MINUTES

Barnet and Southgate College Corporation
Finance Committee Meeting
held on Wednesday 3rd July 2024
at 18:00
via Microsoft Teams

Present:	Adam Goldstein, Meeting Chair Dominic Abbott Neil Coker, CEO & Principal Rocco Huesch
In attendance:	Michael Norton, Interim CFO Tracy McIntosh, Deputy Principal: Skills, Curriculum and Business Development Maxine Bagshaw, Director of Governance Tara Jayaratne, Governor and Committee Chair designate for 2024/25

Quorum 3
The meeting was quorate

Item	Description	Action
1	**Preliminary items** **1) Apologies for absence** Apologies for absence were received from Hannah Sheath. **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. **3) Welcome and introductions** Meeting Chair welcomed Tara Jayaratne and explained that she had recently joined the board as a governor and will take the committee chair role for next academic year. Her attendance today is an opportunity to observe and to start to familiarise herself with matters discussed. Tara Jayaratne introduced herself and provided some background information. Round table introductions were made by other members of the committee and Executive Leadership Team (ELT).	
2	**Minutes of previous meetings** 1) Minutes of the meeting held on 5th June 2024	

	The confidential minutes were reviewed, and it was confirmed that they are an accurate record of discussions. AGREED: to approve the confidential minutes of the meeting held on 5th June 2024. 2) Matters arising and action progress report Committee were happy to note the content of the update provided. It was confirmed that meeting dates for next academic year are scheduled for discussion at agenda item 9. Committee acknowledged the desire to conclude the 24/25 budget planning process earlier next year, and all agreed to aim for this to be presented at a meeting in the first week of April 2025. AGREED: to note the content of the update provided.	
3	**Budget Monitoring 2023/24** Interim CFO presented the Period 9 Monthly Management accounts, and all acknowledged that information requested had been incorporated including bad debt, risks, opportunities, KPIs, yearend forecast, bank covenants and financial health calculation executive summary. Committee were happy to take the information provided 'as read'. Interim CFO confirmed that discussions with Lloyds regarding bank covenants have not yet been concluded, and they have indicated that their stated position will be with the college on Friday this week. Key matters discussed were: • Page 10 of the accounts shows the current position and whilst there are some 'ins and out' the deficit remains as expected at Period 9. • In relation to covenants, the potential breach being discussed is 'technical' and college is exploring options available to avoid a breach, this includes discussions with the credit team. To date Lloyds are being helpful. • In relation to disposals, the initial view from Lloyds is that they would wish to call in any proceeds to reduce the outstanding loan. This is a fixed loan at 8%. It is not yet the right time to have detailed discussions with Lloyds regarding options, given that there are no imminent sales. There will be no issues with the ESFA regarding utilisation of disposal proceeds as the rules allow re-investment into the estate or paying off commercial loans. AGREED: to note the content of the update provided.	
4	**2023/24 Procurement Report** Interim CFO advised that he has now included a procurement section within the monthly management accounts so as to provide	

	regular transparency. Report today gives a summary for this academic year. One member of the committee asked for an overview of the 'big ticket' cost items that should be targeted for the future i.e. where are the larger elements of expenditure. Interim CFO advised that he has created a financial management guidance document that is being presented to Audit & Risk Committee next week and that, once approved, it will be circulated to all governors. This includes a section on targeted future savings. One governor noted the reference to Caterlink and the notion of subsidising their contract. Interim CFO advised that they initially suggested that the college would need to subsidise costs. This was rejected by the college and proposal was to go out to tender. Caterlink's response was to review the costs and they have now confirmed delivery with zero college contribution. There are some reset discussions taking place with Caterlink and, specifically lines of communication with the company are to be clarified and improved. AGREED: to note the content of the report provided.	

5	**AEB and Subcontracting Report**
	
	Deputy Principal: Skills, Curriculum and Business Development presented her report which included:
	• Current year position
	• 2023/24 yearend forecast
	• Subcontracting strategy
	• Subcontracting fees and charges 2024/25
	
	She confirmed that the report should give governors confidence that the college will hit the targets set for this academic year. Key matters highlighted were:
	• Currently 104.6% for GLA funded activity. There are still two variables outstanding, including:
	  - E&E to deliver to target including the additional £600k allocated. There is a high level of confidence that the target will be achieved.
	  - Adult achievement targets need to be met at 86%
	• ESOL summer term enrolment has gone to plan
	• There is high level of confidence that there will be no clawback this academic year. Committee asked why there is a more confident position this year. Deputy Principal advised that:
	  - There has been lots more monitoring this year with early movements/virements to mitigate risks
	  - This earlier monitoring has allowed the college to respond quickly where required
	  - Targets set were cautious and a risk averse approach taken to assumptions, particularly for ALS and bursaries
	  - In the next academic, year Access provision will form part of the Free for Jobs programme. Challenge for the	

	college in previous years was the ability of students to meet entry requirements and not a lack of interest and demand in places. One governor asked what the impact will be of no clawback this year i.e. will it be additional income. Deputy Principal advised that the assumption is payment for over delivery in 2023/24 up to the maximum of 103% of the allocation, any delivery above 103% is not guaranteed. Interim CFO confirmed that the 2022/23 clawback has now been included within the cash flow forecast. In relation to 2023/24, the college will get to keep any additional income (up to 103% of the allocation) once students achieve. Deputy Principal then drew committees' attention to the proposed subcontracting strategy for 2024/25 and key matters highlighted were: • Aim is to continue to reduce subcontracting • College is planning to reduce the number of subcontracting providers/partners • The report summarises the proposed contracts for 2024/25 • There will be no new contracts save for Juventus Football Club and the National School of American Football; NSAF • Contract values detailed and proposed • Only subcontractor of concern in this academic year was Cidori regarding apprenticeship provision, the Deputy Principal advised that payments to Cidori had been reduced accordingly. • College has been able to increase direct delivery and will continue to do so. This links to a strategy of reduced reliance and achieving higher contributions. Committees' attention was then drawn to the proposed Subcontracting Fees and Charges Policy for 2024/25. It was confirmed that no changes are recommended, with next academic year planned to be the same as this. AGREED to: a) Note the current position and 2023/24 yearend forecast b) Recommend that the board approve the subcontracting strategy as presented c) Recommend that the Board approve the Subcontracting Fees and Charges Policy for 2024/25 as presented.	
6	**2024/25 Budget and 3 Year Commentary 2023-2026** Interim CFO reminded that the Committee had discussed the draft budget in detail at the meeting on 5th June 2024. Following discussions, the budget has been reviewed and updated. Key matters highlighted were: • Slight reduction in the proposed deficit • This is because of assumed procurement gains and part year appointment of the Executive Director HR. With this post being based on project work. • Improved position in 2026/27 when the college moves to generating a small surplus	

	One governor referred to page 31 of the document and noted that the proposal is for a £708k deficit for 2024/25 and then, whilst still a deficit in 2025/26, this is improved to -£352k. He noted the slight increase in income of £900k and asked for an explanation on this. Staff advised that this is entirely due to lagged funding catching up. Governors' attention was drawn to appendix 10 which shows how the college can recover the 'banding' gains that have previously been lost. Forecast also assumes growth in learner numbers at +100. There are no additional costs associated with banding increases planned. Governors referred to page 7 of 52 and the list of strategies planned to improve the position and they asked what is certain and what is not. Interim CFO confirmed that strategies 1 and 3 are included in the forecast and are assumed. Committee asked what, in 2025/26, will make the transformation envisaged. Interim CFO confirmed that there are several assumptions including: • No inflationary increases • No increase in the unit rate • No additional costs • This means that additional growth is not offset by increased costs • Progression rates are improving Committee asked whether there is confidence that the future assumptions are achievable. Staff confirmed a belief that they are and in fact are prudent. Expectation is further 16-18 growth in 2024/25, however this is not being included within the forecasts. Staff are confident that the increased funding band income is achievable. CEO confirmed that the budget proposed does include a potential staff pay award with every 1% increase representing £200k. What is affordable will be influenced by the unit band increases which are not yet known. There may be discussions to be had with unions regarding the affordability of either a percentage or variances to the number of posts within the organisation. One governor noted the reference to support costs and asked when this will get more of a focus. Staff advised that is influenced by the size of the different campuses and that each needs to reach a critical mass to ensure efficiency. College needs to continue to monitor this. College has set clear targets for departments to expand which will influence the contribution percentages going forward. Committee asked what the cashflow position is going from 2024/25 in to 2025/26. Interim CFO confirmed that it stays relatively stable and solid, but that the college is by no means 'flush'. £1 million each year goes to repay loans and therefore any disposals achieved will reduce this amount.	

	Committee asked whether the budget proposed supports or inhibits ambitions. CEO confirmed that there is always more that the college wants to do but must work within what is affordable. There are discussions to be had regarding paying down loans so that there is more available to spend on people and students rather than the estate. Current focus is on providing resources for: • Quality improvements including the student experience, and • MIS so that the college can achieve efficiencies and maximise income In year growth is vital and, if achieved, it will allow the college to put more into the budget around December/January. Staff believe that the balance is right now going in to the start of 2024/25. Year 1 of the longer-term strategy (i.e. 2024/25) is an enabling year. College will see more impact in 2025/26 and 2026/27. College is now setting itself up for success Challenge from one governor was to really 'pin down' the ambitions for growth i.e. what will the colleges financial strength look like from a numerical perspective. Challenge from governors was a need to clearly identify the topline aspirations. CEO expressed the view that 2024/25 will set the platform and thereafter the college will achieve an upward spiral. Deputy Principal confirmed that growth is not just 16-18 numbers and that there are other funding/income streams moving forward on a positive trajectory. All agreed that growth would allow the organisation to retain its ability to decide its own future. AGREED: to recommend that the board approve the 2024/25 Budget and 3 Year Commentary as presented. Committee discussed in more detail potential staff pay award, including what has been built into the budget. CEO advised that a decision needs to be made on when to share detail with staff. Committee asked if there is an announcement expectation. CEO advised that staff usually expect notification around now or in September, however often in colleges the communication is later so that there is more certainty regarding the enrolment position in next academic year. It was agreed that the CEO and the Chair of the Board would discuss and agree a way forward outside the meeting (CEO and Chair, July 2024).	
7	**2024/25 Student Numbers** Deputy Principal presented the report and key matters highlighted were: • In 2024/25 there is no forecast for in year growth income • Budget is to be set on this basis • However, all internal indicators are better than the same point in time in the prior year • Report shares the year-to-year comparisons with most indicators being up • College position is trending positively	

	- If the college were to achieve in year growth of 110% this could trigger potential for an in year additional income payment which would be really positive. Committee asked what might 'knock the college off track'. Staff advised that these could be: - Internal progression, however position currently looking positive with lots of early enrolments taking place - Any significant shift in the GCSE grade boundaries. Impact could be a higher number of students staying at schools for A Levels - Conversion of applicants to enrolments - Walk ins – they are an important group, but college has no advanced knowledge of what the numbers may look like although the trend is for growth. AGREED: to note the content of the update provided.	
8	**Financial Regulations – Annual Review** Interim CFO introduced the updated document and key matters highlighted were: - This is part of the annual review process - This document sets out the controls in place for the college - Key change requested by the Audit and Risk Committee is that any notifications to the ESFA regarding MPM must be approved by the Board/Audit Committee or at least the Audit Committee chair. - Document has been updated to include reference to MPM guidelines - Guide for governors is being considered by the Audit and Risk Committee next week and will be circulated once approved - Small changes have been made to reflect best practice and there are no significant changes to highlight - Financial Regulations underpin disciplinary matters One governor referred to the finance department organisational chart on page 80 and noted that there were still members of staff appearing 'in pictures' who had left i.e. Mark Sellis and Hiten Savla. Interim CFO confirmed that he would amend. Subject to this minor change it was agreed to recommend that the board approve the update as presented. AGREED: to recommend that board approve updated Financial Regulations as presented to the meeting.	
9	**Committee Annual Review** Director of Governance presented the report and confirmed that this was an opportunity to: - Complete committee self-assessment for 2023/24 - Review membership going into next academic year - Review terms of reference - Agree meeting dates for 2024/25	

	• Agree a draft workplan for 2024/25 Committee considered the information provided and CEO requested that the interim CFO look at the new Financial Handbook to see whether there is anything which would impact upon the work plan. Interim CFO expressed the view that it is not likely to be the case for the Finance Committee and more so for the Audit & Risk Committee. Committee were happy to support membership as: Adam Goldstien, Hannah Sheath, Neil Coker, Rocco Huesch, Tara Jayaratne and Phil Harding. Committee were wholly supportive of the board appointment of Tara Jayaratne as the committee Chair for next academic year. Committee reviewed meeting dates, and these were agreed as: • Thursday 17th October • Thursday 28th November • Joint meeting with Audit Committee on 5th December • 23rd January • First week in April • Beginning of June • Thursday 3rd July Director of Governance confirmed that she would ensure that meeting invites are circulated. In relation to the Terms of Reference one member of the committee suggested that there should be more explicit reference to Health and Safety, either at this committee or Audit and Risk Committee. View of the committee was that, as Health and Safety is in the main compliance based it would make sense for Audit and Risk to have oversight. Director of Governance confirmed that she would communicate the request on this to Audit and Risk at their meeting next week (Dir of Gov, July 2024). Director of Governance was asked to produce a summary of key responsibilities for both the Finance Committee and Audit & Risk Committee to ensure that there is no duplication and no gaps. Chair asked that Tara Jayaratne have an opportunity to meet with Audit Committee Chair, Diane Moore, as part of her induction so that there is clarity regarding remit and responsibilities for each of the committees. Proposed work plan was accepted, it being the case that it is only a framework with matters to be added as required during the year.	
10	**AOB** As a matter of additional business Deputy Principal presented a new partnership proposal with the National School of American Football (Flag Football). She confirmed that the college has worked with Tony Allen and his company (National School of American Football; NSAF) previously, as part of the NFL project. Key matters highlighted were:	

	• He has a very good reputation • Is starting delivery in London • The partnership proposal is starting late which may mean that target student numbers for September may not be achieved • Flag Football are not providing education delivery. It is solely coaching which is like what other partners do. • There will be no start-up costs to the college • The two planned cohorts, if achieved will bring in a contribution of 30% • There are no risks to the college as payments are only made if students are recruited and retained at 42 days • It is believed that there is demand for the delivery proposed. Committee all agreed that the partnership proposal would be a great way to raise the college profile. AGREED: to recommend that the board approve the partnership proposal with Flag Football as presented.	
11	**Date and time of next meeting** This was confirmed as Thursday 17th October 2024 at 6pm on Teams. Meeting closed at 7.10pm.	