

Minutes of the Finance and Resources Committee Meeting held Wednesday 16 March 2022

Present Andrew Hanson (*Chair*), Andrew Dobson (*Principal*) Joanne Chilton,
In attendance Jacquie Carman (*Director of Finance and Corporate Services*)
Jennifer Sunter (*Clerk to the Corporation*)

Amanda Allen was thanked for her contribution to the work of the committee and the Corporation.

1		Apologies for Absence
		Apologies were received on behalf of Thomas Huntbatch.
2		Declarations of Interest
		Andrew Dobson, Jacquie Carman and Jennifer Sunter declared their interest in agenda item 4.3 Staff Pay Review.
3		Minutes
	3a	Minutes of the Finance and General Purposes Committee held 24 November 2021 and Matters Arising.
		<p>The minutes of the Finance and General Purposes Committee meeting held 24 November 2021 were approved as a correct record subject to one minor correction.</p> <p>Under Matters Arising:</p> <p>Actions from the meeting held on 16 June 2021; a further report on costing the curriculum was provided for the current meeting.</p> <p>Actions from meeting on 24 November 2021:</p> <p>A review of Estates Strategy was being undertaken and a report updating members on the current position was provided for the meeting.</p> <p>Revisions to the Procurement Policy were provided for the meeting.</p> <p>A report on student engagements and the Students Union was deferred until June 2022.</p> <p>Actions would be closed where addressed.</p>
4		Financial Performance
	4.1	Management Accounts as of 28 February 2022
		<p>Members considered the revised approach to reporting management accounts with the new format being a clear and accessible tabular format.</p> <p>It was noted that the College is now operating in an environment of increased risk and that there were challenges in both EBITDA and pay as a percentage of income</p>

	<p>targets. However, despite variances, overall surplus was in accordance with budget.</p> <p>Members were given clarification on the position regarding debtors and cash days in hand.</p> <p>Consideration was given to information provided linking student numbers and the financial profile. The College funding had been impacted by clawback from the National Skills Fund and HE provision. Members noted the continued challenges caused by the approach to funding through the National Skills Fund and the work the College was undertaking to address this.</p> <p>Members also discussed indicated change in ESFA Policy regarding measures for financial health and how the reduction in measures used could impact the College from 2022/2023 when the new measures would be in place.</p> <p>Members subsequently further discussed the position of the College in retaining Outstanding financial health, considering the EBITDA measures and potential impact on pension costs and ease of borrowing were the College to slip into Good financial health.</p>
Action 4.1a	It was agreed that an overarching position update would be provided for the Corporation regarding Outstanding and Good financial health categorisation.
	The position provided in the management accounts as of the end of February 2022 was noted.
4.2	Funding Update
	<p>The Committee discussed the lack of clarity surrounding the increased 16-18 base rate funding with regard to the required additional forty hours of delivery per student.</p> <p>Members discussed the approach the College hoped to take and that it continued to plan its activities and delivery whilst awaiting further guidance.</p> <p>Members discussed the positive position re additional funding and noted where some areas remained unclear at this stage. However, there had been no inflationary adjustment for adult funding and the adult funding budget had reduced.</p> <p>Members also discussed working within planning parameters and timescales of the West Midlands Combined Authority (WMCA).</p> <p>The update on funding was noted.</p>
4.3	Staff Pay Review 2021/2022 (Confidential)
	<p>Governors discussed in detail the College's wish to offer a pay award and to continue to operate as a good employer.</p> <p>The range of factors influencing the Corporation's decision included, but were not limited to, staff morale, risks to affordability, the rise in the National Living Wage and its impact on the College pay spine, increases in National Insurance and increases to the cost of living and the AoC pay recommendation of 1%.</p> <p>Members discussed the positive impact of updating the pay scale for staff being paid the lowest salaries.</p> <p>Members understood the issues being raised by College unions and were mindful of the continued gap between school and FE college pay scales.</p> <p>Potential review of conditions in addition to pay were also discussed.</p>

	<p>The Finance and Resources Committee recommended to the Corporation that the payscale be updated for points 6 to 15 based on the National Living Wage and that a pay award of 1% or £250 (whichever is the greater) is made from 1 April 2022 for all salary points.</p> <p>That the Corporation consider the backdating of this award to 1.9.2021 given that EBITDA would still exceed 7% and pay within the 61% threshold which is the suggested target for the year ahead.</p> <p>Given the pressure on individuals to meet the rapidly increasing costs of living, as a short-term measure, it is also proposed to further review the capacity to make a non-consolidated award at the end of the financial year based on budget review 3 and forecast final out turn for 2021/22.</p>
4.4	Budget Update 2021/2022
	<p>The Committee gave further consideration to performance against targets for EBITDA (against a target of 8) and pay as a percentage of income (with the target of 60%).</p> <p>The position was given including the funding achieved for a Skills Accelerator contract, (the majority of which would go to partner providers) and with this figure removed. The latter position showed that EBTDA was 7.63% and pay 60.67% once additional Skills Accelerator funding has been excluded.</p> <p>Risks to the current budget model were highlighted and included inflation, staff recruitment and underspend of allocated resources.</p> <p>An overall position of relative stability was received noting where variances lay, with some increased income, some funding clawback in relation to National Skills and Higher Education funding streams and some areas of increased expenditure around staff development and premises.</p> <p>Members asked about pension fund costs. Support for the Teachers' Pension Scheme was being continued for 2022/2023 and while it was proposed to consolidate this into the base rate, it had not yet been addressed. With regards to the Local Government Pension Scheme no support was being provided and the information on increased costs was awaited.</p>
	<p>The Finance and Resources Committee noted the risk factors and approved the revisions to the revenue budget for 2021/22.</p> <p>The Corporation would be alerted through the minutes that there is a risk that the target of EBITDA may fall short of the 8% by a nominal amount.</p> <p>It was further recommended that the Corporation consider that the pay as a percentage of income target be considered with an increase to 61% as the 60% threshold was no longer realistic.</p>
4.5	Costed Curriculum Update 2021/2022
	<p>Members discussed the impact of, and progress made in the utilisation of a costed curriculum approach. The target of 50% contribution was variable recognising that it was much more challenging for some areas which were constrained by class sizes and/or the subject specialism.</p> <p>Members asked if a global target for all areas remained appropriate. It was noted that an equitable target was good to have in place which was then moderated. Detailed consideration of contribution rates was effective in planning and resource costing.</p>

		The update on curriculum costing was noted.
5		Financial Planning
	5.1	Budgeting Policy 2022/2023
		<p>Members considered the update of the Budgeting Policy for budget preparation for 2022/2023.</p> <p>The process was carefully documented to support staff.</p> <p>There were no surprises and there were four red risks under the Risk RAG Rating on Budget Headings relating to the National Skills Fund (NSF), National Insurance (NI), National Living Wage (NLW) and Premises.</p> <p>Members asked about proposed work around transport costs and learned that the College was undertaking a Green Travel Survey and the tender for coach services was planned for September 2022.</p>
	Action 5.1a	It was agreed that the results of the Green Travel Survey would be provided for the Corporation.
		The Finance and Resource Committee approved the revised Budgeting Policy for 2022/2023.
	5.2	Tuition Fees Policy 2022/2023
		Members considered the policy for tuition fees for 2022/2023. The approach was mindful of the need to comply with funding regulations, to be clear and transparent and provide fair treatment and value for money.
		The Finance and Resource Committee recommended that the Corporation approve the revised Tuition Fees Policy for 2022/2023.
6		Estates/Capital Projects Update
		<p>While members were aware that an estates consultant had undertaken a review and that a final report was awaited, the headline was that overcrowding was confirmed.</p> <p>Members received an update on the range of additional accommodation being sought to support planned delivery, including displacement due to planned estates development.</p> <p>Members were also pleased to learn of a potential project in conjunction with Dudley Metropolitan Borough Council and that the coach turning point for Whittingham Road was being progressed.</p> <p>The Committee discussed planning in relation to curriculum areas that would be affected and that the September 2022 accommodation needs were challenging.</p>
		The Finance and Resources Committee noted the report pending a more detailed financial analysis once discussions have moved forward on levelling up and the outcome of the transformation fund bid are known.
7		Review of Strategy or Policy
	7.1	Procurement Policy Update

		Members commended the changes to the revised Procurement Policy, which along with other policy review included a short policy statement and was clear on roles and responsibilities.
		The Finance and Resource Committee approved the revised Procurement Policy.
8		Any Other Business
		There was none.
9		Date of Next Meeting
		The next meeting of the Finance and Resources Committee remained as scheduled for Tuesday 28 June 2022.

The meeting closed at 7.35pm.

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 Closed. March 2022
Finance and General Purposes Committee – 24 November 2021			
7a	Estates/Capital – Estates Strategy 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	March 2022 July 2022	JCa/ADo

	Update received March 2022. Pending Report from consultant on Estates.		
9a	Procurement Policy The Finance and General Purposes Committee asked that a further review be returned to the Committee.	March 2022	JCa Closed March 2022
10a	Students' Union Annual Accounts A further report on student engagement and the Students' Union would be returned to the Committee Deferred to report alongside Accounts	March June 2022	JCa/ADo
Finance and Resources Committee – 16 March 2022			
4.1a	Management Accounts as of 28 February 2022 It was agreed that an overarching position update would be provided for the Corporation regarding Outstanding and Good Financial Health categorisation.	March 2022	JCa
5.1a	Budgeting Policy 2022/2023 It was agreed that the results of the Green Travel Survey would be provided for the Corporation.	July 2022	JCa