

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 22 NOVEMBER 2017

Membership (7):	*	Mike Howe	External Member	Chair
		George Batho	External Member	
	*	Anthony Bravo	Principal	
	*	Lynne George	External Member	Vice Chair
	*	Neale Killick	External Member	
		Vacancy (MBS)	External Member	
		Vacancy (PWi)	External Member	
Quorum:		3 required	4 present	Meeting quorate
In Attendance:	*	Mark Bonnett	Finance Manager (FM)	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Malcolm Quiney	Head of HR (HHR)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
Present at Meeting:	*			

PART 1 - NON-CONFIDENTIAL MINUTES

(4.58pm)		ACTION
676.	APOLOGIES FOR ABSENCE George Batho.	
677.	DECLARATION OF INTERESTS There were no Declarations of Interest made.	
678.	NOTIFICATION OF ANY OTHER URGENT BUSINESS The DPFR notified two items of Any Other Urgent Business.	
679.	MINUTES OF THE PREVIOUS MEETING The Minutes of the meeting held on 21 June 2017 were confirmed as a correct record, and were signed by the Chair.	
680.	MATTERS ARISING There were no Matters Arising raised that had not been discussed elsewhere at the meeting.	

<p>681. (5.02pm)</p>	<p>HR ACTIVITIES AND PRIORITIES</p> <p>A written report was received for information and noted. The HHR took the Ctte through the report. The Ctte was pleased to note that there had been a 100% completion rate for PDRs. He advised that the pressure was now on to ensure that the review PDRs were completed on time.</p> <p>In response to a question from a Member, the HHR advised that there were strict rules on the taking of TOIL (time off in lieu). A maximum of 20 hours had to be taken by the end of the half term that they had been accrued in.</p> <p>A copy of the responses to the Staff Survey were received and noted. The Principal advised that the Staff Survey had yielded the best results yet received. He would circulate details of the questions asked to Members by email.</p> <p><i>(The HHR left the meeting)</i></p>	<p>Principal</p>
<p>682. (5.08pm)</p>	<p>FINANCIAL RESULTS 2016/17</p> <p>Written reports were received and considered. The DPFR took the Ctte through the report and gave an overview of the financial performance for 2016/17. He outlined the key highlights (shown on page 22 of the report), and advised that the good results had been achieved despite the College having to deal with declining income. However, he stressed that the College continued to be graded 'outstanding' for financial health.</p> <p>The FM advised that since distributing the draft accounts two further adjustments had been identified by the College which would result in a financial surplus of £406k.</p> <p>The DPFR highlighted that a major change that had affected the College was the implementation of the apprenticeship levy, the introduction of apprenticeship standards, and a brand-new funding methodology for apprenticeships, all introduced nationally from April 2017. He stressed that these changes had had a negative impact on business for all apprenticeship providers, not just BCoT. He advised further that, whilst the impact on 2016/17 wasn't material financially for BCoT the impact in 2017/18 would be, and would present the College with a further major challenge.</p> <p>The DPFR advised that in July 2017 the College had been selected for the second time in two years to undertake an ESFA full funding audit, and that it had created a lot of additional work. Overall, the College's records were good but some issues with subcontractor records had been identified.</p> <p>The DPFR also reminded the Ctte of various changes (page 23 of the report) that had been agreed by the Corporation in 2016/17 that would ensure the College adapted to remain successful in the future.</p> <p>The FM took the Ctte through the Accounts and advised that the Statement of Comprehensive Income and Expenditure that would be presented to the Corporation would be amended to show the adjusted surplus at £406k. He also advised that cash had increased by £2,145k during the year, that the overall cash balance was healthy, and that the balance sheet was strong. He also referred the Ctte to the Audit Completion Report that gave a clean audit of the Accounts with no significant matters raised.</p> <p>It was RESOLVED to RECOMMEND to the CORPORATION that the financial statements for the period 1 August 2016 to 31 July 2017 showing a surplus for the year of £406k be agreed. (Proposed by Neale Killick, Seconded by Lynne George)</p>	

<p>670. (6.03pm)</p>	<p>MANAGEMENT ACCOUNTS 2017/18</p> <p>The Management Accounts for September 2017 were received and noted. The DPFR tabled a summary of the Management Accounts for October 2017 for information.</p> <p>The DPFR advised that 16-18 and adult enrolments were slightly ahead of expectations. However, the College had not anticipated the large drop in apprenticeships (a national concern) that was estimated to be in the range of £400k-£600k in lost income. LEAD volume of new starts was also very low, and he did not anticipate any new enrolments from them for the remainder of the year.</p> <p>The DPFR advised further that there was an opportunity to increase adult skills funded activity by £400k above the budget amount. It was anticipated that some of this funding would be utilised by the growth in full-time adults, and that Aspiral had seen a surge in demand for distance learning courses. However, he advised that the provision delivered by Smarter Training was now not fundable and the College should expect that the company would not be able to deliver most of what had been budgeted for in 2017/18 (income of £250k with a contribution of £45k). He re-iterated the continuing volatility with regards to all sources of income.</p> <p>With regards to capital provision, the DPFR advised that most projects were not yet committed and would not proceed unless there was sufficient cash generation to fund them. The expenditure allocated to the work-based university project might not be incurred, depended on whether the project continued to move forward, and whether it could be funded entirely by external contributions or not. In addition, the anticipated savings of £300k as a result of the proposed merger with Alton College would now need to be found elsewhere. Other financial pressures included pension adjustments, and the decline in apprenticeships.</p> <p>In reviewing the 'split' between core, partner and non-core activity, the DPFR advised that the budget 2017/18 showed:</p> <table data-bbox="391 1160 893 1288"> <tr> <td>Core Provision</td> <td>Deficit of £1,095k</td> </tr> <tr> <td>Partner Provision</td> <td>Surplus of £179k</td> </tr> <tr> <td>Non-core Provision (lagged income)</td> <td>Surplus of £799k</td> </tr> </table> <p>The DPFR tabled a paper outlining work in progress towards proposals for trying to achieve at least £1m cash generated during the current year and in 2018/19, based on achieving the same level of contributions made by the curriculum (37.7%) and Aspiral (29%) in 2016/17. He took the Ctte through his paper and highlighted how changes could affect financial outcomes.</p> <p>The DPFR also highlighted the difficulties in achieving some elements as the College was still in receipt of lagged income for 2018/19 and a small amount due in 2019/20. However, he stressed that, based on demographic data, student numbers were forecast to increase from 2019/20.</p>	Core Provision	Deficit of £1,095k	Partner Provision	Surplus of £179k	Non-core Provision (lagged income)	Surplus of £799k	
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Non-core Provision (lagged income)	Surplus of £799k							
<p>671. (6.40pm)</p>	<p>PARTNERSHIP PROVISION 2017/18</p> <p>A written report was received and considered. The DPFR highlighted financial and quality concerns with regards to LEAD.</p> <p>The DPFR also highlighted that Learning Curve had already achieved its target enrolment, and that the DP Business was recommending their contract value could be increased by up to £250k.</p>							

<p>671. (cont)</p>	<p>The report advised that partner performance had been reviewed using a variety of measures, and each partner 'RAG' rated: LEAD had been rated 'red', with Smarter Training, Learning Curve and Eastleigh College all rated 'green'.</p> <p style="text-align: center;">It was RESOLVED that progress be noted, and that the contract value with Learning Curve be increased by up to £250k.</p>	
<p>672. (6.40pm)</p>	<p>BAD DEBT WRITE-OFF</p> <p>A written report was received for information and noted. It was noted that debts totalling £3,759.08 had been written-off by the DPFR under delegated authority.</p>	
<p>673. (6.42pm)</p>	<p>ESTATES UPDATE</p> <p>A written report was received for information and noted. There were no matters of concern raised in the report.</p>	
<p>674. (6.44pm)</p>	<p>IT SERVICES UPDATE</p> <p>A written report was received for information and noted. There were no matters of concern raised in the report.</p>	
<i>[The Clerk took the Chair for the following items]</i>		
<p>675. (6.47pm)</p>	<p>ELECTION OF CHAIR OF THE COMMITTEE</p> <p>The Clerk advised that the term of office of Chair of the Committee expired on 26 November 2017. He called for nominations for Chair of the F&R Ctte for a two-year term of office commencing on the 27 November 2017. One nomination was received.</p> <p style="text-align: center;">It was RESOLVED that Mike Howe be elected Chair of the Ctte for a two-year term of office commencing on the 27 November 2017. (Proposed by Anthony Bravo, Seconded by Neale Killick)</p>	
<p>676. (6.48pm)</p>	<p>ELECTION OF VICE CHAIR OF THE COMMITTEE</p> <p>The Clerk advised that the term of office of Vice Chair of the Committee expired on 26 November 2017. He called for nominations for Vice Chair of the F&R Ctte for a two-year term of office commencing on the 27 November 2017. One nomination was received.</p> <p style="text-align: center;">It was RESOLVED that Lynne George be elected Vice Chair of the Ctte for a two-year term of office commencing on the 27 November 2017. (Proposed by Anthony Bravo, Seconded by Mike Howe)</p>	
<i>[Mike Howe (Chair) resumed the Chair]</i>		
<p>677. (6.49pm)</p>	<p>ANY OTHER URGENT BUSINESS</p> <p>The DPFR referred to two letters circulated to the FE sector:</p> <ol style="list-style-type: none"> 1. FE Commissioner's letter dated October 2017 2. ESFA Chief Executive's letter dated 17 November 2017 <p>The DPFR took the Ctte through both letters and highlighted that there were some common themes in both, mainly related to funding issues, staff utilisation, and average class sizes.</p>	

<p>677. (cont)</p>	<p>The ESFA letter also raised several matters that governors and corporations should be addressing. In reviewing the eight areas highlighted it was noted that the Corporation already monitored rigorously each of the areas highlighted and also challenged the SMT accordingly.</p> <p>The DPFR highlighted three areas where further work was required:</p> <ol style="list-style-type: none"> 1. staff as a percentage of income after removing partner and non-core income, 2. the need to not undertake over-optimistic forecasting, 3. to review gross margins by course. <p>It was agreed that both letters would be included on the agenda for the next Corporation meeting.</p>	<p>Clerk</p>
<p>678.</p>	<p>DATES OF FUTURE MEETINGS <i>(Meetings commence at 5.00pm unless stated)</i></p> <p>Wednesday 14 Mar 2018 Wednesday 16 May 2018 Wednesday 20 Jun 2018</p>	
<p>(7.03pm)</p>	<p>Part 1 Meeting closed</p>	