

Unconfirmed (v3 16/5/2021)

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

*Owing to the national emergency restrictions imposed by HM Government because of the global Covid 19 pandemic
this meeting was held by video conference*

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 12 MAY 2021

Membership (7):	*	George Batho	External Member	
	*	Anthony Bravo	Principal	
	*	Kevin Croombs	External Member	
	*	Greg Devereux-Cooke	Staff Member	
	*	Mike Howe	External Member	Vice Chair
	*	Dave Murray	External Member	
	*	Colin Willoughby	External Member	
Quorum:		3 required	7 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)	
	i	Trevor Ridley	Head of Operations (HoO)	
Present at Meeting:	*			
Minute 870 only	i			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.00pm)		ACTION
860.	CHAIR OF THE MEETING The Vice Chair took the Chair for the meeting.	
861.	APOLOGIES FOR ABSENCE Mark Bonnett (Finance Manager).	
862.	DECLARATION OF INTERESTS There were no declarations of interest made.	
863.	NOTIFICATION OF ANY OTHER URGENT BUSINESS The DPFR notified two items of Any Other Urgent Business.	

864.	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Minutes of the meeting held on 10 March 2021 were confirmed as a correct record, and would be signed by the Chair when national restrictions allowed.</p>	
865.	<p>MATTERS ARISING</p> <p>1. Interim Pay Award (Minute 853)</p> <p>The DPFR advised that the cost implication of introducing the 'real living wage' was c£175k. He advised further that any changes would have the greatest impact on BCoT Scales 3, 4, 5 and 6, and excluded any costs associated with the cleaning staff as they were currently not employees of the College. In response to a question from a Member he advised that he was budgeting for a flat-rate pay award of £400, payable in August 2021.</p>	
866. (6.22pm)	<p>HR ACTIVITIES AND PRIORITIES</p> <p>The DPFR advised that the HHR was absent on sick leave, and he gave a brief verbal update. He advised that the biggest issue facing the College was not being able to fill vacancies with good quality candidates, which resulted in an increased use of agency staff at a greater cost to the College.</p> <p>The DPFR advised further that all staff were expected to return to work in the College from Monday 17 May 2021.</p> <p>The DPFR also highlighted that there had been high levels of staff sickness, but no obvious reasons why this should be the case.</p>	
867. (6.29pm)	<p>MANAGEMENT ACCOUNTS 2020/21</p> <p>The Management Accounts to March 2021 were received for information and noted. The DPFR advised that the current forecast deficit for 2020/21 was -£343k against an approved budget deficit of -£559k. However, the April 2021 forecast showed the deficit to reduce further to -£9k.</p> <p>The DPFR advised further that whilst costs remained low due to lockdown, further downward revisions to forecast income had a compensating affect. In particular adult training income had been badly hit across the College and Aspiral. Subcontracts with WBTC and with Learning Curve had been agreed (£100k each) to pick-up some of this underachievement, but overall he anticipated it being around £200,000 under contract value. He also advised that the College was unlikely to be able to utilise £150,000 of one-off funding it was allocated for 19 year-olds enrolling onto highly valued courses.</p> <p>In addition, the DPFR advised that ESFA had now published its AEB clawback arrangement for 2020/21. It was estimated that the College would now be able to retain around £150k of funding that it had previously anticipated would be repaid to the ESFA. He stressed that this had not yet been included in the forecast but when added would reduce the forecast deficit.</p> <p>The DPFR highlighted that UKPN (UK Power Networks) was currently re-tendering its contract, and he highlighted this as a financial risk if it was not renewed.</p> <p>The DPFR advised further that WBTC's management accounts to 28 February 2021 were not available due to staff sickness. However, an error had been found in the company's forecasting methodology that had resulted in the forecast surplus being overstated by around £140k. The revised forecast was now a deficit of £30k rather than the surplus of £95k. He stressed that the MD was addressing the issue and remained confident the final outturn for the year would be close to break-even.</p>	

<p>868. (6.37pm)</p>	<p>PROVISIONAL BUDGET 2021/22 REPORT</p> <p>A written report was received for information and noted. The DPFR gave the Ctte an overview on the complexities of trying to develop the budget for 2021/22, and listed a range of variables and uncertainties (set out in the report) that had an impact on setting the budget.</p> <p>In particular, he highlighted that the core budget had deteriorated by approx. -£500k, the uncertainty over enrolment numbers in Sept 2021, the risk that the UKPN contract would not be renewed, and the loss of the GLA (Greater London Authority) delivery contract were all key pressures facing the College.</p> <p>Currently, the DPFR advised that the draft budget was likely to be based on a deficit of -£700k to -£800k (after estimated FRS 102 pension provisions). If the UKPN contract was not renewed there would be a further impact on the reported deficit. He assured the Ctte that the College's finances remained extremely strong with cash forecast to outturn in the region of £8m at 31 July 2021.</p> <p>The final budget for 2021/22 will be presented to the Committee in June. Because of the level and number of uncertainties, the DPFR advised that the Corporation may need to revisit the budget after September 2021 when the enrolment position was known.</p>	
<p>869. (6.52pm)</p>	<p>PARTNERSHIP PROVISION</p> <p>A written report was received and considered. The DPCPI advised that Learning Curve and WBTC were expected to achieve their targets for 2020/21.</p> <p>However, the DPCPI advised that the GLA contract had to achieve 90% to ensure full payment. It was though, currently forecast to achieve 88-90%. She advised further that the failure to meet the 90% target would have a negative impact of £55k on the College. To mitigate this potential loss she proposed that the Learning Curve contract target be increased by a further £15k as this would then counter any loss from the GLA contract. In response to a question from a Member the DPCPI advised that Learning Curve had confirmed that they would be able to meet the increased target during the remainder of the current academic year.</p> <p style="text-align: center;">It was RESOLVED that the contract with Learning Curve be increased by £15k to £565k.</p>	
<p>870. (5.02-5.48pm)</p>	<p>ESTATES AND FACILITIES UPDATE</p> <p>A written report was received for information and noted. The HoO updated the Ctte on a range of activities currently being undertaken.</p> <p>1. Energy Management System</p> <p>The HoO advised on the ongoing issues with the heating management control system, and the continual problems in getting any resolutions from the system supplier and service agent to rectify the problems of lack of controllability and operation, as per the service contract signed with them. Following a number of attempts to seek a resolution to the various problems and the frustration of not getting any helpful responses or rectification, the DoO advised further that he had identified a replacement system that that supplier had assured him would work properly and would interface with the existing systems and IT facilities in the College, at a cost of £56k plus VAT.</p> <p>The Ctte sought clarification from the DoO on a number of points. In response to a question from a Member the DPFR advised that he proposed to include the replacement system as part of the capital programme for 2021/22. In response to a further question from a Member the DoO re-assured the Ctte that the replacement</p>	

**870.
(cont)**

system would meet the requirements of the College, and that he did not anticipate any further issues with the control systems in the future. He also stressed that the service contract would set out clearly the level of service that would be expected by the supplier to support the operation of the system.

The DoO also confirmed that when the replacement system had been installed and operating fully, there would be savings made across the energy budgets through a reduction in energy use.

The Ctte noted the intention of College Management to acquire the replacement management control system.

2. Cleaning Contract

The HoO advised that the cleaning contract had been due for re-tendering in 2020 but because of the Covid-19 pandemic it had been decided to extend the existing contract for a further year.

The HoO stressed that the Covid-19 pandemic had drawn a greater focus to cleanliness, increased expectations and responsibility on the College to provide a safe environment to work, study and visit.

The HoO advised that whilst there were benefits to sub-contracting, there were also many pitfalls. He outlined a number of problems that he faced with regards to ensuring that appropriate actions were taken by the contractor, especially for short-notice changes or requirements, and the failure by the current contractor to meet the terms of the contract that they had signed with the College.

The HoO advised further that he had reviewed the various options and proposed that the College directly employed all the cleaning staff rather than continue with sub-contracting. He confirmed that this would be managed by the Facilities and Estates Dept with a structure in place to ensure objectives were achieved. In addition, he advised that there would be a considerable cost saving by bringing the cleaning services back in-house. In response to a question from a Member he advised that the morale of the cleaning staff would also be improved as they would be employed on full-year contracts with appropriate holiday entitlements and sick pay, and that this would also bring about improvements in the quality of the cleaning undertaken as the cleaning staff would benefit from the improved employment terms and conditions offered by the College that were not offered by the contractor.

The Ctte sought clarification from the HoO on a number of matters regarding his proposal. The Ctte highlighted its concern on hearing that the current contractor had not been meeting its contractual obligations, and stressed the view that the College should seek to recoup appropriate costs from the sub-contractor for its failure to meet the terms of the contract.

The Ctte also highlighted its concern about the capacity of the HoO to manage the oversight of the cleaning services alongside the range of existing and planned works to the estate and facilities. The HoO assured the Ctte that he had the capacity and that the day to day management of the cleaning staff would be overseen by a dedicated manager.

In response to a question from a Member it was noted that if the operation of the in-house service did not work-out as envisaged then the operation of cleaning services could be put out for tender at a point in the future.

The proposal to bring the cleaning services in-house was noted.

871.	<p>ANY OTHER URGENT BUSINESS</p> <p>1. Race at Work Charter</p> <p>A written report was received and considered. The DPFR advised that the Race at Work Charter was a national initiative. It provided a framework for the College to address racism at work, and that it also made a public declaration of intent in this area.</p> <p style="text-align: center;">It was RESOLVED that the College sign-up to the Race at Work Charter</p> <p>2. Terrorism Insurance</p> <p>The DPFR raised the need to continue with separate terrorism insurance. He advised that the current policy primarily covered property damage and business recovery, and cost c£12k per annum. He stressed that whilst the risk of a terrorist act at the College was not zero, it was very low. In response to a question from a Member he confirmed that cyber crime was covered by a separate policy.</p> <p>The Ctte considered the matter and felt that it would be worthwhile to examine this matter as a formal proposal at the next meeting.</p>	DPFR
872.	<p>DATES OF FUTURE MEETINGS <i>(Meetings commence at 5.00pm unless stated)</i></p> <p>Wednesday 23 June 2021 Thursday 25 November 2021 Wednesday 19 January 2022 Wednesday 16 March 2022 Wednesday 11 May 2022 Wednesday 22 June 2022</p>	
(7.13pm)	Part 1 Meeting closed	

Confirmed as a correct record:		23 June 2021
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