

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON TUESDAY 22 NOVEMBER 2018

Membership (7):	*	Mike Howe	External Member	Vice Chair
		George Batho	External Member	
	*	Anthony Bravo	Principal	
	*	Greg Devereux-Cooke	Staff Member	
	*	Lynne George	External Member	Chair
	*	Dave Murray	External Member	
		Vacancy (NK)	External Member	
Quorum:		3 required	5 present	Meeting quorate
In Attendance:	*	Mark Bonnett	Finance Manager (FM)	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Lorraine Heath	Deputy Principal Business (DPB)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
	*	Malcolm Quiney	Head of HR (HHR)	
Present at Meeting:	*			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.02pm)		ACTION
715.	<p>WELCOME</p> <p>Greg Devereux-Cooke and Dave Murray were welcomed to the meeting.</p>	
716.	<p>APOLOGIES FOR ABSENCE</p> <p>George Batho.</p>	
	<i>[The Clerk took the Chair for the following items]</i>	
717.	<p>ELECTION OF CHAIR OF THE COMMITTEE</p> <p>The Clerk advised that the Chair of the Committee (Mike Howe) had decided to step-down as Chair of the Committee following his election as Chair of the Corporation. The Clerk called for nominations. One nomination was received.</p> <p style="text-align: center;">It was RESOLVED that Lynne George be elected Chair of the Ctte for a two-year term of office commencing on the 22 November 2018. (Proposed by Mike Howe, Seconded by Dave Murray)</p>	

718.	<p>ELECTION OF VICE CHAIR OF THE COMMITTEE</p> <p>The Clerk advised that following the election of Lynne George as Chair of the Committee there was a vacancy for Vice Chair. He called for nominations. One nomination was received.</p> <p>It was RESOLVED that Mike Howe be elected Vice Chair of the Ctte for a two-year term of office commencing on the 22 November 2018. (Proposed by Lynne George, Seconded by Dave Murray)</p>	
	<p><i>[Lynne George took the Chair]</i></p>	
718.	<p>DECLARATION OF INTERESTS</p> <p>There were no Declarations of Interest advised.</p>	
719.	<p>NOTIFICATION OF ANY OTHER URGENT BUSINESS</p> <p>There were no items of Any Other Urgent Business notified.</p>	
720.	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Minutes of the meeting held on 19 June 2018 were confirmed as a correct record and were signed by the Chair.</p>	
721.	<p>MATTERS ARISING</p> <p>There were no Matters Arising considered that were not discussed elsewhere at the meeting.</p>	
722. (5.07pm)	<p>HR ACTIVITY REPORT</p> <p>A written report was received and considered. The HHR took the Ctte through his report and advised that staffing levels within the college were at a ten-year low, and that staff turnover was down for the second consecutive year. In addition, he advised further that all staff had had a PDR review in accordance with the current Performance & Development Review for All Staff Policy.</p> <p>In addition to gender pay gap monitoring, the HHR advised that the college now monitored the ethnic pay gap for staff. It was noted that, with the exclusion of the Principal, the mean hourly pay for non-white was £14.92 and for white £15.17, a gap of 1.7%.</p> <p>With regards to the National Living Wage (NLW) the HHR advised that in the Autumn Budget Statement the Chancellor of the Exchequer had announced an increase in the NLW in April 2019 from £7.83 to £8.21 (a rise of 4.9%). He advised further that this would have a significant impact on college pay scales, particularly scale 3 roles. As a result of NLW creep, the college had already had to collapse pay points 1-8. Following the next increase, pay point 9 would become absorbed and pay point 10 would be only seven pence per hour above the NLW. He advised that he was reviewing the impact of this rise and was currently considering the best way to respond to this.</p> <p>(The HHR left the meeting)</p>	
723. (5.29pm)	<p>FINANCIAL STATEMENTS 2017/18</p> <p>The draft Financial Statements 2017/18 were received and considered. The FM advised that the Financial Statements had been prepared on a group basis, incorporating BCoT Professional Services Ltd, the college's subsidiary company. He advised further that the Financial Statements Auditor (FSA) had reviewed the financial statements and had issued an unqualified report.</p>	

<p>723. (cont)</p>	<p>In reviewing the financial statements, the FM highlighted the seven agreed performance indicators (page 6 of the financial statements) and advised that the college's results against them were all well above the 'strong' criteria.</p> <p>The FM advised further that the final financial results for the year had surpassed the original budget targets, despite lower income levels than planned. He advised that this had been achieved as a result of making the cost reductions needed to address the lagged income impact ahead of the 2018/19 financial year when they would be required.</p> <p>In preparing the financial statements the FSA had reviewed the main risk factors affecting the college (page 12 of the financial statements) and noted the key mitigating actions that had been implemented/planned to reduce them.</p> <p>The Committee considered the Financial Statements 2017/18 in detail.</p> <p style="text-align: center;">It was RESOLVED to RECOMMEND to the CORPORATION that the financial statements for the period 1 August 2017 to 31 July 2018 showing a surplus for the year of £647k be agreed. (Proposed by Mike Howe, Seconded by Lynne George)</p> <p>The Committee recorded its thanks to the Finance Manager and his team for their hard work in producing a good set of accounts.</p>	
<p>724. (5.49pm)</p>	<p>FINANCIAL OUTTURN 2017/18</p> <p>A written report was received for information and noted. The DPFR advised that the purpose of the report was to provide an explanation for the differences between the original budget 2017/18 (-£114k) and the final outturn for 2017/18 of a surplus of £647k.</p> <p>The DPFR reminded the Ctte that there were normally various unknown factors occurring during the May/June period each year, especially with regards to apprenticeship income, and that these unknown factors made it more difficult to make accurate forecasts. However, whilst welcoming such a positive change, he stressed that a variance of the size achieved indicated that the forecasts were not accurate enough. He advised further that the report explained the detailed reasons for the variance and outlined changes that would be made to improve the accuracy of future forecasts.</p> <p>In concluding, the DPFR advised that the better than forecast outturn for 2017/18 would be helpful to the college in achieving its 2018/19 budget which remained extremely challenging.</p>	
<p>725. (6.02pm)</p>	<p>MANAGEMENT ACCOUNTS 2018/19</p> <p>The Management Accounts to October 2018 were received, considered and noted. The DPFR advised that the budget for 2018/19 was for a deficit of -£690k. He advised further that a revised forecast would be included in the November accounts and, based on the October 2018 figures, there should be an improvement in the forecast position.</p> <p>The DPFR advised that the introduction of on-line enrolment for adults had resulted in substantially higher fee income being achieved compared to previous years. College apprenticeship and funding income was also going well. Subcontractor income was low at the present time and that he was undertaking a follow-up with the providers to understand why.</p> <p>The DPFR also advised that to achieve the 2018/19 budget £191k of pay cost vacancy savings was required. To date, £133k had been achieved in the first 3 months which was way ahead of the profile, due in the main to non-recruitment of</p>	

<p>725. (cont)</p>	<p>posts related to the capacity funding grant for extended work-experience. There was, however, some risk around potential clawback of this funding. Non-pay costs were, in the main, below profile.</p> <p>The DPB advised that non-levy work for August 2018 – March 2019 was forecast to exceed the contract by c£100k but that there was no guarantee this additional work would be paid. However, in previous years additional funding had been made available to the college to cover such a shortfall.</p> <p>The DPFR also advised that adult work could also be c£200k over provision that would not be funded. However, he anticipated that this could be managed by reducing the volume of sub-contracting work.</p> <p>The DPFR also highlighted a significant change to adult funding that would have an adverse impact on the college. In future, some of the funding would be allocated to devolved geographical areas. For BCoT that would be London and the Tees Valley.</p> <p>With regards to the Future Skills Centre, Bordon (FSC), the DPFR advised that 2019/20 was a critical year for the Centre when the break-clause could be enacted if required. He advised further that the FSC had been projected to be in a surplus position by Year 2. The Principal stressed that there would be a detailed and in-depth review of the FSC before any decision was reached.</p> <p>The DPFR took the Ctte through the key assumptions, risk and opportunities (listed on page 2 of the Monthly Accounts) and the performance indicators.</p>	
<p>726. (6.22pm)</p>	<p>PARTNERSHIP PROVISION</p> <p>1. Chair's Action August 2018: CITB Provision</p> <p>A written report was received and noted. The DPB outlined the (then) need for Chair's Action to be taken regarding a potential contract with CITB. However, subsequent events had altered the proposal and the college would not now be sub-contracting with CITB.</p> <p>2. Partnership Provision Update</p> <p>A written report was received and considered. The DPB advised that the college's provision was decreasing and that it was currently working with only three partner providers (Learning Curve, LEAD and Eastleigh College).</p> <p>The DPB confirmed that partner performance had been reviewed using a variety of measures including financial accounts, achievement rates, external verifier reports, performance against targets and learner and employer feedback. It was noted that one partner (LEAD) was rated 'red' due to low achievement rates, and the remaining two partners were rated 'green'.</p> <p>3. New Partner Provision: West Berkshire Training Consortium (WBTC)</p> <p>The DPB advised that whilst WBTC was part of the BCoT group they (WBTC) had a small ESFA funding contract, for 16-18 year old learners, but did not currently have a funding contract for adults. They anticipate that they would have approximately 6 learners, aged 19 plus, on their traineeship and functional skills courses during the current academic year, and would like to utilise BCoT's Adult Education Budget (AEB) funding to support them. Due to the legal structure of the BCoT Group, this required a subcontracting arrangement.</p>	

<p>727. (cont)</p>	<p>The DPB advised that an extensive legal and financial due diligence process had been undertaken as part of the merger. In addition, income earned from this provision would directly benefit the BCoT Group. The Ctte was requested to consider a contract for West Berkshire Training Consortium (WBTC) with a maximum value of £20,000.</p> <p>It was RESOLVED that a contract with West Berkshire Training Consortium for adult provision, to a maximum value of £20k, be approved. (Proposed by Lynne George, Seconded by Greg Devereux-Cooke)</p>	
<p>728. (6.26pm)</p>	<p>FINANCIAL SYSTEMS UPGRADE</p> <p>A written report was received for information. The FM advised that the core financial system had been upgraded and a new management reporting system installed. A support contract was also in place.</p> <p>The FM also advised that he was in discussion with the provider for the possibility of adding a commitment reporting facility.</p>	
<p>729. (6.35pm)</p>	<p>BAD DEBT WRITE-OFF</p> <p>A written report was received for information and noted. The FM advised that a total of 11 debts had been written-off under delegated authority.</p>	
<p>730. (6.36pm)</p>	<p>ESTATES AND FACILITIES UPDATE</p> <p>A written report was received for information. The Ctte was pleased to note the good report received.</p>	
<p>731.</p>	<p>ANY OTHER URGENT BUSINESS</p> <p>There were no items of Any Other Urgent Business considered.</p>	
<p>732.</p>	<p>DATES OF FUTURE MEETINGS (<i>Meetings commence at 5.00pm unless stated</i>)</p> <p>Thursday 21 March 2019 Thursday 16 May 2019 Thursday 20 June 2019</p>	