MINUTES

Barnet and Southgate College Corporation
Finance Committee Meeting
held on Thursday 12th December 2024
at 18:00
via Microsoft Teams

Present:	Tara Jayaratne, Chair Dominic Abbott Hannah Sheath Neil Coker, CEO & Principal Phil Harding
In attendance:	Ian Rule, Interim CFO Tracey McIntosh, Deputy Principal: Skills, Curriculum & Business Development 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 Adam Goldstein and Rocco Huesch. **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	**Confidential items** It was agreed that confidential discussions would be recorded separately.	
3	**Minutes of the previous meetings** 1) Minutes of the meeting held on 17th October 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 17th October 2024.	

4	**Matters arising and action tracker** Committee were content to note the detail in the update provided. In relation to line 3, Phil Harding confirmed that his query was now closed with clarification provided. In relation to line 4, interim CFO advised that there are no restrictions on colleges accessing their reserves because of MPM. He confirmed that he has reviewed MPM guidance, the financial handbook, financial planning guides and has also reached out to the FD community on this. Colleges must abide by regularity requirements, but there is nothing in addition to this which would lead to restrictions. AGREED: to note the content of the update provided.	
5	**Monthly Management Accounts – Period 3** Detailed accounts circulated in advance were considered and matters highlighted by the interim CFO included: • This is the first set of accounts for the 2024/25 academic year. • Team have had to accrue many elements, however this should even out in the next set of accounts. • College is currently tracking well • There are several variances which need to be reviewed in more detail and one example given was the current significant underspend on staffing. He expressed a view that this is likely to be because of a lag in accounting for costs and therefore the amount underspent will reduce. That said, the anticipation is a continuing underspend on the budget line for staffing. • Non-pay underspend is likely to be a timing issue. In relation to the £1 million underspend in relation to staffing, committee asked whether this is an outlook/run rate or represents the first month position. Interim CFO indicated that the variance is at October 2024 and therefore represents 3 month actuals versus budget, however team are aware of likely accruals and therefore the true figure is less than £1 million. In relation to non-pay, governors indicated that it was difficult to get a feel for where the college is as there are no forecasts against actuals. Committee asked that these be provided in all future sets of management accounts to avoid a false sense of security. Interim CFO confirmed that the November 2024 management accounts will be issued in January 2025 and will include the first forecast for the 2024/25 yearend. He advised that a further challenge has been the inability to rollover the 2023/24 yearend, as the work in relation to this and audit has not yet concluded, however he provided assurance that he was not anticipating anything significant to arise unexpectedly. Interim CFO described the direction of travel as positive, including	

	• growth in student numbers in many areas. • Expectation is for the college to receive in year 16-18 growth funding. • College also feels positive in terms of adult growth. • College is seeing the run rate in relation to apprenticeship provision increasing. Challenge from the committee was to look at year on year trends and one example given was expenditure as a percentage of income, to better predict any likely challenges and avoid overoptimism. In relation to the £1 million staff underspend request from the committee was to better understand this i.e. if the budget has been built 'bottom up', compare the actual versus anticipated by way of narrative in the monthly management accounts e.g. if the budget forecast was for 500 staff and there is only 450 then this should be explained. One governor commented that the staff cost ratio at 62.7% seems low as it has been higher in previous years. Interim CFO confirmed that the 62.7% is not the correct way of calculating the ratio and that, if the methodology used by CFFR and FEC is applied, then the ratio would be just over 70%. This is the figure in the budget. Interim CFO confirmed that a consistent approach will be utilised going forward. Interim CFO advised that the college has made a change to its investment strategy in November with the move of funds from several smaller deposits with Barclays to a larger green investment option, which should lead to return on investment improvements. In relation to the income and expenditure summary, one governor noted that the staffing underspend for a large part relates to sessional workers i.e. over 50%, which would seem to support the suggestion that the underspend is only a timing issue with true costs not yet captured and accounted for. One member of the committee asked where the contingency sits in the accounts. Interim CFO advised that circa £250k sits within the staffing underspend and that the remainder sits across various lines. One governor noted the reference to 'misallocation of funding' on page 3 and asked for more detail in relation to this. Interim CFO advised that college is currently using an apprenticeship delivery code which is likely to be too favourable and this needs to be reviewed. He indicated that there is likely to be a compensating error which would mean no impact to the bottom line. AGREED: to note the content of the October 2024 Monthly Management Accounts.	
6	**2023/24 Year-end** Interim CFO referred to the report provided and acknowledged that the college is behind schedule. He explained that, because	

	the college has been late in providing information this has led to audit challenges as MHA have their resources committed to other audits. He explained that college challenges have arisen because of a change in personnel but gave assurance that the team have used this as an opportunity unpick the position which has however taken longer than is usually the case. He expressed the view that the 2023/24 result will be improved upon the earlier draft circulated to governors and therefore it is unlikely that the college will breach the EBITDA bank covenant. He advised that there will be some adjustments to make and whether these fall into July or August is something still to be determined. Challenge from the committee was for the interim CFO to report back on all adjustments made and to also provide continuing assurance that the team is up to date in relation to bank reconciliations. Interim CFO confirmed that all bank reconciliations are now up to date, and he described the team as more knowledgeable in terms of the requirement to do this. He indicated that a key task for him is recruiting a full finance team and ensuring that the required capacity is in place. He indicated that a new structure was proposed to the ELT this week and will include an additional management accountant and more capacity to support the payroll function. He advised that out of the eight posts identified as needed college will need to recruit to six of these. Given concerns regarding the finance function within the college committee requested several actions which were agreed. These include: • Finance risk register to be attached to each set of risk management accounts going forward (CFO, each Month) • A note to be included in the management accounts regarding compliance i.e reconciliations, control accounts, accounting fundamentals etc. (CFO, each month) • Written information to be provided in relation to the proposed finance team structure and a recruitment update to be given at each meeting (CFO, December and then each meeting). All agreed that, as the team is going through a period of change, it is important to introduce any steps possible to ensure knowledge transfer. Challenge from the committee was that the team need to clearly document the way in which everything is done. This was agreed. Interim CFO advised that there are likely to be some recruitment challenges as there are simply not enough financially qualified individuals working within the FE sector but provided assurance that market salaries are being carefully considered to try and attract. AGREED: to note the content of the update provided.	* * *
7	**Day 42 Student Numbers**	

	Deputy Principal referred to her detailed report with key matters highlighted including: • College is 105% against allocation for 16–18-year-olds • This represents an 8% increase in student numbers • This should lead to in year additional funding of £411k • It will also mean £1.5 million additional income in 2025/26 • College has seen a 21% increase in 16-18 student numbers over a 3-year period. • In relation to A Levels, retention and progression has improved • There is a 10% retention increase • 3% withdrew before day 42 which should be compared with +6% for other learners • In relation to conversions, whilst it is an improved picture there is more that the college can do • In relation to internal progression, this is 20% more than the prior year • Information is broken down by campus. All have seen an increase and all above the growth targets save for Barnet. In relation to the campus variations, governors asked whether it is the same year on year. Deputy Principal indicated that it is not and that the Barnet position has been influenced this year by A Level recruitment and recruitment to creative industries. She described there as often being 'up's and down's'. One governor noted the lower number of A Level students enrolled this academic year and therefore the likely continuing impact into 2025/26. Deputy Principal confirmed that there will be fewer students progressing in to year 2 next year, but gave assurance that the focus this year is recruiting the new year ones and provided assurance that the college is committing more resource/capacity to support this. AGREED: to note the content of the update provided.	
8	**ESFA Dashboard re College Financial Forecasting Return 2024-2026** Interim CFO advised that this information issued by the ESFA simply confirms what the organisation already knows, which should give assurance. Challenge from the committee was to carefully look at staff costs as a percentage of income as this really stands out when compared to others at +70%. All agreed that this was something to closely monitor and that the aim should be to see this percentage reduce. Challenge from the committee was to focus on strategies to reduce the percentage. Interim CFO expressed the view that the 65% 'benchmark' referred to is due for review across the sector and that there are BSC specific elements which are likely to increase the required percentage and an example given was the high number of high needs students which leads to low margins and where intense staffing is required. He provided assurance that the organisation is improving its reporting and recording in relation to contribution	

	levels and that this will allow improved benchmarking going forward. AGREED: to note the content of the update provided.	
9	**Updated policies** Updated policies in relation to Data Protection and Records Management were considered. Interim CFO advised that the interim MIS Director has led on the review but that he would be happy to take any questions, either in the meeting or by email. Director of Governance advised that college is currently part way through an internal audit on GDPR and that these policies will be considered as part of that and, to date, no questions, queries or recommended changes have come from auditors. On this basis committee were happy to recommend for board approval. AGREED: to recommend that the board approve the updated Data Protection and Records Management Policy as presented.	
10	**Any other business** There were two matters discussed. 1) Going concern report which is scheduled to be presented to the joint meeting with Audit Committee on Tuesday 4th February 2025 – request from governors was for the college to be clear in relation to cash allocated to capital projects. College to make a clear distinction between what is committed and conversely what is not committed i.e what can be used to support operations (CFO, February 2025). 2) CFO recruitment – CEO confirmed that the recruitment and selection panel is still working through recruitment options. FE Associates are introducing new potential candidates as they are identified, with interviews taking place as and when required rather than waiting for one full assessment day.	*
11	**Date of forthcoming meetings** Committee noted that the next Finance Committee meeting is Thursday 23rd January 2025 and that this is then followed by joint meeting with Audit Committee on 4th February 2025. Meeting closed at 19.05	