

**BOSTON COLLEGE****MINUTES OF THE MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 19 NOVEMBER 2018**

---

**1. PRESENT**

Gerry Tawton (Chair), Peter Cropley, David Earnshaw, Jo Maher, Ben Webb and Nick Worth.

Also in attendance: Ann Savage (Governor), Janet Hemmant (Clerk to the Corporation), Rachael Baker (Director of Planning and Performance), Paul Collins (Director of Business Development) and Debbie Holland (Director of Finance).

Attendance 100%

**2. ACTION LOG**

The committee reviewed the action log and noted progress made against the items covered.

**3. MINUTES**

The Minutes of the Meeting held on 3 October 2018 were reviewed and approved.

A discussion took place about the Institute of Technology proposals which were referred to in the minutes. A further information pack had been sent to members of the committee in advance of the meeting and Jo Maher identified the key issues within this pack. She advised the committee that revised draft Heads of Terms had been received, checked and returned. A discussion took place about the voting arrangements within the Institute of Technology in particular the arrangements in respect of general meetings where the suggestion was that the voting should be on the same basis as for Board meetings.

It was noted that within the Institute of Technology the College would have its own buildings, students and ILR. A question had been raised by Grimsby Institute about potential clawback of the capital grant in the event of KPI's not being met and the response received from the Department for Education was shared with members. This assured members that clawback would be a last resort and that the preference would be to ensure buildings remained in appropriate educational use such as for technical education purposes rather than recovery of the grant. Members acknowledged that this assurance was the best that was likely to be received from the department. The College had put in relatively modest learner numbers in its own bid and was risk rated green in the proposal.

The committee approved the college's participation in submission of the Institute of Technology bid. It was noted that before signing a final agreement for the JVA, legal advice would be taken.

**4. FINANCE**

Members received a report from the Director of Finance on College accounts and feedback on the financial plan.

Debbie Holland advised that the Audit feedback on the audit of the annual accounts for 2017-18 was positive and the figures and draft accounts were reviewed by the

committee. Peter Cropley asked about the movements in EBITDA and whether there was a concern about EBITDA reducing. Debbie advised members that in the 2018 financial plan EBITDA was expected to be less than 6% in 2018-19 but the College would remain in good financial health. Jo Maher advised that the ESFA was aware that property investment was likely to reduce financial health to good and that the operating surplus within the sector had a benchmark at 1% to 3%. The committee approved the accounts as presented for forwarding to the Corporation for final approval.

A discussion took place about a potential pay award. Debbie explained the thinking behind proposed levels of pay award and Jo advised members of the pay award plans of the local colleges. It was noted that if there was to be a pay award this would be funded by in-year savings and that in 2017-18 the performance profile improved over the year and this year is likely to be similar. The minimum wage effect is already shown within the budget and it is possible to model next year's budget. Jo pointed out that the demographics are beginning to recover and once growth comes in the 16-18 contract will grow over the years. The College is taking steps to increase next year's 16-18 contract value which will be important to fund future effects of a pay award. Rachael Baker explained the processes being undertaken to maximise funding levels. Members agreed the level of pay award which could be implemented this year and when this would be published. The committee noted that there was a possibility to re-visit the financial position and the effect on pay affordability later in the year.

The committee reviewed the management accounts for the first 2 months of 2018-19 which were presented and the feedback received from the Education and Skills Funding Agency on the financial plan which had been submitted.

## **5. PROPERTY**

Members received a report from the Director of Business Development on a number of property issues.

Paul drew members attention to the cost of the Skegness lease and on approaches which could be taken to mitigate these costs. Ann Savage suggested that it might be appropriate to get an agent involved and the background to dealing with the Skegness landlord was discussed. It was agreed that Paul should explore possibilities to mitigate the cost to the College of the remaining lease with Ann Savage's support.

Janet Hemmant advised the committee that the EMAT contract had been awarded and that the contract would have an end date of 25 October 2019 which was disappointing. A discussion took place about the work to be undertaken over the next few weeks and the committee asked to be advised when the start date on site would be and what would be happening before the end of 2018. It was noted that the original design for the brise soleil and roof was being kept and it is hoped that more equipment sponsorship will be obtained to create a contingency in the budget which was currently fully committed.

## **6. ADULT EDUCATION BUDGET**

Members received a report from the Director of Planning and Performance on the Adult Education Budget.

Rachael Baker explained the changes to the Adult Budget as a result of devolution and how the College estimated that this would impact on its funding. Peter Cropley asked why the payment route changes impacted on the amount being earned and Rachael advised that authorities in general are looking to work with their local providers. Jo Maher told members that the College had challenged the methodology and opened a dialogue with the agency but there was currently no move in the way this was being managed.

David Earnshaw asked if the estimated loss in funding would definitely happen and Jo confirmed that it would. She advised the committee that the College was trying to work with the procurement process for Cambridge and Peterborough to reduce the loss.

Gerry Tawton asked when the reduction in funding was likely to impact and it was confirmed that this would be in 2019-20. Jo confirmed that the reduction was mitigated by partnership arrangements and that another local college was working through company arrangements to reduce its direct costs of delivery. The College is ensuring that it is aware of how the market will be affected by these changes.

## **7. PENSION ISSUES**

Debbie Holland provided information supplied by the Association of Colleges on pension increases and valuations. It was noted that the Department for Education had made a commitment to fund the increased pensions costs on the Teachers Pension Scheme until March 2020 and that steps were being taken to try to secure a deal on this up to 2023. Gerry Tawton asked about the level of employee contributions and Debbie advised the committee that there was a consultation on pensions arrangements due out in December 2018. Peter Cropley asked about alternatives to the national schemes and Jo advised that the College was looking at options to the LGPS scheme.

## **8. GREATER LINCOLNSHIRE LEP**

Jo Maher advised the committee that the LEP had a funding call out for bids which had a 4-week turnaround and that she was looking at a proposal which would provide for the capital development to support multi-skills infrastructure training which would focus on digital transport and logistics training. She outlined the cost of the bid and the match funding which would be required from the College. Members agreed that it was important to put in an application so that even if not funded this time it would be within the system. Jo confirmed that she would circulate the draft proposal and further information as it became available and members agreed with this proposal. It was noted that the College's Estates Strategy needs to be updated and that would be brought to the Corporation in the near future.

## **9. NEXT MEETING**

It was noted that the next meeting of the committee would take place on 4 February 2019.