

**Minutes of the meeting of the
Policy & Resources Committee held on Monday 19 March 2018, 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 (Director of Finance and Estates)
Victoria Eastwood (Clerk to the Corporation)

1. Welcome and apologies for absence

The Chair opened the meeting and welcomed all in attendance. Apologies for absence were received from Andrew Brown and Caryn Swart.

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 – 20 November 2017

The Minutes of the previous meeting, held on 20 November 2017, were agreed as a true and accurate record.

4. Matters Arising

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

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

The Chair thanked the Chief Finance & Enterprise Officer (CFEO) for his correspondence with the Council re borrowings. There were no additional matters arising that were not covered by the agenda.

5. Tuition Fees Policy 2018/19

The Director of Finance & Estates (DOFE) explained that the Tuition Fee Policy was reviewed each year for any legislative or college policy changes. The Tuition Fee Policy for 2018/19 was broadly similar to the current year 2017/18 and the following changes were highlighted:

Paragraph 7 – Payment of fees

Additional wording added as follows:

7a. Provide evidence that fees are to be paid through the Employers Apprenticeship Levy digital account

7c. Methods of payments – Employer’s Apprenticeship Levy Digital account

Appendix 3 – Employers/Sponsors

Additional wording added as follows:

We expect all students to pay their fees at the point of enrolment. Employers/Sponsors paying for student's fees through the apprenticeship levy digital account will need to ensure all appropriate paperwork is in place.

Paragraph 12 - Discounts

Additional wording added as follows:

This will also include awarding scholarships up to 100%.

In response to a question from Stuart Fraser, the DFEO advised that the Fee Policy will be approved by the Corporation at their meeting in April 2018 and this would be the point where the fees were set.

Stuart Fraser questioned whether external factors were an issue. The CFEO replied that these were managed through recruitment and there was added flexibility within the Fees Policy to allow for commercial factors.

The Chair asked for clarity on how the fees paid through the levy digital account worked. The DOFE explained that information is gathered from the employer at the time of enrolment and the contract triggers the digital payment. The system ensures that a digital account is assigned as either Levy or Non-Levy.

In response to a question from the Chair, the DOFE stated that discussions concerning scholarships were in their infancy but when the scope and structure was ready, these would be implemented.

Approved: That the Tuition Fees Policy for 2018/19 be recommended to the Corporation for approval.

6. 2016/17 Debt Write Offs

The DOFE reported that the current financial regulations stated that any individual debt that exceeded £2,000 required the approval of the Policy & Resources Committee/Corporation to be written off. The total figure for debt write off was c£88K (for individual debt under £2K) but this debt was in excess of six years old and referred to HE/Student Loan debt.

The Committee were informed that the debts had been constantly pursued and some of the monies had been recovered. There was provision in the accounts for the outstanding debt.

The Chair noted that in 2016/17 only three students had debt over £3K and acknowledged that this was a good position for the College.

Approved: The debt-write offs for 2016/17 over £2,000 were approved.

7. Partnerships Progress Report

The Principal provided an overview of performance to date of BDC's 2017-18 subcontracted delivery. The achievement of AEB funding remained on target following performance management interventions; as did 16-24 supported internship funding. This was despite some significant underperformance from Strive Training and Urban Futures entering administration.

The Committee were advised that carry-over Apprenticeship funding was predicted to achieve 87% of the target funding, following the withdrawal of a number of learners. A further tender for non-Levy

apprenticeship provision had been launched on the 13th March, with delivery due to commence 1st May at the latest.

The Chair queried the £4K budget figure for Urban Futures. After discussion it was agreed that this figure would be checked for accuracy. *After the meeting it was confirmed that the actual figure should have been £80K and the £4K was the sum achieved by the time of administration.*

The Chair referred to paragraph 4.2, highlighting that 41.24% of the drawdown target had been achieved to date. The Principal clarified that the funding underperformance was because learners with programmes under 150 hours did not need to comply with English and Maths conditions.

The Chair asked for clarity on why the Apprenticeship 19+ and 16-18 funding was anticipated to reach 87% of target funding. The Principal responded that the shortfall was due to the withdrawal of learners. Some learners had not passed the exams which fundamentally was an IAG issue. Scrutiny of new partners will ensure these issues are addressed going forward.

It was agreed that the partnerships spreadsheet should be presented in landscape format for future meetings.

The Chair commented that some of the targets were very large but the actual drawdown achieved had been quite small. The Principal replied that progress was slow but this was a monthly profile. A recruitment plan was in place to allow all targets to be met. The target drawdown figure was for the entire year.

Stuart Fraser asked whether 100% could still be achieved if the drawdown was low. The CFEO stated that this was monitored closely by SLT and re-allocations took place as appropriate.

After further discussion it was noted that the current position was a concern and it was therefore agreed an update on the position be presented at the April Corporation Meeting. The Committee also requested that a RAG rating would be used for next year's contracts.

Agreed: That the position be noted.

Action: That the Partnerships spreadsheet be presented in landscape going forward.

That a RAG rating be used for next year's contracts.

That an update on the current position be presented at the April Corporation Meeting.

8. Horizon Scanning Presentation

The CFEO presented a snapshot of the current picture within the FE Sector highlighting:

- Key issues of concern
- Insolvency Regime
- College Adult Education funding

The Committee were advised that Barking & Dagenham College and Newham Colleges were the only Colleges within the sector to have made a profit.

The Chair thanked the CFEO for the report.

Agreed: That the position be noted.

9. Capital Development Update including Borrowing (re loan for CAT)

The Committee were reminded that the College was working through with the 'Pagabo' frame work. This frame work stipulated that users would have to engage through the project managers, Faithful & Gould (F&G). The fees submitted by F&G for professional were much higher than the budget & the norm in the sector. The main factors were, F&G were charging a fee from the professionals themselves and another mark up on the College. This was in addition to F&G's professional fees College had paid for the project management. The College had therefore decided not to proceed the project with F&G.

The CFEO reported that the College was now using the 'Bloom' framework to appoint the architects. All other professional services are below the OJEU threshold and would be appointed through the College's own tendering process.

The CFEO advised the Committee that only one tender had been received from Barclays Bank. The other tenderers were approached to ascertain why they did not submit a tender and two reasons were given:

- The introduction of the insolvency regime expected late in 2018.
- The position of Barclays Bank as the existing lender

The CFEO informed Governors that the College currently had previously undertaken a loan with Barclays in 2012 for £5m. As at 31 July 2017, the balance of that loan was £4.3m and it was estimated to be £4m by the end of this financial year.

The Committee were provided with the two borrowing options: Option 1 - Revolving Credit Facility and Option 2 – Term Loan Facility and the interest rate, arrangement fee and commitment fee for both was presented.

The CFEO advised that alongside the debt service cover and operational leverage covenants, there was a third covenant (all covenants applicable for both loans) that stipulated the property value should not be less than 140% of the indebtedness of the College. In addition the facility would be subject to a negative pledge and a fixed legal charge over land and buildings with a minimum market value of £10,100,000.

The Chair asked what the risks were. The CFEO replied that the main risks were the interest rates and the covenants. The terms were applicable to both facilities but the College needed to make a surplus.

The Chair asked for clarity on whether the operating surplus was usually c£350K. The CFEO responded that it was an adjusted surplus and only needed to be £250K. The College did, however, always achieve its target surplus.

After detailed discussion it was agreed that, as recommended, Option 1 was the preferred option as it provided more flexibility. The Committee confirmed that the risks were understood.

Approved: That Barclays tender be accepted and Option 1, revolving credit facility be used

10. Management Accounts as at 31st January 2018

The DOFE presented the management accounts for six months of the financial year to 31 January 2018. The College was expected to achieve its projected full year operating forecast surplus budget of £350K. Currently there were anticipated shortfalls on Apprenticeships and HE loans income, however, compensatory savings had been identified to address these shortfalls and these were explained to the Committee.

The Committee were referred to the ESFA allocations for 2017/18 and the learner responsive 16-18 funding and were advised that the College was projected to hit targets for 16-18. Adult learner responsive funding was down by £200K but the College had approached its partners to assist in increasing learner numbers and therefore currently anticipated that the College should meet its adult learner funding target.

The DOFE reported that with regard to tuition fees and charges there was a positive variance of £77K and therefore it was anticipated that the year-end forecast would increase by an additional £90K. Governors were advised that there was a negative variance of £126K to date for FE loans but this should increase by additional £91K due to increased partner delivery. The forecast budget for HE loans had been revised to £698K but the shortfall would be met from compensatory savings.

The Committee were informed that there was a negative variance within operating income against the year to date budget. The issues were being investigated and further detail would be available for the February 2018 management accounts.

The DOFE advised that the forecast budget for pay expenditure had been revised by a reduction of £512K. This saving had been achieved by scrutinising and re-aligning pay and agency resources which would be used to offset the shortfalls in income. Any further shortfalls would need to be addressed through compensatory savings. Non pay expenditure was expected to remain broadly within budget. The forecast had been revised to £12.292m; a reduction of £144K due to anticipated savings on depreciation costs.

The Chair stated that it would be beneficial for an Apprenticeship update focussing on income vs expenditure for apprentices and BIE to be presented at the April Corporation Meeting – this was agreed.

The Principal reported on the current pressures within HE re competitive universities etc. The Committee were informed that there had been a slow start but this was starting to pick up and the impact was being monitored. Modelling for 2018/9 was being looked into. The CFEO added that the Apprenticeship Team needed strengthening.

The Chair referred to the total income line/ytd for the Subsidiary Company, Headjogs which was £209K ytd against an actual of £156K. The DOFE explained that Apprenticeships had decreased in this area and the commercial side was down by c£40K. However, there had been an underspend on expenditure and it was usual for a dip in January. It was anticipated that this would correct itself but would be monitored through the Subsidiary Board Meetings.

Agreed: That the Report be received and the current position be noted.

Action: That an Apprenticeship update focussing on income vs expenditure for apprentices and BIE be presented at the April Corporation Meeting.

11. HR Termly Report inc Performance Management and IIP

The Chair thanked the Executive Director People & Organisational Development (EDPO) for an excellent piece of work.

Stuart Fraser asked if there had been any big changes within the diversity analysis. The EDPO responded that there were issues re disclosure but the College was a National Disability Confident Employer and was assessed every year by the DWP.

Governors were referred to the different aspects of the report including: Performance Management and Developments, GDPR, Gender Pay Gap, Up skilling and Employment Law Updates and were advised that there were no concerns at this stage.

The EDPO informed the Committee that the College had been awarded Silver within the new framework for the IIP assessment and had been granted an amnesty to retain the Gold accreditation for 12 months, to be re-assessed in February 2019. SLT were meeting the Assessor next week to go through the report and an action plan was in place based on the recommendations made.

Stuart Fraser questioned the reports reference to inconsistencies in leadership and management. The EDPO provided the context to this and advised that it was leadership and management within all areas of the College and not specifically the Executive or SLT. The report had identified areas of really good practice but there was room for improvement in other areas.

The Chair asked what the value was of the IIP award. The EDPO replied that it was a kitemark and a good form of recognition for the College. It could be difficult to attract good staff and the award assisted with continuous employment.

The Chair confirmed that she was reassured by the College's position and Stuart Fraser congratulated the College on their current position.

Agreed: That the Report be noted.

12. Health and Safety Update

The DFEO informed the Committee of the range of Health & Safety activities that had taken place since November 2017. In addition, Consultants Ellis Whittam had visited the College in January to review Health and Safety arrangements across all College sites, including subsidiaries. Area for improvement and actions which the College will take forward and implement were made but there were no 'red lights.' The College was confirmed to be a safe working environment.

Governors were advised that the Health and Safety Committee had reviewed their terms of reference and all Health and Safety policies. The next steps would be to finalise the reports to present to SLT before final approval at the June meeting of the Committee.

Stuart Fraser advised that it would be helpful for an explanation of any accidents that had taken place to be included in the report against trends for the last 2/3 years. This was agreed going forward. In addition, the role of Health and Safety Governor was discussed and it was further agreed that a recommendation be made to the Corporation that Stuart Fraser be appointed to this role.

Agreed: That the position be noted.

**Action: That the Health and Safety report include an explanation of any accidents that had taken place against trends for the last 2/3 years for future reports.
That a recommendation be made to the Corporation that Mr Stuart Fraser be appointed to the role of Health and Safety Governor.**

13. Subsidiary Performance

The DOFE presented the highlights from the Minutes of the four subsidiary boards as per audit recommendations. The Committee thanked the DOFE for the report and noted the position.

Agreed: That the position be noted.

14. Any Other Business

There was no further business.

15. Date and time of next meeting – Monday 18 June 2018, 6.00pm.

The Chair thanked all those in attendance for their contributions and timely reports. The meeting concluded at 7.55pm.

Signed.....
Evelyn Carpenter (Chair)

**POLICY & RESOURCES COMMITTEE
ACTIONS**

Agenda Item	Action	Responsibility	By (deadline)	Update
7	Partnerships spreadsheet to be presented landscape to make it easier to read.	Principal	ASAP	
7	That a RAG rating be used for next year's contracts.	Principal	ASAP	
7	That an update on the	Principal	19 April 2018	

	current position presented at the April Corporation Meeting.			
10	Apprenticeship update focussing on income vs expenditure for apprentices and BIE be presented at the April Corporation Meeting.	Principal	19 April 2018	
12	That, going forward, the Health and Safety report include an explanation of any accidents that had occurred and trends for the previous years.	DOFE	ASAP	
12	That it be recommended to the Corporation that Stuart Fraser be appointed as the College's Health and Safety Governor.	Clerk	19 April 2018	