

## Minutes of Finance and General Purposes Committee Meeting

held on Wednesday 17 March 2021

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

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

*Observer* Dan Grant (*Consultant*)

<b>1</b>		<b>Apologies for Absence</b>
		There were none.
<b>2</b>		<b>Declarations of Interest</b>
		Andrew Dobson, Jacquie Carman and Jennifer Sunter declared their interests in agenda item 4, Review of Pay.
<b>3</b>		<b>Minutes</b>
	<b>3a</b>	<b>Minutes of the Finance and General Purposes Committee held 21 January 2021 and Matters Arising.</b>
		<p>The minutes of the Finance and General Purposes Committee held 21 January 2021 were approved as a correct record, subject to corrections raised.</p> <p>Matters Arising</p> <p>The Clerk reported on actions under the minutes of the meeting held 24 November 2020:</p> <p>4.5a, Value for Money Report 2019/2020 was deferred to June 2021.</p> <p>5.4a, Review of Pay was addressed under the current agenda.</p> <p>The Chair outlined the aim for the Committee to be provided with a cycle of business alongside future agendas, to be kept under review in order to be responsive to change.</p>
<b>4</b>		<b>Items for Discussion and Approval/Recommendation to Corporation</b>
	<b>4a</b>	<b>Budgeting Policy 2021/2022</b>
		<p>Jacquie Carman outlined policy and procedure for annual setting of the College budget, to support the strategic priorities of the College, within available resources.</p> <p>The rationale was underpinned by consideration of risks to the budget profile.</p>

	<p>Andy Dobson noted the reassuringly comprehensive approach, based on firm key assumptions.</p> <p>Members discussed ongoing report development, to increase clarity and conciseness, highlighting core principles of policy and procedure and providing supportive information in appendices.</p>
	<p>The Finance and General Purposes Committee approved the Budgeting Policy 2021/2022.</p>
<b>4b</b>	<b>Tuition Fees Policy 2021/2022</b>
	<p>Jacquie Carman outlined policy and procedure for annual setting of policy for tuition fees for 2021/2022, the object of which was to achieve value for money for students. Details were provided on how fees had been calculated.</p> <p>It was noted that procedures differed with regard to funding changes and the lifetime skills guarantee, now free for adults for their first full length Level 3 qualification.</p> <p>Members discussed where the report should sit within the governance framework, which would be considered as part of revised terms of reference and non-delegable matters.</p>
	<p>The Finance and General Purposes Committee resolved to recommend to the Corporation the approval of the Tuition Fees Policy.</p>
<b>4c</b>	<b>Financial Update</b>
<b>4ci</b>	<p><b>Management Accounts as at 28 February 2021</b></p> <p>Members received the key points on financial performance, as at 28 February 2021. Overall little variability was noted, with income received as expected.</p> <p>While current performance against targets was strong, key risks such as claw back of adult education budget funding, were being closely monitored.</p> <p>Members asked about liquidity and Jacquie Carman reported that the ratio was not currently as strong as previous years. However, this correlated with the decision to invest in the estate, in addition to February and March being leaner cash status months, due to the pattern of funding release to providers.</p> <p>The Management Accounts as at 28 February were noted.</p>
<b>4cii</b>	<b>Budget Update 2020/2021</b>
	<p>Members considered the second review of the current year budget.</p> <p>Jacquie Carman provided key points on the response to Covid-19, that performance against core financial targets remained strong, however, the pay as a percentage of budget continued to increase towards the upper limit of the 60% ceiling.</p> <p>Members noted loss of income funding for digital retraining, as students had not wanted to undertake this training remotely. Jacquie Carman reported that the College remained well placed to provide this training, which should be rebranded and marketed.</p> <p>Detailed areas of loss and gain were outlined, but ultimately the budget had little variance. Members commended that the budget was being managed so that net impact leaves the College budget in accordance with plan.</p>

	<p>Members asked about students returning to College and Andy Dobson reported on the programme of testing and the smiling faces of students returning to campus for lessons.</p> <p>The Chair asked about potential cost increases to the College Bus provision. Jacquie Carman explained that the policy put in place of one student per double seat, coupled with students currently in College for at least fifty percent of their study time, still equated to some increased costs which had been supported by the WMCA . It was noted that this position may require review post Easter, for the summer term should the percentage of onsite learning increase.</p> <p>It was further noted that the College term would not need to be extended. Andy Dobson noted that there may be cost increases to provide student support, to address knowledge gaps brought about by disruption to learning through the pandemic.</p> <p>The Chair asked about places for students with high needs. Jacquie Carman outlined the growth in funded places and that under the lagged funding model, the College supported more students than it had funding for. Not all students qualified for funding and sustainability regarding future increases would need consideration. Andy Dobson explained the basis of applications from students with Education and Health Care Plans and emphasised that the College was working well with Dudley Metropolitan Borough Council, who were very supportive.</p>
	<p>The Finance and General Purposes Committee resolved to recommend to the Corporation the revisions to the revenue budget for 2020/21.</p>
<b>4d</b>	<b>Finance Record</b>
	<p>Jacquie Carman reported on the finance record, that the College was required to submit to the ESFA, correlating with the Annual Members' Report and Financial Statements. The agency is particularly concerned with cash flow for Colleges.</p> <p>Jacquie Carman confirmed that financial health was calculated as outstanding and that ratios demonstrate achievement of all College targets.</p> <p>The Finance and Resources Committee noted the finance return.</p>
<b>4e</b>	<b>Review of Pay</b>
	<p>Members considered the report on pay, with requested modelling and a recommendation of a 1% pay award. Andy Dobson confirmed that the consideration was affordable and that it was right to consolidate the award. However, this was an informed choice, with knowledge of pressure on the 2021/2022 budget and potential need to address other savings.</p> <p>Jacquie provided a detailed explanation of the calculations undertaken to address affordability, including consideration of budgeting for 2021/2022. Jacquie Carman highlighted that the pay award would increase the pay budget to just below the 60% ceiling. She also updated members about the risks to the financial model, which supported the pay award, not least the potential clawback of Adult Education Budget funding.</p> <p>Members discussed the forecast impact on budget surplus from 2021/2022, particularly with regard to a new key financial ratio, of surplus as a percentage</p>

		<p>of income needing to be greater than 1%. Current calculations were below this and would require address.</p> <p>Members further discussed consolidation of the award and agreed that this remained the right course of action, supported by assurances that it was both sensible and achievable and that consequences could be managed.</p>
		The Finance and Resources Committee resolved to recommend to the Corporation that a 1% pay award be made for 2020/21 and that this be consolidated.
<b>5</b>		<b>Items for Reporting and Noting</b>
	<b>5a</b>	<p><b>LEP Funding Update (Including progress on Capital Build)</b></p> <p>Jacquie Carman confirmed that the capital build construction works had been completed, that the scheme had been delivered in accordance with budget and that the full grant value would be claimed.</p> <p>It was confirmed that funding had been provided in instalments.</p> <p>The position was noted.</p>
	<b>5b</b>	<p><b>ESFA Funding Update and Impact on Financial Model</b></p> <p>Jacquie Carman reported positive 16-18 funding news. While there was no change to the base rate of funding, there was an overall increase in funding of £1.2m. This included funding for increased learner numbers from 4121 to 4254 (in accordance with the lagged funding model), the introduction of specific bandings for T Levels, full year funding for the teachers' pension scheme increase and increased funding for discretionary bursary and free meals.</p> <p>Members noted that this funding needed to be offset against current year non recurrent sources of income and that the budget for 2021/2022 remained challenging.</p> <p>The funding update was noted.</p>
	<b>5c</b>	<b>New FE Commissioner Benchmarks</b>
		<p>Jacquie Carman reported on consideration of current financial performance in relation the provision of new benchmarks by the FE Commissioner. This had raised one area for further consideration regarding surplus as a percentage of income.</p> <p>Members discussed the impact of more challenging benchmarks on the sector, with regards to intervention.</p>
	<b>Action 5c</b>	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.
<b>6</b>		<p><b>Any Other Business</b></p> <p>Members discussed committee membership, noting recommendations being made to the Corporation.</p>
<b>7</b>		<b>Date of Next Meeting:</b>

		The next meeting of the Finance and General Purposes Committee is scheduled for Tuesday 16 June 2021.
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The meeting closed at 7.20pm

<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	<p><b>Value for Money Report 2019/2020</b></p> <p>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'.</p> <p>Deferred until June 2021</p>	<p>March 2021</p> <p>June 2021</p>	JCa
<b>Finance and General Purposes Committee - 17 March 2021</b>			
5c	<p><b>New FE Commissioner Benchmarks</b></p> <p>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 is presented for approval.</p>	June 2021	JCa