

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON THURSDAY 20 JUNE 2019

Membership (7):	*	Lynne George	External Member	Chair
	*	George Batho	External Member	
	*	Anthony Bravo	Principal	
		Greg Devereux-Cooke	Staff Member	
	*	Mike Howe	External Member	Vice Chair
		Dave Murray	External Member	
		Vacancy (NK)	External Member	
Quorum:		3 required	4 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)	
	*	Dean Palmer	Director of IT (DoIT)	
	*	Colin Willoughby	External Member (Observer)	
Present at Meeting:	*			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.00pm)		ACTION
760.	<p>IT STRATEGY AND INVESTMENT</p> <p>The Director of IT (Dean Palmer) gave the Ctte a presentation on proposals to update the existing IT infrastructure and systems to make it more appropriate for current and future operations. He advised that the current system had been installed in 2010, was now out of date and slow, and that there was a danger that if action was not taken soon some of the current infrastructure would not be supported by providers.</p> <p>The DoIT outlined his proposals on how to increase functionality to meet the changing curriculum and learner needs over a three year period.</p> <p>The Ctte was advised that the overall costs related to the proposals were £840k and would be phased over a three year period, with the first phase (£440k) and the wireless upgrade (£120k) being undertaken in 2019/20. Details of the financial proposals were included in the agenda under Item 9. Budget 2019/20.</p> <p><i>(The DoIT left the meeting)</i></p>	

<p>761. (5.44pm)</p>	<p>APOLOGIES FOR ABSENCE</p> <p>Greg Devereux-Cooke, Dave Murray.</p>	
<p>762.</p>	<p>DECLARATION OF INTERESTS</p> <p>The Principal, the Deputy Principals and the Finance Manager declared an interest in Agenda Item 9 Budget (pay award proposals).</p>	
<p>763.</p>	<p>NOTIFICATION OF ANY OTHER URGENT BUSINESS</p> <p>There were no items of Any Other Urgent Business notified.</p>	
<p>764.</p>	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Minutes of the meeting held on 16 May 2019 were confirmed as a correct record and were signed by the Chair.</p>	
<p>765.</p>	<p>MATTERS ARISING</p> <p>There were no Matters Arising considered that were not due to be discussed elsewhere at the meeting.</p>	
<p>766. (5.46pm)</p>	<p>MANAGEMENT ACCOUNTS 2018/19</p> <p>The Management Accounts for May 2019 were received and noted. The DPFR advised that the F4 forecast had been reviewed further and showed a revised surplus, after pension adjustments, of £527k (F4 = +£456k). He advised further that this had been as a result of an increase in invoicing for apprenticeships and that overall income had been greater than originally forecast. Financial KPI's were all good and graded 'green'.</p>	
<p>767. (5.58pm)</p>	<p>BUDGET 2019/20</p> <p>A written report was received and considered. The DPFR advised that the proposed budget for the College had been based on a deficit of -£583k (after pension adjustments). However, following the publication of the draft budget report a further review had been undertaken that had resulted in additional income being identified, reducing the deficit budget to -£418k (after pension adjustments). The DPFR highlighted that the budget assumed vacancy savings of £190k and non-pay savings target of £50k would be achieved during the year. He advised further that the proposed budget for WBTC was for a surplus of £2k.</p> <p>The DPFR advised that the College budget provided for a 1.5% pay award for all staff (as discussed at the previous meeting). He requested that the Ctte assess the affordability of this award, and to also consider a small variation to that, as suggested in the budget report. He highlighted that WBTC's budget assumed that a 2% pay award would be made; WBTC management's argument for a higher rate being that Berkshire had a higher cost of living. It was noted that the BCoT nominees on the WBTC Board were concerned about paying a higher rate than at BCoT. The Ctte was not supportive of a higher rate being paid by WBTC and stressed the need to try to keep pay awards the same across the College group.</p> <p>The DPFR also advised that he was proposing a larger than usual capital expenditure plan, based on a total cost of £1,360k.</p>	

**767.
(cont)**

The DPFR took the Ctte through the report and highlighted a number of matters, including:

- The cash position would generate £1.2m despite higher costs,
- The Future Skills Centre, Bordon was budgeted to achieve a small surplus of £32k,
- Cash balances were forecasted to be £6,457k at 1 Aug 2019, reducing slightly to £6,297k by 31 Jul 2020,
- The College would continue to retain its 'outstanding' financial health rating,
- All projected FPIs for 2019/20 would have an 'outstanding' assessment except:
 - Cash generated from operations – 'outstanding' was set at £1.4m, the budget was forecast at £1.2m;
 - The percentage of cash used for capital projects outside normal annual requirements would be funded from cash generated in year, with the balance of £160k utilising brought forward cash reserves;
 - The deficit as a percentage of income was -3.8%, higher than acceptable or sustainable, and actions would be needed to improve this position in the future years.

The DPFR highlighted a potential serious risk regarding the allocation for adult education in London (currently valued at £549k), that had been based on the actual value of delivery in London in 2017/18. During 2018/19 £400k of training in London had been delivered by a subcontractor (Learning Curve). Indications were that the GLA might restrict subcontracting in 2020/21 so it was important that the College aimed to deliver more of this contract itself during 2019/20 with the intention of delivering the full amount in 2020/21. The plan was to reduce the value of subcontracting to £200k in 2019/20 and then to £nil in 2020/21. Aspiral was implementing plans to establish a London based unit to lead delivery of this training.

In addition, the college did not qualify for a contract with Tees Valley because its provision in 2017/18 was below the £50,000 threshold applied by that authority. The budget assumed that this income was lost, but Aspiral North would seek subcontract arrangements in order to continue to deliver provision.

With regards to capital projects, the DPFR advised that the IT proposals would be spread over a three-year period, with year 1 costed at £560k. The Estates capital expenditure was proposed at £600k, and other capital expenditure of £200k had been provided for curriculum and corporate equipment and projects. He advised further that other capital projects were under consideration but had not been included in the budget. These included i. replacement glazing and internal refurbishment, ii Electric/Hybrid vehicle training centre, and iii. Digital Futures Centre. Bids would be made to Enterprise M3 LEP for each of these, and if successful, the College would be expected to fund at least 50% of the cost of each one itself.

With regards to a proposed pay award, the DPFR had requested the Ctte to review the affordability of and level of any potential pay award. The Ctte considered a range of options and advised that a pay award from 1 August 2019 of 1.5% for all staff be included in the budget 2019/20.

The DPFR took the Ctte through a number of risk assumptions that had been used in determining the proposed budget:

1. Aspiral would not be successful in achieving the substantial growth of London training planned.
2. Apprenticeship growth was strong in September 2018 and the budget for September 2019 assumed the same level of starts again.
3. In 2020/21 the Greater London Authority was considering only allowing London-based providers to deliver in London - with a value of £550k this was an important contract for the college.

<p>767. (cont)</p>	<ol style="list-style-type: none"> 4. T levels in Digital, Construction and Early Years start to be delivered by pilot colleges in 2020/21. In Hampshire the colleges involved are Farnborough College of Technology, Fareham College and Havant & South Downs College. Not all colleges were offering all T-levels, but their introduction could impact on BCoT's enrolment in those subject areas. 5. Reviewing 2021/22 and beyond, most of the vocational qualifications the College currently delivered to full-time 16-18 students were under threat. Some would be replaced with T-levels, but the potential existed for whole swathes of provision to become unfunded. The survival of applied general qualifications at levels 2 and 3 were subject to government consultation with the sector. 6. The budget assumed that £190k of staff cost savings and £50k of non-pay cost savings would be achieved throughout the year against existing department budgets. 7. The additional grant being made in 2019/20 to cover the increased costs of the Teachers' Pension Scheme was not guaranteed to continue in subsequent years. 8. The College would need to decide (before December 2019), whether to exercise the break-clause available on the Future Skills Centre lease. <p>The Ctte considered the proposed budget.</p> <p>It was RESOLVED to RECOMMEND to the CORPORATION that:</p> <ol style="list-style-type: none"> 1. The College budget for 2019/20 be agreed at a deficit of -£418k, (after pension adjustment) 2. The WBTC budget be noted at a surplus of £2k, 3. A pay award from 1 August 2019 of 1.5% payable to all staff be agreed, 4. A capital budget of £1,360k be approved. <p>(Proposed by Lynne George, Seconded by George Batho)</p>	
<p>768. (7.04pm)</p>	<p>FINANCIAL FORECAST 2020/21-2021/22</p> <p>The DPFR advised that the Financial Forecast was being consolidated to include West Berkshire Training Consortium and would be presented direct to the Corporation.</p>	
<p>769. (7.06pm)</p>	<p>SAFEGUARDING PROJECT 2019: PROCUREMENT OF TURNSTILES AND DOORS</p> <p>A written report was received and considered. The DPFR advised that he had had to seek Chair's Authority from the Chair of the F&R Committee as the deadline for receipt of an order for the supply of the speedgates and sliding doors had become critical and needed to be placed by 18 June 2019 otherwise there was the possibility the project could be delayed to summer 2020. The Chair of the F&R Ctte confirmed that she had given Chair's Approval to the order being placed.</p> <p>The DPFR outlined the project proposals to improve control of access to the College's buildings on both South Site and North Site. He highlighted plans for the Head of Operations to manage the project directly and the appointment of suppliers to carry out different elements of the works. He advised that planning for the project had commenced in September 2018 and that the selection of contractors and providers had taken several months of discussion, examination, referencing and cost checking. A schedule of proposed appointments and contract values was contained in the report.</p> <p>The DPFR also advised that the project has been discussed informally at previous Corporation meetings, and had been considered at Finance & Resources Ctte and also raised in Chair/Vice-Chair meetings. The value had been included in the provisional budget reviewed by the F&R Ctte in May 2019 and had been included in the budget that the Ctte had agreed to recommend to the Corporation for its approval.</p>	

<p>769. (cont)</p>	<p>The DPFR advised further that the combined value of the proposed supply from Dormakaba was above the £100,000 threshold, requiring approval of the Finance & Resources Cttee.</p> <p>It was RESOLVED that:</p> <ol style="list-style-type: none"> 1. The approach adopted to project management and the procurement process be agreed, 2. Dormakaba be approved as the supplier of the doors and speedgates for the project, at a value of £157,460 + VAT 3. The inclusion of the project in the capital budget for 2019/20 being presented to the Corporation be agreed. <p>(Proposed by Lynne George, Seconded by George Batho)</p>	
<p>770. (7.15pm)</p>	<p>PARTNERSHIP PROVISION</p> <p>A written report was received and noted. The DPB updated the Committee on current progress and outlined proposed contracts for 2019/20 with three partners (Eastleigh College, Learning Curve Group and Treloar Trust).</p> <p>It was RESOLVED that the proposed contracts for 2019/20 with Eastleigh College, Learning Curve Group and Treloar Trust be approved. (Proposed by Lynne George, Seconded by Mike Howe)</p>	
<p>771.</p>	<p>ANY OTHER URGENT BUSINESS</p> <p>There were no items of Any Other Urgent Business considered.</p>	
<p>772.</p>	<p>DATES OF FUTURE MEETINGS <i>(Meetings commence at 5.00pm unless stated)</i></p> <p>Wednesday 20 November 2019 Wednesday 11 March 2020 Wednesday 13 May 2020 Wednesday 17 June 2020</p>	
<p>773.</p>	<p>CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING</p> <p>The Confidential Minutes of the meeting held on 16 May 2019 were confirmed as a correct record and were signed by the Chair.</p>	
<p>774.</p>	<p>CONFIDENTIAL MATTERS ARISING</p> <p>There were no Confidential Matters Arising considered that had not been discussed elsewhere at the meeting.</p>	
<p>(7.18pm)</p>	<p>Meeting closed</p>	