

Minutes of the Finance and Resources Committee Meeting

Held Wednesday 23 November 2022

Present Andrew Hanson (*Chair*), Thomas Huntbatch (*Vice Chair*), Alison Jarrett and Joanne Chilton.

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

1		Apologies for Absence
		Apologies were received on behalf of Andrew Dobson
2		Declarations of Interest
		There were none.
3		Minutes
	3a	Minutes of the Finance and Resources Committee held 21 June 2022 and Matters Arising.
		The Minutes of the Finance and Resources Committee held 21 June 2022 were approved as a correct record. Under Matters Arising the Clerk reported that from the meeting of 24 November 2021, action 10a, Students' Union Annual Accounts, a report was provided under the current meeting agenda. The matter was being progressed and the action closed.
4		Financial Performance Previous Year
	4a	Review of Performance against Financial Targets
		Members considered the report which was part of a suite of reports monitoring financial performance, noting that performance against targets continued to be indicative of Outstanding financial health. However, pay performance was above target, reflective of sector challenges and as such had moved to an amber rating. The review was received.
	4b	Pension Update
		Jacquie Carman reported on early insight into the Local Government Pension Scheme (LGPS) triennial evaluation, however, no change of rate details had yet been released. The review of the fund incorporated a balance between member contributions and investment income and as such was variable, dependent on the approach to investment. Should clearer information become available through briefings with the Pension Services' Assistant Director, an update would be provided for the Corporation. The Committee noted the Pensions Update Report.
	4c	External Audit Findings Report – Key Issues for Discussion Document
		Members considered the report provided by Bishop Fleming following their audit work which would be further scrutinised by the Audit Committee. Jacquie Carman highlighted key points including that; <ul style="list-style-type: none"> • all indicators surrounding the process were rated green

	<ul style="list-style-type: none"> • significant areas of risk identified at the planning stage had been audited • other audit matters surrounding national risks had been reported • analysis of going concern was addressed <p>It was further noted that a strong management letter with no points of concern had been provided.</p> <p>Members asked for feedback on the change of audit service provision and Jacquie Carman reported that there had been expert planning and insight with clear identification of risk factors, a proportional response and a good blend of delivery.</p> <p>Members congratulated and thanked staff for their hard work and achieving such strong performance.</p> <p>The Committee noted the findings of Bishop Fleming.</p>
4d	Annual Members' Report and Annual Statements of Accounts for Halesowen College Corporation
4e	Halesowen College Enterprises Limited Directors' Report and Financial Statements
	<p>The Finance and Resources Committee considered the consolidated Annual Report and Financial Statements for the College and its wholly owned subsidiary Halesowen College Enterprises Limited. The reporting standard was in accordance with the Casterbridge model, and the report would also be considered in detail by the Audit Committee.</p> <p>The College and Company had been audited by external auditors Bishop Fleming and remained going concerns.</p> <p>Members noted that financial performance was in accordance with forecast, with a surplus achieved in accordance with budget. Key ratios were reported and the position of Outstanding financial health was noted.</p> <p>Members considered income and expenditure with income slightly down against increased expenditure across the staff base, despite the average salary remaining consistent.</p> <p>Members also considered the strategic report detail in relation to the Colleges objectives and in accordance with required elements of reporting, including public benefit, going concern and energy and carbon reporting.</p> <p>Regarding Halesowen College Enterprises Limited, it was noted that a letter of support was no longer needed, however, an assurance statement regarding its creditor status would be provided.</p> <p>Members considered Corporation responsibilities and signing of Corporate statements within the report, including where necessary any additional disclosures arising before the report is signed following Corporation approval.</p> <p>Jacquie Carman further highlighted the importance of understanding the basis for the volatility of the FRS102 pension costs and liability and emphasised that liability was incurred only if the College were to cease operating.</p> <p>In conclusion Jacquie Caman summarised the strong performance of the College with a clean audit and that there was no longer a required conciliation with the ESFA income. Following Corporation approval the consolidated report would be submitted to the ESFA. Following Directors approval the Halesowen College Enterprises Limited Directors' Report and Financial Statements would be supplied to Companies House.</p>
	<p>The Finance and Resources Committee noted that the College would not call in Halesowen College Enterprises Limited as a creditor until the company was in a position to realise its post pandemic cash flow.</p> <p>The Halesowen College Enterprises Limited Directors' report was received and noted, as awaiting approval from the Directors.</p>

		The Finance and Resources Committee, noting the findings of Bishop Fleming and the finalisation of their reports, recommended the Annual Members' Report and Annual Statements of Accounts for Halesowen College Corporation, year ending 31 July 2022 to the Corporation.
5		Financial Performance Current Year
	5a	Management Accounts College and Halesowen College Enterprises Limited
		<p>Jacque Carman outlined the key points arising from financial performance monitoring across the accounts as of 31 October 2022 and review one of the current year budget. Key points included;</p> <ul style="list-style-type: none"> • While headlines were currently predominantly rated green there were significant risks to the College position. These were summarised in that <ul style="list-style-type: none"> ✚ the 16-18 income profile was impacted by low recruitment to T levels and lack of clarity over the level of clawback, should contract levels not be achieved ✚ the Adult Skills contract was currently not achieved and while remedial activity was in place through planned January enrolments, this may still leave the College under contract, ✚ that while Apprenticeships was in good recovery, there was reduced enrolment and to lower tariff apprenticeships, therefore a subsequent dip in income was forecast. • That there were increased challenges to containing pay costs, with a high level of sickness absence. • Rising utility costs would impact post April, when the current pre purchased agreement ended. • The College Company was performing well, however, pay costs impacted the accounts in the current term and levelled out with profits indicated from Christmas onwards. <p>Members noted that the sensitivity analysis revealed how a strong financial position could become fragile quite rapidly, and further noted the income and value for money analysis in place.</p> <p>While the College was strong it acknowledged that risks were increasing.</p>
	Action 5a	Members asked that a forecast on Apprenticeship income be provided and that Apprenticeship monitoring be returned to the March meeting.
	5b	Review of Current Year Budget and Update of Risks to the Budget Model
		<p>In addition to discussion of key issues affecting the budget under the Management Accounts, members considered the first budget review, noting particularly that the revised surplus now provided a very small margin.</p> <p>Jacque Carman highlighted that under the traffic light colour coding system some of the budget headings had moved to amber or red.</p>
		The Finance and Resources Committee approved the revisions to revenue budget 2022/2023 as of 23 November 2022.
	5c	Costing the Curriculum and Resource Deployment
		<p>Jacque Carman reported that now in its second year there had been a slight increase to 47% contribution against a target of 50%.</p> <p>Members noted that the process of costing the curriculum and a target for contribution supported greater awareness in planning, however, contribution varied greatly across the curriculum impacted by class size and resource levels.</p> <p>Improved areas and those of concern were reported, with work through Heads of Department on areas of concern being undertaken.</p>

		<p>Members asked a range of questions.</p> <p>In responding to comparing the College with other providers Jacquie Carman explained that while there was no benchmarked data the FE Commissioner recommended a contribution of 40-50% and the ESFA that of 50%. It was also noted that the ESFA may provide future generic benchmarks.</p> <p>In response to comparing overall faculty performance and what the Students' Curriculum and Quality Committee considered on course costing, members noted that this may be addressed by a new overarching performance data report, which would support the view of performance across finance, quality and staff and support joined up scrutiny across the committee structure.</p> <p>The report was received.</p>
6		Estates/Capital
	6a	Update Capital Projects Proposals
		<p>Jacquie Carman updated members on progress regarding the procurement of Trinity Point and subsequent work to both Shenstone House and Coombes Wood sites.</p> <p>The process was subject to planning permission and arrangements for drawing down the bank loan. Loan interest rates would be confirmed with the Committee and an overarching risk assessment would be provided for the Corporation.</p> <p>Members further noted that the College was planning to relocate courses to enable the work to be carried out.</p> <p>The Chair reported that should the ONS (Office for National Statistics) change the classification of colleges, capital work could continue, but would be subject to increased levels of bureaucracy.</p>
7		Staff Pay
	7a	Staff Pay Award Update (verbal update)
		<p>Members noted that positive meetings with unions had taken place, where the College offer had been reiterated in addition to a Heads of Terms on new contract arrangements, addressing issues around holidays, teaching hours and periods of notice.</p> <p>The UCU (University and Colleges Union) ballot had opened and the result was expected early in December.</p> <p>Members sought clarity on actions both regarding the award not being accepted and any further reopening of negotiations following an acceptance. It was noted that pay was under annual review and should the offer not be accepted, the current dispute would remain.</p> <p>Members further discussed the positive and negative aspects of an AoC (Association of Colleges) national pay negotiation process.</p> <p>The update was received.</p>
8		Strategy/Policy Review
	8a	Refreshing the Financial Strategy
		<p>Members considered that it was timely to further support the financial strand of the Strategic Plan with a revised Financial Strategy to address financial health and viability. This would consider the challenges of the current economic climate and how best to support stakeholder needs.</p> <p>A range of objectives were provided to be considered by the College Leadership Team in the first instance. Key areas of consideration also included retention of Outstanding Financial health, reviewing the resource allocation model and planning meaningful growth activities.</p>

Action 8a	<p>The Finance and Resources Committee agreed that reviewing the Financial Strategy should be included in the Corporation January Away Day.</p> <p>That a draft should be developed in the new year 2023, so developments for the future could be fully integrated into the approach.</p>
8b	<p>College Coaches Strategy</p> <p>Members discussed the complex issue of the College Coaches Strategy. The wish to support students, particularly in a challenging economic downturn, was finely balanced with increasing costs, not least due to an increased take up of free coach travel in the current year.</p> <p>The College was working hard to continue to afford this provision, however, it was a large cost and options needed to be interrogated.</p> <p>As the College was in contract with its coach service provider any changes to the current offer, if developed, would be for medium to long term consideration.</p> <p>Members noted the report and that in the first instance that surveys for students, parents and possibly wider stakeholders would be undertaken.</p>
Action 8b	<p>Members asked if more knowledge on other transport schemes could be ascertained to inform the debate further.</p>
8c	<p>Review of Financial Regulations</p> <p>Members reviewed the updated Financial Regulations which addressed the change of the pay roll system.</p> <p>The Finance and Resources Committee noted the report and recommended to the Corporation the approval of the revised Financial Regulations.</p>
8d	<p>Frequency and Content of Financial Reports</p> <p>Jacque Carman provided the revised policy which addressed revised management accounts format and other key areas of:</p> <ul style="list-style-type: none"> • Performance against targets • Financial Health • Capital • Learner numbers <p>The Finance and Resources Committee noted the report and approved the update to the policy on Frequency and Content of Financial Reports.</p>
8e	<p>Students' Union Annual Accounts (and student engagement)</p> <p>Jacque Carman referred the Committee to the factual report on the position of the current Students' Union and to the need to consider the status of the Students' Union as an excepted charity.</p> <p>Members discussed the role, operation and value of the Students' Union and the relationship with the Student Ambassadors.</p> <p>It was agreed that student feedback was required.</p>
Action 8e	<p>The Finance and Resources Committee noted the report and recommended that the future configuration of the SU be informed by engagement with the student body to ascertain; how many students subscribe to the SU; whether they access the benefits and whether they are satisfied with the levels of student engagement.</p> <p>It is further recommended that the arrangements in other colleges be considered and reported back through the committee structure with Finance and Resources Committee considering the financial and statutory framework and Students', Curriculum and Quality leading on the student axis.</p>
9	<p>Any Other Business</p>

9.1	HE Tuition Fees
	Jacque Carman reported that while tuition fees were considered annually, the review of Higher Education fees, which had been discussed, was required imminently. Following consideration of competitor fees it was recommended that a slight increase be agreed.
	The Finance and Resources Committee approved the revision of Higher Education Tuition Fees.
10	Date of Next Meeting The next meeting of the Finance and Resources Committee is scheduled for 22 March 2023.
	The meeting closed at 8:05pm.

Actions from Meetings			
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 Update received March 2022. <i>Report from consultant on Estates incorporated into Estates Strategy planning Update</i> <i>Achieved July 2022</i>	March 2022 July 2022	Jaca/ADo
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 <i>To be deferred and provided alongside accounts Autumn 2022</i>	March- June November 2022 Achieved.	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. Achieved.	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. Achieved July 2022.	July 2022	JCa
Finance and Resources Committee – 23 November 2022			
5a	Management Accounts College and Halesowen College Enterprises Limited Members asked that a forecast on Apprenticeship income be provided and that Apprenticeship monitoring be returned to the March meeting.	March 2023	JCa
8a	Refreshing the Financial Strategy	January 2023	JCa

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8c	<p>College Coaches Strategy</p> <p>Members asked if more knowledge on other transport schemes could be ascertained to inform the debate further.</p>	March 2023	JCa
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