

Minutes of Finance and General Purposes Committee Meeting

held on Tuesday 24 November 2020

Present Amanda Allen (*Chair*), Louise Jones, Helene Jones

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

1		Apologies Apologies were received from Joanne Williams.
2		Declarations of Interest There were none.
3		Minutes of Finance and General Purposes Committee Meeting, 23 June 2020 and Matters Arising The minutes of the Finance and General Purposes Committee held 23 June 2020 were approved as a correct record. Under Matters Arising: Under the meeting held 23 June 2020, with reference to the item on Financial Regulations, the listed policies and procedures, together with an up to date chart of the management structure had been provided on the Corporation's Repository. Under the meeting held 12 February 2020, with reference to Review of Financial Regulations, it was noted that Financial Regulations had been addressed in June 2020. Committee Terms of Reference had been deferred and would now be addressed under the agreed review of governance. Under the meeting held 21 November 2019, with reference to Review of Planning and Investment - Options Strategy / Estates Plan, the Finance and General Purposes Committee discussed and noted that the future Estates Strategy, with indicative budgets, would be considered following the review of the Colleges overarching strategy by the Corporation in January 2021. These actions would be removed from the list.
4		<i>Finance:</i>
	4.1	Management Accounts as at 31 July 2020 Members noted the financial position as at 31 July 2020, which would be provided as part of the Annual Members' Report and Financial Statements for 2019/2020. There were no issues, with the College realising an operating surplus (prior to FRS102 adjustments) and maintaining outstanding financial health. Significantly, the College had strong liquidity and no cash flow concerns. Jacquie Carman reported that there were some external audit delays due to Covid-19 absence at RSM, but that it must be completed to meet statutory deadlines. She would speak to the partner to ensure the audit would be completed in a timely fashion.

	<p>Jacquie Carman further noted that the ESFA had required a full cash flow statement, with commentary on cash position from July through to October. The College was able to report a strong position.</p> <p>The accounts as at 31 July 2020 were noted.</p>
4.2	<p>Management Accounts as at 31 October 2020</p> <p>In considering the most recent accounts, Jacquie Carman reported a relatively stable position, given the circumstances. Achievement of the Adult learner contract remained a key risk, with anticipated in year clawback should enrolments not be realised. The impact of lockdown and the ongoing pandemic was being kept under careful review, with increased expenditure, not least growth in the pay profile, with necessary additional staff.</p> <p>The accounts remained in accordance with profile, with maintenance of strong financial ratios and outstanding financial health at the current time.</p> <p>Members asked a number of questions for clarification regarding tuition fees and noted risks to funding. Jacquie Carman responded that adult recruitment after autumn half term had not been achieved due to the second national lockdown, however the College was providing a revised offer in January 2021.</p> <p>The accounts as 31 October 2020 were noted.</p>
4.3	<p>Review of Revenue Budget 2020/2021</p> <p>In considering the first review of the current budget, members noted that the College was still forecasting an overall surplus, however, there were key and larger than usual changes to the budget model to consider.</p> <p>The College had received two grants, which as such, supported transport costs and helped to address gaps for students caused by the pandemic, however, these constituted non recurrent funding. Additionally, while the College had recruited 16-18 students above contract, there was no information currently on funding for in-year growth.</p> <p>Members noted again that key risks were Adult Education Budget and Apprenticeships, however, there was more positive news in the recruitment to Higher Education courses in partnership with the University of Worcester.</p> <p>In addition to an increase in pay costs, Jacquie Carman outlined the concerns and impact on the sector, of increases in pension costs. As the Comprehensive Spending Review had been deferred, Colleges did not know if the increases in employer contributions for the Teachers' Pension Scheme would be funded beyond March 2021.</p> <p>Members asked about budgeting and staff pay. Jacquie Carman explained that while incremental increases were addressed any inflationary pay award was not incorporated into the model.</p> <p>Members commended the excellent financial management and the impact of ongoing investment in the College estate and facilities, particularly at such a challenging time.</p>
	<p>The Finance and General Purposes Committee resolved to recommend to the Corporation the approval of the revised Revenue Budget 2020/2021.</p>
4.4	<p>Student Financial Support 2019/2020</p> <p>The overview of the previous year's provision of financial support was considered, noting that the funds available were administered to learners that were most in need. Support had continued through lockdown, especially with regard to meals and to support students with digital access.</p> <p>There had been an increase in funding for 2020/2021.</p>

		<p>Members asked about appeals and that future reports could highlight if these had taken place.</p> <p>The report on financial support for students was noted.</p>
	4.5	<p>Value for Money Report 2019/2020</p> <p>The scope and purpose for the review of value for money was considered, including that future review of Colleges was likely to increase focus on strength and harmony of finance and quality, under a college's leadership and management.</p> <p>The importance of demonstrating value for money, to both funders and students was fundamental and as such, there would be a review of policy and future reporting.</p> <p>Members discussed the impact of teaching contracts and the current pay spine, in relation to a developing curriculum offer and recruiting qualified staff. The current banding was not supporting recruitment of more expensive specialist staff and was in need of address.</p> <p>Members accepted the report on value for money for 2019/2020.</p>
	<i>Action</i> 4.5a	<p>It was agreed that a mid-year review on value for money would be provided for the Committee in March 2021, inclusive of current information.</p>
5		<p><i>Personnel, Pay and Pensions:</i></p>
	5.1	<p>Human Resources Annual Report 2019/2020</p> <p>Members considered the review of the data for the previous year, noting lower staff turnover. In addition, absence rates were below sector benchmarks and much work had been undertaken to support staff wellbeing.</p> <p>Jacque Carman also reported that the College was now looking at Race Gap data. Jacquie Carman further updated members on the operation of personnel functions, and that the current report provided a base to further enhance reporting to the Corporation.</p> <p>Members agreed that enhanced reporting, including for example information on teaching hours, would better support assurance and decision making.</p> <p>With regards to the report as provided, members noted errors and that the report content should be reviewed for accuracy of information and corrections made before presentation to the Corporation.</p>
		<p>The Finance and General Purposes Committee received the report and that this would, subject to review as discussed, be provided for the Corporation for information.</p>
	5.2	<p>Staff Development Annual Report 2019/2020</p> <p>In considering the detailed report provided, it was agreed that future reports would better serve the Committee if information was more focused and clearly aligned to strategic priorities.</p> <p>Members sought an overview including impact of development, and assurances that staff development addressed areas of identified weakness specific to the College.</p> <p>It was noted that this would be revised going forward.</p>
	5.3	<p>Pensions Update</p> <p>Jacque Carman reported on the sector concern over pension schemes and that this remained an area of genuine risk. Costs were affected by the discount rate</p>

		<p>and the age of the staff base. The required accounting treatment impacted on balance sheets and statement of comprehensive income.</p> <p>Members sought clarification and discussed the impact of breaching loan covenants due to the required accounting treatment. Jacquie Carman confirmed that Halesowen College was in a fortunate position, with healthy reserves and no breach of covenants, but that this remained a real concern in the sector. The College would closely monitor pension variables and the risk to the financial profile.</p> <p>In moving forward members asked that key dates and figures be made explicit.</p>
	5.4	<p>Review of Pay</p> <p>Jacquie Carman reported on options for a sector pay award, based on the information provided by the Association of Colleges, from its analysis of the sector position and its receipt of demands from unions.</p> <p>Members discussed percentage pay awards and the Foundation Living Wage, recognising that while the College wished to do its best for staff, affordability was as yet unknown given the risk factors within the budget model. Members discussed percentages, non-recurring and consolidated awards, the pay considerations of other local colleges and the need to also consider future year budget projections.</p> <p>It was noted that more information was expected from the Association of Colleges and that there was further possibility of a public sector pay freeze.</p> <p>Jacquie Carman agreed that modelling of pay data could be provided.</p>
	Action 5.4a	<p>The Finance and General Purposes Committee agreed that a recommendation regarding a pay award should be deferred until the meeting scheduled for the Finance and General Purposes Committee and the Corporation in January 2021. Modelling data would be provided.</p>
6		<p><i>Estates:</i></p>
	6.1	<p>Estates and Premises Update</p> <p>Jacquie Carman reported on the key tenets of the current estates strategy and the immense amount of development achieved. In addition to planned work, an additional mezzanine level had been incorporated into Block 5, thereby releasing accommodation in Block 1. This enabled ongoing linked developments; the refurbishment of Block 1, to incorporate ground floor learning and teaching, suitable for community facing provision, such as Hair and Beauty and Pet Grooming; subsequent longer term development of Shenstone House, subject to further proposals, in relation to curriculum development around life science and health.</p> <p>Members commended the achievements and noted that future developments needed to be considered, to ensure they remained strategically appropriate.</p> <p>Members accepted the update on estates and premises, noting a return to the Estates Strategy following the consideration of strategic planning going forward.</p>
	6.2	<p>Health and Safety Report 2019/2020</p> <p>Jacquie Carman reported on the positive work achieved in the development of Health and Safety practice. In addition to the excellent response to the pandemic, good progress had been made on key objectives. Moving forward there were a range of non-Covid objectives in place for the current year.</p> <p>Members asked if homeworking would become more regularised post pandemic. It was felt, that while there would be increased flexibility to support homeworking on occasions where necessary, it would not be the expected norm, as the</p>

		<p>College required a critical mass of staff and management to be on site, in order to operate.</p> <p>The annual review of health and safety was noted.</p>
	6.3	<p>Minutes of the Health and Safety Group</p> <p>The minutes of the Estates, Health and Safety Group from 15 September 2020 were received for information.</p>
12		<p>Any Other Business</p> <p>There was none.</p>
13		<p>Date of Next Meeting</p> <p>The next meetings of the Committee were noted as Thursday January 21 and Wednesday 17 March 2021.</p>

Meeting closed at 8pm.

Actions from Meetings			
Ref	Agenda item and action	Date/item for review	Reported by
Finance and General Purposes Committee - 24 November 2020			
4.5a	<p>Value for Money Report 2019/2020</p> <p>A mid-year review on value for money to be provided for the Committee in March 2021, inclusive of current information.</p>	March 2021	JCa
5.4a	<p>Review of Pay</p> <p>The Finance and General Purposes Committee agreed that a recommendation regarding a pay award should be deferred until the meeting scheduled for the Finance and General Purposes Committee and the Corporation in January 2021. Modelling data would be provided.</p>	January 2021	JCa