

## Minutes of Finance and General Purposes Committee Meeting

held on Thursday 21 January 2021

*Present* Amanda Allen (*Chair*), Helene Jones, Andrew Dobson

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

<b>1</b>	<p><b>Apologies</b> Apologies were received from Louise Jones.</p>
<b>2</b>	<p><b>Declarations of Interest</b> Andrew Dobson, Jacquie Carman and Jennifer Sunter declared their interests in agenda item 7 Staff Pay Considerations.</p>
<b>3</b>	<p><b>Minutes of Finance and General Purposes Committee Meeting, 24 November 2020 and Matters Arising</b></p> <p>Subject to amendments to be made by the Clerk prior to being signed by the Chair, the Minutes of Finance and General Purposes Committee Meeting held 24 November 2020 were approved.</p> <p>Under Matters Arising from Finance and General Purposes Committee - 24 November 2020:</p> <p>Item 4.5 Value for Money Report 2019/2020 - Jacquie Carman suggested that the mid-year review on value for money, being provided for the Committee in March 2021, should give due regard to recommendations in the White Paper, 'Skills for jobs: lifelong learning for opportunity and growth'.</p> <p>Item 5.4, Review of Pay - The Finance and General Purposes Committee had agreed that a recommendation regarding a pay award should be deferred until the meetings scheduled for the Finance and General Purposes Committee and the Corporation in January 2021 for which modelling data would be provided. The Director of Finance and Corporate Services advised that there were further financial considerations to take into account and which would be available by March. It was agreed that any decision regarding a pay award should be further deferred until March 2021, when the relevant information would be available and the requested financial models could be provided.</p>
<b>4</b>	<p><b>Annual Members' Report and Financial Statements 2019/2020</b></p> <p>Jacquie Carman presented the key points from the Annual Members' Report and Financial Statements. The report covered all areas required in the model, including the College's strategy, public benefit and relationship with key stakeholders. The report also included the detailed statements for signature by the Chair and Principal on behalf of the Corporation.</p> <p>It was noted that the Audit Committee had looked at the report in detail and taken account of the assurance reports provided, including assurance that the Corporation was working in accordance with statutory requirements.</p> <p>The Committee was advised that updates to sector accounting policies had become more rigorous, particularly with regard to the review of colleges as going concerns, further the Office for Students also required more disclosures and there was an additional disclosure on intangible fixed assets.</p> <p>Jacquie Carman highlighted that the pension deficit, which had doubled, was an ongoing cause for concern. Although not a cash liability, while the College</p>

	<p>participated in the scheme, there remained potential impact for colleges with respect to financial covenants in loan documents and the ability to borrow. As such, it was important that the College monitored the position on an ongoing basis.</p> <p>The Chair asked about the External Audit Findings Report and Jacquie Carman outlined the key findings of the report. The Audit Plan had identified four key areas of sector risk, reviewing income recognition, management override, pension liability and going concern. It was confirmed that there were no unadjusted misstatements and that an unqualified audit opinion would be issued.</p> <p>Jacquie Carman reported that the final outturn was in accordance with the 31 July 2020 Management Accounts and key ratios had been met or exceeded, with no change to the main financial statements addressing income and expenditure, reserves, balance sheets and cash flows.</p> <p>Members interrogated the notes to the accounts, with questions on reporting on tangible fixed assets and on staff costs. Jacquie Carman confirmed that there was no write down of assets outside the scope of usual depreciation and amortisation.</p> <p>With regard to staff cost increases, costs on non-pay budget lines related to addressing Covid-19, whereas an increase in staff related to staff moving from BMET Stourbridge.</p>
	<p>The Finance and General Purposes Committee resolved to recommend to the Corporation that they approve the Annual Report and Financial Statements 2019/2020 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.</p>
<b>5</b>	<b>HCE Directors' Report and Financial Statements 2019/2020</b>
	<p>Jacquie Carman reported that Halesowen College Enterprises Limited had, due to the impact of the pandemic, achieved a reduced surplus in comparison to the previous year. The surplus would be covenanted to the College under the terms of Gift Aid.</p> <p>It was noted that the report and statements would be approved by the company directors.</p>
	<p>The Finance and General Purposes Committee received the Halesowen College Enterprises Ltd Directors' Report and Financial Statements 2019/20.</p>
<b>6</b>	<b>Management Accounts December 2020</b>
	<p>Members noted that despite the reported challenges the College was still performing in accordance with budget, which would be reviewed in March 2021. The Management Accounts for December 2020 were received.</p>
<b>7</b>	<b>Staff Pay Considerations</b>
	<p>In continuing considerations on staff pay, it was noted that the Colleges' senior leadership felt it was still premature to make a decision.</p> <p>Jacquie Carman referred to the AoC recommendation of 1% or £250 (whichever greater), subject to affordability.</p> <p>In looking at affordability Jacquie Carman highlighted that the current budget was supported by two non-recurrent streams of funding and that there remained concerns over claw back uncertainty for adult education provision. Andy Dobson noted that the West Midlands Combined Authority was keen to encourage colleges to continue to do the right thing, putting public health first, whilst encouraging uptake of appropriate courses.</p> <p>Andy Dobson summarised that the rise in national living wage impacted on the College's pay spine and that while there was complex work to undertake in relation to the pay spine and contracts, a review of national living wage and the lowest bands of support staff could be achieved as a discreet piece of work quite quickly.</p> <p>The Chair responded that there was a wish to recognise and reward staff and not fall behind on pay, balanced with need to ensure the College maintained sound financial health. Action was needed from senior management to provide modelling</p>

	of financial impact of pay awards, analysis of banding structure and the revised national living wage and recommendations.
	It was agreed that modelling and clear recommendations on pay would be provided for the March 2021 meetings of the Finance and General Purposes Committee and Corporation, with focus on the College as a prudent but good employer.
<b>8</b>	<b>Any Other Business</b> There was none.
<b>9</b>	<b>Date of Next Meeting</b> The next meeting of the Committee was scheduled for 17 March 2021.

The meeting closed at 7.04pm

<b>Actions from Meetings</b>			
<b>Ref</b>	<b>Agenda item and action</b>	<b>Date/item for review</b>	<b>Reported by</b>
<b>Finance and General Purposes Committee - 24 November 2020</b>			
4.5a	<b>Value for Money Report 2019/2020</b> A mid-year review on value for money to be provided for the Committee in March 2021, inclusive of current information, should give due regard to recommendations in the White Paper, 'Skills for jobs: lifelong learning for opportunity and growth'.	March 2021	JCa
5.4a	<b>Review of Pay</b> The Finance and General Purposes Committee agreed that a recommendation regarding a pay award should be deferred until the meetings scheduled for the Finance and General Purposes Committee and the Corporation in January 2021. Modelling data would be provided. January 2021 – deferred further to March 2021	January 2021  March 2021	  ADo/JCa