

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

FINANCE & RESOURCES COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 21 JUNE 2023

Membership (8):	*	Mike Howe	External Member	Chair
	*	Anthony Bravo	Principal	
	*	Kevin Croombs	External Member	Vice Chair
	*	Adam Lupton	External Member	
	*	Arun Mummalaneni	External Member	
	*	Dave Murray	External Member	
	*	Barry Smith	External Member	
		Colin Willoughby	External Member	
Quorum:		3 required	7 present at start	Meeting quorate
In Attendance:	*	Mark Bonnett	Finance Manager (FM)	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
		Lorraine Heath	Deputy Principal: Curriculum, Performance and Innovation (DPCPI)	
	*	David Moir	Deputy Principal: Finance & Resources (DPFR)	
Present at Meeting:	*			

PART 1 - NON-CONFIDENTIAL MINUTES

(5.00pm)		ACTION
992.	APOLOGIES FOR ABSENCE Colin Willoughby, Lorraine Heath (DPCPI).	
993.	DECLARATION OF INTERESTS There were no declarations of interest advised.	
994.	NOTIFICATION OF ANY OTHER URGENT BUSINESS There were no items of Any Other Urgent Business notified.	
995.	MINUTES OF THE PREVIOUS MEETING The Minutes of the meeting held on 10 May 2023 were confirmed as a correct record and were signed by the Chair.	
996.	MATTERS ARISING There were no Matters Arising discussed that were not due to be considered elsewhere at the meeting.	

<p>997. (5.02pm)</p>	<p>MANAGEMENT ACCOUNTS 2022/23: APRIL 2023</p> <p>The Management Accounts to April 2023 were received and noted. The DPFR updated the Ctte by advising that the draft May 2023 Management Accounts showed no significant changes since the last meeting, and that he anticipated that the year-end position would be slightly higher than the F2 forecast.</p>	
<p>998. (5.03pm)</p>	<p>BUDGET 2023/24</p> <p>A written report was received and considered. The DPFR took the Ctte through the report and advised that the proposed budget for 2023/24 would be 'tighter' than the College had traditionally set, primarily because the level of pay award required to be made had not been adequately funded. The low operating surplus would also reduce the financial health rating from 'Outstanding' to 'Good'. This was acceptable because:</p> <ul style="list-style-type: none"> • The assessment was expected to return to 'Outstanding' in 2024/25 when the growth in 16-18 numbers forecast for 2023/24 was funded, • The ESFA financial health assessment of the annual surplus ignored interest receivable, • The College was holding a sufficient level of cash reserves to manage through a financial downturn should it unexpectedly occur. <p>The DPFR advised further that projections for 2024/25 were a roll-forward of the 2023/24 budget, adjusted for anticipated changes in student numbers. The complex overlay of T-level funding on the lagged programme of study methodology made forecasting income extremely difficult.</p> <p>With regards to cash generation, the DPFR advised that the forecast for 2023/24 (for the College only but including BPS Ltd) would be £898k, compared to the 2022/23 forecast of £1,451k. Including WBTC the cash generation was forecast at £901k.</p> <p>In developing the proposed budget, it was noted that the highlights of the proposed budget for 2023/24 were:</p> <ul style="list-style-type: none"> • A small overall increase in income, coupled with a large increase in pay costs, resulted in cash generation falling considerably. • Income would have been £0.5m higher but for the decline in full-time student numbers in September 2022. • Income would have been £0.4m lower but for interest receivable which had benefited from the increase in interest rates over the previous 12 months (ESFA's financial health methodology excluded interest income when assessing cash generation as it was based on EBITDA). • The increase in pay costs was mainly due to pay inflation, with a smaller element due to higher student numbers. • The core financial performance was better than the overall budget proposed due to growth in 16-18 full-time students which were not funded until the following year under the lagged methodology. • The College's ESFA financial health assessment would reduce to 'Good' in 2023/24, but was expected to return to 'Outstanding' in 2024/25. <p>The DPFR outlined a large number of key drivers and assumptions (listed in the report) that underpinned the development of the proposed budget, that was based on a 'bottom-up' approach from the detailed curriculum plan for 2023/24.</p> <p>With regards to the balance sheet, the DPFR stressed that it was good, with the cash balance being reduced slightly from £10.755m in 2022/23 to £9.379m mainly as a result of capitalisation.</p> <p>The DPFR also outlined a range of matters that had not been included in the proposed budget (listed in the report).</p>	

998.
(cont)

Looking at proposed capital expenditure for 2023/24 the DPFR advised that there were three elements to the capital programme. He outlined the plans for each element, as listed in the report.

With regards to the level of cash reserves, and in accordance with the College's financial regulations, consideration has been given to the level the College should hold, and how cash was planned to be utilised. The DPFR advised that in order to maintain a healthy cash position it was a business-critical policy with the following objectives:

- To ensure restricted funds were ring-fenced and not utilised elsewhere
- To provide a contingency in the event of financial stress to ensure continuity of services to students
- For future investment in the campus and equipment
- To earn an investment return which contributed towards meeting the cost of delivering services

The DPFR stressed that contingency funds should be at least the greater of 90 cash days or the level needed to achieve a current ratio of 2. For 2023/24 this was £4,257,000. At this level the College had sufficient funds to meet its immediate liabilities and remain solvent in the event of a financial downturn, for a period sufficient to enable the financial position to be addressed. He also advised that capital projects planned over the next five-years would require £5.334m of funding at 31 July 2024 in order to be undertaken.

When reviewing the proposed budget for WBTC the DPFR advised that that it was based on achieving a profit of £5k in 2023/24. However, that had been based on the then joint arrangement with Newbury College regarding the secondment of the Managing Director (MD) to WBTC. Newbury College had now terminated that arrangement and WBTC would need to recruit a new MD that would have a negative impact on the proposed budget for WBTC.

The Cttee considered the detailed report on budget proposals.

It was RESOLVED to RECOMMEND to the Corporation that the Group budget, based on the following for 2023/24 be agreed:

	BCoT	WBTC	Inter-company trading adjs.	Group total
Income	16,803k	1,487k	(137k)	18,153k
Pay	(11,345k)	(926k)		(12,271k)
Non-pay	(4,560k)	(558k)		(4,981k)
CASH GENERATION	898k	3k		901k
Depreciation and capital grant release (non-cash)		2k		
Pension adjs, (non-cash)	(267k)			(267k)
Reported surplus/(deficit)		5k		

(Proposed by Kevin Croombs, Seconded by Barry Smith)

999.
(5.50pm)

PARTNERSHIP PROVISION

A written report was received.

1. Partnership Provision 2022/23

The DPFR advised that the College was currently working with two partners (Learning Curve and WBTC). He advised further that the DPCPI was not confident that either partner would achieve their full contract values for the year. However, she (the DPCPI) felt that Learning Curve was more likely to achieve closer to their target.

<p>999. (cont)</p>	<p>2. Partnership Provision 2023/24</p> <p>The DPFR advised that the current proposal was to continue with the two existing partners. The level of sub-contracting was limited to a maximum of 25% of learners within the Adult Education Budget (AEB) funding stream and it was intended to remain below 25% in 2023/24; the level of enrolments, submitted by partner providers, would be managed closely to ensure that the limit was not exceeded.</p> <p>With regards to provision, WBTC would continue to deliver functional skills English qualifications only. Learning Curve would continue to deliver a variety of distance learning courses in areas specified by the College to avoid duplication. In order to maintain sub-contracting levels below 25%, it was estimated that around 425 learners would need to be enrolled, which would generate no more than £420,000 worth of funding. It was proposed to issue contracts to WBTC for a maximum of £50,000 and to Learning Curve of £400,000.</p> <p>It was RESOLVED that approval be given to WBTC and Learning Curve for contracts with a maximum value of £50,000 and £400,000 respectively.</p>	
<p>1000. (5.52pm)</p>	<p>ANY OTHER URGENT BUSINESS</p> <p>1. Staff Loans</p> <p>A written report was received and considered. The Principal advised that the College currently operated an interest free staff loan policy to assist staff with the purchase costs towards train season tickets, car deposits, electric bicycle purchases. The maximum value of the loan was £1,000, repayable in 12 equal instalments by salary deduction through the monthly payroll.</p> <p>However, the Principal advised further that in the current economic climate staff were finding times were incredibly challenging. He proposed that the scheme be extended to allow for the granting of emergency loans to staff in exceptional circumstances.</p> <p>In addition, and to ensure that this was not seen as an entitlement to an 'easy' interest free loan, the proposal required that a formal written application would need to be submitted directly to the Principal, and would only be available in exceptional circumstances. The granting of any loan would be at the discretion of the Principal who would consider the situation and decide whether to make an advance and the repayment period (maximum 12 months)</p> <p>In response to a question from a Member he advised that whilst there was a small risk that the loan might not be repaid in the event that a staff member left the College before the loan had been fully repaid. He stressed that the full balance would be recovered from their final salary payment. In response to a further question from a Member the Principal estimated that there would probably only be 2-3 such loans granted in any year.</p> <p>It was RESOLVED that the Staff Loans Policy be extended to include the opportunity for hardship loans for staff upon application, any agreed loans to be for a maximum of £1,000, repayable over a maximum 12 months from the date of the loan.</p>	
<p>1001. (5.55pm)</p>	<p>DATES OF FUTURE MEETINGS <i>(Meetings commence at 5.00pm unless stated)</i></p> <p>Thursday 30 November 2023 Wednesday 6 March 2024 Wednesday 15 May 2024 Wednesday 19 June 2024</p>	
<p>(5.58pm)</p>	<p>Meeting closed</p>	