

BOSTON COLLEGE

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 23 APRIL 2014

1. PRESENT

Mr S McCracken (Chair), Mr P Cropley, Mrs A Mosek, Mr P Scarlett and Mr B Walder.

Also in attendance: Mrs J Hemmant (Clerk to the Corporation), Mr P Collins (Director of Business Development), Ms J Lau (Finance Manager) and Mrs J Webb (Minute Taker).

Meeting attendance: 71%

Apologies for absence were received from Mr M Gallagher.

Committee members commented on the telephone calls they had received regarding confirmation of their attendance at today's meeting and it was generally felt that this was good practice and should be continued to ensure that committees are quorate. This was as a result of a request made by the Board.

2. MINUTES AND MATTERS ARISING

The Minutes of the meeting of the Committee held on 27 January 2014 were reviewed and agreed.

Under Matters Arising Peter Cropley enquired whether there had been any further developments with regard to the land at the Boston Grammar School which is adjacent to the College site. Janet Hemmant and Amanda Mosek informed the Committee that despite actively chasing on their part that a hiatus had been reached which was probably due to the Head of the school leaving his post. Peter Cropley thought it would be worth continuing to pursue this. ●

Janet Hemmant advised the Committee that in future an Action Log will be produced for the Committee. ●

Steve McCracken had met with both Janet Hemmant and Janie Lau in advance of the meeting and said he had requested that a number of documents be produced for dissemination at the meeting to provide updates namely:

1. Skills Support for the Workforce Budget
2. Single Adult Budget
3. Skills Support for the Workforce Project Action Plan update
4. An update on the Action Plan to secure full delivery of the Single Adult Budget and Apprenticeships

In addition he had asked that an update be provided on possible savings which were being reviewed and the latest position on the possibility of recruiting in Eastern Europe as was flagged up during the Governors' staff development event. The Corporation as a whole had asked the Committee to provide information on the financial management position and Steve McCracken had asked for a stimulus paper to start the proceedings.

The Committee agreed that the above documents would be a useful addition to its discussions.

3. FINANCE

i) Accounts

Members received a report from the Vice Principal Corporate Services.

It was noted that there had been a deterioration in the forecast year end position due to a number of challenges e.g. the 16-18 apprenticeship budget, the performance of the Skills Support for the Workforce Project and additional work necessary to deliver the Single Adult Budget. The lowest point in the cash reserves had arisen as anticipated and had now improved following increased receipts. It was agreed that the position could have been a lot worse and it was pleasing that the overdraft had not been needed.

With regard to the accounts Janie Lau confirmed that the current cash figure was £1M due to salaries and franchise payments which have not yet been processed. The figure will still be within profile going forwards. The Committee looked in details at some specific elements:

a) Skills Support for the Workforce Project Budget Profile

With regard to the ESF Project which is a £2.5M venture over two years, Steve McCracken asked for explanations as to what the differences were between the original budget and the current figures. A paper explaining the changes was circulated and reviewed. Paul Collins gave an overview of its content explaining that difficulties had been experienced regarding the under performance across the whole of the project. It is a complex project with many funding streams within it and which are still being defined. There will be a need for further re-profiling as soon as there is evidence of any additional changes. Paul Collins said that given the ambiguity surrounding the project an argument could be made that the College should never have taken it on, although he was of the opinion that the benefits will outweigh the challenges to the College in the long run. Lessons need to be learnt and three points were noted from his paper:

- The budget should have been re-profiled earlier.
- Whilst changes were made within the College with regard to the management of the project and college systems, these should have been flagged up to governors.
- The budget will require prompt and ongoing re-profiling when the amount the SFA is clawing back from the Project budget is agreed dependent upon performance.

Steve McCracken felt it was a risky business and enquired whether it was something the College should be involved in. Amanda Mosek reassured the Committee that it was and this was supported by Paul Collins who reiterated the importance of it for the future. It is a joint Greater Lincolnshire Colleges initiative which Boston College is leading on and which also includes five private contractors. The Project runs for a period of two years and this is the first year of its existence. Monies from the Project can be clawed back by the SFA if targets are not met.

Peter Cropley enquired whether allowances had been made for this within the budget to which Paul Collins replied that it should have been but was an

estimate as actual figures were not known at the time the budget was forecast. Peter Cropley asked Paul Collins to clarify whether the contract content had changed after it had been signed, which is not good practice. Paul Collins confirmed that the SFA were able to alter the contract and, with hindsight, changes should have been re-profiled in the budget.

The bulk of the Project is around short qualifications that don't have to lead to full qualifications but rather are aimed at the LEP sectors. Capacity building within the Project is complex and involves for example, working with the National Tourist Academy and the Care Sector Skills Council on an invoice system although there are some areas which the College does delivery itself. It was confirmed that the College is not regarded as a consultancy more of a facilitator for this provision. Paul Collins added that some of the business staff are benefitting from the support that is on offer and that the College gets the opportunity to deliver some of the provision itself which results in direct income.

Paul Collins predicted a surplus being made in the long term on the Project, advised that the SFA are being very supportive and also confirmed that the Project Coordinator salary is reclaimable. It is noted however that the Easter break will have had an adverse impact on the recruitment figures.

When Peter Cropley voiced his concerns regarding obtaining the contract and then no further work being done on it when the additional work was taken on. Paul Collins confirmed that a lot of time was spent on the original document but probably more could have been done on the additional element including time spent on working through the implications fully.

Phil Scarlett expressed surprise that the College could take on a £2.5M opportunity without constantly reforecasting. He suggested that, although Janie Lau confirmed that the latest forecast had been adjusted, it would be sensible to re-forecast monthly rather than quarterly.

Amanda Mosek advised that the LEP were really pleased with how Boston College has led on the Project and that both the LEP and other providers did not realise the difficulties there would be with recruiting to it.

At this point Bob Walder suggested that the Committee make a decision on how to address the noted issues appropriately over the remaining 18 months of the contract and to facilitate the whole process better whilst ensuring that the College protects itself against the potential risks.

Amanda Mosek explained that the College had tried to recruit an experienced manager to lead on the Project but this had been unsuccessful as there were no suitable applicants. This led to using the existing External Funding Manager (Rebecca Clark) and Partnership Manager (Louise Griffen) who have experience in managing projects such as this. They both provide regular reports and manage effectively. Again Amanda Mosek reiterated the point that basically an error had been made in not re-profiling correctly in a timely manner. Steps will be taken to make sure the budget does not dip further and it may be necessary to look at the team and reduce hours being spent on the Project.

Bob Walder commented that in his view project management is a highly skilled area and if the College is involved in more of the same in the future

then better management needs to take place. Peter Cropley concurred that if this is so then a possible change to the management arrangements must be reviewed.

Steve McCracken referred to how his company had dealt with a similar situation and how they had sent their staff on a series of in-depth training qualifications so that they were equipped correctly in how to project manage successfully. He felt that this area of expertise is not core college business and that if it is unable to find the right person to lead on it then College staff must be fully equipped and knowledgeable to do so. Paul Collins informed the Committee that Rebecca Clark was in fact doing some training and when she has completed this he will discuss this issue with her and how best to develop our staff accordingly; he himself would also be interested in learning and taking a suitable qualification to help equip himself with the necessary skills to project manage successfully. He closed by saying that unfortunately these extra duties came in addition to their current roles to which Bob Walder agreed that this was the crux of the problem in his opinion.

There were no further discussions and this matter was concluded.

b) Operation of the Single Adult Budget

Janet Hemmant circulated a paper which the Committee reviewed. She then gave an overview of the paper explaining that delivery of the SAB is split between the College and partners. The allocation to partners is a balancing figure with college delivery having priority. The in-year monitoring of the balance of work is always complex but this year the situation has been exacerbated by three elements; the late issue of the funding software, changes to the funding methodology and complexities of working out achievement funding where the software gives almost no assistance and the actual achievements will in many cases not come through until after the year end.

Steve McCracken enquired whether anyone had modelled if the College did not do any work with employers at all. Amanda Mosek responded saying it would be a lot easier if it was just a 16-19 college but it does adult work to improve the local economy and as part of its Mission.

The College has the funding software which was issued by BIS but it is just not capable of working out the figures correctly, which has been very frustrating for everyone concerned.

c) Skills Support for the Workforce Project Action Plan

An updated Action Plan was circulated. Amanda Mosek hoped that it showed how the College is trying to meet the shortfalls of the project and who was working on which element of it. The Bid for the Project was written jointly by other colleges by their respective Funding Managers and all involved were issued with a formal contract. Regular reporting controls are in place throughout with monthly reports provided to the LEP.

After discussion it was agreed by the Committee that as the Project still has another 18 months to run it may be useful to form a working party to oversee it. ●

It was further agreed that Amanda Mosek would provide a monthly mail shot of the action plan in electronic format to members of the Finance and General Purposes Committee.

d) Action Plan to secure full delivery of Single Adult Budget and Apprenticeships

An updated Action Plan was circulated for information. Amanda Mosek advised that the government is undertaking a consultation on apprenticeship funding which will mean that funding is given directly to employers. The College was looking at alternative ways of working with employers e.g. with Gelders and a number of their apprentices attended College over the Easter break. The whole initiative was very successful at this stage.

After discussion the Committee decided that this too would be useful as an electronic monthly update which should go to the whole Board not just the Committee.

Janet Hemmant gave an overview of the accounts which were representative of the forecast as at the end of Quarter 2.

Whilst referring to the set of accounts Bob Walder queried an item on page 11 which indicated about £1M downturn on income but by July it is anticipated would be £200K in the black, an anticipated £800K improvement and queried whether this was realistic. Janet Hemmant confirmed that this was so and explained the reasoning behind it.

Janet Hemmant circulated a further paper at the table on potential budget changes which were currently under review. She explained that she had worked through the figures and will now be going back to budget holders to discuss further. After verifications have been completed Steve McCracken asked that she reissue this paper to members of the Finance and General Purposes Committee.

There were no further questions and Steve McCracken reminded the Committee that members need to give their views on the accounts to the rest of the Corporation members.

Steve McCracken confirmed that Fiona Wrisberg and Janie Lau would be making a presentation to the Board at the Corporation meeting on 14 May 2014 on funding income. The theme of the presentation will be to show the income side of college affairs to include income streams and descriptors used and how the figures are accounted for. It was thought that the information would be useful to all especially those who are not so familiar with financial matters. Steve McCracken asked that he have sight of the presentation and then a decision will need to be made as to whether it is presented in one or two parts depending upon the length and content therein. A dry-run of the presentation would be useful for timing purposes. Phil Scarlett enquired of members whether they thought it would be useful for other college managers to have sight of the presentation and Amanda Mosek thought that it would be useful and could be presented at a College Management Team meeting in the future.

With regard to the accounts information sent out to Governors Steve McCracken thought that what currently goes out in the packs is typical of that presented by other colleges and is deemed to be good practice. The current format, with some modifications over time, is thought to be the most accurate and best presented

that has been experienced by the College over the past 20+ years.

The Committee discussed the usefulness of having a summary sheet at the beginning of the set of accounts which could provide clarity for some budgetary figures and would give a more insightful picture. It was agreed that this would be provided in future. Discussion also took place with regard to the merits or not of RAG rating within the accounts and it was agreed that this would not be particularly useful as the system could mean different things to different people dependent upon their skills set. By having a summary sheet it would give an at a glance view and for those members of the Board who wish to could then drill down behind the information if they so required.

Steve McCracken also requested that in future minutes from the Finance and General Purposes Committee meetings also have a front action sheet appended to them. This sheet would be divided into two sections i.e. 'What was agreed' as an action and an 'It was noted' section.

The Committee agreed that this would be useful and this executive summary will go at the front with the Minutes behind to which it refers.

The Committee noted information on the Agency funding allocations for 2014-15 where delivery of the provision within budget was expected to be challenging

ii) Financial Monitoring

The Committee received a report from the Vice Principal Corporate Services on financial monitoring arrangements. Information was also supplied about data which is in use for management purposes and data which could potentially be provided.

The Committee specifically considered the questions posed at the last Corporation meeting and resulting discussion including the possibility of introducing site based monitoring.

The motivation for potentially introducing site based costing was considered. With regard to RLQ it is noted that there is no reference as to how the College acquired the premises originally or as to the reason why it was in fact purchased.

Bob Walder commented that the Corporation must have made an informed decision to sell De Montfort Campus and asked to be reminded. Janet Hemmant replied that the reason was because it was no longer fit for purpose. The Board looked at the wider picture to ascertain whether it would be more economical to close the site down and consolidate on the Rochford site. This is not possible with Red Lion Quarter as it provides a broad curriculum offer and is based in a different town with different needs. An in depth discussion took place regarding the Red Lion Quarter facility and what the local needs and aims of its existence are.

Steve McCracken suggested that the Board looked at Creswell Close sooner rather than later as the site is neither attractive nor sustainable in its current format. He asked that Janet Hemmant provide a paper on this matter for discussion at the next Finance and General Purposes Committee.

The Committee agreed that the monitoring information in its existing format with some enhancements to aid understanding was appropriate and that the

production of detailed site based data as a matter of routine would not be cost effective.

Phil Scarlett enquired whether the College reviews its approved contractors list on an annual basis, which he deemed to be good practice, and also whether early payment settlement terms are offered. He suggested that thought be given to this practice. It was noted that many of the College's purchases were on framework contracts which did not allow for negotiation of specific terms.

4. **AUDIT REPORTS**

At the request of the Audit Committee members had been provided with copies of two audit reports:

- a) Fundamental Financial Controls
- b) Corporation Governance – Management Information reporting and KPIs

Members noted the contents of the reports including points made about financial monitoring which had been considered as part of the earlier agenda item.

5. **SKEGNESS ACADEMY**

Paul Collins gave an overview of a paper putting forward options with regard to the future of this site.

Six options were reviewed and the Committee agreed that the most favourable option was to make a settlement with Grimsby Institute and resolve the future of the building with the landlord.

The Committee decided to move this forward and Paul Collins was asked to make contact with some estate agents to obtain their opinions on how to deal with the property after a settlement with Grimsby.

6. **RED LION QUARTER**

The Committee reviewed a paper from the Director of Business Development. There were no questions and it was noted that there were no significant events since the paper was written.

7. **PROPERTY**

Bob Walder declared an interest in this matter due to the potential build on the De Montfort site which was duly noted.

Janet Hemmant informed the Committee that the Condition Fund Grant has now been received and needs to be spent. This grant has to be double matched by other estates expenditure.

Discussion surrounded whether the proposed purchaser of the De Montfort site should be approached to try and extract a higher sale figure due to the housing market picking up. It was decided to go ahead now at the existing offer price, since there was currently no viable alternative, under the agreed terms.

Rochford Campus has been valued and the transfer of security can now proceed. The valuation of the Rochford site including Ingelow is £6.1 Million but the £550K value of the Ingelow Centre will not be included in the security offered to the bank.

8. SCHOOL MEALS

Janet Hemmant raised the subject of school meals and gave background to the current provision at the FEAST Centre. Although FEAST currently loses around £10K per year this must be absorbed because the College is tied into it for the time being. There is a new government initiative whereby infant school children will be entitled to free schools meals which is putting pressure on providers to meet the demand. It has been suggested that the FEAST provision could be expanded and the SAGE kitchen could be used to provide a similar service to schools in the Spalding area, thus utilising the resource which is currently standing idle. The equipment has been reviewed as to its worthiness and outline costings worked up and it is anticipated that 400 meals per day could be provided from the kitchen. By using the kitchen at SAGE it could not only provide meals to schools, it would enable post 16 student to be catered for as there is also a new entitlement there and produce food for the Café. Janet Hemmant said she had done some outline costings and provided verbal figures for the Committee to consider.

Steve McCracken said he had major concerns about the risks inherent to providing meals for small children and the College's ability to manage this.

There would be serious reputational and potential litigation risks if there were control failures in this enterprise. A recent local failure which had resulted in a prosecution and received national publicity illustrated the level of risk which could arise.

The Committee discussed the practicalities and potential issues if expansion into the Spalding area is moved forward which included reputation risk and an increase in public liability costs.

It was agreed that the College is already bearing the risk due to the existing provision via FEAST. If the way forward is to move into Spalding to provide a similar service then Steve McCracken was clear that it would need to have costings included to cover a regular HEO inspection, at least quarterly.

The idea was supported in principle and it was agreed that the figures should be worked up to include all costings, a person such as HEO or other qualified person should be involved in regular checks, the County should be contacted to say that in principle the College will provide meals and confirmation of this should be done in time for the start of the new academic year.

9. RECRUITMENT POSITION

Keith Tharby (Director of Workforce Development) had been asked to provide a paper on the recruitment position which was circulated. Steve McCracken asked the Committee to read this paper outside the meeting and comment if they wished.