Barnet Southgate College

Barnet and Southgate College Corporation
Finance Committee

Date: **28th June 2022**
Time: **18.00-20.15**
Venue: **remote by teams**

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

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

DRAFT MINUTES ***italics denotes absence***

Item	The meeting opened at 18.02 and was quorate with 3 members present including at least two external governors.
1	**APOLOGIES FOR ABSENCE** Apologies for absence were received from Tracey Mcintosh and Darren Mepham. It was noted that Hannah Sheath was running late and Jenny Jarvis might not be able to attend.
2	**DECLARATIONS OF INTEREST** There were no declarations of interest at the beginning of the meeting however Sue Baker made a declaration of interest during agenda item 7, as detailed below.
3	**NOTIFICATION OF URGENT BUSINESS** There was no urgent business.
4	**MINUTES OF THE MEETING HELD ON THE 5th May 2022** The minutes of the meeting held on the 5th May were approved as a true and correct record of the meeting.

5	**MATTERS ARISING** The following updates were given to actions: • The Principal advised the Enfield meeting had taken place and he had been given assurances that a better mechanism has been agreed • The Debtors table had been added back into the management accounts • Finance committee members had been kept up to date regarding the budget.
6	**MANAGEMENT ACCOUNTS** The committee considered the management accounts for the P10 period. The Director of Finance advised that ESFA income was under budget at this time which was a usual occurrence and therefore the budget needed to reflect this. Governors asked about the bank covenants and where the college was in relation to these. The Director of Finance gave assurance regarding the college complying with the bank covenants. The committee chair asked that a commentary be included in the executive summary for next year's budget. **Action: Director of Finance for 22/23 budget.** Governors also asked for and received further details regarding the accruals. Governors discussed the format and content of the executive summary of the management accounts and advised that it was still difficult to sometimes identify the salient points quickly. Whilst there had been progress, both regarding content and presentation, further review would be beneficial to enable all governors to easily understand the management accounts. **Action: Director of Finance and EDCs**
7	**DRAFT BUDGET AND GROWTH PLANS(Confidential)** For recommendation to the Governing Board The EDCs advised that when the committee met in May, the College was looking at a deficit of £1.85 million and he advised that the budget was now tight with a deficit of £997K and there were risks for consideration. The committee were advised that the budget did include a staff pay rise. Governors commented that there was a lack of sensitivity analysis and the committee chair advised this had been discussed with the EDCS and would be included in the paper for the Board.

	The committee chair commented that income was not growing as fast as pay costs and other costs and asked whether the committee was concerned. Governors confirmed that they questioned this too and questioned whether there was provision for inflation and how sure was the college that they would achieve the learner numbers. Governors also expressed concerns regarding staff recruitment and how this would impact on delivery to learners. The committee asked whether it was likely the college would receive any additional income such as the windfall that had been received this year. Governors commented that the college did not seem to be growing and that this did not match the ambition of the Governing Board and where they would like to see the college going. Governors asked for additional assurance regarding the 600K additional apprenticeship income and questioned why grant funding was dropping. Governors also questioned whether there was a demand for multiply. Governors also asked who was going to meet with the bank and confirmed previous comments that they would be happy to assist in this. Regarding subcontracting income, following on from information the FE Commissioner had provided at the strategic workshop, governors questioned why subcontracting was increasing rather than decreasing. The EDCs advised of the negotiations with the bank and governors reminded the exec that they had previously raised concerns regarding the right people meeting with the bank and being proactive. Governors advised they wished to know by the end of July whether there was any room for changing the bank covenants. The EDCS confirmed that this would happen. **Action: EDCS** The committee discussed extensively the bank covenants and how this was impacting and that it was therefore important to know from the bank whether there was any room for change or relaxation of the covenants. The Director of Finance also raised the conversations in the sector about colleges going back into public ownership and the impact this might have. The committee chair summarised the actions as follows: 1.Some relaxation on EBITDa as £500K not enough headroom. Exec need to speak with Darren and there needs to be some immediate action regarding contact with the bank. 2. sensitivity analysis to be included in the budget. **Action: EDCS**

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	Regarding income, the Principal gave details of where the college does well in achieving its projected targets and advised that the college's apprenticeship provision is too small for a GFE but this was challenging due to a saturated market and lack of large employers in the vicinity. He confirmed there was a cautious plan regarding apprenticeships and that it would be rag rated amber and would need to be closely monitored. The committee were advised that 16-18 is a large element of the college's income and has been challenging over the last few years. The committee were advised that student applications were up but that the college was unlikely to achieve the target in the plan. In conclusion the committee were advised that this was a sensible budget. Governors advised they would like to see some "stepping stones" for growth and where there was some return on investment. The Principal advised that when the board sees the curriculum strategy this would give more confidence and assurance in growth, however the curriculum strategy was not form part of the budget before the committee. The EDCS gave further particulars of how and where growth had been included. The committee asked the EDCS to give the board some context around the budget in terms how the college would be placed for the next two to 3 years **Action: EDCs** Regarding pay the committee commented that the proposal was going against the FE Commissioner benchmark and whilst the Board would like to do this they did not want to be in a position where a pay rise was agreed that would then be followed by redundancies as pay costs were not sustainable. Member were invited to comment on the 2.5% pay rise proposal. **Sue Baker declared an interest as a member of staff and trade union representative regarding the issue of pay she was being asked to comment on.** Governors questioned whether there had been a review of posts, roles and responsibilities and skills audit where people might have transferable skills. The EDCs advised that there had been a number of restructures in the last couple of years either as an exercise or when vacancies arise. Governors comment they would like to have assurance that all opportunities had been explored to see if the proposed rise was feasible. Regarding inflation, the EDCS advised they had built in some inflation based on what they know and also advised they had undertaken an audit to ensure the college was only buying what it needed to. The committee chair summarized that the proposed budget as follows:

	• Half a million off where the board had hoped the budget would be. • last year had underrecruited which would impact the college financially • there was some reasonable growth included in the budget which was believed to be realistic although apprenticeship growth was questioned. • Would like to give a pay rise it was agreed that the budget should go forward to the Board on the basis this would be revisited and Governors emphasized that the covenant position need to be explored as £500K headway did not give much headroom. It was agreed that the EDCs would revise the paper to include a sensitivity analysis and further highlight the risks. **Action: EDCS** The curriculum strategy whilst not ready for this year was stressed to be an urgent piece of work needed. **Action: Principal** Subject to this it was recommended to put the budget to the Board.
8	**FINANCIAL REGULATIONS this was elevated on the agenda** For recommendation to the Governing Board It was **Resolved** to recommend the financial regulations to the Governing Board for approval**.**
9	**SUBCONTRACTING this was elevated on the agenda** • List of subcontractors for recommendation to the Governing Board The EDCs advised these were the subcontractors the College hopes to use and were indicative amounts with the return to ESFa being due by the 30th September. It was noted that this would need further board approval and that the board would therefore be asked to delegate authority to the finance committee to give final approval by email. Governors asked how the college got assurance regarding the management and quality of the subcontracting. The EDCs gave details referencing the risk register and college due diligence process. The committee were advised that an internal audit had taken place on partnerships and the Head of Governance advised that she would let the committee have a copy of the

	report. Governors advised that it was confusing as to who were partners and who were subcontractors. The EDCS advised that subcontractors were a subset of partners. **18.41 Hannah Sheath joined the meeting** Governors asked about monitoring quality of subcontractors and the Head of Governance gave details of how she had seen this measured through reporting at other colleges with quality committee able to give assurance on quality where they see reporting on it and the finance committee commenting on the figures and therefore both committees giving information to the Board to allow approval of the subcontractors list. The Principal gave details of how this was monitored by the college. Governors advised they were concerned about being asked to recommend when the quality committee cannot comment. After discussion it was agreed that the Principal would provide a paper for either for QTSE to scrutinise or for the Board meeting on the 14th July if the QTSE committee chair was happy with this. **Action: Principal to provide a review of quality of subcontractors** The committee chair advised that it was really important to have the subcontractors declaration and partnership register coming to the committee at the same time and the Head of Governance advised that this was in the schedule of business for the next academic year with the partnerships register also coming to committee at its first meeting of the academic year. **Action: EDCP** • Subcontracting policy for recommendation to the Governing Board It was **Resolved** to recommend the subcontracting fees supply chain policy to the Board for approval
10	**GOVERNANCE** • Committee effectiveness review ▪ The committee agreed the committee effectiveness review and graded themselves as good, commenting that whilst they were not outstanding there has been improvement and would like to see further improvement with the management accounts being sent out in a timely way. • Review of Terms of reference – it was noted that no change was required to the terms of reference. • Schedule of Business 2022/23- the committee agreed the schedule of business.
11	**Date of forthcoming meetings** TBC

	The meeting closed at 20.18