

BARNSELEY COLLEGE BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 4 JULY 2017

PART I

PRESENT	K Dickinson	Governor (Chair)
	C Webb	Governor (Principal)
	N Bowen	Governor
	G Beever	Governor

IN ATTENDANCE	A J Oaks (Clerk)
	H Jaggar (Governor designate)
	Y Koursis (Deputy Principal)
	L Lawton (VP Finance)
	T Johnson (VP Corporate Services)
	P Briscoe (VP Quality)
V Dalton (VP Funding, Data and Compliance)	

APOLOGIES

17.74 Apologies were received from S Perryman.

The Chair welcome Helen Jaggar to the meeting, as Governor designate and member of the Committee. Introductions were made.

DECLARATIONS OF INTEREST

17.75 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 K Dickinson declared an interest in item 5 as Directors of BCDC and Think Barnsley Limited.

MINUTES

17.76 The Minutes of the meeting held on 9 May 2017 (Part I) were agreed as a true and accurate record and were signed by the Chair. G Beever's retrospective apologies for the meeting were accepted and noted.

MATTERS ARISING

17.77 The Committee had received a list of actions arising from previous meetings, noting an action relating to value for money as discussed at the previous meeting. The VP Finance reported that management were currently exploring whether they could determine different levels of contribution, and may pilot this within the Engineering department. If it was feasible it may be extended to other departments. The Chair acknowledged the complexities involved where costs of overheads were apportioned to income generation in each department, and was appreciative of the work that would be undertaken for the Committee.

MEMORANDA OF UNDERSTANDING

17.78 Following completion of the annual review of the MOU's between the College and its subsidiaries and ITrust, the VP Finance highlighted some minor changes for the Committee's consideration. In respect of BCDC, two points had been added to reflect actual practice. No changes were proposed to the MOU with Think Barnsley Limited.

- 17.79 With regard to ITrust, it was noted that there was a vacancy for a representative from the Barnsley Chronicle. The VPF reported that P Skelland and Tricia Smith had resigned from the College and from the Boards of BCDC and Think Barnsley Limited respectively. This had created vacancies on both subsidiary Boards which it was hoped would be filled by the staff appointed to replace P Skelland and T Smith.
- 17.80 The Clerk advised the Committee that in respect of appointing Directors onto the subsidiary Boards, the Board of Governors was the appointing authority and it would therefore need to resolve to appoint named replacement Directors on the subsidiaries, prior to the respective Boards of Directors making formal appointments.
- 17.81 H Jaggard referred to the MOU agreement between the College and iTrust, where it was stated that the College would invest up to £20k per year to iTrust for three years, asking whether the College received value for money. The VP Finance reported that the College had not invested that amount to date, and that she could assure members that the Company was delivering against its objectives. For information the Principal explained the rationale for establishing the CIC, which was in its third year of operation and was extremely successful. He added that Directors' meetings took place twice a year and that there had been a number of successful small business start-ups. It was proposed to circulate a report to Governors before the end of the year.

RESOLVED 17.82.1 to note the proposed changes to the MOUs and recommend the Board approval;

RESOLVED 17.82.2 to note the vacancies on the subsidiaries and ITrust and to recommend the Board approve new Directors in due course.

MIS SYSTEM APPROVAL

- 17.83 The Committee received a report seeking the Board's approval for the acquisition of a new Management Information system. The VP Funding, Data and Compliance explained the importance of the MIS system for producing statutory returns, informing members that the system was no longer meeting expectations in a number of areas, which were detailed within the report. Governors noted that the issues identified could lead to an increased reliance on manual processes, making it difficult to submit key statutory returns on which the college's core income was predicated. The College was currently using the QL system from Unit 4 which would only provide statutory updates for a further two years.
- 17.84 The VP reported that £150k had been reserved within the college annual capital programme, spread over two years, as reported to Governors previously. Procurement of a new MIS would be undertaken through the CPC framework and six suppliers had already been identified for invitation to tender, with 40% based on price and 60% on quality of product. Following a question from H Jaggard in relation to the cost of ongoing maintenance, the VP stated that the £150k covered procurement, training and testing. Ongoing maintenance costs would be between £15k and £20k per year and these were captured within the existing budget. It was anticipated that the procurement process would commence with tenders in October 2017, with a view to progressive implementation of the system between August 2018 and January 2019. From May 2018 to September 2018 the two systems would be run in parallel to mitigate any risks.
- 17.85 The Committee was informed that an internal steering group had been set up to monitor implementation of the project and that management had taken the decision to link the payment of the capital expenditure to outputs rather than being time-based. Consideration was also being given to appointing a Project Manager. The Principal spoke of the need to ensure the implementation of a new MIS system was reflected in the risk register and the Board Assurance Framework, which the Committee agreed was important in order to have oversight of the associated risks.

RESOLVED 17.86 To recommend the Board approve commencement of procurement for a new Management Information system at a

cost of £150,000 and for the College to award the Contract to the preferred supplier.

CORE AND EDGE NETWORK

- 17.87 The Committee received a report seeking Board approval for the purchase of Core and Edge network components for the College network infrastructure. The VP F,D&C explained that certain parts of the network infrastructure were beginning to age which was resulting in dips in performance, therefore the College intended to invest £500k over the next two years renewing and refreshing the Core and Edge elements of the network infrastructure in OML, SciTech, Eastgate, STEM and part of Honeywell. The Chair commented on the students' dissatisfaction with the Wifi which Governors had been aware of for some time, and the VP FDC confirmed that the Wifi issues had been resolved within two months. However there had been no network outage in six years which was good, and in order to maintain this level of reliability it was necessary to invest in the infrastructure to underpin work already undertaken. The benefits of the proposal were explained in more detail to members, with confirmation that costs had been identified within the current IT/ILT strategy.
- 17.88 Details of implementation were provided, which would be undertaken through procurement using the CPC framework for the first part of implementation, costing in the region £300k. Governors noted that the investment would future proof the college network and ensure the college had the capacity to meet current and future needs.

RESOLVED 17.89 to recommend the Board approve procurement for the purchase of Core and Edge network components at a cost of £300k and for the College to award the Contract to the preferred supplier.

MANAGEMENT ACCOUNTS

- 17.90 The Committee received the MMA for May showing income to date to be £0.6m behind the in-year budget. High Needs income and project income was reported to be above budget with HE and AMRC income below budget. The VP Finance assured members that the reduction in income would not impact on the College EBITDA target of £4m, which was expected to be £5m at the end of the financial year, a reflection of exceptional financial management across the college. The college expected to meet its banking covenants and was in the process of agreeing revisions to Barclays covenants to reflect the impact of FRS102. The Chair commented that it was pleasing to see performance was better than planned. In response to a question from H Jaggar about the cash profile, the VP Finance explained the ESFA profiling cycle.

The Report was noted and received.

LEARNER NUMBERS AND FUNDING

- 17.91 The Committee received a report on learner numbers and funding which had been provided for discussion. The VP FDC presented the paper, reporting a positive benefit to 2018/19 14-24 EFA forecast due to in year recruitment. In Adults, recruitment to basic skills courses toward the end of the year had not been as expected, resulting in a reduction in the forecast by £192k, which would not result in any clawback due to over delivery in other funded income. In terms of work based learning, apprenticeship recruitment was reported to have slowed following the introduction of the levy in May. Some larger employers paying into the levy were not recruiting apprentices which had impacted on the forecast for 16-18 year olds. Governors were informed that there had been an unexpected surge of learners withdrawing before the six week funding cut-off date, resulting in no generation of income. Additionally a higher loss of learners post the six week cut off date that had not been anticipated had affected income which had not been anticipated at P3 and P6 performance reviews, affecting construction, engineering and business.
- 17.92 In terms of numbers, it was reported that departments had not met the planned recruitment in full time and part time HE provision, and a further four students had left in their first year of full time study, resulting in a reduction in the forecast. The VP FDC

remarked that overall there was an improvement in HE income compared to the last performance review position due to increased progression and retention, despite the under achievement of £298k. The Chair asked how management were addressing the issues.

- 17.93 The VP FDC informed members that the college was in the process of recruiting an Assistant Principal Apprenticeships to bring about a sharper focus on income and to tackle quality issues. N Bowen observed that from a quality perspective the Quality and Standards Committee were aware of the issues and could understand the impact on numbers. The Chair commented that the issues had also been discussed with the VP Quality and Student Experience at her recent strategic link visit.

The Report was noted and received.

- 17.94 The Chair referred to the remaining reports which had been provided for information and offered Governors the opportunity to raise any questions.

HIGH NEEDS ELEMENTS and STUDENT SUPPORT FUND

- 17.95 H Jagger sought further information from the VP QSE to better understand the eligibility criteria and funding definitions and entitlements, particularly as a downward trend was highlighted in the SSF. The VP QSE explained more around the eligibility criteria, commenting that it was possible to roll over underspends to the following year on the majority of lines apart from Advanced Learning loans. It was the intention to try and open up eligibility to more people going forward to avoid underspends. The Principal referred to the Student Support Fund policies which were aimed at supporting student retention and wellbeing, commenting that household income thresholds were reviewed annually to ensure the funds were distributed appropriately. He added that he had also raised the level of support with the ESFA at recent meetings as the college wanted to ensure it was expended appropriately to help learners.

The Report was noted and received.

INTERNATIONAL

- 17.96 In response to a query from H Jagger regarding the report on International, the Chair explained the background to the College's international strategy and that following a discussion at a previous meeting management had been asked to provide an account of the income and expenditure on international in its entirety, which had led to the Board approving management's proposals in May 2017 to terminate its contract in Indonesia, and to renegotiate the contract in China to secure a higher rate of return on the college's investment. She added that whilst the Board recognised the value and benefits to be gained from international development and recruitment for the college, staff and the community, which included sharing expertise, good practice and knowledge transfer, the Board was not willing to support further losses in this area.
- 17.97 The Principal reiterated the Chair's comments and added some further background to give context to the rationale around the strategy which had developed some years previously. Going forward, he emphasised that as business opportunities came forward they would be considered on a case by case basis in terms of financial viability and added value, particularly given the reduction in staffing in this area. Should management wish to pursue any project, a full business case would be presented to the Board as requested. The Chair thanked the Principal for his comments and reminded Governors of their responsibility in maintaining strategic oversight of financial sustainability.

The report was received.

HUMAN RESOURCES UPDATE

- 17.98 The Chair invited the VP Corporate Services to highlight any key points within the report for the Committee. The VP CS referred to the recent restructuring in International Indonesia, Exams and MIS, and Construction and provided details of progress to date. Whilst the process

was still ongoing in Construction, it was hoped that no compulsory redundancies would need to be made. In response to a question from the Chair about redeployment, the VP CS emphasised that the position very much depended on individual choices and the availability of suitable alternative employment, emphasising that in terms of redeployment, there was a competitive process with staff asked to express an interest in a post, and the best person for that post would be appointed, mitigating the impact of potential redundancy.

- 17.99 In terms of other HR matters, the College was proposing to widen the scope and range of benefits available to staff, some of which were summarised within the report and noted favourably by the Committee. With regard to health and safety, with the exception of the accidents reported to the Committee at the previous meeting involving horseplay, the number of accidents overall had reduced from the previous year which was positive.

The Report was noted and received.

SUBSIDIARY MANAGEMENT ACCOUNTS

- 17.100 The Chair's declaration of interest as Chair of the subsidiaries and C Webb as a Director, was noted. The Committee received a report summarising performance through the management accounts for the College's subsidiaries. To provide Governors with oversight, the most recent Minutes of the Board of Directors meetings were appended to the report. The VP Finance reported that both subsidiaries were generating a small operating deficit, with that related to Think Barnsley Limited being lower than originally budgeted. She reminded Governors of the decision to wind up Think Development, an arm of Think Barnsley, in the previous year due to losses, and reported that whilst the loss had reduced significantly, a letter of support from the College would be required at the end of the financial year when the financial statements were due to be signed off. In respect of BCDC, there had been no activity to date, and it was noted that the remedial works for OML would go through the company.

The Committee noted the financial position of the subsidiaries and received the Board minutes.

CALENDAR OF MEETINGS AND SCHEDULE OF BUSINESS

- 17.101 The Committee received a report from the Clerk to the Board setting out the dates of future meetings. In terms of the Committee's role, emphasis was placed on Governors' statutory responsibilities in line with the Articles of Government in relation to the solvency of the institution and approving annual estimates of income and expenditure.
- 17.102 The Clerk reminded the Committee that through the development of a balanced score card for high level strategic monitoring by the Board, it was feasible that the Committee may have a role in reviewing progress against the KPIs within the 'sustainability' strand, although ultimately the responsibility of the whole Board. She added that this may change the way reports are presented to the Committee going forwards.

The Report was noted and received.

COMMITTEE EVALUATION

- 17.103 Committee members were invited to complete the annual Committee Evaluation survey, for analysis and feedback as part of the Board's self-assessment process around governance.

End of Part I.

Signed _____ Chair

Date _____