

# BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

## FINANCE & RESOURCES COMMITTEE

### MINUTES OF A MEETING HELD ON WEDNESDAY 23 NOVEMBER 2016

<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 (PWi)	External Member	
<b>Quorum:</b>	*	3 required	5 present	Meeting quorate
<b>In Attendance:</b>	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
	*	Malcolm Quiney	HR Manager (HR)	
		Sarah Wright	Finance Manager (FM)	
<b>Present at Meeting:</b>	*			

### PART 1 – NON-CONFIDENTIAL MINUTES

(5.00pm)		<b>ACTION</b>
<b>617.</b>	<b>APOLOGIES FOR ABSENCE</b>  None received.	
<b>618.</b>	<b>DECLARATION OF INTERESTS</b>  There were no declarations of interest made.	
<b>619.</b>	<b>NOTIFICATION OF ANY OTHER URGENT BUSINESS</b>  There were no items of Any Other Urgent Business notified.	
<b>620.</b>	<b>MINUTES OF THE PREVIOUS MEETING</b>  The Minutes of the meeting held on 22 June 2016 were confirmed as a correct record, and were signed by the Chair.	
<b>621.</b>	<b>MATTERS ARISING</b>  There were no Matters Arising discussed not considered elsewhere at the meeting.	

<p><b>622.</b> 5.02pm)</p>	<p><b>HR ACTIVITIES AND PRIORITIES</b></p> <p>A written report was received for information. The HR advised that during the summer holiday period the College had advertised and recruited to 44 jobs. In addition, he confirmed that 100% of PDRs had been achieved. In response to a question from a Member he advised that all in-year PDR reviews were due to be completed by the end of December 2016 and that he would remind all Managers accordingly.</p> <p>Concern was expressed at the low return-rate of 20% for the Staff Survey. The Principal advised that he was looking at alternatives mechanisms for seeking feedback from staff, and was currently attending team meetings and receiving staff views through that route. The HR was requested to review other options and report back to the Ctte at its next meeting.</p> <p>The HR highlighted the BCoT Benefits employee wellbeing programme. The Principal offered the opportunity for all Members of the Corporation to have access to it. The HR was requested to circulate details to all Members. In response to a question from a Member the DPFR advised that the programme cost the College £10k per annum, and he expected to see overall annual savings achieved by staff in excess of that cost.</p> <p><i>(The HR left the meeting)</i></p>	<p>HR</p> <p>HR</p> <p>HR</p>
<p><b>623.</b> (5.15pm)</p>	<p><b>FINANCIAL STATEMENTS 2015/16</b></p> <p>Written reports were received and considered. The DPFR advised that the format of the main financial statements had changed following the introduction of FRS 102 (related to changed accounting standards). He also advised that the External Auditor had reviewed the accounts and given a clean audit report. A copy of the External Auditor's management letter was received for information.</p> <p>In reviewing the financial statements, the DPFR advised that the operating surplus as a percentage measure for the College as at 31 July 2016 was 0.26% against the College's agreed financial performance indicator (FPI) that regards a figure above 3% as strong and 1% as acceptable. He stressed that the outcome of 0.26% was based on post-FRS 102 whereas the FPIs were based on pre-FRS 102. The DPFR was requested to amend the statement in the financial statements to reflect this. The DPFR was requested to review the FPIs in the light of FRS 102 and present proposals to the next meeting of the F&amp;R Ctte.</p> <p>The DPFR took the Ctte through the financial statements and highlighted changes that had occurred since the forecast made in April 2016. He advised that the balance sheet was strong. However, he stressed that the biggest change to the balance sheet was in respect of the long-term liabilities of enhanced pensions and deferred capital grants.</p> <p><i>(See also Confidential Minute CF04)</i></p> <p>In referring to the External Auditor's management report, the DPFR advised that only minor matters had been raised during the review of the financial statements. However, one matter that had been continuing to cause problems was in regards to the raising of purchase orders retrospectively. The DPFR confirmed that it was a process issue and that he was reviewing the matter urgently.</p> <p><b>It was RESOLVED to RECOMMEND to the CORPORATION that the financial statements for the period 1 August 2015 to 31 July 2016 showing a surplus for the year of £44k be agreed.</b> <i>(Proposed by George Batho, Seconded by Gary Livingstone)</i></p>	<p>DPFR</p> <p>DPFR</p>

<p><b>624.</b> (5.51pm)</p>	<p><b>FINANCIAL PERFORMANCE 2015/16</b></p> <p>A written report was received for information and noted. The DPFR took the Ctte through the report. He advised that the previous forecast had been for an operating surplus of £235k. However, when applying FRS 102 adjustments this had reduced the operating surplus to £44k.</p> <p>In reviewing the report the DPFR highlighted the various changes (shown in the report) that had been applied to the financial statements during the year, but showed that the College could expect to retain its outstanding financial health status.</p> <p>Concern was expressed that the College was still very reliant on partner provision during the year, showing an operating surplus of £303k compared to an operating deficit of £60k for core activities.</p>	
<p><b>625.</b> (6.10pm)</p>	<p><b>MANAGEMENT ACCOUNTS 2016/17</b></p> <p>The Management Accounts for the period to October 2016 were received and noted.</p> <p>The DPFR advised that following the Corporation's approval at its meeting in October 2016 of a revised budget for 2016/17, an anticipated shortfall of £400k in adult skills income and the inclusion of up-front costs for the Future Skills Centre result in a further change of £450k, meaning that rather than a £100k operating surplus the forecast would be a £350k deficit. As a result he advised that various cost savings had been initiated across the College and that only essential expenditure was being incurred. This had resulted in bringing the deficit down to the current forecast level of -£75k. This work was continuing and the updated position will be reported each month. The cash position would, despite this operating deficit, remain positive over the year. He stressed that this forecast did include additional funding for apprenticeships, and that if that did not materialise in the new year there would need to be further a further review.</p> <p>The DPFR highlighted two key assumptions to achieve the forecast: (1) was the achievement of £600k additional apprenticeship funding, and, (2) that the work-based university centre project would be deferred beyond 2016/17.</p> <p>The DPFR stressed the need for a balanced review of the finances, having regard to the operating result, financial health, cash reserves, cash movement, capital investment and future outlook. He explained that the management accounts would highlight all of these on the first page. He also explained that, as the college did not currently have any loans or borrowing, its SFA financial health might appear to give a more favourable position than the underlying finances would suggest. He advised further that the core College provision for 2016/17 was currently operating at a deficit of £1,185k and that the forecast operating surplus of £75k was only possible due to lagged learner funding and the contribution of partner providers.</p> <p>In summing-up, the DPFR advised that the outlook for 2017/18 and beyond, based on lower learner numbers in 2016/17 and expected further reductions in 2017/18 and 2018/19, would require the College to make further changes to manage lower levels of income in future years. The F&amp;R Ctte requested the DPFR present proposals to them at the next meeting identifying a range of options to deal with the reduced income.</p>	<p><b>DPFR</b></p>
<p><b>626.</b> (6.22pm)</p>	<p><b>PARTNERSHIP PROVISION</b></p> <p><b>1. Update on Current Provision</b></p> <p>A written report was received and considered. The DPFR updated the Ctte on current provision by the two College partners.</p>	

<p><b>626.</b> <b>(cont)</b></p>	<p>With regards to LEAD, it was noted that they were slightly behind their profiled enrolment target, but it was anticipated that they would increase the number of enrolments during the remainder of the year and generate sufficient income to achieve their agreed contract value.</p> <p>The DPFR advised that enrolments for Smarter Training had been very positive and would generate sufficient funding to achieve an increased contract value of £250k (current value £75k).</p> <p style="text-align: center;"><b>It was RESOLVED that the contract value for Smarter Training be increased to £250k.</b> (Proposed by Lynne George, Seconded by George Batho)</p> <p><b>2. Proposed New Partner: Learning Curve Group</b></p> <p>A written report was received and considered. The DPFR outlined discussions with Learning Curve Group to deliver a range of adult funded courses in care, mental health, infection control, learning difficulties, dignity and safeguarding in adult health and social care, and nutrition and health, with a potential contract value up to £100k. He advised that discussions were ongoing and subject to due diligence being undertaken. He requested in-principle approval to the proposal.</p> <p style="text-align: center;"><b>It was RESOLVED that a contract with Learning Curve Group of up to £100k be agreed in principle, and subject to successful due diligence.</b> (Proposed by George Batho, Seconded by Gary Livingstone)</p>	
<p><b>627.</b> (6.26pm)</p>	<p><b>BAD DEBT WRITE-OFF</b></p> <p>A written report was received for information and noted. The DPFR advised that there were no debts requiring the Cttes approval to be written-off. However, under the approved delegated authority the DPFR and the Principal had written-off debts totalling £1,121.18.</p>	
<p><b>628.</b> (6.42pm)</p>	<p><b>ESTATES UPDATE</b></p> <p>The DPFR gave a verbal update:</p> <ul style="list-style-type: none"> <li>• The Construction Block had been completed.</li> <li>• Minor snagging works were being completed in Art &amp; Design. However, the scheme had come-in over-budget at £243k (budget £208k + 10% contingency) and that he was undertaking a review of the costs to identify why there had been on overspend.</li> <li>• Phase 2 of the Heating &amp; Cooling of F Block had been completed but there were some software issues regarding the controls, and that these were currently being rectified.</li> <li>• The Future Skills Centre, Bordon was on schedule and on budget.</li> <li>• The new Estates Operations Manager had been appointed.</li> <li>• Work Based University Centre: The LEP was now unlikely to fund the project at the original level (£4m). The Principal had written to the LEP seeking funding at a reduced level of £1.5m.</li> <li>• The rateable value of the College had increased slightly, but the College received 80% relief.</li> </ul> <p>In response to a question from a Member the DPFR advised that the cost of secondary glazing to the north facing windows in F Block was too expensive, and that a member of the Estates Team would now undertake the installation of internal barriers. An update on progress was requested for the next meeting.</p>	<p style="text-align: center;"><b>DPFR</b></p> <p style="text-align: center;"><b>HEF/ DPFR</b></p>

<b>629.</b> (6.53pm)	<b>IT SERVICES REPORT</b>  A written report was received for information and noted. It was noted that a number of developments had been undertaken during the summer period.	
<b>631.</b>	<b>ANY OTHER URGENT BUSINESS</b>  There were no items of Any Other Urgent Business discussed.	
<b>632.</b>	<b>DATES OF FUTURE MEETINGS</b> <i>(Meetings commence at 5.00pm unless stated)</i>  Wednesday    22 March 2017 Wednesday    9 May 2017 Wednesday    21 June 2017	
(6.54pm)	Part 1 Meeting closed	