

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON TUESDAY 21 JULY 2020

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	
		Colin Willoughby	External Member	
Quorum:		3 required	4 present	Meeting quorate
In Attendance:	v	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)	
	i	Dean Palmer	Director of IT (DoIT)	
Present at Meeting:	*			
Present by video link:	v			
Minute 818 only:	i			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.07pm)		ACTION
818.	<p>IT DEVELOPMENTS</p> <p>The DoIT advised that the storage and infrastructure had been installed and was working. Current activity related to moving to the new servers, and that 8 out of the 12 comms rooms had been completed. Wifi upgrades were also being progressed. In response to a question from a Member he advised that staff would see an immediate improvement in quicker speeds on the system.</p> <p>With regards to the lockdown operation, the DoIT advised that all staff had been accessing the systems remotely and all had gone well. He praised the IT team for all the work they had done to ensure the systems worked effectively during lockdown and that teaching was able to continue for all staff and students.</p> <p>In response to a question from a Member regarding the new link between North Site and South Site the DoIT confirmed that Openreach and Virgin had started to instal the link between the two sites.</p>	

<p>819. (5.18pm)</p>	<p>APOLOGIES FOR ABSENCE</p> <p>George Batho, Greg Devereux-Cooke, Colin Willoughby.</p> <p>[It was noted that George and Colin had been due to attend the meeting by video link but an unexpected technical reason had not let them gain access to the meeting]</p>	
<p>820.</p>	<p>DECLARATION OF INTERESTS</p> <p>The Principal, the Deputy Principals and the Finance Manager declared their interests in respect of the pay award proposals contained in the Budget 2020/21 report (Agenda Item 8).</p>	
<p>821.</p>	<p>NOTIFICATION OF ANY OTHER URGENT BUSINESS</p> <p>There were no items of any other urgent business notified.</p>	
<p>822.</p>	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Minutes of the meeting held on 13 May 2020 were confirmed as a correct record, and were signed by the Chair.</p>	
<p>823.</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>824. (5.21pm)</p>	<p>MANAGEMENT ACCOUNTS 2019/20</p> <p>The Management Accounts for June 2020 were received and noted. The DPFR advised that the F4 forecast had 'improved' to a deficit of -£344k (F3 deficit forecast -£743k) primarily as a result of the reduced levels of expenditure because of the Covid-19 lockdown restrictions. Income was forecast to be very close to the original budget. The College had also been advised that it would receive its full funding allocation for adult provision.</p> <p>Capital project works had continued during lockdown with good progress being made.</p> <p>WBTC had also shown an improvement in its financial position, had undertaken a number of actions to reduce costs, and was forecasting a surplus of £26k for the year.</p> <p>With regards to the financial impact of the Covid-19 pandemic, the DPFR advised that he anticipated it would have a net cost of c£84k.</p> <p>In response to a question from a Member the DPFR advised that all classes had continued to operate remotely and that no students had made any financial claims against the College for loss of teaching etc..</p> <p>The DPFR took the Ctte through the key assumptions, risks and opportunities, as shown in the Management Accounts. He advised further that the financial KPIs were all 'good', and that cash flow as also good. The FSC Bordon had also had a good year and was forecasting a small surplus of £12k.</p>	
<p>825. (5.41pm)</p>	<p>BUDGET 2020/21</p> <p>Written reports were received and considered. The DPFR advised that the overall budget proposal for 2020/21 for the College and BPS was based on a budget deficit after pension adjustments of -£599k, and for WBTC a deficit of -£44k. He stressed that the Covid-19 pandemic would have a significant impact in 2020/21, but that the financial position of the College and the Group continued to be strong.</p>	

<p>825. (cont)</p>	<p>The DPFR advised further that there were a number of uncertainties going forward into 2020/21 on the continuing impact of Covid-19 on local employers and employment opportunities vis-à-vis enrolments. Assumptions had been based on an expected 30% decline in apprenticeship starts and a general level of uncertainty around enrolments in all areas of activity.</p> <p>WBTC had undertaken a review of its business and had rationalised costs to bring them in line with income. WBTC was also concerned about the decline in apprenticeship enrolments due to Covid-19 and had set a deficit budget of -£44k.</p> <p>The BCoT Group, though, had a healthy level of cash reserves at £7.2m as at 31 July 2020, that was forecast to rise during the year by £0.6m by 31 July 2021.</p> <p>The DPFR advised also that the overall impact of Covid-19 during 2020/21 was anticipated to be -£519k, as shown in the report.</p> <p>The DPFR highlighted three financial objectives for 2020/21 as:</p> <ol style="list-style-type: none"> 1. Increased cash reserves over the year 2. Addressed the causes of the deficit budget to move into surplus in 2021/22 3. Achieved the agreed financial objectives (shown in the report) <p>In addition, the DPFR advised that after a deficit in 2019/20 the expectation and plan had been for the College to return to break-even or a small surplus in 2020/21. At that time this had been an achievable plan as the funding allocation for core 16-18 provision were increasing by £1.3m in 2020/21. However, because of the current pandemic he highlighted four principal reasons why the budget continued to be in deficit for 2020/21:</p> <ol style="list-style-type: none"> 1. The impact of Covid-19. This had worsened the position by £519k but it should be a temporary impact and was therefore reasonable to think that this would reverse in future years, with the exception of interest rates which were likely to remain low for some considerable time. 2. Expenditure had increased at a higher level than expected. Decisions taken during 2019/20 had increased costs by around £100k more than anticipated. These costs were in the curriculum delivery and support area. 3. Lagged income – the plan for 2020/21 delivers £209k of unfunded income. The actual figure would depend on enrolments in September, but if the plan was achieved this work would be funded in 2021/22. 4. Depreciation – the large capital programme in 2019/20 had resulted in an increased depreciation charge (net of capital grant release) of £106k <p>The DPFR stressed that there needed to be a continued focus on cost control during 2020/21 with the aim of identifying savings of £100k throughout the year. If this was achieved, student recruitment was as planned, and the Covid-19 impact was reversed, then the College would be at an acceptable level of surplus in 2021/22.</p> <p>With regards to the College's ESFA financial health score, the DPFR advised that, based on the proposed budget, it would be 270. It scored maximums of 100 each for current ratio and borrowings, but the EBITDA score was lower due to the budgeted loss. To achieve a score of 100 for EDITDA the budget would need to improve by £460k.</p> <p>WBTC scored 200. It achieved 100 each for its current ratio and borrowings. For EBITDA it scored 0 because it was a loss and the company did not have large values of non-cash adjustments for pension schemes and depreciation.</p> <p>When WBTC was added in to produce the Group financial return the ESFA financial health score for the group dropped by 10 points to 260. This was due to the negative EBITDA score. For the Group, the financial health score changed by 10 points for every change of £177k in the budget surplus/(deficit).</p>
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<p>825. (cont)</p>	<p>The DPFR outlined proposals for capital plans in 2020/21. He advised that the capital programme for 2020/21 had been capped at £700k so that cash reserves could be increased as the College moved into a period of considerable uncertainty due to Covid-19.</p> <p>However, the DPFR advised that the government had recently announced a five year capital programme for colleges, valued at £1.5bn, to improve the condition of the FE estate. He advised further that the College intended to bid into this fund for a major project to F Block to replace the glazing and refurbish the top and bottom floors.</p> <p>The College would need to undertake preparatory work to assess feasibility and determine a project outline to support a bid that was likely to be made in the Autumn term. Property consultants had been invited to submit proposals and a meeting of the Capital Projects Ctte had been held on 20 July 2020 to agree the appointment of a consultant and the way forward.</p> <p>It was anticipated that the preparatory work would be able to be funded from the release of the first phase of government funding but that had still to be confirmed. If it was not then the costs would need to be provided for in the budget. In response to a question from a Member the DPFR confirmed that the cost would be c£40k, funded on a 79%/21% by the government, and that the College's element was covered in various budget lines. However, should the project not go forward the cost (£40k) would need to be met in full by the College.</p> <p>The DPFR took the Ctte through the ESFA healthcheck and Cash flow returns that the College was required to complete.</p> <p>The Ctte considered the reports.</p> <p>It was RESOLVED to RECOMMEND to the CORPORATION that the Budet 2020/21 be agreed as:</p> <ol style="list-style-type: none"> 1. For BCoT: an operating surplus before non-cash items of £1,259k and a reported deficit after non-cash items including FRS102 pension adjustments of £599k, 2. For WBTC: a reported deficit of £44k, 3. Capital expenditure for BCoT of £700k and for WBTC of £80k, 4. For BCoT: a pay award of £520 per FTE effective from 1 August 2020 for all staff members except those who received their award on 1 April 2020. WBTC was not planning a pay award in 2020/21. <p>(Proposed by Lynne George, Seconded by Anthony Bravo)</p> <p>The Ctte thanked the DPFR and the Finance Manager for their hard work in preparing the budget in such uncertain times.</p>	
<p>826. (6.40pm)</p>	<p>PARTNERSHIP PROVISION</p> <p>1. Partnership Provision 2019/20: Update</p> <p>A written report was received for information and noted. The DPCPI advised that three of the providers were expected to meet their targets for 2019/20. However, it was possible that following some discrepancies in the individual learner records from Learning Curve where data had been excluded, it was uncertain if the GLA would meet the full value of the contract at this stage.</p>	

826. (cont)	<p>2. Partnership provision 2020/21: Planned provision</p> <p>A written report was received and considered. The DPCPI highlighted the proposed contract values for the four partner providers as:</p> <table data-bbox="472 309 970 430"> <tr> <td>Eastleigh College</td> <td>£20,000</td> </tr> <tr> <td>Learning Curve Group</td> <td>£400,000</td> </tr> <tr> <td>WBTC</td> <td>£20,000</td> </tr> <tr> <td>Treloar Trust</td> <td>£50,000</td> </tr> </table> <p>It was RESOLVED that the partnership contracts outlined above be agreed. (Proposed by Anthony Bravo, Seconded by Mike Howe)</p>	Eastleigh College	£20,000	Learning Curve Group	£400,000	WBTC	£20,000	Treloar Trust	£50,000					
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827.	<p>BAD DEBT PROVISION</p> <p>A written report was received and considered. The FM advised that during the period under review 5 individual debts, each less than £1k, had been written-off under delegated authority of the DPFR and the Principal.</p> <p>The FM highlighted one debt at £1,266.67 that required the authority of the Ctte to write-off.</p> <p>It was RESOLVED that the debt outlined in the report for £1,266.67 be written-off. (Proposed by Lynne George, Seconded by Dave Murray)</p>													
828.	<p>ANY OTHER URGENT BUSINESS</p> <p>There were no items of Any Other Urgent Business discussed.</p>													
829.	<p>DATES OF FUTURE MEETINGS (<i>Meetings commence at 5.00pm unless stated</i>)</p> <table data-bbox="293 1106 667 1227"> <tr> <td>Thursday</td> <td>26</td> <td>Nov 2020</td> </tr> <tr> <td>Wednesday</td> <td>10</td> <td>Mar 2021</td> </tr> <tr> <td>TBA</td> <td>TBA</td> <td>May 2021</td> </tr> <tr> <td>Wednesday</td> <td>23</td> <td>Jun 2021</td> </tr> </table>	Thursday	26	Nov 2020	Wednesday	10	Mar 2021	TBA	TBA	May 2021	Wednesday	23	Jun 2021	
Thursday	26	Nov 2020												
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(6.47pm)	Meeting closed													

Confirmed as a correct record:		26 Nov 2020
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