strong financial performance, albeit not as strong as the headline figures indicate. ▪ There were a lot of anomalies in the register of depreciated assets - for example maintenance costs that should not have been capitalised, , some IT assets that were being depreciated over the same timeframe as buildings. As a result of this exercise approximately £2m has been taken off the balance sheet. <p>Governors commended the COO and the Executive on delivering a strong financial recovery..</p>
8.	<p>Enrolment Update</p> <p>Governors noted:</p> <ul style="list-style-type: none"> ▪ The enrolment report was reviewed and scrutinised by the Curriculum & Quality Committee. ▪ A general overview of recruitment, recognising the GLA contract is likely to be back to business as usual. Last year the GLA set at a target of 90%, this year will be 97%, if this is not achieved there will be a clawback. ▪ Internal progression of learners was higher than last year but 16-18 enrolments are still c10% below contract numbers, indicating that the College attracted fewer new students to the College. ▪ More work will be done with 16-18 progression and schools liaison, led by the new Director of Student Services. ▪ . ▪ T levels recruitment is just over 50% of contract target. Despite offering a package of inducements, 16-18 level 3 health students (42 students) chose to remain on a L3 BTEC course rather than transfer to the T Level route. The College will not be running the health and science route this year, as there is zero enrolments on this course. ▪ T levels attract a higher rate of funding, and any shortfall in recruitment will be funded at the standard 16-18 funding tariff. ▪ The College will continue to enrol 16-18-year-old learners up until, at least the beginning of October. There is no material gain from stopping enrolment of young learners, whilst not yet reaching its allocation. ▪ Bursary systems are more controlled than last year, with an increased number of applications received and approved at this stage in the financial year. ▪ Further analysis of all the enrolment processes, approaches and systems will take place after half term. The College will offer a range of programmes to learners not in education employment or training (NEET) in November and will continue to accept ESOL young learners into a cohort in the New Year. <p>Governors reviewed and noted the enrolment update.</p>
9.	<p>Finance Key Performance Indicators</p> <p>Governors reviewed and challenged the financial KPIs and noted the breakdown of targets proposed and two primary committees to feedback i.e. FRC and Curriculum & Quality. The Chair requested for the EDI 'setting up a committee' target to be replaced with a measurable KPI.</p> <p>RESOLVED: Governors recommend year 1 strategic KPIs and the operational KPIs for the current academic year to the Corporation Board for approval.</p>
10.	<p>Institute of Technology (IoT) Update</p> <p>Governors noted:</p> <ul style="list-style-type: none"> ▪ DfE are seeking to extend the grant clawback period from 20 to 30 years, and that the College and QMUL have submitted the rationale for not accepting this change.

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	<ul style="list-style-type: none"> ▪ QMUL have today satisfied all their due diligence requirements. The signing of the contracts is planned to be no later than 15 October. To that end the Deputy Principal will be leading a cross disciplinary, with the COO and Director of Estates on the capital aspects to complete the specifications on the fit out from September 2022. ▪ Inflation risks are very acute for IoT, there is considerable pressure on raw materials. <p>Governors reviewed and noted the progress update.</p>
11.	<p>Human Resources / Equality & Diversity Annual Report Governors reviewed and noted Equality & Diversity annual report.</p>
12.	<p>New Cleaning Contract Governors received the following noteworthy points: The current cleaning contract expired at the last academic year. A thorough tendering process of the 4 companies bid for the ITT process. The current incumbents were economically the strongest. The COO recommended that the College get back into contract with Churchill, because of the size of the contract.</p> <p>Governors felt this was a reasonable summary and recommendation.</p> <p><i>RESOLVED: Governors approved the cleaning contract be awarded to Churchill.</i></p>
13.	<p>Any other business</p> <p>The London Borough of Newham has now raised a purchase order for a total of £470k, for the outstanding SEND students with an Educational Health and Care Plan, this piece of work was led by Laura Hagerty-Dunn, newly appointed Head of SEND, who should be commended for articulating and expediting this matter.</p>
14.	<p>All noted the meeting Schedule for 2021-2022 @ 6pm as follows:</p> <ul style="list-style-type: none"> ▪ 24 November 2021 ▪ 26 January 2022 ▪ 09 March 2022 ▪ 06 July 2022