

Minutes of the meeting of the Policy & Resources Committee held on Monday 20 November 2017, 6.00pm in the Boardroom

Present Evelyn Carpenter (Chair)
Stuart Fraser (Vice Chair)
Yvonne Kelly (Principal)

In attendance: Wijay Pitumpe (Chief Finance & Enterprise Officer)
Janet Curtis-Broni (Executive Director People, Organisation & Development)
Maxine Deslandes (Head of Finance and Estates)
Victoria Eastwood (Clerk to the Corporation)

It was agreed that Agenda Item 5 be taken at this point to allow the Chair to open the meeting and proceed with the Agenda. The Clerk advised that discussions had taken place with Evelyn Carpenter outside of the meeting and Evelyn had agreed to become the Chair of the Committee for this academic year. The Clerk explained that the Committee was not at full capacity for membership but work was taking place to ensure that Governors with the correct mix of skills and abilities were appointed to the Corporation and Committees. The Committee were also advised that Stuart Fraser had agreed to act as Vice Chair of the Committee until the end of the academic year.

Approved: The appointment of Evelyn Carpenter as Chair of the Committee and Stuart Fraser as Vice Chair of the Committee was unanimously approved by Members.

1. Welcome and apologies for absence

The Chair opened the meeting and welcomed all in attendance. Apologies for absence were received from Caryn Swart (Executive Director Business Operations).

2. Declarations of Interest

Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.

3. Minutes of the previous meeting – 14th March 2017.

The Minutes of the previous meeting, held on 14th March 2017, were agreed as a true and accurate record.

4. Matters Arising

An update on outstanding actions from the March 2017 Committee meeting was provided:

Agenda Item	Action	Responsibility	By (deadline)	Update
8	<p>The following changes to be made to the Tuition Fee Policy:</p> <ul style="list-style-type: none"> • EFA guidance needed to be checked by the Executive Director – Business Operations to ensure the wording relating to materials of significance was fitting. • Educational visits – reiterate from paragraph eleven that students may access support for trips. • Lines of communication – accuracy must 	Head of Finance & Estates	ASAP	Completed.

	be ensured within the policy and the information repeated in course files and on the College website must all be the same. Content of course files should be monitored.			
8	Tuition Fee Policy to be presented to the Board of Corporation at the next meeting for ratification.	Clerk	April 2017	Presented at May 2017 Corporation Meeting.
8	Tuition Fee Policy to be re-presented at the June P&R Meeting incorporating any changes to the Apprenticeship Levy.	Head of Finance & Estates	June 2017	Changes to the Policy concerning The Levy were incorporated into the version approved by the Corporation at the May 2017 meeting.

There were no additional matters arising that were not covered by the agenda.

5. Appointment of Chair and Vice Chair of the Committee

This Agenda Item was taken at the beginning of the meeting.

6. Policy & Resources Committee Terms of Reference

The Clerk reported that there had been no additional amendments to the Terms of Reference and these were approved for future use.

Approved: That the Committee approved the Terms of Reference for future use.

7. Policy & Resources Schedule of Business 2017/18

The CFEO advised that Capital Development would be included within the Estates update for the March and June Meeting. The Clerk advised that this would be clarified on the schedule of business. The Committee approved the Schedule of Business for the remainder of the academic year.

Approved: That the Committee approved the schedule of business for 2017/18.

8. Draft Annual Report and Accounts for Year Ending 31 July 2017

The Director of Finance and Estates (DOFE) presented the draft audited financial statements for the financial year 2016/17 which would be scrutinised by the Audit Committee at their meeting on 29th November and presented to the Corporation for approval on 11th December 2017. An unqualified audit opinion had been issued by the Auditors, Macintyre Hudson.

The Committee were advised that the College's group surplus for the financial year 2016/17 was £0.825m. The College's subsidiary companies Hairazors Ltd, Apprenticeship Works Ltd, Aspire Ltd and BDC@Broadway Ltd had made a net surplus of £7K. Bank balances at the year-end were £6.195m and reserves stood at £15.483m.

Stuart Fraser questioned why there was an increase in the surplus. The DOFE replied that £350K had been allocated for restructuring within the budget but this did not take place through section 118. In addition, resources had been tightly managed.

The Chair queried the high non-teaching costs in the report compared to the teaching costs. The CFEO advised that all support areas including Technicians were described as non-teaching.

The Chair thanked the DOFE for a very comprehensive report.

Agreed: That the position be noted.

9. Update on FE Issues

The Chief Financial Enterprise Officer (CFEO) presented to the Committee an update on current FE issues. The following key points were noted:

Brexit

- Changes to 19+ funding, loan and levy rules possibly in 2019/20
- Shared prosperity fund to replace ESF but this was a risk for Colleges
- Uncertainty on Erasmus
- Further uncertainty on the position of EU students but there was a growth in student numbers in the Borough

College Finances/Multiple Regulators

- Rising staff costs
- Poorly controlled pension system by Government
- No inflation increases for funding
- Full repercussions of apprenticeship reform still unknown
- Ofsted and ESFA key Regulators
- Office for Students – HE funding

The Chair questioned whether HEFCE should be included as a key regulator. This was agreed.

FE Insolvency Regime

- There will no longer be any 'back up' from the Government should a College become bankrupt. Normal commercial insolvency rules will apply.
- The special administrator will have a duty towards the college's creditors but will also have a duty to 'avoid or minimise disruption to the studies of existing students as a whole.'
- No personal liability for Governors but the College has Governor Liability insurance in place.

Forecasting/Capital Funding

- Financial health – BDC has achieved better than forecasted
- Revenue funding : 16-18, Apprenticeships, Adult Education Budget, HE
- GLA managed Skills for Londoners Capital Fund – more bureaucratic/more cautious
- Round 1 – College had submitted 'CAT project' awaiting outcome in January 2018

In a response to a question from Stuart Fraser, the CFEO confirmed that the surplus target was agreed each year. The target was to provide assurance that the College maintained its sound financial position but the College always endeavoured to over achieve this target. The funding targets were reviewed weekly by the SLT.

The Principal advised that the College needed to be clear about financial changes and be quick to factor any changes in.

The CFEO stated that the financial health of the FE sector was changing and had got worse, however, BDC had managed to maintain its 'outstanding' financial health status. The College's current loan terms with Barclays would change in the future as Banks were now requiring security on all loans.

Stuart Fraser queried who advised that the 'pension pot' was accurate. The DOFE responded that this was confirmed by the Actuaries employed for LGPS and reviewed every three years. Barking and Dagenham College's review had been in March 2017. It was stated that the London Borough of Barking and Dagenham Pension Fund was better funding in comparison to neighbouring boroughs.

Stuart Fraser asked how ESFA measured financial health as Outstanding. The CFEO replied that the following three areas were considered:

- Performance – surplus deficit – ie: Performance ratio
- Current assets v liabilities – ie: Current ratio
- Geared borrowing – ie: Borrowing ratio

The CFEO presented key points from the letter recently received from Peter Lauener, ESFA and emphasised the points for Governors to note. The headlines were as follows:

- Governance and financial oversight
- Forecasting
- Management accounts and KPI's
- Financial records
- Internal controls
- Cash management
- Bank covenants
- Commercial activities

The presentation included the performance of 'BDC' against these points, which were all good and in accordance with the expected practice.

The Chair thanked the CFEO for his presentation.

Agreed: That the position be noted.

10. Management Accounts to 31st October 2017

The DOFE presented the financial position as at end of October 2017. The College cash reserves as at 31st October 2017 were £8.392m but this was front loaded at present and would decrease from January 2018. The accounts were only at month three and therefore it was early days.

The DOFE explained the current levy position to the Committee including levy funding through employers digital accounts. It was acknowledged that it would take time for the new system to embed and cash flow would be affected.

The Chair questioned whether there had been a lot of different expenditure through the introduction of the Levy. The DOFE replied that new posts had been introduced. There had been £1.4m Levy and £1.9m Non-Levy targets included in the budget.

The Chair queried why lecturers basic pay was at 0 for the budget for Headjogs Limited. The DOFE replied that this figure was usually found in lecturers agency costs but was being looked into.

The Chair advised that the YTD variance for Hire of External Premises was 0 for Headjogs I&E account. It was agreed this would be amended.

The Chair thanked the DOFE for the report and advised it was useful to receive the information regularly in this form.

Agreed: That the Report be received and noted.

11. Balance Scorecard 2017/18

The Principal highlighted the key hotspots from 2016/17 performance:

- Improve attendance through monitoring and implementing improvements strategies for 2017/18;
- Improve QAR for 16-18, Level 2;
- Improve QAR for English and Maths Functional Skills through key TLA strategies;
- Closer scrutiny of the Monitoring and Performance cycle including the establishment of a QA audit cycle to ensure appropriate and timely intervention and impact;
- Advanced Learner Loans;
- HE recruitment;
- Apprenticeship overall and 19+ qualification achievement rates.

The Committee were advised that a variety of strategies were underway to move these issues forward which would be further detailed in the Operational Deliverables Plan 17-18 and Quality Improvement Plan (QIP) 17-18.

Agreed: That the Report be noted.

12. HR Termly Report

The Executive Director People & Organisational Management (EDPO) referred to the diversity analysis of employees.

Stuart Fraser asked whether any actions had arisen from this analysis. The EDPO advised that the data informed the College's KPI's (e.g. BME managers of at least 22%) and allowed the College to see what positive action needed to be taken. The College had previously had an ageing workforce but this was now balanced against the number of Apprentices. Appropriate action needed to be taken where appropriate to ensure we matched the Equality Act.

The Chair questioned why the application rate provided in the disability analysis was higher than the appointment rate. The EDPO explained that if a candidate had a disability they must be shortlisted if they met the desired criteria whereas an applicant without a disability would need to meet both the desirable and essential criteria to be shortlisted. This essentially gave candidates with a disability an advantage however they may not have been a strong enough candidate at the interview stage.

In response to the Chair, the EDPO advised that a lot of disabilities were hidden and interview panels would be unaware if a candidate had a disability. The panel did not receive a copy of the equality form completed by candidates. Staff were also now able to update their own data and declare any disabilities throughout their employment.

The Chair asked the EDPO if she was happy with the disability statistics. The EDPO replied that more work could be done on disclosure to ensure adequate adjustments were in place. In terms of recruitment, there was no discrimination.

The Principal advised that the College had started supported internships and it was hoped that this would progress through to Apprenticeships.

The EDPO added that the SLT and recruiting managers would be receiving further training in conscious or unconscious bias by the end of the academic year.

Agreed: That the position be noted.

13. Partnerships Progress Report

The Principal reported that there had been a reduction in allocation and the College had not secured new partners. The spotlight now was on moving forward and the Committee were assured that the position was being monitored very carefully.

Agreed: That the position be noted.

14. Subsidiaries Performance 2016/17

The DOFE provided a summary of the Subsidiaries performance and added that this was also covered in the financial accounts.

Stuart Fraser questioned whether the Subsidiaries added worth to the College. The CFEO replied that Aspire was innovative and added value to the organisation. Broadway was currently showing a deficit due to a recent fire but was fully booked for performances in December and was now forecasting a profit. All the companies had focussed agendas, employer readiness and were fundamental for the students career opportunities.

Agreed: That the position be noted.

15. Capital Developments Update

The CFEO reported that the GLA bid results announcement had been delayed until mid-January 2018 but the programme chart had allowed until the end of January 2018. In terms of expenditure, risk would be minimised as very little cost will have been incurred by the end of January 2018. The key issue was how much the GLA would be prepared to contribute as ideally the College wanted to use the least amount possible from its cash reserves.

The CFEO informed that procurement of the design team was in progress, that the procurement frameworks were being assessed to choose one that best suited the College needs.

The Committee were informed that the College was going out for tender to test the market and was currently in discussions with the banks regarding security on lending.

The Chair suggested that the College explore the option of borrowing money from the Council. The CFEO stated that they would look into this but the banks provided a 25 year term which was manageable for the College and similar terms would be required.

Agreed: That the position be noted.

16. Anti-Fraud Policy Annual Review

The CFEO reported that there had been no changes to the Policy since it was previously approved. New legislation in 2010/11 had required a separate policy to be held for Anti-Bribery procedures.

The Chair asked if the CFEO could provide any examples of fraud cases where the Police would not be involved. The CFEO replied that the Police would always be involved in any instances where a crime had been committed but if the College was aware of an attempted fraud prior to there being any detriment to the College, the Police may not be involved.

The DOFE added that College processes and procedures should be robust enough to detect any potential issues before an individual was able to attempt an act of fraud.

The CFEO advised that financial controls were reviewed annually by the Internal Auditors and the Audit Committee were responsible for overseeing risk.

Approved: That the Anti-Fraud Policy be approved for future use.

17. Health and Safety Policy and Procedures

The DOFE stated that health and safety was very broad across the College. Over the next few months, twenty-three policies and procedures would be reviewed by the SLT and these would be re-aligned where appropriate. The final versions would be brought back to this Committee for approval.

Stuart Fraser questioned whether there was a wellbeing policy. The DOFE advised that during the audit of the policies this had been identified as missing alongside a policy focussed on stress. These would be included moving forward.

The EDPO added that staff could be referred to Occupational Health and the College offered a variety of initiatives for mental health e.g. confidential counselling. The Safeguarding, Personal Development and Welfare Group oversaw these initiatives and reported to the Performance and Standards Committee.

The Chair asked for clarification on the purpose of the Lone Working Policy and Violence and Aggression Policy. The DOFE confirmed that the Lone Working Policy covered the risks associated with staff working on their own and the Violence and Aggression Policy detailed procedures for when staff were called to altercations between students.

Agreed: That the Report be considered.

18. AOB

There was no further business.

19. Date and time of next meeting

The next meeting was scheduled to take place on Monday 19 March 2018, 6.00pm. Any Member who had difficulties with the proposed date should contact the Clerk.

he Chair thanked all those in attendance for their contributions and the meeting closed at 7.20pm.

Signed.....
Evelyn Carpenter (Chair)

**POLICY & RESOURCES COMMITTEE
ACTIONS**

Agenda Item	Action	Responsibility	By (deadline)	Update
15	To explore borrowing money from the Council instead of the Banks.	CFEO	ASAP	