MINUTES

Barnet and Southgate College Corporation
Finance Committee Meeting
held on Monday 29th April 2024
at 18:00
via Microsoft Teams

Present:	Adam Goldstein, Meeting Chair Dominic Abbott Neil Coker
In attendance:	Michael Norton, Interim CFO Tracy McIntosh, Executive Director of Commercial Partnerships James Russell, Interim Project Manager Maxine Bagshaw, Director of Governance

Quorum 3
The meeting was quorate

Item	Description	Action
1	**Preliminary items** **1) Apologies for absence** Apologies for absence were received from Hannah Sheath and Rocco Heusch. Chair welcomed Michael Norton the interim CFO to his first Finance Committee meeting. **2) 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.	
2	**Minutes of previous meetings** 1) Minutes of the meeting held on 30th January 2024 The minutes were reviewed, and it was confirmed that they were an accurate record of discussions. AGREED: to approve the minutes of the meeting held on 30th January 2024. 2) Matters arising and action progress report Committee considered the action tracker provided and updates were given in several areas including:	

	• Line 1 – a table has now been included in the management accounts to incorporate the approach requested. It includes both upside and downside risks. • Line 2 – cash days are now included in the cash flow forecast within management accounts. • Line 3 – report on departmental contributions is on the agenda. This is a first draft and reflects the period 8 position. Intention is to build on this so that the position is more and more transparent. Monthly budget meetings planned will check accuracy. Challenge from the committee was that they would like table 1 to be RAG rated if possible. Interim CFO confirmed that he would try and work out a way to do this, albeit acknowledging that some aspects would be easier to assess than others. • Line 4 – this report went as planned to the Audit and Risk committee meeting on 23rd April 2024.	
3	**Budget Monitoring 2023/24** 1) Monthly Management Accounts – Period 8 Interim CFO presented the accounts and explained that he has reviewed how they are produced, with the aim being that they are more transparent and automated. The document now links also to the capital tracker and is compiled by way of a bottom-up process. He flagged that the process now includes more checks which could lead to some variances. Committee Chair noted that several questions had been asked by email in advance of the meeting and it was agreed to discuss these individually. Q1, Page 15 – regarding the student debts difference of £200k how was this identified, how are we changing our processes to address this going forward and are there other process tightening required from the view of the interim CFO. Response provided: this was identified by reconciling the assets and liabilities as part of the month end processes. Normally this should be done every month because it corrects for errors and makes the year end accounts far easier to produce. The balance sheet reconciliations that are expected (and the new management accountant would have expected) have not been undertaken. The reason given is staffing resource. The first task of the new management accountant is to do a full balance sheet reconciliation of items for the Period 9 accounts. It was explained that the issue relates to learners moving to full cost funding and them being double counted. It is a matter of clearing errors and the interim CFO provided assurance that it is unlikely to happen again as there are more transparent comparisons now in place which does flag things quickly. Accuracy will be discussed with all budget holders in the next few weeks.	

	Q2 - Page 16 – section 1.3.13 - could we also regularly share the percentage including subcontractor costs and income and have both of them reported. Response – CFO confirmed that he would build this into the reporting process. Q3 - Page 21 section 10.5 - it appears that between P7 and P8 2023/24 that commercial debt worsened by £600k, what is the driver for this. Response – it is believed that this is commercial loans greater than one year versus the budget. The budget did not correctly separate commercial loans between less than and more than one year (in total they are similar £12,523k versus £12,524k). This would understate the current liabilities in ESFA solvency financial health ratio if this were not corrected. Also queried was page 21 of the pack and page 9 of the document. It was explained that this will be an element 3 debtor invoicing in the month, so it was a timing issue. Committee were given assurance that there are no debts over 3 months other than the £163k reported. He confirmed he would give more clarity in the P9 document. Q4 - Page 22 section 10.7 - it would be good to understand the Enfield debt in more detail as it being an 'invoicing error' seems to be a change in the narrative. Going forward it would be good to have a reconciliation of the latest forecast 2023/24 at P8 etc versus the original budget 2023/24. Response – the invoice to Enfield was raised based on the 'potential that they would pay'. Payment of this element is part of a negotiated process and not an absolute entitlement. Approach now to be taken is a credit note and the external auditors have agreed with this approach. All agreed that external auditor support was important, it being a pragmatic approach to take. Interim CFO confirmed that this has been reported to the Audit and Risk Committee too as they have oversight of any potential MPM considerations. College has clarity regarding the accounting treatment to be applied and is confident that this is not a debt and that, it is instead a negotiated position and it should be reported as that. In reality it was never a sum that was agreed and therefore it was only speculative that the college would be paid. Challenge from the committee was that there should be early negotiations with Enfield this year if a similar position could arise so that the organisation learns from prior years. Interim CFO expressed the view that the invoice had been logged and recorded incorrectly as a debt which has confused the position. This was also something explained in detail to the Audit and Risk Committee meeting last week. Chair asked the interim CFO what his general perceptions are regarding management account preparation and whether there	

	are any risks. Interim CFO confirmed that changes have been made to bring about improvements in transparency and a new management accountant is in post to ensure capacity. His view is that previous preparation was too manual and not transparent enough. Capital tracker has now been incorporated which is important. Preparation is now more devolved, automated and transparent and much more equations driven. There is far less dependence on any one individual. In addition, there is less qualitative narrative, more figures and comparisons and more reconciliations. He acknowledged that there was a lot of good work in the finance department, with a reasonably solid core, and that it is just the extra few actions that need to be completed to ensure accuracy. Q5 - By department analysis – 2023/24 versus budget 2023/24 why is there a big swing in contribution for finance (circa £5 million) and apprenticeship and skills training (£6 million). Response – it was explained that the forecast figure is an adjusted budget and not actual budget and that there has been a miss posting. Q6 - Budget 2024/25 - it was agreed to cross reference this query with agenda item 5 later in the meeting where the budget is scheduled for more detailed discussion. AGREED: to note the content of the Period 8 Management Accounts as presented. 2) AEB report Executive Director of Commercial Partnerships presented her report and explained that it shows where the college currently is and where the yearend forecast will end. Key matters highlighted were: • GLA provision is tracking at 103% which is positive, • Skills Training have already achieved target, • The area currently subject to additional monitoring is ESOL, • There is confidence regarding achieving targets for E&E, ALS and Adult provision, • Intention is to report again at Period 9 on ESOL. Challenge from the committee was that it would be helpful if RAG ratings could be included to give a view on the strength of assumptions. Staff confirmed that they would incorporate this into future reports. In relation to the ESFA adult element, staff confirmed that they had no concerns at all. Committee asked why there was only 25% of allocation targeted in relation to Free Courses For Jobs. Staff advised that the college had one really good year when this initiative first came out and, as a consequence, subsequent allocations were over optimistic. This is level 3 provision which means that the entry criteria is high and achievement rates were not very good. Assurance was given that underperformance/clawback has already been accounted for	

	and therefore there will be no impact on the budget line. College budgeted below allocation and the belief is that delivery will hit the budgeted figure. AGREED: to note the content of the update provided. 3) Subcontracting variation Executive Director of Commercial Partnerships introduced her report and specifically the proposal to increase London Community Kitchen allocation by £40k. She confirmed that savings will come from other elements to offset this addition and that this move allows the college to meet its ACL contract requirements. Committee observed that the figure was small and therefore questioned whether subcontracting variations, no matter the amount, had to come for board approval. It was confirmed that they do and that this allows the board to have very clear oversight which is critical. Committee asked whether there was confidence in terms of quality and ability to deliver by London Community Kitchen. Staff confirmed that there is, and that provision meets local needs particularly for disadvantaged learners in areas where BSC doesn't currently deliver. On the basis of information provided, committee were happy to approve the increase requested to London Community Kitchen. AGREED: to approve an increase to London Community Kitchen by £40k. Committees' attention was then drawn to the subcontracting assurance letter provided with no issues raised. Staff confirmed that the intention is to continue with internal annual assurance reviews. Committee passed on their congratulations to the team for the outcome.	
4	**Departmental Contribution Reports** Interim CFO introduced his report and explained that this was the first report of its kind that has come to this committee. Staff have not yet gone through the budget holder review meetings, however these are planned to start tomorrow. These meetings may lead to more adjustments particularly as the 16-18 provision is currently equally split in terms of cost and income with no weightings applied. College will need to ensure clarity and consistency in terms of reporting so that there is no confusion. He confirmed that the initial review has highlighted some anomalies that need to be addressed and has flagged the fact that greater transparency is needed for management throughout the organisation. Committee asked whether there are any 'surprises' and what the plans are for access to this information more widely in the college in the future. Interim CFO expressed a view that the bottom-up meetings that start next week will be really beneficial to start the	

	discussions. College has a duty to get into the detail with staff and this may involve elements of training and support. He confirmed that there are no real surprises, although there are a couple of elements that stand out which are being reviewed and addressed examples given were no programme weightings on the system in 2023/24 despite the fact that there are planning tools that can be used for this. Intention is to look at this for 2024/25. Interim CFO advised that different weightings would give different outcomes from the budget setting process utilised with there being some 'winners and losers' however it will give a really accurate picture in terms of income and costs. Committee discussed the fact that there could potentially be a motivational upside to drive curriculum managers to seek to improve contribution rates but that to do this there is a need to know the accurate position and that this is important for the board so that it informs strategic decisions. Challenge from the committee was that having percentages reported would be helpful. Governors all agreed that a better understanding of departmental contributions would better assist in knowing why decisions are made. All agreed that this was a really valuable process and a positive step forward. One governor noted that LLDD contribution seems to vary significantly across the departments and queried why this is the case. Interim CFO indicated that the senior team do not yet know the detail on this and that it could be a posting methodology that needs to be better understood and unpicked. AGREED: to note the content of the update provided.	
5	**Financial Planning 2024/25** Interim CFO presented several aspects including information on: • Funding allocations, • Budget assumptions and sensitivities, • Outline budget – including risks and opportunities, and • Timetable for finalising budget proposals. Committee were happy to take the information provided as read and asked how the college can avoid any easy mistakes which were made in 2023/24. CFO provided assurance that financial analysis now includes many more comparisons which makes it easier to spot if something has been missed. This is one of the 'checking' process introduced and will be considered on a line by line basis with budget holders at meetings planned in May 2024. This was described as the first initial budget with a deficit forecast of £1.5 million, however assurance was given that this is being reviewed. Review will include some proposed new posts which are being analysed. Detailed meetings with managers are starting tomorrow. In terms of the timetable for finalising the budget the college is not too far out in terms of where it wants to be and a full review will be concluded by the end of May 2024. Executive Director of Commercial Partnerships confirmed that a lot of work has already been done in terms of 16-18 numbers and	

that the college feels confident in terms of setting targets for these. There are some anomalies regarding adult provision which need to be checked and addressed. As an overview, main discussions will relate to staffing, delivery hours and the adult funding line.

Committee asked where the college should be aiming for in terms of key metrics, and all agreed that the budget needs to meet aspirations set. Governors indicated that they would need more narrative in terms of where there is a need to invest, next year and beyond, to successfully 'turn the dial' in relation to growth ambitions. Interim CFO expressed the view that the college needs to create a really solid core of provision and then work outwards from there. Committee were given assurance that a lot of work has already been done on the priorities for 2024/25 and specifically what areas will need to be invested in. Committee were given assurance that there has been a huge amount of activity so far and that it is the remaining 5% which was described as the checking process to make sure nothing has been missed. This may lead to some easy wins.

Committee asked for a realistic view of the timetable in terms of reporting back to this committee and also asked for development of the 2024/25 narrative i.e. where do we want to be. Interim CEO confirmed that the college will always aim for growth but that there does need to be an element of caution if income is not certain. Challenge from the committee was a need for a clearer picture for the next 3 years i.e. what, where and for how long will the college need to invest to grow and linking to that what is the expected impact/payback on investment. Interim CFO indicated that staff are also looking at investing for efficiencies and value for money as well as growth and an example given was a new MIS system.

Committee indicated that board would need to better understand a number of aspects including:

- What the college is investing in, what will be the impact be and timescales for payback,
- What will that mean for future years i.e. years 1-3.

Interim CFO suggested that there will be a need to invest in resource to make sure that the college is maximising income and an example given was sufficient staffing to ensure 16-18 income is maximised through the use of bandings. Staff expressed the view that there will be some realistic 16-18 growth which could lead to in year additional funding in 24/25 however this would not appear in the budget as it is not guaranteed.

Challenge from the committee was that the EBITDA metrics are trending down significantly and the board will need to understand why and then discuss what it accept. Challenge from the committee was a need to address the staffing to income ratios as it is unlikely that the board will accept it going higher than the current position. Board will need to see a budget which gets closer to a balanced position and that, if this is not possible, there will

	need to be clarity as to why. Challenge from one committee member was that the cash flow position is critical and that a negative £3.5 million in year position is a cause for concern as the board will need to be assured regarding going concern. Challenge from the committee was a need to be clear in relation to the 3 year trajectory so that governors can better see the trend. Board will need to know the payback regarding any proposed investment. Interim CFO confirmed that the current cashflow now includes capital commitments which does give greater transparency. Question and challenge from the committee was the need to know where the 2024/25 budget sits against bank covenants as the board will not risk any potential breach. Interim CFO confirmed that he has a meeting scheduled with the bank later in the week to discuss this. Committee agreed that there was a need to schedule in an extra meeting in the first week of June to review. At this meeting detail also to be provided on the levers that the organisation can potentially use during the year. Committee asked whether there were any indications yet regarding pay percentage recommendations i.e. from the AOC. Staff confirmed that there aren't yet, but the expectation is that unions nationally will be looking at double figures. Committee asked how pay is reflected in the current figures. Staff confirmed that 2% has been factored in plus increments. All agreed that there will need to be sensible discussions regarding pay and a reminder of what the college has already given. It was acknowledged that the college cannot simply plan for a percentage which is not affordable. Request from the Chair was that extra detail be provided in the board paper in terms of pay awards previously made given that there are new governors that will not have the history and the context. Request, which was agreed, was for the interim CFO to provide a waterfall/bridge chart between the 2023/24 known position and then the positives and negatives for 2024/25. All agreed that creation of the budget was still very much a 'moving feast' with time still available to reach a final position. AGREED: to note the content of the update provided.	
6	**Fees Policy 2024/25** Interim CFO presented this and confirmed that no changes were proposed. Only element that needs to be checked is if the GLA low banding fee remains correct. He confirmed that he is satisfied that the policy covers all that is required. AGREED: to recommend that the board approve the Fees Policy 2024/25 as presented.	
7	**Health and Safety – 2023/24 Midyear Report**	

	Interim Project Director introduced this report and confirmed that it is intended to provide assurance at this point in the year. Three sections were particularly highlighted, which were: • All fire risk assessments have been completed. • College has had informal feedback and this, together with the formal report when received, will feed into an action plan. Completion of the action plan will be monitored by the Audit and Risk Committee. There will be aspects that the college needs to action but nothing significant. • Monthly risk assessment meetings continue to take place. • Visits are conducted department by department and each leads to an action plan. • Assurance that Health and Safety and Safeguarding are fully embedded considerations in the property/capital works activities taking place and planned. Committee asked how the new security team and service is settling in. It was confirmed that complaints by students have reduced. Site changes at Barnet planned for the summer, and have taken place already, will help the security team and an example given was creating an incident response room. AGREED: to note the content of the update provided.	
8	**College Financial Handbook 2024** Interim CEO presented the document which has now been released to the sector and is effective from the beginning of next academic year. He confirmed that there is not a huge amount of change in terms of practice. Having all aspects in one place is helpful. It was confirmed that a headline summary is being created by the interim CFO for the ELT and that a shorter precis of this will be provided for the board with a focus on governance issues. Staff described the content as mainly common sense and general good management. It was agreed that a copy of the document would be circulated to all governors (Director of Governance, May 2024).	
9	**AOB** As a matter of additional business committees' attention was drawn to the letter from the ESFA dated 22nd April 2024 which gives their outcome following review of college financial statements for 2022 to 2023. Governors noted the reference to a dashboard and asked that this be shared once issued as this refers to helpful benchmarking information. As a matter of further additional business Chair provided an update on the recruitment process supported by consultants to appoint a new Finance Committee Chair. Context for current position was given and it was explained that unfortunately the recruitment campaign is having to be re-run. Aim is to have someone identified by the 3rd July meeting.	

10	**Forthcoming meetings** As previously discussed, an additional meeting will be scheduled for the first week in June. This will look at: • April 2024 management accounts, • Early sight of the content of the May management accounts, • Next iteration of the 2024/25 budget, and • First iteration of 3-year narrative Final committee meeting planned for the year is 3rd July 2024 at 6pm. Meeting closed at 7.40pm.	