



Minutes of Finance and General Purposes Committee Meeting

held on Wednesday 24 November 2021

Present Amanda Allen (*Chair*), Andrew Dobson (*Principal*) Joanne Chilton, Gail Rothnie and Andrew Hanson

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

1		Apologies for Absence
		There were none.
2		Declarations of Interest
		Andrew Hanson declared his interest as a director of Halesowen College Enterprises Ltd.
3		Minutes
	3a	Minutes of the Finance and General Purposes Committee held 16 June 2021
		The minutes of the Finance and General Purposes Committee held 16 June 2021 were approved as a correct record.
	3b	Matters Arising from the Finance and General Purposes Committee held 16 June 2021
		Under actions from the meeting held June 2021; 5b Costing the Curriculum and Resource Deployment, a verbal update was listed under the agenda.
4		Financial Performance to 31.7.2021
	4a	Review of Performance against Financial Targets
		Jacquie Carman provided an update of performance against sector (historical) data and the College's own targets, with the College performing well against both. In considering performance against financial targets pay as a percentage of income was raised regarding adverse variance placing pay above the 60% target. Jacquie Carman explained that under the Casterbridge model, which included Learner Support Funding, pay was within the College's 60% target. An additional paper had been provided to explain reporting of outturn under both the College's internal financial reporting model and under the Casterbridge model for the Annual Members' Report and Financial Statements. Members further discussed accounting models and that there should be greater clarity and explanation in future financial reporting.

	<p>Members asked about staff vacancies and impact on the pay bill and Jacquie Carman noted that while there were always vacancies it was a more prominent issue moving forward.</p> <p>Thresholds for outstanding financial health were discussed clarifying that some of the College's financial targets were above those required to retain outstanding financial health. Also discussed was a review of benchmarks with consideration of moving to good financial health and potential impact on securing loans and capital development.</p> <p>In response to a question on the impact of FRS102 accounting treatment of pension liability Jacquie Carman explained the complexities, the accounting mechanism and that this remained a theoretical liability with regards to the West Midlands Pension Fund.</p> <p>The report was noted.</p>
4b	<p>Annual Members' Report and Annual Statements of Accounts for Halesowen College Corporation</p>
	<p>Jacquie Carman presented the key findings and explained variances in relation to financial performance with reference to the accounts.</p> <p>Members noted that there was increased scrutiny of colleges being going concerns, with a financial forecast to July 2022 required by the ESFA and that colleges also now had to seek verification of income through external auditors, following the ESFA discontinuing this work.</p> <p>Members interrogated in depth the data around variances including movement in pension deficit. Members also discussed liquidity and borrowing, noting a transfer from LIBOR to a new index, accumulated reserves position and that the money market remained poor.</p> <p>The movement in pension cost liability and the impact on financial statements was also further explained.</p> <p>Further points on new disclosures needed, including for the Office for Students were noted.</p> <p>Jacquie Carman concluded that the College remained in a strong position, notwithstanding recognised challenges ahead, that the external audit findings raised no concerns and while waiting on final stages of ESFA funding reconciliation the accounts should be submitted before the 31 December deadline.</p> <p>The Committee noted that the consolidated financial statements and those of Halesowen College Enterprises Limited awaited being signed off by the External Auditor, the Audit Committee and the Directors of Halesowen College Enterprises respectively.</p>
	<p>The Finance and General Purposes Committee noted that while the external audit work had not yet been fully signed off, the External Auditor had not identified any irregularities or material matters and should provide an unqualified opinion. Based on this understanding and the review of the Audit Committee, the financial aspects of the Annual Members' Report and Annual Statements of Accounts for Halesowen College Corporation were recommended to the Corporation.</p>
4c	<p>Halesowen College Enterprises Ltd Directors Report and Financial Statements</p>
	<p>Jacquie Carman presented the Halesowen College Enterprises Ltd Directors Report and Financial Statements.</p>

		<p>Members noted that while the company had suffered from two years of interrupted trading and had made a loss for the year, it was currently performing well with outlets having reopened.</p> <p>Members discussed several points that the company directors may wish to take forward. It was noted that the report was to be approved and signed by the company directors.</p> <p>The report was noted.</p>
	4d	External Audit Findings Report
		<p>Members noted that the external auditor findings, to be finalised, were unlikely to change. There were no recommendations, disclosures or areas of concern raised.</p> <p>The report was noted.</p>
5		Financial Performance 2021/2022
	5a	Management Accounts as of 30 October 2021
		<p>In considering the current position the key risks to the model were reported around securing in year growth funding, further recruiting adult learners and careful address of the pay budget.</p> <p>Trends related to increased reliance on agency/sessional staff and rising costs of non-pay items including utility bills, hardware and estates, and increased costs on some goods which were scarce.</p> <p>Looking forward members discussed the action being taken by the College and challenges to address to recruit adult learners, particularly to accessible bite sized courses. Being able to be responsive to local needs was also discussed.</p> <p>The position reported as of 30 October 2021 was noted.</p>
	5b	Halesowen College Enterprises Ltd Management Accounts as of October 2021
		<p>Jacque Carman reported on the company profile. Low income in August was compounded by salaries going out, however by the end of the calendar year the positive return to trading should be visible.</p> <p>Members noted the activity of the Bistro, outlets, Nursery and room hire.</p> <p>Jacque Carman noted that subject to any further Covid restrictions current patterns of income and expenditure were in accordance with the budget model.</p> <p>Members noted that financial profiling may need to be updated by the finance team.</p> <p>The position reported as of October 2021 was noted.</p>
	5c	Review of Current Year Budget
		<p>In the first budget review of the year members noted a reduced surplus and forthcoming changes to national insurance, national minimum wage, inflation, and the Bank of England increase to base rate.</p> <p>Current challenges in staff recruitment were noted as a potential threat to the College strategy. Members also discussed the pay differential between colleges and schools.</p> <p>Jacque Carman outlined key risks and that the achievement of in year growth funding for students enrolled above contract and the achievement of the adult learning contract were pivotal to the current model. Other risks included higher utilities bills.</p>

		<p>Members discussed the single pay spine and work to be done modelling the impact of the rise in the national minimum wage.</p> <p>In looking at pay as a percentage of income members discussed the realistic target and the impact of not maintaining outstanding financial health, leading to a broader discussion on the College's financial strategy overall, but particularly in relation to transport and estates.</p>
		The Finance and General Purposes Committee approved the revisions to revenue budget 2021/2022.
	5d	ESFA Confirmation of Financial Health
		The information was noted.
6		Financial Plan
	6a	Costing the Curriculum and Resource Deployment (verbal update)
		<p>Progress to date on curriculum costing and resource deployment was reported, with some variability on area predictions noted. While the completed analysis would be returned to the committee it was felt that the process had provided a good learning experience and proved a good source of data from which to move forward.</p> <p>The update report was noted.</p>
7		Estates/Capital
	7a/7b	Estates Strategy Update and Capital Projects Proposals
		<p>Members discussed the premise of the current estate's strategy considering the College's overall strategy.</p> <p>Members noted updates from the strategy including searching for additional accommodation, proposals for Shenstone House and the potential relocation of Hair and Beauty.</p> <p>Members asked and were given an update on the purchase of a site for bus access.</p>
	Action 7a	It was felt that a review of Estates Strategy should be undertaken with consideration of growth and in light of the new College Strategic Plan.
		<p>The Committee having discussed at length noted the update and the cost plans.</p> <p>It was agreed that the Chief Operating Officer/Vice Principal liaise with the agent to explore a purchase price whilst working with the A level faculty and architects/design team to prepare a design to RIBA stage 2. (Any offer to purchase the property would be subject to permission for change of use by Dudley MBC planning department.)</p> <p>It was also agreed that the Chief Operating Officer/Vice Principal would speak with NatWest and Lloyds bank to explore their appetite to lend the College £2m.</p> <p>It was noted that should a serious intention to borrow be required, the loan facility would need to be tendered, and that a special meeting of the Committee and or the Corporation may need to consider this venture after this initial feasibility stage.</p>
8		Staff Pay
	8a	Staff Pay Review

		<p>Members discussed a range of factors for consideration, recognising the desire to remain a good employer and make a pay award versus not yet knowing if a pay award was affordable.</p> <p>Members noted that the outcome of the AoC pay survey was awaited and that many colleges could not afford a pay award. The College was forecasting a reduced surplus and remained concerned with in year clawback of part of the Adult Education Budget and uncertainty on receipt of in year growth funding for exceeding ESFA contracted student numbers. Members were also mindful of the impact of the rise in the National Minimum Wage, which further impacted on the College pay scale.</p>
		<p>The Finance and General Purposes Committee recommended to the Corporation that the decision about the 2021/22 pay review be deferred until March 2022. Given the risks in the budget model it would not be advised to make a decision at this point. In principle the College would wish to make a pay award, but levels of affordability must be considered.</p> <p>It was similarly not recommended to decide now not to make a pay award in 2021/22, as the College had already identified a significant risk of failure to recruit and retain staff. This was a sector-wide issue and failure to offer an attractive salary compounds this risk.</p> <p>The Committee also recommended that the pay scales are recalibrated to account for an increase in National Minimum Wage.</p>
9		Strategy/Policy Review
	9a	Procurement Policy
		<p>Members considered the information update on the College approach to procurement and raised several questions about the format of the policy, which were noted. It was also requested that policy updates be marked to assist governor consideration.</p>
		The Finance and General Purposes Committee approved the revised Procurement Policy.
	Action 9a	The Finance and General Purposes Committee asked that a further review be returned to the Committee.
	9b	Update of the Learner Support Fund
		<p>Members considered the changes proposed to the Learner Support Fund to increase its application. Jacquie Carman explained the introduction of a band 4 threshold for household income.</p> <p>It was further noted that work was being undertaken to raise awareness of the fund as uptake was variable.</p> <p>The fund would be reconsidered next year based on the current year spend.</p>
		The Finance & General Purposes committee approved the amendment to the updated Learner Support Fund (policy) which will be effective from 1 December 2021.
10		Miscellaneous
	10a	Students' Union Annual Accounts
		<p>Previous year accounts were provided to the Committee for information. Viability and retention of a Students' Union was discussed.</p>

	Action 10a	A further report on student engagement and the Students' Union would be returned to the Committee
11		Any Other Business
		There was none.
12		Date of Next Meeting
		The next meeting of the Committee was scheduled for 16 March 2022

The meeting closed at 8.40pm

Key

Ap	Approval
D	Discussion
M	Monitoring
R/C	Recommend to Corporation
N	Noting

Ado	Andy Dobson		
JWi	Joanne Williams		
JCa	Jacquie Carman		
JSu	Jenny Sunter		

Actions from Meetings			
Ref	Agenda item and action	Date/item for review	Reported by
Finance and General Purposes Committee - 24 November 2020			
4.5a	Value for Money Report 2019/2020 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'. Deferred until June 2021	March 2021 June 2021	JCa Closed.
Finance and General Purposes Committee - 17 March 2021			
5c	New FE Commissioner Benchmarks The Financial and General Purposes Committee noted this report and agreed to revisit performance against these benchmarks at budget revision 3 2020/21 and once the 2021/22 budget is presented for approval.	June 2021	JCa Closed.
Finance and General Purposes Committee – 16 June 2021			
5b	Costing the Curriculum and Resource Deployment In considering monitoring a report on curriculum costing, a report on the actual costings would be provided for the Committee's November meeting. Achieved but further report due in March 2022	November 2021 And March 2022	JCa
Finance and General Purposes Committee – 24 November 2021			
7a	Estates/Capital – Estates Strategy	March 2022	JCa/Ado

	It was felt that a review of Estates Strategy should be undertaken with consideration of growth and in light of the new College Strategic Plan		
9a	Procurement Policy The Finance and General Purposes Committee asked that a further review be returned to the Committee.	March 2022	JCa
10a	Students' Union Annual Accounts A further report on student engagement and the Students' Union would be returned to the Committee	March 2022	JCa/ADo