MINUTES

Barnet and Southgate College Corporation
Finance Committee Meeting
held on Wednesday 30th April 2025
at 18:00
via Microsoft Teams

Present:
Tara Jayaratne, Chair
Adam Goldstein
Hannah Sheath
Neil Coker, CEO & Principal
Phil Harding

In attendance:
Scott Cryer, Interim CFO
Tracey McIntosh, Deputy Principal Skills Curriculum & Business Development
Simon Evans-Evans, COO
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 Dominic Abbott. Absent without apologies was Rocco Huesch, committee co-optee. **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. Scott Cryer was welcomed to his first meeting as interim CFO and round table introductions were made. Committee were advised that he has now been working part time with the college for five weeks. BSC is the fifth FE college he has worked with over a twenty-year career, so he is fully familiar with sector context. Committee noted that this is the final meeting for Hannah Sheath given that she concludes her 4-year term of office in early June 2025. On behalf of the committee and board, governors extended their thanks and appreciation to her.	
2	**Minutes of the previous meetings** **1) Minutes of the meeting held on 23rd January 2025**	

	The minutes were reviewed, and it was agreed that they were an accurate record of discussions. AGREED: to approve the minutes of the meeting held on 23rd January 2025. **2) Matters arising and action tracker** Committee was content to note the progress update comments regarding previously agreed actions. CEO specifically referred to the update provided on new finance team structure and appointments. He confirmed that the new permanent CFO, Sarah Surrey, has now signed her contract and has a three month notice period although she would be willing to leave earlier if her current CEO agrees, although this looks unlikely at this stage. Committee asked what her probable start date is based on three months' notice. CEO confirmed that he would be able to provide this date at the board meeting next month. CEO also advised that ELT have agreed further resources to support and add to the payroll function. There will be one additional payroll officer plus data entry support. Committee chair asked whether these additional costs have been built into the reforecast in papers today. Interim CFO advised that they aren't yet given that the decision was only made recently. He advised that the year end reforecast has not been updated since Q2 and that these costs will be included next month when the Q3 review is completed. AGREED to note the content of the updates provided.	*
3	**2024/25 In Year Budget Monitoring** CFO referred to the March 2025 Management Accounts and key matters highlighted were: • The forecast for yearend has not been changed at month 8, however intention is to complete this at month 9 which is the Q3 review • Paper includes some detail in relation to the influencing elements for the Q3 reforecast • There is nothing in the March 2025 accounts which would indicate any substantial changes. Position is steady and in line with previous committee discussions • Report includes a section on key controls. Things continue to improve within the finance team. Whilst there has been a high level of staff turnover all staff are now bedding in and making gains to address previous control issues identified at audit • Risks and opportunities are outlined • Page 15 summarises potential changes for the year and includes: - Additional 16 to 19 growth funding which has now been confirmed. Final number will be slightly higher than the Q2 provision.	

	- Increase in the 16 to 19 funding rate now confirmed - College believes that it will do better for High Needs elements 2 and 3 funding - There are several non-pay areas where college believes it can outperform budget. One example given was bad debt provision where team thinks that substantial savings can be made. - In terms of the negatives, these include: (i) the fact that there is likely to be a shortfall between government grant and actual costs associated with the new employer National Insurance contribution requirements. AOC position is to expect circa 30% shortfall. Final position will be known in the next few weeks. (ii) Tuition fee income is falling short against previous levels (iii) Exam costs have exceeded budget. This is not because the college is actually spending more. It is more to do with prior year budget costs being inadequate and therefore what was provided for this year is incorrect (iv) Additional 1% pay award. Whilst agreed in April 2025 it has been backdated for the full year. It has now been paid and will be reflected in next month's reforecast. One governor commented upon the fact that for this year and next year 72% of costs relate to staffing and, if the National Insurance grant is not sufficient to meet the increased costs what are the options around this, acknowledging that it is quite difficult to reduce staffing levels without a knock-on impact. Interim CFO confirmed the staff costs are projected to be 72.4% in 2025/2026 however the information provided today is still very much a draft position. Detailed budgeting work is ongoing and there is more to do, however assurance was provided that the numbers presented today are based upon a lot of thought, comparison and analysis. In relation to the National Insurance shortfall interim CFO advised that there is nothing that the college can do about this, and the additional costs imposed by government will just have to be absorbed. College will have to find ways to mitigate. Current best guess is that the shortfall will be between £50-£100k. Final confirmed position will be known at the next meeting. One governor commented on the 2025/2026 budget assumption for non-pay savings which would help to mitigate inflationary increases but indicated that it would be helpful in the next iteration of the budget to know what implications there are in relation to this. Interim CFO described financial planning for 2025/2026 as favourable. One example is anticipated 6% EBITDA even allowing for a 3% pay award and some substantial new posts identified by ELT to support quality going forward. He confirmed that if the more detailed planning shows a negative trend against current	*

	figures, then it will just mean that there is less available to invest in the new posts. Committee chair observed that within reports there are several instances where actuals have not yet been adjusted which means that it is hard to truly see where the college currently is and associated implications. She indicated that it would help to better understand the probability levels of some of the key variables. Interim CFO confirmed that the 2024/2025 actuals will be updated in the next set of management accounts. He indicated that he has confidence regarding the income and pay figures but is less certain regarding current non pay elements. He is expecting some significant non-pay changes at Q3 but expects the net effect to be positive. One governor commented that the interim CFO joining the college gives an opportunity for 'a fresh perspective' and invited him to indicate if there are any areas of concern that this committee needs to be aware of. Interim CFO expressed the view that the college is in good shape and has a good financial position. FE sector generally is quite challenging, but BSC seems to be well placed. There are some internal processes which can be improved however college is making good progress on these at pace, whilst there is still more to do. One governor asked for an update in relation to the sale of Tudor Hall. CEO confirmed that contracts had been exchanged but a delayed completion agreed. College has not yet exchanged contracts in relation to the sale of land at Elm Rd. CEO advised that the Tudor Hall sale proceeds are not likely to be significant for the college given uncertainties in relation to the bank's position on what is and isn't payable to them. This relates to Tudor Hall, Elm Road and also potential break clause fees. Current position on actual proceeds likely to be available to the college is not clear. That said, college does have capital investment plans for the future and will utilise all funds as and when received. Property Strategy Steering Group will see full details in relation to this. A challenge from one governor was that, at a future meeting it would be helpful to better understand the impact that any sales will have on the loans i.e how much will the loans be reduced by. Interim CFO advised that he has had two conversations with the bank and in each they gave very different answers to questions raised. It is not now believed that they have security over the land to be sold at Elm Rd which could mean that the college does not have to pay anything over to them from these sale proceeds. Break cost figures recently received from the bank suggest that they want 1-2 years interest. This would not be as onerous as originally feared. College will get the final position confirmed and will then decide once this is known. One governor queried the profiling position in the income and expenditure report with 60% of income received or accrued to period 8 but the adverse variances for year-end seem to show a	*

	large swing in the last four months. He therefore asked for assurance that the year-end positive forecast provided is accurate. Interim CFO advised that adult funding is currently running a little behind budget but that there is high confidence that the full amount will be achieved. There is a significant increase in the forecast for the adult line which doesn't currently show in the year-to-date position. Committee noted that some of the 'exceptional items' have moved significantly with examples given being LGPS actuarial gains/losses and revaluation reserves. They therefore asked for assurance regarding the accuracy of the changes. Interim CFO advised that LGPS is a non-cash item and does not affect EBITDA or any other meaningful measure. One adjustment made last month was in relation to the LGPS capital repayment figure. It was explained that this was moved up into the pay line as it is real cash that the college will have to pay. Interim CFO advised that, whilst there has been movement, he is comfortable regarding accuracy and the reasons for change. One governor noted that 'contingency' is referred to in the accounts and asked what the amount originally budgeted was, what has been spent and what is left. Interim CFO advised that contingency was built into staff costs to provide for sickness and absence cover. Actual position at period 8 is under budget which means that the contingency was more than adequate. Expectation is that this position will continue, excluding the impact of the recent additional 1% pay increase. Governors all agreed that it would be useful to more clearly show the contingency figures in the next set of management accounts. Committee chair commented that it is pleasing to see the updated information provided on key controls given that this was a significant issue arising in the 2023/2024 external audit. AGREED: to note the content of the monthly Management Accounts provided.	*
4	**Adult Education Budget (AEB)** Deputy Principal referred to the detailed report provided with key matters highlighted including: • Report includes the GLA summary • There is £5.9 million funding yet to be delivered and which must be delivered between April and July 2025. Assurance was provided that this is continually being monitored • Some areas are falling below target but only by small amounts. Total impact is circa £100k, hence the request to subcontract a further £100k to an existing partner. • Team does have confidence that the £5.9 million will be achieved • Team understands where there are risks and are taking action to mitigate by subcontracting • Aim is to achieve 103% of allocation. This is built into the budget and assumptions.	

	- Other elements are on track to hit allocation and examples given were procured and non-procured activity - Subcontracted activity in relation to Free Courses For Jobs is slow. Activity and funding is not coming in as quickly as the college would have liked, however this is not included within the budget. Budgeted figure is £240k and the college is already above this which means that there is no risk. In relation to the increased subcontracting proposal, one governor asked whether it would put the college at risk of breaching any prescribed limits. Deputy principal confirmed that this is not the case. Limit is 25% of allocation and college is only subcontracting circa £2 million activity. AGREED: to note the content of the report provided.	
5	**Sub-Contracting Variations** Following on from previous discussions Deputy principal indicated that the proposed £100k increase is to address the current shortfall of activity. Committee all agreed that the reasons for increased subcontracting were clear and therefore they would be happy to recommend that the board approve an additional £100k with Promise Training. AGREED: to recommend that the board approve an increased subcontract with Promise Training for £100k	
6	**Departmental Contributions Report** Interim CFO described this as an automated report which is generated at month end. He confirmed that there were no significant changes from prior months and therefore committee would see similar patterns. AGREED to note the content of the information provided.	
7	**2025/26 Financial Planning** Interim CFO presented the report and confirmed that, whilst not a final budget yet it does contain a lot of known figures and therefore gives a strong steer in relation to where the college is heading He described the position as generally healthy with key matters highlighted including: - Table 3 provides a comparison of financial health calculations. There is a small chance that the college may achieve an 'outstanding' rating, current position is 'good' - Page four starts to explain some of the key reasons for strength next year and includes: - 16 to 19 income has seen an increase of £2.93 million. This is driven by: (i) good 16 to 19 growth in 2024-2025 and therefore college will benefit from increased lagged funding	

(ii) 3.78% increase in 16 to 19 funding rates
(iii) improvements in 16 to 19 bandings

- It is believed that the adult allocation will reduce next year, specifically the Multiplier provision will reduce or end next year. This income has been removed from the budget along with some associated costs to offset
- Higher forecast for High Needs elements 2 and 3
- Fees reduced in 2025/2026 - changes to funding rules this year means that more students have their fees paid rather than having to fund themselves through tuition.
- Page 5 details staffing cost assumptions:
  - assumed pay award at 3% however it is appreciated that this needs to be considered and approved by governors
  - potential additional posts at a cost of 1.1 million
  - pension contributions have decreased following reclassification into the public sector
- In relation to non-staff costs it is believed that there is room this year to make savings and therefore this reduced figure is the basis for next year's budget
- College is looking to have a flat line budget and will challenge budget holders to maintain to mitigate the small amount of CPI that is known to be coming. This should not be too much of a challenge for budget holders.

One governor noted the reference to 'funding bands' and whilst acknowledging that the college has improved its position in relation to this asked for a little more information. Interim CFO advised that this is linked to the number of hours that student's study. If this is 580 then the college receives maximum funding. If it is between 450 and 580 then the college gets less and the same applies for anyone below 450. College tries to achieve 580 because this improves the quality of provision, student experience and for financial reasons. CEO reminded that focusing on this was part of the financial improvement strategy and he expressed the view that there is still more to do. He indicated that there is a balance to be struck however between teaching time costs and contribution levels. More work to do in relation to delivering non teaching hours and an example given was independent study activities.

Governors acknowledged the hard work and success in relation to growing the 16 to 19 student numbers and alongside this is the bonus that the funding rate has also increased.

Governors all agreed that it was interesting to see how the funding line proportions have changed over recent years e.g the balance between 16- to 18-year-olds and adults. Composition of the college is changing, and this will have an impact on each of the campuses.

Challenge from the committee was that, in the next iteration of the budget they would like to see links made back to the strategies agreed e.g how is the investment made delivering the strategic priorities. This will be particularly important in relation to the £1.1 *

	million proposed for additional posts. What is this investment driving i.e is it growth and/or quality. Governors all agreed that what is currently proposed is a good starting position. They indicated that in the next iteration they would like to see articulation around what the college needs to be mindful about i.e risks and opportunities, potential fluctuations, upsides, downsides etc. They requested that the interim CFO expand section 3.2 so that it links to the academic position as well as the financials. Request was to tie it back to what the college said it would do and how these fit with the numbers. One governor indicated that, at the next meeting he would like to better understand the processes that arrived at the £1.1 million additional staffing post costs proposed for next year i.e the requests made and how decisions were reached on which posts to proceed with versus those that were not to be approved. Committee all agreed that they were happy to approve the proposed direction of travel and indicated that they were looking forward to seeing the next iteration. AGREED: to note and support the early budget planning approach as presented.	* * *
8	**Tuition Fee Policy 2025/26** Interim CFO confirmed that this is a policy which is annually reviewed. He described the proposal for 2025/2026 as being a 'light touch review' with no significant changes. Committee chair asked how this policy compares with other colleges who are similar to BSC. Interim CFO confirmed that they are largely very similar, with a lot of the content being driven by funding guidance i.e what the college can and can't charge for. This means that the policy is quite typical in terms of the approach for adults, HE etc. AGREED to recommend that the board approve the 2025/26 Tuition Fee Policy as presented.	
9	**Edmonton Green Options** Chief Operating Officer presented his report and confirmed that ELT have looked at both the quality and financial position of provision delivered in Edmonton Green. College is committed to delivering in the area however the current facilities are not great. Provision currently makes a loss of £53k per year. If the college were to stay in existing premises it is known that the rent will increase and therefore college would have to achieve 15% growth just to break even in a few years' time, however this provision will never make a significant contribution to the rest of the college on the existing model.	

Staff have looked at various other options and are currently in negotiation with the library regarding renting several rooms to teach from and some office space. Whilst final costings are not yet confirmed it is believed that by using the library and space at Green Lane the college would be able to achieve a surplus of £83k per annum and a 28% contribution. In addition, the library space would give the college some street frontage with the ability to advertise.

College is currently operating via a tenancy at will which is costing a premium.

Proposal is to:
A, withdraw from the current site and
B, move to delivery within community provision.

Chief Operating Officer highlighted the fact that there will be dilapidation costs which could be as high as £200k, however indicated that on the basis of the alternative proposed college would be able to get back into a positive position in year 2

Staff advised that the balance between 16- to 18-year-old students and adult students has changed significantly over time, and it is expected that this will continue to change, with next year seeing a reduction in adult funding. Most combined authorities have applied a 3% reduction however GLA position is only a 1.65% reduction, but this shows the direction of travel.

Deputy principal confirmed that ELT have looked at the funding available and strategically something must change. Proposal will allow the college to move out of this facility which is making a loss however maintaining delivery in Edmonton Green is important. CEO reminded that the college has been reviewing this provision for several years and therefore what is proposed is not a knee jerk response. Proposal will mean that the college retains provision in better accommodation. CEO confirmed that there are only three staff who work entirely out of Edmonton Green, and he provided assurance that no staff will be at risk of losing their jobs.

Committee all agreed and that doing nothing is not an option, and they described the proposal as well thought through and clearly presented. They acknowledged that there are lots of reasons to make the change including quality and finances. All agreed that it is important to retain a presence in the area particularly as adult funding may bounce back in the future with the college then having to find additional capacity.

COO confirmed that the team have been looking at discrete provision options but currently there is nothing available in Edmonton Green that is the right size and the right cost.

Based on the information provided and discussions committee all agreed that they would be happy to recommend that the board approve the proposal as presented.

	AGREED to recommend that the board approve changes to Edmonton Green delivery as proposed.	
10	**Any Other Business** Before closing the meeting Committee chair referred to the transition from interim to a permanent CFO and asked how engaged Sarah Surrey is in the budget setting process as this needs to be a budget that she can own. CEO provided assurance that he is in contact with her and she is connected with the process. He advised that the interim CFO will remain in post until the end of this academic year to ensure smooth handover and capacity even if Sarah Surrey can start earlier than this. Chair then referred to the 2023-2024 external audit actions and asked how the college is ensuring an improved position. It was confirmed that this is being tracked by the audit committee with updates planned for each meeting. To give this committee some assurance it was also agreed that they would receive an update on this at the next meeting.	*
11	**Date and time of next meeting** These were confirmed as 5th and 26th June 2025. Meeting closed at 7.10pm	