

Confirmed

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 11 MAY 2022

Membership (8):	*	Mike Howe	External Member	Chair
		Anthony Bravo	Principal	
	*	Kevin Croombs	External Member	Vice Chair
	*	Greg Devereux-Cooke	Staff Member	
		Arun Mummalaneni	External Member	
		Dave Murray	External Member	
		Barry Smith	External Member	
		Vacancy (GB)	External member	
Quorum:		3 required	3 present	Meeting quorate
In Attendance:	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Lorraine Heath	Deputy Principal: Curr, Perf, Innov (DPCPI)	
	*	David Moir	Deputy Principal: Finance & Resources (DPFR)	
	*	Malcolm Quiney	Head of HR (HHR)	
Present at Meeting:	*			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.00pm)		ACTION
917.	APOLOGIES FOR ABSENCE Anthony Bravo, Dave Murray.	
918.	DECLARATION OF INTERESTS There were no declarations of interest made.	
919.	NOTIFICATION OF ANY OTHER URGENT BUSINESS There were no items of Any Other Urgent Business notified.	
920.	MINUTES OF THE PREVIOUS MEETING The Minutes of the meeting held on 16 March 2022 were confirmed as a correct record, and were signed by the Chair, subject to the following amendment: Minute 912, para 1, line 3, amend to read "value of £100k for WBTC had.."	
921.	MATTERS ARISING There were no Matters Arising discussed that were not due to be considered elsewhere on the agenda.	

<p>922. (5.05pm)</p>	<p>HR ACTIVITY REPORT</p> <p>A written report was received for information and noted. The HHR took the Ctte through his report. He highlighted the main areas of interest as:</p> <ul style="list-style-type: none"> • Interim PDRs completions had increased to 94% • There were, currently, 18 posts being advertised • Staff turnover (regardless of contract type) was 21% • A number of staff retention initiatives had gone live in the past two months <p>The HHR stressed the continuing difficulties in filling vacancies, and advised that the recruitment market (locally and nationally) was a serious challenge.</p> <p>(The HHR left the meeting)</p>	
<p>923. (5.25pm)</p>	<p>MANAGEMENT ACCOUNTS 2020/21</p> <p>A written report was received, considered and noted. The DPFR advised that the forecast had been updated and now showed an operating deficit (before FRS adjustments) of -£34k, with cash generation of £1,311k. He advised further that the reduction in the forecast deficit was partly due to staff vacancy savings that were higher than anticipated.</p> <p>The DPFR advised that the core College financial performance was below a sustainable level, and that there was a need to ensure that the core delivery was financially sustainable. He stressed that the College could not continue to rely on the contribution from commercial contracts to subsidise the core business, as this was too risky an approach due to the inherent uncertainty regarding the annual renewal of commercial work. He stressed further that the absolute red-line for financial performance was that core business had to generate a cash contribution of at least £700k in order to cover ongoing capital expenditure needs. Currently this had only been achieved with the inclusion of the commercial work. He felt that the budget for 2022/23 would, though, improve the position due to the significant (8.4%+) increase in 16-18 funding next year.</p> <p>The DPFR also advised that cash balances fluctuated between £8.4m and £10.0m throughout the year. Currently cash was higher than expected following receipt of a £400k grant for T level equipment. However, the College expected that much of that would be repaid to the ESFA along with £300k+ of unused adult education funding.</p> <p>With regards to the financial KPIs, the DPFR advised that six were graded 'green' and one 'amber'. He advised that he would be proposing to the Ctte and the Corporation that some of these should be changed to reflect current operations. The Ctte made some suggestions on changes that it felt could also be incorporated in future KPIs.</p> <p>The DPFR advised that WBTC's management account forecast had shown a deteriorating deficit position each month, and was currently at -£195k. He stressed that c£95k of that was in relation to exceptional one-off expenditure. He advised further that the company's net current assets were very close to the £250k level which had previously been identified as a trigger point for a going concern review and College financial guarantee. However, the position was not quite at that point due to some contingent liabilities that had yet to be released (value c£50k), but was close and certainly indicated that the company could not continue to incur losses.</p> <p>The Chair of the F&R Ctte stressed the need to see details of the planned budget for WBTC for 2022/23 so that a detailed scrutiny of it could be undertaken in order to identify the true extent of the situation. The DPFR advised that the WBTC budget would be presented to the F&R Ctte at its next meeting, as part of the overall BCotT group budget proposals.</p>	

<p>924. (5.48pm)</p>	<p>EMERGING BUDGET 2022/23</p> <p>A written report was received and considered. The DPFR highlighted a number of issues related to the development of the budget for 2022/23. In particular, he stressed that student progression was causing concern and would have a significant impact. In addition, there was still a lot of uncertainty regarding enrolment numbers for 2022/23.</p> <p>The DPFR advised also that curriculum discussions were ongoing, departmental plans had not yet been finalised, and that no capital spend plans had been agreed yet.</p> <p>In addition, the DPFR advised that he was also working on separating out core college from the commercial/sub-contractor activity so as to be able to monitor the core activity more closely. In response to a question from a Member the DPFR advised that the College had, in practice, very little control over the commercial contracts as these could be changed or terminated in a very short time period. The Chair of the Ctte stressed the need for the College not to be reliant on such large commercial contracts because of the potential adverse impact on the College's finances.</p> <p>The DPFR referred the Ctte to an additional report appended to the agenda related to an updated student number forecast for 2022/23 that showed a reduction in student numbers of 105. He re-iterated the concerns of the College regarding the (known) reduction in progressing students (-89), and the forecast reduction in new enrolments (-16) based on offers made to new students, with a reduction in income of c£552k.</p> <p>With regards to reduced student numbers in 2022/23 the DPFR advised that there would be corresponding reductions in some expenditure lines and teaching costs. He had identified likely cost savings of £226k but stressed that there would need to be further cost reductions if student numbers continued to decline.</p> <p>The DPFR stressed that, due to the lagged funding approach of the ESFA, the major concern for the College would be in 2023/24 when there would be a cut to funding of £615k, irrespective of actual student recruitment in that year. On top of the £540k cut implemented in 2022/23 (in respect of the drop in student numbers in 2021/22) the impact of two successive years of large student number decline would have a cumulative funding value of £1.115m.</p> <p>The Chair of the Ctte supported the need for caution and on the need to reduce the reliance on commercial contracts to support the core college activity. He noted the approach by College Management to look at trying to programme essential issues at the present time, until the outcome of the enrolment position in September 2022 was known. It was stressed that, at the present time, the only financial commitments the College should make were those that were unavoidable (software and hardware updates), were required to deliver the planned student numbers (e.g. engineering T level) or were funded separately (e.g. strategic development fund).</p>	
<p>925. (6.38pm)</p>	<p>PARTNERSHIP PROVISION</p> <p>A written report was received for information and noted. The DPCPI advised that the sub-contracting arrangement with WBTC had nearly reached its contract value of £100k. There were 86 learners remaining on programme and their progress was being closely monitored with WBTC. The current overall in-year achievement rate, for WBTC learners, was 40.7% with a predicted year-end outturn of 58% (best case would be 67%). She re-iterated that, as previously reported, this would have a significant impact on the College's headline data.</p>	

926. (6.39pm)	ESTATES UPDATE A written report was received for information and noted. The DPFR highlighted the wide range of activities that the Estates Team had continued to undertake.	
927. (6.48pm)	IT UPDATE A written report was received for information and noted. The DPFR advised that progress against the Cyber Essentials was ongoing with an assessment planned for June 2022.	
928.	ANY OTHER URGENT BUSINESS There were no items of Any Other Urgent Business considered.	
929.	DATES OF FUTURE MEETINGS <i>(Meetings commence at 5.00pm unless stated)</i> Wednesday 22 June 2022 Thursday 24 November 2022 Wednesday 8 March 2023 Wednesday 10 May 2023 Wednesday 21 June 2023	
930.	CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING The Confidential Minutes of the confidential meeting held on 16 March 2022 were confirmed as a correct record, and were signed by the Chair.	
931.	CONFIDENTIAL MATTERS ARISING 1. National Living Wage and Pay Proposal 2022 (Minute CF61) It was noted that the Finance & Resources Committee's proposal had been modified and approved by the Corporation at its meeting on 6 April 2022 (see Confidential Corporation Minute CC78).	
(6.57pm)	Meeting closed	

NOTE: Acronyms used in the Ctte's Minutes:

BDBC	Basingstoke & Deane Borough Council
ESFA	Education & Skills Funding Agency
KPIs	Key Performance Indicators
HCC	Hampshire County Council
WBTC	West Berkshire Training Consortium