

# BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

## FINANCE & RESOURCES COMMITTEE

### MINUTES OF A MEETING HELD ON WEDNESDAY 22 MAY 2017

<b>Membership (7):</b>	*	Mike Howe	External Member	Chair
	*	George Batho	External Member	
	*	Anthony Bravo	Principal	
	*	Lynne George	External Member	Vice Chair
	*	Gary Livingstone	External Member	
		Vacancy (MBS)	External Member	
		Vacancy (PW <i>i</i> )	External Member	
<b>Quorum:</b>		3 required	5 present, meeting quorate	
<b>In Attendance:</b>	*	Mark Bonnett	Finance Manager (FM)	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
	*	Malcolm Quiney	HR Manager (HR)	
<b>Present at Meeting:</b>	*			

### NON-CONFIDENTIAL MINUTES

(4.10pm)		ACTION
<b>649.</b>	<b>APOLOGIES FOR ABSENCE</b>  None received.	
<b>650.</b>	<b>DECLARATION OF INTERESTS</b>  There were no declarations of interest.	
<b>651.</b>	<b>NOTIFICATION OF ANY OTHER URGENT BUSINESS</b>  There were no items of Any Other Urgent Business notified.	
<b>652.</b>	<b>MINUTES OF THE PREVIOUS MEETING</b>  The Minutes of the meeting held on 22 March 2017 were confirmed as a correct record, and were signed by the Chair.	
<b>653.</b>	<b>MATTERS ARISING</b>  There were no Matters Arising raised that had not been discussed elsewhere at the meeting.	

<p><b>654.</b> (4.12pm)</p>	<p><b>MANAGEMENT ACCOUNTS 2016/17</b></p> <p>A written report was received and considered. The DPFR advised that the main area of concern continued to be apprenticeship income not achieving the forecast. He confirmed that the growth bid to the ESFA had been agreed, but at a lower level than the original bid. He stressed that all costs continued to be controlled vigorously, staff vacancies were not being filled unless crucial to the operation of the College, and savings continued to be made in non-staff costs.</p> <p>In response to a question from a Member the DPFR advised that the DP Business was undertaking a detailed review of apprenticeship activities to ensure that all programmes were operating cost-effectively.</p> <p>The DPFR advised further that the end of year surplus was still forecast at £248k but that this could increase by the year end.</p> <p>In response to a question from a Member the DPFR confirmed that the nursery continued showed a surplus of nearly £50k, but that a review of all costs was being undertaken. He advised further that the nursery fees were fairly-competitive and that he was confident the nursery would be able to operate under the revised Government scheme for free nursery provision.</p> <p>The Management Accounts to March 2017 were noted.</p>	
<p><b>655.</b> (4.24pm)</p>	<p><b>HR ACTIVITIES AND PRIORITIES</b></p> <p>A written report was received for information and noted. The HR took Members through the report and updated them on progress.</p> <p>The HR confirmed that completion of the interim PDRs had been delayed to 26 May 2017. He advised that of 207 staff eligible for PDRs there were 36 outstanding. He advised further that the annual PDR reviews would commence from 5 June 2017.</p> <p><i>(The HR left the meeting)</i></p>	
<p><b>656.</b> (4.30pm)</p>	<p><b>BAD DEPT WRITE-OFF</b></p> <p>A written report was received, considered and noted. It was noted that one debt for £140 had been written-off by the DPFR under delegated authority. The FM highlighted that the College had a very strong debt-chasing policy.</p>	
<p><b>657.</b> (4.31pm)</p>	<p><b>PARTNERSHIP PROVISION</b></p> <p>A written report was received, considered and noted. The DPFR confirmed that the sub-contractors were all performing as required and that all KPIs were 'green'.</p>	
<p><b>658.</b> (4.32pm)</p>	<p><b>FINANCIAL KEY PERFORMANCE INDICATORS (KPIs)</b></p> <p>A written report was received and considered. The DPFR advised that the FM had developed revised financial KPIs and highlighted 8 proposed KPIs in the report. He took members through the basis of each KPI and advised on the levels/variability proposed for each KPI against the rating of 'outstanding', 'good' and 'critical'.</p> <p>In reviewing the proposed KPIs the Ctte advised that it was satisfied with the proposed financial KPIs, requested that they continue to be developed, and that a final set be presented to them at the next meeting for consideration and recommendation to the Corporation in due course.</p>	<p><b>DPFR/ FM</b></p>

<p><b>659.</b> (5.06pm)</p>	<p><b>BUDGET PREPARATION 2017/18</b></p> <p>A written report was received, considered and noted. The DPFR advised that the current draft budget 2017/18 showed a small operating deficit of -£53k, but that the cash generated position was at the level budgeted in the previous year (£1,789k).</p> <p>The DPFR stressed that there was still some uncertainty regarding the final level of several sources of funding. He advised areas still being worked-on were:</p> <ul style="list-style-type: none"> <li>• Apprenticeship income and delivery costs</li> <li>• Volumes to be sub-contracted</li> <li>• Depreciation</li> <li>• Non-pay budgets</li> </ul> <p>The DPFR took the Ctte through the current draft budget and highlighted several matters, including:</p> <ul style="list-style-type: none"> <li>• Overall reduction in income of £610k</li> <li>• Pay costs reduced by £590k</li> <li>• Non-pay costs down by £19k</li> <li>• No provision for a pay award</li> <li>• Exams expenditure increased/being reviewed to assess if draft budget for 2017/18 was achievable</li> <li>• Draft budget assumes all cost savings identified but not yet implemented are carried-out within the agreed timescales so that their full impact is achieved in 2017/18</li> <li>• Student number applications improved from -20% below to -13% below 2016/17, mainly due to impact of marketing campaign</li> </ul> <p>In considering the draft proposals the Ctte was concerned about the continuing inability to be able to make a pay award. It was noted that a 1% award cost the College c£100k. The Ctte proposed that, in principle, provision be included for a pay award in the next draft of the budget to see how the figures 'stacked-up'.</p>	
<p><b>660.</b> (5.24pm)</p>	<p><b>FUNDING ALLOCATION 2017/18</b></p> <p>A written report was received for information and noted. The DPFR advised that known funding allocations for 16-18 and adults were in line with expectations, although 16-18 was significantly lower than the current year (2016/17) due to fewer students and lagged funding, showing a decrease of -£900k in income.</p> <p>In addition, the DPFR highlighted the uncertainty regarding apprenticeship income levels because of the introduction of levy and non-levy funded apprentices. He outlined changes made by the ESFA to the funding cycles, and to the introduction of part-year allocations that showed a significant reduction in allocations. He stressed the difficulties this had in being able to predict income levels. He highlighted also the possibility that over 25s on Level 2 programmes might not now be funded that would lead to a further decline in income.</p> <p>The DPFR advised that the College's plan to grow apprenticeship income by £382k in 2017/18 (as assumed in the current working draft budget) might not be possible due to funding constraints.</p> <p>The DPFR highlighted also a real and significant risk to the College if it entered into an agreement with a specific sub-contractor to fund new starts from non-levy employers which then used-up available funding and growth funding, leaving insufficient funding for BCoT's own starts. The advised that, in conjunction with the DP Business, he was working-through various scenarios and negotiating a position with that sub-contractor with the aim to keeping a sub-contracting route open but without exposing the College to excessive financial risk.</p>	

<b>660.</b> <b>(cont)</b>	In summarising his report on financial allocations for 2017/18 the DPFR highlighted that there would be some risk to the budget, and that he would present a budget to the next meeting of the Ctte based on known allocations and 'best guess' assumptions.	
<b>661.</b> (5.43pm)	<b>ESTATES UPDATE</b>  A written report was received for information and noted.	
<b>662.</b> (5.44pm)	<b>IT SERVICES REPORT</b>  A written report was received for information and noted. The DPFR advised that the College website had been subjected recently to an attempted external 'hacking'. The Director of IT had identified that the College's security system had not been as robust as had been thought, and that he was looking at an external review of the security systems.	
<b>663.</b>	<b>ANY OTHER URGENT BUSINESS</b>  There were no Items of Any Other Business considered.	
<b>664.</b>     (5.46pm)	<b>DATES OF FUTURE MEETINGS</b> <i>(Meetings commence at 5.00pm unless stated)</i>  Wednesday 21 Jun 2017 Wednesday 22 Nov 2017 Wednesday 14 Mar 2018 Wednesday 16 May 2018 Wednesday 20 Jun 2018  Part 1 Meeting closed	