

## BARNSELEY COLLEGE BOARD OF GOVERNORS

### MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 6 DECEMBER 2016

#### PART I

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<b>PRESENT</b>	G Beever	Governor
	R Dewar	Governor (Chair)
	G McSkimming	Governor
	S Perryman	Governor (Chair of Board)
	C Webb	Governor (Principal)

<b>IN ATTENDANCE</b>	A J Oaks (Clerk)
	Y Koursis (Deputy Principal)
	L Lawton (VP Finance)
	D Harding (VP Curriculum)

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#### APOLOGIES

16.153 Apologies were received from P Jagger.

#### DECLARATIONS OF INTEREST

16.154 The Chair reminded members of the requirement to declare any financial or personal interests. Members reserved the right to declare any interests should any arise during the course of the meeting. C Webb and R Dewar declared an interest as Directors of the subsidiaries.

#### MINUTES

16.155 The Minutes of the meeting held on 6 October 2016 (Part I) were agreed as a true and accurate record and were signed by the Chair.

#### MATTERS ARISING

16.156 The Committee received a list of actions arising from previous meetings. The Chair asked for an update with regard to Minute 16.113 relating to reporting on value for money which was within the Committee's remit. The VP Finance reported that she and the Clerk had discussed ways in which the committee could discharge its responsibility in this area. She commented that through college processes and procedures including the performance review and business planning processes, VFM was at the centre of all work undertaken and that the college was compliant with the requirements of the SFA Financial Memorandum in this respect. In considering whether this was sufficient to allow the committee to fully discharge its remit, the Chair believed that a short summary report which would give the committee oversight of VFM would be helpful to highlight the direction going forwards and identify any areas where further work may be required. The Chair proposed this be brought to the summer meeting.

16.157 The Committee noted that due to the meeting focusing on Financial Statements only, the two further actions would be deferred to the next meeting.

#### 2015/16 FINANCIAL STATEMENTS

16.158 The Committee received a summary report from the VP Finance which set out the consolidated outturn on 2015/16 audited financial statements. An operating surplus of £8,595k was reported, with the College exceeding its budgeted and forecast operating surplus, with EBITDA of £5,863k, 44% better than budget. The outturn included the pension

adjustment and the settlement from the heating and ventilation legal case. Final figures were subject to final audit findings and funding reconciliation which would be issued by the SFA.

- 16.159 The VP Finance explained that settlement compensation from the heating and ventilation legal case and costs had been included in the accounts for BCDC as the company would carry out the remedial works under their obligation to Barnsley College in the OML design and build agreement. The works were expected to take around two years to complete, with provision made for costs. Whilst costs incurred in the case had not been agreed for reimbursement from the defendants, an estimate of the cost recovery had been included in the accounts of the College based on advice from the legal team following assessment of the costs of the claim and their eligibility for recovery. Due to an accrual for fees provided for a net reduction in non pay costs was recorded. It was noted that pension valuation and adjustments in relation to the legal settlement were received after the audit work was largely completed therefore some final adjustments may be made in the final accounts presented to the Board.
- 16.160 In response to questions raised by members the VP Finance briefly outlined the contractual obligations between the College and the company. Further questions were raised regarding the remedial works, the VP Finance advising that the cost would be subject to procurement, and that following tendering and planning which may take up to a year, a decant of the building would be required in order for the works to be undertaken and to minimise disruption to staff and learners. Overall the outturn in the financial statements demonstrated that the College was financially sound, had met all its financial KPIs and banking covenants.
- 16.161 The VP Finance referred to the Going Concern assessment, reporting that a review of the college's forecast assumptions for 2016/17 and 2017/18 had been conducted by management. The Audit Committee had considered the Going Concern assessment in detail at its meeting on 29 November 2016 and had requested the F&R Committee take comfort and assurance regarding the covenants. The report summarised all aspects that had been considered by management: future changes in respect of risks, devolution and the apprenticeship levy, in addition to future pension costs. The future cost of pensions and pension valuations presented a risk to the College in terms of cash and meeting bank covenants, however the financial plan included an increase in the cost of pensions each year. The risk of breaking a covenant was considered to be low due the level of debt declining significantly in 2016/17 when proceeds from the sale of Carrington Avenue were received. The VP Finance added that the settlement figure together with the sale of assets would enable the college to reduce its debt to net asset ratio from 40% to 36%. The balance sheet was strengthened by the asset revaluations to offset any potential impact of pension deficit increase. The VP Finance confirmed that she had already prepared a high level review in relation to this, however a full report would be presented to the Committee for consideration and decision on action to be taken.
- 16.162 The Board of BCDC and Think Barnsley Limited had met on 29 November 2016, and received and approved the audited Financial Statements of the Companies. The Committee noted that BCDC had recorded a profit of £695 as expected, and that Think Barnsley Limited had recorded a profit of £33k. Due to historical losses in Think Barnsley Ltd, the Company remained financially reliant on the College and therefore required a Letter of Support for audit purposes. Members noted the improved financial performance of Think Barnsley Ltd was anticipated to continue, providing much confidence that the historical debt would be repaid.

**RESOLVED 16.163.1 to recommend the Financial Statements for the College and its subsidiaries for the year ended 31 July 2016 be approved**

**RESOLVED 16.163.2 to recommend the College provide a Letter of Support to Think Barnsley Limited.**

## SFA FINANCIAL DASHBOARD

- 16.164 The Committee received the latest Financial Health assessment and dashboard issued by the SFA for information. The VP Finance explained that the dashboard showed the key measures used by the SFA to assess college financial performance and stability. Members noted that under the new SFA scoring the College's financial health was 'satisfactory' as set out within the three year plan. The annual letter from the SFA to the Principal dated 11 November 2016 commenting on the Three year plan, and the College's response dated 29 November, had been appended for information. The SFA had requested the College respond on planned growth in apprenticeships, HE and Full cost. The VP added that the SFA had also requested the College send in its management accounts on a quarterly basis including updates on the H&V legal case, which the VP Finance confirmed had been undertaken.
- 16.165 Governors considered the dashboard to be helpful in understanding the underlying and projected financial position. S Perryman added that the income breakdown was particularly useful for the Committee in terms of retaining its focus on financial performance.

Before moving to Part II of the Agenda, the Chair reported that he had conducted a comprehensive handover meeting with the incoming Chair, Kay Dickinson on 21 November 2016.

End of Part I.

Signed *K Dickinson*, Chair

Dated *7 March 2017*