

BARNSELEY COLLEGE BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 3 OCTOBER 2017

PART I

PRESENT

K Dickinson	Governor (Chair)
C Webb	Governor (Principal)
G Beever	Governor
H Jaggar	Governor (from 17.150)

IN ATTENDANCE

A J Oaks (Clerk)
Y Koursis (Deputy Principal)
L Lawton (VP Finance)
T Johnson (VP Corporate Services)
P Briscoe (VP Quality)
V Dalton (VP Funding, Data and Compliance)
C Canadine (Director of Property and Estates)

APOLOGIES

17.127 Apologies were received from S Perryman.

The Clerk advised the Committee that H Jaggar had given apologies for a late arrival and therefore the meeting was not quorate. Further to discussion, it was agreed to move through the agenda items informally and to defer items for decision until the meeting was quorate.

C Canadine was welcomed to the meeting and introductions were made.

DECLARATIONS OF INTEREST

17.128 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 Part 2 of the meeting as Directors of BCDC and Think Barnsley Limited.

MINUTES

17.129 Consideration of the Minutes of the meeting held on 4 July 2017 (Part I) were deferred until the meeting was quorate.

MATTERS ARISING

17.130 The matters arising were noted.

FINANCIAL REGULATIONS

17.131 The Committee received a report from the VP Finance following the annual review of the Financial Regulations. Changes had been made as standard to reflect current roles and responsibilities of staff and to references to funding bodies and the Post 16 Audit Code of Practice. In addition, further changes had been made which were summarised by the VP Finance. Amendments had been made to the Travel Policy in terms of rates, and a new International Travel Policy had been introduced. The Committee had been aware of the work around this, as approval of the Financial Regulations had been deferred to allow work to be completed prior to Board approval.

- 17.132 The limit for obtaining three quotes had been reduced from £10k to £7.5k to align with approval limits and central contract requirements; and individual debt write off authorisation limits had been reduced to VP Finance at £6k, Principal up to £10k and any over £10k requiring Board approval. The VP Finance reported that the Audit Committee had discussed whether obtaining three quotes would have any adverse impact, but had been content for the VP Finance to make the change to the regulations at her discretion. Following the meeting she had reviewed this and an additional 0.8% of orders would now need three quotes. However, as most were already on frameworks it was not a major disruption for staff and would help to obtain value for money. It was therefore proposed to reduce the limit to £7.5k.
- 17.133 The Chair referred to Appendix E and the process for financial reporting to Committee and Board. The Clerk undertook to clarify the decisions made by the Committee earlier in the year which was to ensure the Monthly management accounts were presented to every meeting of the Committee.
- 17.134 The VP Finance informed the Committee that the new International Travel Policy had not been finalised, and that given it was a new Policy associated with the Financial Regulations, it was proposed to present the Policy to the Audit and F&R Committees for transparency and completeness.

SUB-CONTRACTING ARRANGEMENTS

- 17.135 The Committee received a report from the VP Funding Data and Compliance which sought approval for the levels of subcontracting for 2017/18. The report summarised all activity in 2016/17 and indicative arrangements for 2017/18. The College had revised some of its contracts and was planning to subcontract £922k of activity, which represented 2.5% of all college forecast income and 3.5% of core income, which was considerably below the 10% threshold set by the ESFA. The total was £200k lower than in the previous year.
- 17.136 Governors raised questions with regard to the organisations the college was subcontracting with, and of any potential risks associated with the work, and were given assurance around the robustness of the arrangements including mitigation of risk. The VP FD&C added that the College did not subcontract outside of Yorkshire.

REPORTS FOR DISCUSSION

DRAFT FINANCIAL STATEMENTS

- 17.137 The Committee received a report from the VP Finance summarising the draft outturn for 2016/17 year end. Overall the college had exceeded its budgeted and forecast operating surplus, and EBITDA of £6,059k was 40% better than budget. Governors were provided with the background to the outturn, which the VP Finance said was subject to change as a result of the financial statements audit. The figures did not include any final funding reconciliations or audit adjustments, or the settlement in respect of the VAT on the OML cost claim.
- 17.138 The ESFA financial health grade had moved to Good as a result of the improved EBITDA, which exceeded target. The VP Finance emphasised that this would move back to Satisfactory as the College began to spend cash on the OML remedial works. Members were pleased to note that the Bank had approved the revised covenants as discussed and agreed with Board in July. The VP Finance advised that a variation to the agreement would be required to be signed which would include submission of a copy of the Board's formal Resolution in this regard. The Chair was pleased that the outturn indicated a very positive picture at the end of the year.
- 17.139 The VP Finance reported that SLT had recently undertaken walkthroughs of the learning environment and had identified some areas where renewal of existing equipment would benefit learners. The walkthroughs had been helpful in identifying issues that were

otherwise not evident through business planning. Due to the improved financial outturn, the VP Finance proposed the annual capital budget be increased by £200k to £1.9k which would not impact on the three year financial plan. Management spoke of the areas where improvements would greatly benefit learners and the Committee agreed that spend on equipment was reasonable and necessary.

- 17.140 The Principal referred to the improved ESFA financial health grade and emphasised again the importance of Governors recognising and understanding the reasons this would move back to Satisfactory when the OML remedial works were being undertaken.

LEARNER NUMBERS AND FUNDING

- 17.141 The Committee received a report from the VP FD&C summarising the position across all main FE and HE student recruitment and related income at the year end. In terms of headcount, the EFA recruitment figure was reported to be above the contracted allocation, providing a positive benefit to the funding allocation for 2018/19. ESFA income for adults was £70k over budget as expected, and further details were provided of each of the budget lines, particularly SFA funded 19+ basic skills income, and Traineeships 19+ which were rag rated red. In WBL, while an improvement overall was reported, the shortfall of £133k would need to be repaid to the ESFA as reported previously.

- 17.142 The HE student count was 93 lower than budget which was a similar position to the previous year. In terms of income, the outturn represented an under achievement of £172k for HE and this had been the subject of discussion by the Board at the results presentation on 26 September 2017. It was noted that the College had received an additional £56k from HEFCE in year and that adjustments relating to 2015/16 had been made. The Deputy Principal advised members that alongside the balanced scorecard, he would be presenting a paper to the Board on 17 October with proposals to take forward a full review of HE. Discussion took place with regard to reporting against the balanced score card which would change the way the reports were currently presented to the Committee, but would continue to allow the Chair to report to the Board by way of assurance around scrutiny.

TUITION FEES AND FE LOANS

- 17.143 The Committee received a report highlighting performance against the budget lines at the end of the year for Tuition Fees and FE Loans. Outturn was as expected due to the challenging target linked to skills bank provision, which was employer led and subject to ESF funding rules. Actual reduction in income was noted at £129k.

LEARNER RECRUITMENT

- 17.144 The Committee received a report indicating the recruitment position for 2017/18 across all FE and HE. For 14 -24, applications from Barnsley schools had increased from 86% in 2015/16 to 87%, and an increase of 63 applications from extra district schools, which remained a key focus of activity. School recruitment activities had increased by 25, which gave the College access to an additional 2,546 participants. In order to achieve the target for 2018/19, the Committee was informed that the College would need to recruit 4,362 students by 1 November 2017. An update on applications for career loans was provided and members informed that the college was likely to meet its adult target.

- 17.145 In HE, despite a year on year increase in applications and offers, recruitment figures resulted in a shortfall of £460k. The Deputy Principal referred to the review of HE programmes which was already underway with a view to providing an analysis of current programme against local priorities, LMI data and competitors, to support future development. The Deputy Principal referred to his comments earlier in the meeting and explained that he believed a wider review of HE would be beneficial.

REPORTS FOR INFORMATION

- 17.146 The Chair referred to the remaining reports, which had been presented for information. Following discussion with members, it was agreed to consider the reports and governors were invited to comment.

HIGH NEEDS ELEMENTS 2 AND 3

- 17.147 The Committee received a report showing the year end position with regard to income for HN, which was rag rated green. The VP Quality and Student Experience spoke to the report, explaining that the College had been paid for 354 element 2 places in 2016/17. Element 3 funding, which was negotiated with Local Authorities, had exceeded the budget. It was acknowledged that the College was very successful in this area with only one other college taking more HN learners. In response to questions from members regarding the College's success in this area, the Principal commented that qualitatively, support was excellent and that it was possible for the College to promote its success in this area to further raise the profile and reputation nationally.

14-16 INCOME

- 17.148 The Committee received the report from the VP Finance outlining income against 14-16 budget at the year end which showed a shortfall of £63k. The report detailed the work the College continued to deliver to the 14-16 cohort of learners, which supported schools. The College was also providing bespoke packages which had resulted in a 14-16 infill into some post 16 classes to allow access to preferred curriculum. In terms of Elective Home Educated learners, the College continued to offer support and rigorous strategies were in place to ensure this cohort of learners were safe and engaged in learning in line with DfE guidelines. The Principal commented that the EHE learners represented an exceptional case in terms of direct enrolment of 14-16 to the College and good partnerships had been established with the local Education Authority.
- 17.149 The Principal made reference to the shortfall in income, explaining that the College had agreed to provide extra provision in the Dept of Foundation learning as Pupil Referral Units had been full. However despite the offer, uptake from the schools had been similar to 2015/16 and students had elected to return to their home schools, therefore the income had reduced.
- 17.150 The VP FD&C spoke in more detail about the income for EHE students which was included in the ESFA lagged student number funding system. In response to questions from members around the potential to recruit such learners directly, the Principal advised that discussions would take place at business planning over the next few months.

H Jaggar joined the meeting. The Clerk confirmed the meeting was now quorate.

The Chair welcomed H Jaggar and it was agreed to continue to work through the remaining Agenda items before returning to the items for decision.

COMMERCIAL INCOME

- 17.151 The Committee received and noted the Report showing performance at the end of the year which was rag rated green.

PROJECTS AND AMRC

- 17.152 The Committee received the Report on Projects and AMRC which showed a shortfall in income of £420k at the year end. The Deputy Principal commented that there had not been any significant changes since the report presented to members in July. Governors were aware of the shortfall, as this had been discussed during the Learner numbers and funding item earlier in the meeting. The College continued to work closely with the AMRC to ensure better quality forecasting going forward. Details of external revenue projects tendered for since July were provided.

The Report was noted and received.

INTERNATIONAL

- 17.153 The Committee received a report on International income and expenditure. International A-level income was over budget by £22k, and international development showed a shortfall of £15k, resulting in an overall positive £7k outturn. The Chair reminded members of the discussions that had taken place at previous meetings and at Board level which had arisen due to the level of investment made. Governors had subsequently acknowledged the College was scaling back its work on international development and would consider any opportunities on a case by case basis.

The Report was noted and received.

EXPENDITURE

- 17.154 The Committee received a report showing the outturn at the year-end for expenditure. The VP Corporate Services commented that for context the 2016/17 income outturn was lower than budget by £376k, and against this the expenditure outturn was under budget by £2,196k. Details were provided of staffing costs, savings, and other revenue expenditure. The outturn mirrored the profile in previous years. The Chair commented that the staffing budget was impressive, and noted the robust controls in place which contributed to the College achieving its financial targets.

The Report was noted and received.

OVERSEAS EXPENDITURE

- 17.155 The Committee received a report from the VP Finance setting out expenditure on overseas visits from January to July 2017. Details of all costs associated with the visits had been provided for information. In response to questions from members, the VP Finance confirmed that students made a contribution to costs of visits, and that in terms of the number of visits, this was likely to be similar to other colleges in the sector. The Principal commented that he believed visits were fewer in the sector generally in recent years due to funding constraints and Colleges being more risk averse.

The Report was noted and received.

HUMAN RESOURCES UPDATE

- 17.156 The Committee received an update on Human Resources activities. The VP Corporate Services provided an update on the recent restructures, confirming that no compulsory redundancies had been made as a result of the process.
- 17.157 A detailed analysis of the recent staff survey was presented, the VP CS stating that this did not raise any concerns for management. Whilst results overall had reduced, they remained above the external benchmark. Some categories had maintained the same high level of satisfaction, four categories moved to the highest level. Questions related to stress continued to return a response ahead of recommended scores. Governors raised several questions around the results and actions being taken by management in response to the survey. The VP CS explained how management were developing an internal communications strategy to improve staff perceptions and informed members that the work around the vision and values had been exceptionally well received at the summer staff seminar. Management wished to continue the work around the staff voice and would be undertaking more work around celebrating staff successes both in and outside of the workplace.
- 17.158 H Jaggar commented positively on the mechanisms being introduced by management to bring about improvements and questioned whether the College had an overarching People/Organisational Development strategy which summarised the college's current initiatives and future work plans to be an employer of choice in a format the Committee was able to review. To help management understand this observation, she added that such a strategy might be something the organisation would have in order to embed its values

and culture. The Principal made reference to the strategic goal to be 'An Employer of Choice' and spoke of the range of actions undertaken by management by way of implementing its HR strategy. H Jagger observed that there was a link to the mechanism for embedding the culture and values through the strategic goal "To be an employer of choice", and suggested further discussion could perhaps take place around this at the strategic seminar.

17.159 The Chair made reference to the Staff appraisal system and sought further information as to whether management had considered alternative methods that might be equally as effective to support and bring about improved staff performance. The VP CS explained that the current system worked from the bottom up, with departments informing management of their requirements.

17.160 In response to further observations, the VP CS spoke of forthcoming pay negotiations and AoC national recommended pay award that would be negotiated with Trade Unions. Historically the College had always made every effort to reward staff, and management were hoping to be able to make a pay award that was affordable and to maximise this as far as possible. The Principal believed there was a greater risk of local industrial action following the results of national action on pay recommendations. Proposals for a staff pay award would be presented to the Committee and Board in December.

The Report was noted and received.

ANNUAL CAPITAL UPDATE

17.161 The Committee received a report updating it on the budget for 2016/17 and proposals for 2017/18. The VP Finance reported that the capital budget for 2016/17 was closed, with the exception of Wigfield Farm works which were currently in progress and the LEAP at Honeywell with costs of £208k as indicated to Governors in the summer. An initial capital budget of £1,700k had been set for 2017/18, with £1,557 allocated during business planning which included £545k in relation to the IT/ILT strategy.

The Report was noted and received.

ORDER OF BUSINESS

17.162 In order to ensure the Committee was able to discharge its duty with a quorum, the Chair referred members back to the items on the Agenda that required a decision. The Chair summarised discussions that had taken place earlier in the meeting to allow H Jagger to contribute and make any observations as necessary.

DECLARATION OF INTERESTS

17.163 No further interests were declared.

MINUTES OF THE MEETING

17.164 The Minutes of the meeting held on 4 July 2017 (Part I) were agreed as a true and accurate record of the meeting and were signed by the Chair.

FINANCIAL REGULATIONS

17.165 The Chair summarised the discussion that had taken place earlier in the meeting in relation to the proposed changes, particularly the limit for obtaining three quotes. Further to full and detailed consideration of the proposed amendments, it was

RESOLVED 17.166.1 to recommend the Financial Regulations be approved

RESOLVED 17.166.2 to present the International Travel Policy to the Committee at its next meeting.

SUBCONTRACTING ARRANGEMENTS

17.167 The Chair summarised discussions that had taken place earlier with regard to the levels of activity. Further to full and detailed consideration of the levels of subcontracting and of the named organisations the College proposed to subcontract with, it was

RESOLVED 17.168 to recommend approval of the College's subcontracting arrangements for 2017/18

INCREASE TO ANNUAL CAPITAL BUDGET

17.169 Referring to the discussion that had taken place earlier in the meeting (Draft Financial Statements), which H Jagger was apprised of, the Committee were content for the College to increase the annual capital budget by £200k to £1.9k.

RESOLVED 17.170 to approve an increase of £200k to the annual capital budget to £1.9k.

REPORTS FOR DISCUSSION

17.171 The Chair summarised the business conducted earlier in the meeting in relation to Draft Financial Statements, Learner Numbers and Funding, Tuition Fees and FE Loans and Recruitment for 2017/18, to allow H Jagger to raise any comments or observations. In response to questions from members, the VP FD&C advised that more information would be forthcoming on learner numbers and funding following the census in mid October. Following full and detailed consideration of each of the items, all reports were noted and received.

End of Part I.

Signed _____ Chair

Date _____