Barnet and Southgate College Corporation
Finance Committee

Date:	**30th September 2021**
Time:	**18.00-20.00**
Venue:	**By teams**

Present: Imelda Galvin (Chair)
Adam Goldstein (Chair of Governors)
Jenny Jarvis (Governor)
Hannah Sheath (Governor)
Darren Mepham (CEO)

In Attendance:
Tracey McIntosh (Executive Director of Commercial Partnerships)
Mark Sellis (Executive Director of Corporate Services)
Hiten Savla (Director of Finance)
Neil Coker (Principal)
Lorna Lloyd-Williams (Head of Governance)

MINUTES
italics denotes absence

Item	**The meeting opened at 18.01 and was quorate.**
1.	**Preliminary Items** i. Apologies for absence Apologies were received and accepted from Ms Jarvis. Ms Sheath was welcomed to her first meeting of the committee. ii. Declarations of interests There were no declarations of interest.
2.	**Minutes of previous meetings** i. Minutes of 29 June 2021 The minutes of the meeting on the 29th June were approved as a true and correct record of the meeting. ii. Matters arising The Head of Governance advised that all matters on the action sheet had been completed.

3.	**Financial position 2020-21** i. July 2021 (p12) Management Accounts The Director of Finance spoke to his report regarding the management accounts for the period ending 31st July 2021. The following was highlighted to the committee: • Year-end result of (£1,253k) was an improvement of £1,168k to budget (£2,421k), but included the FRS102 pension adjustments and release of revaluation reserves not previously included in the forecast or the budget. Adjusting for these items the year end result would be a deficit of (£2,388k), £33k better than then budget. • The GLA had written to confirm that they had accepted the College's business case in respect of under-delivery of the Adult Education Budget. Once the year end position was reconciled it was likely that the clawback in AEB provided for would be reduced, potentially improving the outturn position or being carried forward into next year. The clawback could have been circa £1million and the committee were advised that the college was awaiting further clarification, but assuming a net impact of £384K as a cost to the college if the money were to be clawed back. It was noted that the committee had been presented with a worst-case scenario. Governors asked if this would impact the financial KPIs and were advised the health score would improve for the college but would be unlikely to take the college to a good financial score rating. • The College would benefit from a £5m pension surplus on transfer of funds from Enfield to Barnet once this has been finalised. This related to the pension assets less liabilities not transferred when Southgate merged with Barnet. The impact would be a reduction in the pension deficit position as well as a reduction in secondary repayment from next year. Governors asked why this had taken so long to resolve the merger having been some time ago. The Director of Finance gave particulars to the committee. • The committee had received a table highlighting the movements from P11 to P12. Governors were advised of the key movements and the Director of Finance advised that he believed the final position would be an improvement to a £2 million deficit. Governors were also updated on the bad debts which formed part of the deficit. • Governors asked a number of questions for clarification around some matters. Governors asked for specifics regarding the marketing savings seeking assurance there had been no negative impact from these. The

committee were advised that the college had moved away from paper-based publications to digital publications which had given savings.

- Governors checked the cash position and asked whether this was after the clawback and were advised that it was not.

- 140 health score – Governors asked what the ESFA were expecting in relation to the colleges financial health score and it was explained the CFFR (the year end return to the DfE) also assessed the college at a score of 140

Governors asked that acronyms be explained in papers.

Action: Director of Finance.

- KPI's: Governors queried why the current ratio had gone down and cash days improved and asked for an explanation. The Director of Finance gave further details of the reasons for these.

Governors asked that all targets be populated and that analysis be included around sector-based working in the reports.
Action: Director of Finance.

The EDCS was asked to give an overview of the KPI's on page 27. It was explained these were the current ratios the college was measured against and that all measures were out of 100 points. The EDCS explained each of the KPIs in detail. The EBITDA was the profitability measure. The committee were informed that the college would probably achieve another 20 points on the current ratio and the EBITDA during the year and whilst the measures will change, the colleges health score would be likely to stay the same. Upon being asked the EDCS advised that the college needed to achieve a financial health score of 180 to be rated as having good financial health.

Governors asked for and received assurance that the bank covenants were not being breached. Governors asked about the Borehamwood termination costs and received clarification that the costs would be £700k for this year and £350k for the next year.

The Finance team were thanked for their efforts in bringing the college back to budget.

ii. Financial statements 2020-21 – early indications

	This had been incorporated into the above agenda item and the Head of Finance confirmed that preparation of the financial statements was proceeding according to timetable.
4.	**Budget monitoring 2021-22** i. Student enrolment and forecast income The EDCP spoke to her report which provided an update on the current performance of enrolments against the target set for 2021/22. In relation to 16-18 learners this was circa 97% against allocation equating to 3000 16-18 learners and therefore not close to the curriculum plans target. It was noted that this had been highlighted as a risk and the confidence in achieving this was low when the Board were asked to approve the budget. There would be approximately a ½ million shortfall for the next academic year in relation to the ESFA allocation. Governors were informed that the areas in which the College had not recruited well were in sports and there had been a reduction in level 1 and level 2 enrolments. Governors asked whether there might be a change to this as students struggle with the decisions they have made and the EDCP advised that the college was factoring this into its marketing. Governors asked if the schools could be approached and the Principal advised he was in regular contact with Barnet heads and gave particulars but advised that the college options to offer people something was limited. Governors also asked about market share and whether the college was holding its own against other colleges. The EDCP advised there were a number of new sixth forms that had opened but the college had managed to maintain its numbers The committee were informed that work was being done regarding students who had contacted the college but not enrolled, to try and get an understanding of what had influenced their decisions. Governors also asked about the demographics for 16-18 over the next 5 years and were advised that in Barnet growth would occur in two years. It was confirmed that the way the budget had been undertaken had derisked the fact the college had not met its target for 16-18 learners. Governors asked whether the college was pitching at the right level in determining its targets. The EDCP advised that ambitious targets did happen every year with curriculum managers and it was a question of the executive not wanting to dampen ambition for growth. Governors asked about accountability for targets and what the colleges' approach was in terms of individual performance management. Governors were informed that curriculum managers are challenged on targets but that the college would be improving its approach regarding this. It was explained that the focused challenging meetings and discussions were now embedded in the culture of the college.

	Governors asked how with CAGs the college had benefitted from enrolment this year. The Principal advised there was a risk in relation to level 3 students who in previous years would have been enrolled as level 2 students. The committee were advised that the college was working with these students by identifying any areas where they needed additional support. In relation to ESOL students there had been concerns regarding the impact of Brexit but the college had now achieved 90% enrolment against target so early indications were positive. Regarding HE students Governors asked what would happen to address the shortfall as it appeared there would be a negative variance of £100K. The committee were informed there would be an extensive marketing campaign for February starts. Governors asked to see what was happening regarding these “holes” at the next meeting: **Action: Update for next meeting on gaps/hole in enrolment** **Executive Director Commercial Partnerships.** ii. Updated sensitivity analysis The EDCS talked the committee through the scenario and sensitivity analysis table. Governors commented that there was nothing on HE and it was confirmed this would now be added in. The committee were advised that the national insurance increase would also need to be incorporated. **Action: EDCS** Governors asked for a distinction to be made where there were new matters to be added. **Action: EDCS** The committee advised that board needs to understand how accurate the college is in preparing the budget. **CONFIDENTIAL** **This part of the item was excluded on the basis that it was considered confidential .** The EDCS was also asked to provide a copy of the current sensitivity analysis and also an updated sensitivity analysis at the next meeting of the committee. **Action: EDCS**
5	**Subcontracting/Partnership Register** The committee were advised of the changes resulting from both the ESFA and GLA having introduced new guidance for 21/22 relating to the management of

	subcontracted provision. Governors were informed that the college now had 15 providers who were now in scope to be subcontractors. The committee were advised that a declaration had been submitted to the ESFA and GLA and the following was also noted: • Fun in sport were not declared • NFL and Lloyd Gardner were not declared because there UKPRN did not come through in time but would be declared when this came though the following week. Governors asked about due diligence and board approval. The Head of Governance advised that historically would have expected the Board to approve the due diligence process and then receive assurance that this had been followed prior to subcontracting starting and approval of a list of subcontractors. It was noted that contracts had not been started where due diligence had not been undertaken. It was agreed that the due diligence process and requirements should be taken to the next meeting of the audit and risk committee. **Action: EDCP** Also, that going forward it would be helpful to have an explanation for each subcontractor to explain the rationale for using them. **Action: EDCP** Governors asked how quality would be picked up and suggested that some quality indicators be included in the register **Action: EDCP** It was noted that the board had approved the declaration of subcontracting on the 15th July but been advised that an update would be provided in the autumn term.
6	**Committee schedule of business** The committee agreed the schedule of business.
7	**Other Business** Having consulted with the EDCS and Director of Finance, the Head of Governance gave an overview of how the college was complying with each of the key points in the letter to the accounting officer from the ESFA. The committee were advised that the one area which needed strengthening was the membership of the Audit committee. The Chair of the Governing Board confirmed that this would be a priority discussion matter at the forthcoming Search and Governance meeting. The committee chair asked if the committee could be updated regarding the 42 ILR position to give an overview of the position. **Action: EDCS**

	It was agreed that the monthly management accounts would be sent to the committee for questions before being sent out to Board. **Action: Head of Governance** The committee chair asked that the December meeting there be a focus on the strategic plan around the finances for the next three to five years. **Action: EDCS and exec**
8	**Date of forthcoming meetings** 2nd Dec at 17.00 (including joint item with Audit Committee) 20th Jan 22 at 18.00 3rd March 22 at 18.00 5th May 22 at 18.00 30 June 22 at 18.00
	The meeting closed at 20.08