

Unconfirmed (v3 1/7/2021)

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 23 JUNE 2021

Membership:		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	6 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)	
Present at Meeting:	*			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.00pm)		ACTION
873.	CHAIR OF THE MEETING The Vice Chair took the Chair for the meeting.	
874.	APOLOGIES FOR ABSENCE George Batho.	
875.	DECLARATION OF INTERESTS The Principal, the Staff Member, the Deputy Principals and the Finance Manager declared an interest in Agenda Item 7 (Budget 2021/22) in respect of a potential pay award included as part of the budget proposals.	
876.	NOTIFICATION OF ANY OTHER URGENT BUSINESS There were no items of Any Other Urgent Business notified.	

877.	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Minutes of the meeting held on 12 May 2021 were confirmed as a correct record, and would be signed by the Chair when national restrictions allowed.</p>	
878.	<p>MATTERS ARISING</p> <p>1. Terrorism Insurance (Minute 871.2)</p> <p>A written report was received and considered. The DPFR advised that the College had had terrorism insurance cover for many years. However, the risk was very low, premiums had increased over recent years and the cover was limited in scope. He proposed that the College should cease taking this cover with effect from 1 August 2021.</p> <p>The DPFR outlined the advice offered by Risk 2 Value, the insurance consultants engaged by the College to conduct the current retendering of the College's insurances. Their criteria for such cover was based on:</p> <ul style="list-style-type: none"> • Location of the College, i.e. city centre, town, rural etc. • Likelihood of unrest in local area. • Proximity to possible targets such as government buildings, military bases, religious buildings. • Proximity to roads leading to possible targets. • Proximity to airports. • Proximity to places where people gather, i.e. entertainment, financial centres or shopping centres. • Previous terrorist activity (arrests etc) in the local area. <p>It was noted that, based on the above criteria, the College was seen as a very low risk. In response to a question from a Member the previous cost of the premium had been c£13k but the renewal premium was £5.5k. The DPFR also advised that the majority of colleges in Hampshire did not now have terrorism cover.</p> <p style="text-align: center;">It was AGREED that due to the low level of risk and increasing cost of overall premiums the College would cease to purchase terrorism insurance cover from 1 August 2021</p>	
879. (5.13pm)	<p>MANAGEMENT ACCOUNTS 2020/21</p> <p>The Management Accounts to May 2021 were received. The DPFR advised that following the receipt of additional income that had not been anticipated he had produced an updated set of Management Accounts for May 2021. These showed the revised forecast outturn, after estimated FRS102 pensions adjustments, at a surplus of £207k (original budget a deficit of -£599k) with cash generation at c£2m (original budget £1.259m). He also advised that a copy of the revised Management Accounts to May 2021 would be circulated after the meeting.</p> <p>The DPFR advised further that the additional income was mainly related to high-needs students and 14-16 provision. He did, however, stress that there was a risk around apprenticeship income as a large number of apprentices would not be able to complete their programmes within expected end-dates.</p>	DPFR
880. (5.23pm)	<p>BUDGET 2021/22 REPORT</p> <p>A written report was received and considered. The DPFR advised that the draft BCoT Group budget presented to the Ctte was based on a deficit, after estimated FRS102 pension adjustments, of -£663k for BCoT and a surplus of £7k for WBTC. However, following the receipt of unanticipated additional income he had updated the proposed budget for BCoT that had been circulated with the agenda to a revised deficit of -£566k.</p>	

<p>880. (cont)</p>	<p>The DPFR highlighted the level of complexity surrounding the preparation of the budget owing to the continuing uncertainties of the post-Covid-19 position. He proposed that the budget be reviewed in the autumn term when there was more certainty based on the level of enrolments in September 2021.</p> <p>The DPFR advised that the main planning factors in developing the proposed budget were:</p> <ul style="list-style-type: none"> • High level of uncertainty over student numbers and income levels • Loss of GLA contract • No inflationary uplift applied to funding rates • Resources constraints in the growth area of construction • Uncertainty over continuation of the UKPN contract • Cleaning contract coming in-house from 1 August 2021 • Uncertainty over Construction and plumbing apprenticeships <p>The DPFR also stressed that income was forecast to be decline from £17m to £16m. The cash position would however improve over the year, with the balance forecast at 31 July 2022 of £8.8m.</p> <p>The DPCPI outlined her concerns regarding apprenticeships for 2021/22, and the impact that the Covid-19 pandemic had had on the number of apprentices that had left employment for a variety of reasons (redundancy, furlough, employer closures) and the high number of learners that would not complete on-time. She specifically highlighted her concerns regarding Construction apprentices and the large number that would not complete until 2021/22. She also outlined a number of concerns regarding operational issues in Construction, and that she was proposing that new starts on apprenticeship programmes be restricted to Gas (12 learners) and Carpentry (16 learners). She stressed that there would be no Property Management or Brickwork programmes offered.</p> <p>The DPFR highlighted that a further revision to the budget for 2021/22 would be required in respect of this decision to restrict apprenticeship starts. He estimated the income impact would be £170k and the net position around £80k.</p> <p>The DPFR also outlined possible improvements to income levels in 2022/23 based on:</p> <ul style="list-style-type: none"> • T levels starting in Sept 2022 • 16-18 numbers grow as the 2021/22 dip is reversed • Other income lines recovering post-pandemic <p>The DPFR also advised that the financial objectives for 2021/22 were:</p> <ol style="list-style-type: none"> 1. To bring core income and expenditure in line by the end of the year i.e. at least break-even before FRS102 pension adjustments 2. To make a £400 pro-rata flat-rate pay award from 1 August 2021 (for all staff that did not receive an award in April 2021). 3. To budget capital expenditure at £700k (before F block project) 4. Achieve the college's financial performance indicators as set-out in his report <p>With regards to financial health and solvency, the DPFR advised that the College's financial health score for 2021/22 would be 270. However, this would reduce to 260 when WBTC was included. There were no concerns around financial solvency.</p> <p>The DPFR highlighted the key risks, sensitivities and opportunities, as set-out in the report.</p>
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<p>880. (cont)</p>	<p>It was RESOLVED to RECOMMEND to the CORPORATION that:</p> <ol style="list-style-type: none"> 1. the BCoT Group budget, subject to the adjustments highlighted, based on a College deficit (including FRS102 adjustment) of -£566k be agreed and subject to review in the autumn term, 2. the WBTC budget of a surplus of £7k be noted 3. a pay award of £400 per person pro-rata be approved for all staff except those who received their award in April. 	
<p>881. (6.11pm)</p>	<p>PARTNERSHIP PROVISION</p> <p>Written reports were received and considered.</p> <p>1. Partnership Provision 2020/21</p> <p>The DPCPI advised that the College engaged currently with three partner providers: Learning Curve, Treloar Trust and West Berkshire Training Consortium (WBTC). She advised further that Learning Curve were on target to achieve their contract, and that the contract with Treloar trust was due to be completed by 31 July 2021.</p> <p>With regards to WBTC the DPCPI advised that due to a continued demand from learners, the Ctte was requested to increase the contract by £45k to £145k.</p> <p style="text-align: center;">It was RESOLVED that the contract with WBTC be increased by £45k to £145k.</p> <p>2. Partnership Provision 2021/22</p> <p>The DPCPI advised that the ESFA had published the outcomes of a consultation exercise that contained 10 proposals, and an underlying message that they (ESFA) wanted to see a staged reduction in the volume of sub-contracting across the sector. ESFA had set-out how this should happen:</p> <ul style="list-style-type: none"> • Providers to be clear about the educational rationale for their sub-contracting position, which should be signed-off by the Corporation and published on the College website, alongside the management fee structure, and a list of sub-contracting partners. • All providers to produce a plan setting out how they would achieve a reduction in their volume of sub-contracted activity over the next three academic years, using 2019/20 as the baseline and reducing volumes through to 2022/23. • Submit a request to the ESFA to continue with existing sub-contracting arrangements. • Submit a business case to the ESFA to seek approval for any new sub-contractors. <p>The DPCPI advised further that the College provided its sub-contractor fees and charges policy (that included the educational rationale), signed by the Chair of the Corporation and the Principal, on the College website with a list of its sub-contracting partners. However, in light of the changes, the College needed to put in place a more robust process for agreeing and signing off the educational rationale for sub-contracting and the policy. An updated policy had been circulated to the Ctte for review and approval.</p> <p>The DPCPI advised that the College was not, though, in a position to reduce the volume of sub-contracted activity (over the 3 year period as required) if it wanted to continue to support WBTC, to enhance the opportunities available to young people and adults, and to fill gaps in niche or expert provision. She stressed that this was due to starting from a very low base. In 2019/20, the total value of ESFA</p>	

<p>881. (cont)</p>	<p>sub-contracting was 3.82%, increasing to 16.62% in 2020/21, due to entering into a sub-contracting relationship with WBTC and expanding the provision with Learning Curve to include enrolments in non devolved areas to support learners across a wider geographical area.</p> <p>The DPCPI advised further that in 2021/22, it was intended to continue to sub-contract with WBTC. Consideration was also being given to entering into a new sub-contracting relationship with EYC Global to deliver niche provision to support adult learners into the workplace.</p> <p>The DPCPI advised that if the College issued contracts to both organisations the sub-contracting percentage (AEB only) would be 16%, the same as for 2020/21. However, if the College only sub-contracted with WBTC it would reduce that to 7%, a decrease on 2020/21 but higher than the baseline in 2019/20. She advised that the College had, therefore, submitted a business case to the ESFA to continue with current sub-contracting arrangements with WBTC and a separate business case explaining why the College could not reduce the volume of sub-contracting over a 3 year period. A business case to work with EYC Global had not yet been submitted until after the Ctte had considered and approved the new arrangement. The ESFA had confirmed that they would advise on the outcome of the business case before the start of the 2021/22 academic year.</p> <p>The DPCPI also advised that the ESFA had introduced a new clause in the sub contracting funding rules with regards to perceived conflicts of interest e.g. where the college and the proposed subcontractor have directors or beneficial owners in common. In this instance contracts cannot be awarded to subcontractors without written permission from the ESFA. This could have a potential impact at BCoT as the Principal was also Chair of the WBTC Board of Trustees. The DPCPI confirmed that she was also seeking approval from the ESFA to allow sub-contracting with WBTC to continue as they (WBTC) were an integral part of the BCoT Group. It was noted that there was a level of disparity between WBTC's charges and those to other providers, based on the premis that WBTC was an integral part of the BCoT Group.</p> <p>It was noted that the proposed sub-contract agreement with EYC Global covered the delivery of rail engineering courses, to enable two cohorts of 20 learners (40 learners in total) who would initially complete a Sector Based Work Academy (SWAP), followed by progression onto a Level 3 programme.</p> <p>EYC's rail SWAP at Level 2 was currently delivered over 7 weeks, during which time learners undertook two qualifications:</p> <ul style="list-style-type: none"> • EAL NVQ Diploma in Rail Engineering Track Maintenance, and • Certificate in Rail Engineering Underpinning Knowledge. <p>EYC's Level 3 offer was delivered over 12-14 weeks and comprised of:</p> <ul style="list-style-type: none"> • The EAL Level 3 NVQ Diploma in Rail Engineering Track Maintenance, • Elements of the National Skills Academy for Rail (NSAR) accredited training, as necessary. <p>The DPCPI advised further that due diligence was still being undertaken on EYC Global. It was agreed that the EYC proposal would come back to the Chair of the committee for approval once due diligence had been completed and a final decision made.</p> <p>The Ctte considered the proposed levels of activity with WBTC and, in the light of current activity, the maximum contract value with WBTC be increased to £175k for 2021/22.</p>
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881. (cont)	<p>It was RESOLVED that, subject to ESFA approval of sub-contracting arrangements with both WBTC and EYC Global:</p> <ol style="list-style-type: none"> 1. A contract with WBTC for a maximum value of £175k be agreed, 2. Subject to the successful completion of due diligence and ESFA approval, if the college decided to proceed a contract for a maximum value of £160k be agreed with EYC Global (subject to final approval by the Chair of the Corporation), 3. The Sub-contractor Fees and Charges Policy, including the educational rationale, be approved and signed by the Chair of the corporation and the Principal. 	
882.	<p>ANY OTHER URGENT BUSINESS</p> <p>There were no items of Any Other Urgent Business considered.</p>	
883.	<p>DATES OF FUTURE MEETINGS (<i>Meetings commence at 5.00pm unless stated</i>)</p> <p>Thursday 25 November 2021 Wednesday 19 January 2022 Wednesday 16 March 2022 Wednesday 11 May 2022 Wednesday 22 June 2022</p>	
884.	<p>CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING</p> <p>The Confidential Minutes of the meeting held on 12 May 2021 were confirmed as a correct record, and would be signed by the Chair when national restrictions allowed.</p>	
885.	<p>CONFIDENTIAL MATTERS ARISING</p> <p>There were no confidential Matters Arising considered that had not been discussed elsewhere at the meeting.</p>	
(6.42pm)	Meeting closed	

Confirmed as a correct record:		25 Nov 2021
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