

# BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

## FINANCE & RESOURCES COMMITTEE

Minutes of a Meeting held on Wednesday 23 March 2011 at 5.00pm

<b>Membership:</b>	* Lynne George	Member	Chairman
	* George Batho	Member	
	* Anthony Bravo	Principal	
	Mike Howe	Member	
	* Gary Livingstone	Member	
	* Joanna Miller	Member	
	Vacancy (RW)	Member	
<b>Quorum:</b>	3 Members required	5 present at start	Meeting quorate
<b>In Attendance:</b>	* Simon Burrell	Clerk to the Corporation (Clerk)	
	* David Moir	Deputy Principal Finance & Resources (DPFR)	
	* Heather Williams	Head of Finance (HOF)	
	* Present at meeting		

### PART 1 – NON CONFIDENTIAL MINUTES

#### 232. APOLOGIES FOR ABSENCE

Mike Howe.

#### 233. DECLARATIONS OF INTEREST

There were no declarations of interest made.

#### 234. NOTIFICATION OF ANY OTHER BUSINESS

There were no items of Any Other Business notified.

#### 235. MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 23 June 2010 were confirmed as a correct record and were signed by the Chairman.

#### 236. MATTERS ARISING

##### 1. Budget 2011/12 – Catering Service (Minute 219)

The DPFR advised that the in-house catering service had incurred a deficit of £20k over the first term of trading. The Catering Manager had been set new targets in order to return the service to a net nil cost to the budget and that good progress had been made since then. Two further reviews had also been scheduled in order to monitor progress.

##### 2. Budget 2011/12 – Pay Award (Minute 219)

It was confirmed that a pay award of 0.5%, effective from 1 January 2011, had been approved by the Corporation at its meeting in December 2010. It was also noted that the effective date for any future pay awards had been changed to 1<sup>st</sup> January of each year.

### 237. TUITION FEES 2011/12

A report was received and considered. The DPFR took Members through the report and explained the reasoning behind some of the proposed changes to the Fees Policy 2011/12. In outlining the proposed changes the DPFR advised that fees for full time adult learners and for HEFCE funded provision for learners with Higher or equivalent qualifications would remain at current (2010/11) levels. All others fees would be subject to various increases. Work based Learning fees would be increased by up to a 1/3<sup>rd</sup> on some programmes. He informed Members that the Head of Business Unit had advised that training providers would be prepared to meet these costs as the higher fees reflected the higher funding paid for certain apprenticeship programmes.

The DPFR advised that there were four key factors that had influenced the fees policy, namely:

1. The withdrawal by government of fee remission eligibility to all adults other than those in receipt of Jobs Seekers Allowance and Employment Support Allowance
2. The expectation of government that learners and employers should pay 50% of training costs
3. Fees charged by other providers and the need to remain competitive
4. The impact of the recession/general economic situation

The DPFR also advised that consideration was being given to the introduction of a College Discretionary Fee Remission Scheme for working people on low incomes. Eligibility would be based on receipt of Working Tax Credit. However, no funding was available from the SFA for such a scheme. He advised further that the introduction of such a scheme would be to help those most in need, and to try to help minimise the impact of the recession on enrolments.

The DPFR also advised that consideration was being given to introducing a voluntary fee to 16-18 learners.

**It was RESOLVED that the Fees Policy 2011/12 be agreed.**

*(Proposed by Lynne George, Seconded by Gary Livingstone)*

### 238. PROVISIONAL FUNDING ALLOCATIONS AND BUDGET 2011/12

A written report summarising provisional funding allocations was received for information. The DPFR advised that current indications were that savings of £670k in the roll-forward budget for 2011/12 needed to be achieved and that the position was likely to deteriorate further in future years. He also advised that the process of beginning to identify these savings had begun and that it was likely to include some redundancies.

The DPFR also stressed that looking further forward (2012/13 onwards) it would be necessary to undertake a more radical review of the way the College operated. He reminded Members that the three themes of i. income learner numbers, ii. Reducing costs and iii. Structural change had been considered at the recent Corporation Development Day (3 March 2011) and that action points were being developed that would inform the approach being developed.

The report was noted.

*(The Principal left the meeting)*

### 239. MANAGEMENT ACCOUNTS 2010/11

The Management Accounts to January 2011 were received with the agenda. The Management Accounts for February 2011 were tabled for information. The DPFR advised that the current forecast showed a surplus of £957k (original budget surplus of £498k) with a retained surplus (after the essential estates maintenance) of £327k (original budget deficit of -£132k).

The DPFR took Members through the Accounts and highlighted that the main variations against the original budget were: £200k additional income, £300k staffing savings and £73k additional non-pay costs. He also advised that the level of debtors was slightly higher than he would have liked and that work was progressing to reduce this amount.

In response to a question, the DPFR was requested to check and advise Members on the level of cost of the IT Managed Service in the light of the recent problems, and the delayed/reduced payments made. **ACTION: DPFR**

The Management Accounts for February 2011 were noted.

#### **240. PARTNERSHIP PROVISION**

A report was received for information. The DPFR advised that overall partnership provision would under-achieve its income target this year because providers were experiencing difficulties in signing employers up to training programmes because of a tightening of the funding rules and the current economic climate. He confirmed that providers were only paid a proportional amount related to the income they generated.

In response to a question the DPFR advised that there was the ability to amend contracts to reflect over-achievement of a target by a provider by reducing targets for under-achievement by others, but keeping within the overall partnership provision target for the College.

The report was noted.

#### **241. BANK MANDATE CHANGES**

A report was received and considered. The DPFR advised that the Bank Mandate for Barclays Bank required updating following personnel changes within the College.

**It was RESOLVED that:**

- 1. Sarah Meeson (Director of HR), Lynda Pickering (Director of 14-HE) and Heather Williams (Head of Finance) be added as authorised signatories,**
- 2. Alan Gwyer (Director of Business Development) be removed as an authorised signatory,**
- 3. Anthony Bravo (Principal), David Moir (DPFR) and Beverley Smith (DPCQ) be maintained as authorised signatories**
- 4. The Chairman and Vice Chairman of the Corporation be authorised to sign the revised Barclays Bank PLC Appointment of Bankers (Mandate Form) on behalf of the Corporation**

*(Proposed by Lynne George, Seconded by Gary Livingstone)*

#### **242. PROCUREMENT SERVICE CONTRACT RENEWAL PROPOSAL**

A report was received and considered. The DPFR advised that the Procurement Contract with Tenet was due for renewal from 1 April 2011. He advised further that he had been in discussion with Tenet and agreed revised terms that included:

1. an early termination option, the College could give six months notice at any time to terminate the contract
2. a reduced monthly fee of £2,750 plus VAT (previously £3k plus VAT)
3. an increase in the level of guaranteed savings to £150k (inclusive of VAT)
4. a higher savings target of £210k (not cumulative) to be achieved over the three years

The DPFR also advised that the proposed targets presented a challenge to Tenet and that if the guaranteed savings were not achieved the College would receive a refund of fees paid based on the gap between actual and target. In addition, he advised that following concerns expressed about the quality of their work, and discussions with Tenet's management, it had improved and that they were now offering a much more professional service.

Members were also informed that Tenet had a total of 22 colleges using their services and that this allowed for even greater buying-power opportunities to be achieved, covering areas such as exam fees, registration fees, utilities, insurance and IT purchases.

In response to a question from a Member the DPFR was requested to circulate to the Cttee details of the basis upon which Tenet had based their savings target of £210k. He was also asked to advise on what criteria would be used to measure how Tenet would achieve the targets. The DPFR was also requested to ensure that future reports showed savings against annual budgets. **ACTION: DPFR**

**It was RESOLVED that the contract with Tenet be renewed from 1 April 2011 for a three year period based on the revised terms set-out above.**  
*(Proposed by Lynne George, Seconded by Joanna Miller)*

**243. HR ACTIVITIES AND PRIORITIES**

A written report was received for information. The DPFR advised that there were no matters of significance to report.

The report was noted.

**244. GENERAL ESTATES UPDATE**

A written report was received for information.

**1. Engineering Capital Project**

The DPFR advised that tenders had now been received and that two were under the cost plan. However, they were still over-budget and a review was being undertaken in order to bring the proposed scheme back within budget. He also advised that B&DBC's Planning Ctte was due to consider the proposals at its meeting on 6 April 2011. He also outlined the proposals to relocate affected areas for the duration of the works.

**2. General Estates Matters**

The DPFR advised that general estates works were ongoing and that a great deal of work had been undertaken to improve a range of facilities.

**3. IT System**

The DPFR advised that the new IT system was improving and that some elements were now operating better than the previous system, but other elements (such as the wireless system) were still not operating as well. However, the new system was now more resilient and operating faster. He also advised that the further development strategy would need to be reviewed in the light of experience.

**245. ANY OTHER BUSINESS**

There were no items of Any Other Business discussed.

**246. DATE AND TIME OF FUTURE MEETINGS**

*(All meetings commence at 5.00pm unless otherwise stated)*

Wednesday 18 May 2011

Wednesday 22 June 2011

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(Meeting closed at 7.15pm)

Confirmed as a correct record:

Signed:.....Date:.....