

## Minutes of Finance and General Purposes Committee Meeting

held on Thursday 21 November 2019

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*Present* Amanda Allen (*Chair*), David Williams (*Principal*), Peter Coley, Helene Jones

*In attendance* Jacquie Carman (*Director of Finance and Corporate Services*)  
Rachael Charles (*Human Resources Director*)  
Jennifer Sunter (*Clerk to the Corporation*)

### 1 Apologies

There were none.

### 2 Declarations of Interest

Rachael Charles declared her interest in agenda item 8, Review of Pay.

*Members agreed to take agenda items 7.1, 7.2 and 13 as the first substantive items.*

### 7 Staff

#### 7.1/7.2 Human Resources Annual Review and Staffing Report

Rachael Charles highlighted key points from the review of Human Resources for the previous year and a current year update. There had been in-year efficiencies and the pay budget had been contained within target.

Members noted the overview of staff performance including probationary reviews and asked a range of questions on the information provided. This included questions on support for staff, redundancies, recruitment, staff absence rates and staff turnover. Members also asked about the staff who had transferred from BMet Stourbridge.

In response, Rachael Charles explained the management action for staff who were placed on twelve-month improvement plans and that staff turnover was not particularly high for the sector, (being slightly above average), and further noted the approach to maintain a steady staff base to meet need, within the cost envelope.

David Williams reported on retention of staff who had transferred from BMet Stourbridge, the reasons for those who had left and on the positive feedback received from many of the staff.

**The Finance and General Purposes Committee resolved to recommend to the Corporation the Human Resources Annual Review 2018/2019.**

### **13 Staff Development Report**

Members noted the detailed review of staff development across the previous year and priorities and plans for the current year.

Rachael Charles noted that while there was some generic development, teaching and learning needs were identified through the curriculum area review process and management and support staff development was more bespoke.

Members asked about effectiveness and how impact of development and training was measured. David Williams responded that impact in cases of curriculum training was more transparent through achievement results, however, there was further scope to measure impact. Staff development managers were looking to address this which could lead to a more evaluative report. Rachael Charles noted that the IT skills analysis regarding T Levels was a good example of this type of measure, as there would be a whole cycle of analysis.

**The Finance and General Purposes Committee accepted the Staff Development Report and recommended presentation to the Corporation.**

*Rachael Charles left the meeting.*

### **3 Finance and General Purposes Strategic Update**

Jacquie Carman reported on areas impacting the College's financial management many of which would be addressed under the meeting.

Jacquie Carman highlighted the more immediate impact of an unplanned for loss of the current payroll provider service from April 2020. A range of options to address this change were outlined, incorporating risk.

It was noted that an in-house solution, with support regarding administration of the Teachers' Pension Scheme aspect of payroll, had emerged as the most sensible option to move forward.

#### **Action 3a**

*It was agreed that management should continue to pursue options to implement a payroll solution and report back to Finance and General Purposes Committee at the next meeting.*

### **4 Review of Current Revenue Budget 2019/2020 (1)**

The Chair explained that in discussion with Jacquie Carman additional information would be provided for future budget review to enable ease of comparison and cross referencing.

Members considered the review alongside the monthly management accounts produced to the meeting.

Jacquie Carman provided a detailed first review of revenue budget focusing on key risks to the model, including competition and political uncertainty and highlighting additional costs, including enhanced security. The Chair drew out and detail was considered for assurance in the following areas:

- Current year financial stability and impact on future years. The 16-18 funding contract being slightly under achieved was potentially mitigated by the indicative increase in the base rate of funding of 4.7% and increased funding of courses with higher funding weightings for 2020/21;
- The College had been successful in growth of the adult education budget;
- The impact of BMet disaggregation on budget;
- That there was potential extension of the Teacher Pension Scheme grant support until March 2021;
- Reasoning and assurance on affordability of a staff pay award in light of available sector and competitor information and as was provided for in the budget model should the Corporation approve it.

David Williams emphasised that while seeking further clarification on the impact of the proposed increase to the base rate of funding, further efficiencies would be sought in budget planning going forward.

The Chair confirmed that the Corporation continued to seek assurances from review of the three-year strategy and forecast.

Jacquie Carman affirmed that the College continued to forecast an operating surplus and achievement of all the financial targets set.

**The Finance and Resources Committee recommended that the Corporation approve the first review of Revenue and Capital Budgets 2019/2020.**

## 5 Review of Planning and Investment - Options Strategy / Estates Plan

Jacquie Carman updated members on progress of projects already agreed and funded with regard to upgrading the College estate. Early consideration of demographic upturn and changes to curriculum required further review of the estates strategy. Additionally, the College was aware of emerging issues in the sector going forward, which could leave the majority of Colleges unable to secure future capital funding, which was not a sustainable position for the sector.

Members asked questions regarding consideration of current loan profile and if there were potential savings. Jacquie Carman responded that this had been cost prohibitive when reviewed two years previously, however, a review in the current academic year was planned.

The College favoured a mixed range of options for continued development to meet need, which included being ready to respond to any emerging funding opportunities.

### Action 5a

*The Finance and General Purposes Committee considered the current accommodation position, developments and potential future changes, noting that a revised Estates Strategy for 2020 with indicative budgets for 2020/2021 onwards would be provided at the next meeting for Committee consideration.*

**Action 5b**

*Members requested that tracking of costs on capital schemes be provided for future meetings of the Committee.*

**Action 5c**

*Members asked about progress made on the digital strategy and costs for monitoring and Jacquie Carman reported that the updated Digital Strategy would be provided for the Committee.*

**6 LGPS Pensions Update**

With regard to the Local Government Pension Scheme, Jacquie Carman reported that while employer contribution costs continued to increase, it was anticipated that the actual cash costs to the College should reduce. While still indicative, this related in part to an increase in the financial health of the fund, reducing the liability for past service costs.

Jacquie Carman further reported on work being undertaken through FESPG with regard to the acceptable range for the discount rate for scheme liabilities, under the FRS102 principal actuarial valuation. Members noted the approach and that an acceptable adjustment could have substantial financial impact.

The report and approach were commended.

**8 Review of Pay**

A confidential minute was taken.

**9 Financial Statements****9.1 Annual Members' Report and Financial Statements 2018/2019**

In the context of the Committee's review of the financial statements 2018/2019 the Chair referred members to the Draft Audit Findings Report for the year ended 31 July 2019, produced by RSM, which was tabled at the meeting and which it was noted had been considered by the Audit Committee.

Jacquie Carman addressed the headline accounting issues identified during the audit. In particular, she drew the meetings attention to the section on going concern, where it was reported that the College has outstanding financial health.

With reference to the financial statements 2018/2019, Jacquie Carman reported that the outturn was in accordance with budget, that the College had met financial targets and had earned a surplus.

With reference to the Annual Members' Report, Jacquie Carman highlighted the information as provided in the prescribed format. This included reference to the College performance against its strategic plan and targets, financial objectives, cash flow and liquidity, principal risks and uncertainties and public benefit. The Chair of Corporation would be asked to sign the statements within, including that of corporate governance and internal control.

Jacquie Carman referred the meeting to the new reporting requirement on the pay multiple of the Principal in relation to staff median pay point.

It was also noted that whilst the disaggregation of BMet was a post balance sheet event and would be accounted for in the financial statements for 2019/2020, nevertheless the financial statements contained a brief report on this transaction given its strategic importance to the Corporation.

Members noted that the balance sheet indicated the strong financial performance, in accordance with budget, that surplus and adjustments were reported; that information was cross referenced in the notes to the accounts and that the auditors did not anticipate any changes from the proforma financial statement audit report provided in their audit plan.

**The Finance and General Purposes Committee resolved to recommend to the Corporation that they approve the Annual Report and Financial Statements 2018/2019 and that the required statements within, including the Statement on the College's Regularity, Propriety and Compliance with the Funding Body Terms and Conditions of Funding be signed by the Chair and the Principal**

## **9.2 Halesowen College Enterprises Ltd Directors' Report and Financial Statements 2018/2019**

Members received the accounts for Halesowen College Enterprises Limited, noting they had already been considered and approved by the directors of the Company and signed off by the Company's auditors, RSM.

It was noted that whilst the accounts had been prepared for HCE alone they form the consolidated position of the Corporation as at 31 July 2019.

Jacquie Carmen drew the meetings attention to increased profit which had been covenanted to the College.

Members discussed planned for increase in activity for Halesowen College Enterprises commencing 2020.

**The Finance and General Purposes Committee received the Halesowen College Enterprises Limited Directors' Report and Financial Statements 2018/19.**

## **10 Student Financial Support 2018/2019**

Members considered the report detailing the funding passported to students in the previous year and levels of support continuing to be provided through funding in the current year.

The Committee noted the report.

## **11 Value for Money Annual Report**

Jacquie Carman explained that the annual review of value for money was undertaken to demonstrate that the College remained on an upward trajectory in providing overall value to students. The review was wider than that of monetary value, as it included a range of other factors including student retention and achievement.

Members accepted the report noting that there was mixed performance across the review and that four actions had been identified.

## **12 Student Union Annual Accounts 2018/2019**

Members noted that the Student Union retained reserves which could be utilised to support activities for 2019/2020.

**The Finance and General Purposes Committee accepted the Student Union Annual Accounts 2018/2019 which the Corporation would receive.**

## **14 Health and Safety Annual Review and Policy Statement**

Members noted the statement of intent, organisation and general arrangements, as provided in the Health and Safety Policy No.1.

### **Action 14a**

*Members discussed governor review of health and safety under the revised committee system and agreed that this would be reported regularly to the Committee.*

**The Finance and Resources Committee recommended the Health and Safety Policy No 1 for approval by the Corporation.**

## **15 Marketing Strategy**

Members discussed the updated Marketing Strategy noting the core activities in a timed plan across 2019/2020. Key questions were asked around capacity to deliver the planned activity and how impact was measured.

Jacquie Carman explained the range of social media marketing and how increasing analytics were available. The College monitored where students found information and would increase this data by asking students during enrolment.

Members discussed the range of impact, from a professional experience provided for visitors to College open events, through to hyper local campaigns on social media platforms, including students who are social influencers.

**The Finance and Resources Committee approved the Halesowen College Marketing Strategy**

## **16 Any Other Business**

There was none.

## **17 Date of Next Meeting**

The next meeting is scheduled for Wednesday 12 February 2020.

The meeting closed at 8.15pm

Actions from Meetings			
Ref	Agenda item and action	Date/item for review	Reported by
<b>Finance and General Purposes Committee - 21 November 2019</b>			
3	<b>Finance and General Purposes Strategic Update</b>	February 2020	JCa
3a	It was agreed that management should continue to pursue options to implement a payroll solution and report back to Finance and General Purposes Committee		
5 5a	<b>Review of Planning and Investment - Options Strategy / Estates Plan</b>  The Finance and General Purposes Committee considered the current accommodation position, developments and potential future changes, noting that a revised Estates Strategy for 2020 with indicative budgets for 2020/2021 onwards would be provided at the next meeting for Committee consideration.	February 2020	JCa
5b	Members requested that tracking of costs on capital schemes be provided for future meetings of the Committee.	February 2020	JCa
5c	Members asked about progress made on the Digital Strategy and costs for monitoring and Jacque Carman reported that the updated Digital Strategy would be provided for the Committee.	February 2020	JCa
14 14a	<b>Health and Safety Annual Review and Policy Statement</b>  Members discussed governor review of health and safety under the revised committee system and agreed that this would be reported regularly to the Committee.	February 2020	JCa