MINUTES

Barnet and Southgate College Corporation
Finance Committee Meeting
held on Monday 9th October 2023
at 18:00
via Microsoft Teams

Present	Adam Goldstein, Meeting Chair Jenny Jarvis, External Governor Hannah Sheath, External Governor Darren Mepham, CEO and Governor
In attendance	Maxine Bagshaw, Director of Governance Tracy McIntosh, Executive Director of Commercial Partnerships Hiten Savla, Director of Finance Neil Coker, Principal/Deputy CEO James Russel, Interim Project Manager Shirley Collier, Observer

Quorum 3
The meeting was quorate.

Item	Description	Action
1	**Preliminary items** **i. Appointment of the meeting Chair** It was agreed to appoint Adam Goldstein as the Chair for this meeting. He explained that Imelda Galvin, former Committee Chair, was now engaged as the Chief Operating Officer for another London College and therefore it was no longer considered appropriate for her to remain on this committee and the Remuneration and Appraisal Committee. She will continue as a governor and the Vice Chair until the end of April 2024. **ii. Declarations of interest** Chair reminded everyone present to declare any interests that they may have on matters to be discussed. No specific declarations were made and standing declarations were noted. **iii. Notification of urgent business** Chair and Director of Governance confirmed that no matters have been raised.	
2	**Minutes of the previous meetings**	

	1. Minutes of the meeting held on 28th June 2023 The minutes were reviewed and it was agreed that they are an accurate record of discussions. AGREED: to approve the minutes of the meeting held on 28th June 2023. There were no matters arising.	
3	**Action tracker** Committee were happy to note the content of the update provided and it was acknowledged that a number of aspects were scheduled for discussion later in the meeting.	
4	**Financial Position 2022/23** Finance Director presented a number of aspects for consideration, including: 1) July 2023 Management Accounts Committees' attention was specifically drawn to the fact that AEB income will not hit the 97% required to avoid clawback. It was explained that some areas have not delivered to projections i.e. discretionary learner support and achievement rates. This will mean an element of clawback, however the annual income is slightly better than forecast, +£110k. Performance for the year as at period 12 is -£580k rather than -£690k. This position will not negatively impact on any of the KPIs. In general discussion committee asked for further information in relation to AEB and whether the position was under budget and/or impacted by the lower than expected take up of free courses. In relation to apprenticeship delivery, committee acknowledged that there had been challenges throughout the year and asked whether the final position is lower than projected. In relation to the free courses for jobs position, staff indicated that it was always envisaged that achievement would be lower than allocation with the amount of delivery at less than £250k. Staff explained the context for this funding stream and the fact that it is not a unique issue for BSC, with this area being hard to recruit to as the economy picks up. In relation to the AEB position, staff indicated that the lower than expected position was a shock with the expectation being that the college would hit 98%. They also advised that the outturn for discretionary learner support was also a surprise with it coming in at £470k lower than budget. Staff provided assurance that a different approach is being taken this year to avoid a similar issue. Achievement rates were lower than projected which will also have a financial impact.	

	In relation to apprenticeship provision, staff advised that several employers did not take the numbers originally projected. In addition to this there were delayed starts and/or some learners who dropped out. Challenge from the committee was whether a 'lessons learned' analysis has been completed. Staff confirmed that it has and indicated that, in relation to the free courses for jobs there were some eligibility changes during the year which had a negative impact and, in addition, some of the courses offered became unfunded during the year which was not expected. Lesson learned is that a cautious approach needs to be taken to any forecast income as this is a particularly volatile funding stream. In relation to apprenticeship income, staff advised that adjustments were made from period 7 with the outturn being £721k against an original £1 million budget. Yearend figure is £750k. This was impacted by late starts since May. Staff advised that to avoid a similar situation happening again this year the profile is front loaded, with starts planned in the autumn and spring term but not the summer. Budgeted income in 2023/24 is £1 million again given challenges with no growth forecast. In relation to discretionary learner support it was explained that no spend has been factored in to the 2023/24 budget. CEO expressed the view that the AEB market is now too volatile to aim to achieve 97% and get the 'free' 3%. College is planning to get to 100% this year to avoid any risk of not achieving 97% and having clawback. One governor noted that there was reference to capital grants not being received and they asked for further information in relation to this. It was explained that they have not yet been released. Finance Director confirmed that the college has received a number of grants but that they have not yet all been spent. Teams are currently working through this to avoid any clawback. Committee asked when the first set of management accounts will be available for 2023/24. Finance Director confirmed that the period 2 management accounts will be available internally on the 15th October 2023 and can then be circulated to governors a few days later. He reminded that, at this point in the year, student numbers are not yet finalised and therefore income is likely to be to budget however the costs will be the actuals. In terms of student numbers, he explained that period 4 is the true picture after the day 42 position is confirmed. AGREED: to note the content of the update provided. 2) Financial Statements 2022/23 Finance Director provided a verbal update and confirmed that the audit has started this week. Yearend position is a deficit of £592k against a forecast deficit of £584k therefore an £8k negative movement. He explained that in the accounting estimates the	

	college has provided for a high amount of bad debt. This primarily relates to old student debt and, if not provided for, the yearend position would be slightly better. AGREED: to note the content of the update provided. Committee Chair noted that the Audit and Risk Committee has a new Chair this year, with Diane Moore being slightly less familiar with FE specifics. He therefore asked that she be well supported in terms of the yearend process. Finance Director confirmed that papers will be shared well in advance of the next Audit Committee meeting so that there is sufficient time to respond to any questions and comments. 3) KPIs – Yearend Report Finance Director confirmed that there are no significant changes on the position previously reported. ESFA continue to use the old criteria for the financial health calculation. There is new criterion being applied to some colleges, specifically where they have no debt. 4) Accounting Estimates Paper Finance Director refered to the detailed report and explained that it is important for governors to be aware of where judgements and/or estimates have been made alongside any potential implications. He explained that they are in the same format and aligned to the prior year (2021/22) and that this meeting, alongside discussion at the board, is an opportunity for governors to challenge and probe. Finance Director specifically highlighted the position regarding holiday pay and explained that staff do tend to use their holiday in August whereas the yearend is July which does have an impact on this figure in the accounts. One member of the committee asked whether there are any major property strategy decisions that could impact e.g. depreciation. Finance Director indicated that the only potential could be in relation to the impairment figure however not disposals. He explained that the college does not routinely revalue the property portfolio however, that said, an insurance revaluation has taken place with the value at Collingdale decreasing and Southgate and Barnet increasing. Committee asked whether the updated position in relation to AEB is accounted for. Finance Director confirmed that the college is setting aside the full clawback potential. Finance Director indicated that this is a paper that needs to be approved by the board on the basis of this committee's recommendation, however he highlighted that the aspects in red may change slightly as the college is still waiting for the period 14 numbers from the ESFA and GLA. Committee, whilst happy to recommend to the board for approval, did agree to seek an	

	opinion from Imelda Galvin and it was agreed that the Chair would do this on behalf of the committee by email. AGREED: a) To note the content of the update provided, and b) To in principle recommend that the board approve the accounting estimate paper as presented. 5) Investment options Finance Director indicated that the college does have the option of investing some of the capital funds on deposit and he outlined possibilities in relation to this. In relation to T Level capital funding received it was explained that the college only invested a set amount for September and October 2023 whilst waiting for clarity regarding student numbers. College has taken a cautious approach in relation to this. Committee discussed potential risk of clawback. Principal indicated that recent communication with the ESFA/DFE would suggest that colleges who are planning to deliver in September 2023 and 2024 and who have spent the capital money are unlikely to face clawback. Finance Director confirmed that he was not seeking any decisions from the committee as activity in this area is part of normal operations. AGREED: to note the content of the update provided.	
5	**2023/2024 Declaration of Subcontractors** The Executive Director presented the report and confirmed that the position has not changed since previously reported in July 2023. She confirmed that, as there are two submission dates, one to the ESFA and one to the GLA which are different, then there is a requirement/expectation that this committee sees the report twice. She confirmed that the team have now completed subcontracting performance analysis and that, as FMBS has underperformed, the college will not be working with them again. She reminded that this wasn't a surprise and that the college had been working to wind down the arrangements with them all the way throughout 2022/23. AGREED: a) To note the content of the update provided b) To recommend that the board approve the 2023/24 declaration of subcontractors as presented.	
6	**Pay** It was agreed that discussions in relation to this item would be recorded on a confidential basis.	
7	**Budget Monitoring 2023/24**	

1) Student enrolment and forecast income

Executive Director drew committees' attention to the detailed report circulated and key matters highlighted included:

- A good position overall.
- College is seeing the benefits of a robust planning process.
- Current position is 107% against internal targets.
- Expectation is that the college should be on or around 105% as there are still 2-3 weeks before the day 42 position is finalised.
- Staff are currently processing withdrawals.
- There is a retention strategy in place which is being implemented.

Committee asked what the impact will be in 2024/25. Staff explained that it is additional income of circa £700k. Staff confirmed that the college put on quite a lot of new provision this year and that recruitment to this has gone well. Particular increases have been seen in ESOL and the swaps with the Enterprise Partnership are going well. In relation to T Levels, college is only running three out of the six possible i.e. 50% in the first year which means there is still more work to do, albeit this is not too bad a start.

She confirmed that lessons learned analysis will be completed after the day 42 position is known and it was confirmed that a report on this will be provided to the next meeting (Executive Director Commercial Partnerships, 29th November 2023).

CEO confirmed that there are positive growth strategy implications as well as the college meeting its accountability statement commitments. It is pleasing to see that there is growth in the areas that were planned.

One member of the committee asked what had happened to the learners who had originally expressed an interest on the three T Levels that the college failed to recruit to. It was confirmed that every single enrolment was retained with no learner lost. It was explained that the issue in most cases was that students failed to meet the entry criteria requirements, albeit acknowledging that they were small numbers. It was confirmed that the college will try again with the same courses/offer for 2024/25, even those that are not running this year. Principal confirmed that recruitment to T Levels is a national issue and is not bespoke to BSC.

Committee all agreed that they were pleased to see the increase in student numbers as this gives confidence that the plans in place have worked. Staff confirmed that the college has recruited well and has also been efficient in terms of the resources required to deliver. Expectation is that costs will not increase by 5%, with some larger class sizes in some areas.

One governor noted that recruitment to science at Barnet and Southgate was positive and they asked for a little more information in relation to this. Staff advised that, in the main, it is new courses with new Level 2 provision at Southgate and a T Level at Barnet.

AGREED: to note the content of the update provided.

2) Updated sensitivity analysis

Finance Director drew committees' attention to his written report including the potential risks highlighted. These include:

- Pay
- 16-18 growth and the potential additional costs. These however were described as not being significant and aligns with the college strategy to invest in growth.

In terms of the best- and worst-case situation the overall variance is not as significant as compared to the prior year with a variant band of between £300k and £800k. In terms of future reporting, it was requested and agreed that a snapshot be provided at each meeting with potential variances to the budget being RAG rated (Finance Director, Each meeting). CEO reminded that there will be a more systematic review of the budget at three keys points in the year and that this review will include sensitivity analysis.

AGREED: to note the content of the update provided.

3) Procurement/contracts

Finance Director presented the report from Tenet and explained that it was provided for information to ensure that governors are aware of tenders which have taken place and/or are planned. Most significant one reported is in relation to security and maned guarding. It was also noted that there are other tenders which have taken place/planned in relation to capital works. Committee were reminded that Tenet support the college via an outsourcing service. They manage the tender process rather than the college having a dedicated member of staff to do this.

Challenge from the committee was not to lose sight of any potential for T Level capital clawback. Principal reminded that the agreed approach was to spend and take the risk but that only a portion of the capital funding received was spent ready for the September starts. DFE position is that there is a higher risk of clawback if colleges have not spent the funding. Committee were reminded that the figure is circa £1 million for specialist equipment. Staff expressed the view that, if any clawback is required, then it will not have a significant impact given that there is leeway within the budget. Principal highlighted a similar risk regarding potential capital clawback received for HTQ's as the college will not be running a January start as previously planned.

	AGREED: to note the content of the update provided.	
8	**Digital/IT strategy** The interim Project Manager presented the strategy and committee all agreed that it was really pleasing to see the work being done. Committee were advised that this strategy has been on the periphery of publication for some time and that it provides the organisation with a framework for design and activity. It gives context for both learner expectations and staff skills. It is broken down into a number of sections, including: • Immersive learner environment • Security expectations • Data management The next phase will be to look at how to measure and monitor success and impact. Interim Project Director confirmed that the ELT have been very open to new curriculum requirements and innovation. Organisation now has an implementation group established with the aim being to hold ourselves to account for objectives and targets. Committee were advised that there is some known digital poverty, both in terms of students and staff, and therefore it is expected that this strategy will have an impact that is tangible. One governor asked how this links in with the other strategies developed. The digital/IT strategy was described as an enabler, specifically in terms of curriculum delivery. It is an important document as it sets out how the college will engage with learners and in particular the skills they will learn. It was described as having strong links with the financial strategy i.e. ensuring financial efficiencies. Staff expressed the view that the strategy is not an objective in its own right but instead is an enabler. Challenge from the committee was a need to think about the link and impact to environmental sustainability. Principal advised that, in relation to teaching and learning, there have been rapid developments in terms of the resources available over the last 12 months and that these, alongside the strategy, will help to improve workload. Committee were advised that in several areas there are staffing shortages, both locally and nationally, and that a better digital offer may help to share resources. Another aspect to consider is artificial intelligence and how this will impact upon teaching and learning will be interesting. Principal confirmed that there are a lot of aspects that connect across a number of areas. Challenge from one member of the committee was to share with QTSE how this strategy links in with the curriculum strategies. It was suggested and agreed that digital and IT should be discussed at the next meeting of the Chairs as it is such a cross cutting theme (Chair, October 2023).	

	Suggestion from one governor was to make a link with Barnsley College and particularly the work that they have done in relation to 'discover digital'. It was explained that all staff have digital targets and there is a real whole college approach. Challenge from the committee was to develop an action plan and also consider the funding/investment required. All agreed that the breadth of the strategy is significant and just one example given was the inclusion agenda and LLDD. All agreed that it was important to have staff buy in and that key leads are required e.g. 'by the curriculum for the curriculum'. Committee all agreed that they would like to see an implementation plan in terms of 'where next'. Committee noted the reference to corporate sponsorship and all agreed that this needed to be developed further. Staff advised that the working group established is an introductory platform to drive this strategy forward and that the aim eventually is for everyone to have a digital target. It was acknowledged that the college can learn from others who are further forward and that this will include starting to develop business cases, one example given was the systems data group. Challenge from the committee was that the board will need assurance that everything is 'joining up' and that the digital strategy aligns with other strategies in place. AGREED: to note the content of the update provided.	
9	**AOB** There were no items of additional business.	
10	**Confidential minutes of the meeting held on 28th June 2023** These were reviewed and it was agreed that they were an accurate record of discussions. AGREED: to approve the confidential minutes of the meeting held on 28th June 2023.	
11	**Date and time of next meeting** This was confirmed as 29th November 2023. **Meeting closed at 7.30pm.**	