

Minutes of the Finance and Resources Committee Meeting

Held Wednesday 22 March 2023

Present Andrew Hanson (*Chair*), Joanne Williams (*Interim Principal*), Thomas Huntbatch, Joanne Chilton.

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

To support a necessary Special Meeting of the Corporation, the Committee agreed to take agenda item 4.3 as their first substantive item and to break at 6.30pm.

1		Apologies for Absence
		Apologies were received on behalf of Alison Jarrett.
2		Declarations of Interest
		There were none.
3		Minutes
	3a	Minutes of the Finance and Resources Committee held 23 November 2022 and Matters Arising.
		<p>The minutes of the Finance and Resources Committee held 23 November 2022 were approved as a correct record.</p> <p>Under Matters Arising – Actions from the Finance and Resources Committee – 23 November 2022:</p> <p>Item 5a, Management Accounts, College and Halesowen College Enterprises Limited. While a separate update was not provided, reporting on Apprenticeship numbers in year, risk and planning for 2023/2024 were provided for under the agenda reports addressing review of current budget and budgeting approach for 2023/2024.</p> <p>Item 8a, Refreshing the Financial Strategy was discussed at the January Development Day and was provided under the meeting for approval.</p> <p>8c, College Coaches Strategy, consultation report was provided under the agenda.</p> <p>8e, Students' Union Annual Accounts (and student engagement). It was noted that consideration by both the Finance and Resources and Students' Curriculum and Quality Committees was deferred for a timelier review, autumn 2023.</p>
	4.3	Estates/Capital Projects Update - Trinity Point Purchase Update and Refurbishment
		<p>Jacquie Carman reported on the dialogue with planners and reaching planning consent required before purchase of Trinity Point.</p> <p>Planning consent had been achieved with conditions, predominantly a local travel plan, addressing Trinity Point, Shenstone House and Whittingham Road campuses of the College. The College had enlisted the services of a specialist and a travel plan was being submitted to Dudley Metropolitan Borough Council.</p>

		<p>The College solicitors were being advised regarding the completion of sale and required vacant possession of Trinity Point.</p> <p>Alongside this, a tender process had been carried out and due diligence was undertaken by PMP Consultants and the College. The preferred provider for the first phase of refurbishment of Trinity Point was E Mantons.</p> <p>Members asked about the impact of purchase and refurbishment costs on College reserves and balances. Jacquie Carman outlined impact and affordability and members noted that the College continued to take a cautious approach to the management of income and expenditure and effective cash management.</p> <p>Jacquie Carman also outlined the permission received to delay the refurbishment of Shenstone House with regards to the Transformational Project grant and that in turn, this had supported a more efficient arrangement of curriculum area movement during a planned estate refurbishment programme.</p>
		<p>The Finance and Resources Committee noted the planning consent and requirements upon this and recommended to Corporation that the purchase of Trinity Point be ratified.</p> <p>The Finance and Resources Committee also recommended to the Corporation the appointment of E Mantons as contractor to refurbish phase 1 of Trinity Point, the tendered cost being £3,595,206 plus VAT.</p>
4		Financial Performance Current year
	4.1	Management Accounts: College and Halesowen College Enterprises Limited
		<p>Members noted the key headlines and that risks to the budget remained the same, but it was positive that some risks had moved to green on the traffic light system. Performance was largely as expected, with all performance ratios remaining strong, except for EBITDA. It was hoped that the College could return to Outstanding at the end of the financial year.</p> <p>Members asked about current loans and if it would be prudent to repay these from reserves. It was felt that the College may need to make a considered decision, informed by any potential future clawback of reserves and costs incurred by repayment of variable rate loans.</p> <p>Jacquie Carman highlighted the challenges facing Halesowen College Enterprises Limited, including the rising costs of food. Retail sales were good, however, there was potential development in utilising front facing provision for clients outside normal hours and term time.</p> <p>The company directors would consider the recalibration of the staff pay scale, and it was noted that the financial statements would be impacted by the Nursery staff redundancy payments, as already addressed.</p> <p>It was forecast that the company would break even in the financial year.</p> <p>The management accounts for College and company were noted.</p>
	Action 4.1a	Jacquie Carman would check with banks on costs of repaying variable rate loans.
		<p><i>6.30pm The meeting was suspended/recessed.</i></p> <p><i>6.45pm the meeting resumed.</i></p>

	<p>4.2 Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023 and 2023/2024.</p>
	<p>Members considered the second review point of the current year budget, noting a slightly reduced surplus, T Level clawback and grant funding received. Apprenticeships remained a concern, with a small volume of students. Immediate actions were being taken to increase numbers.</p> <p>While the College continued to forecast a slightly reduced surplus, there were challenges from both staff expectations of a pay award and increased costs from energy. The current year budget had taken account of the pay award made and the additional costs incurred by the recalibration of the pay scale.</p> <p>It was noted that while increased pension costs were incorporated for the current year, as manageable (due to the increase being across part of the year only), from 2023/2024 the full year impact would be more significant.</p> <p>Members discussed the reasons for energy increase and noted that efficiency measures were being looked for.</p> <p>Members asked about the rise in agency staff costs and about the direct employment of security staff by Halesowen College Enterprises Limited. It was noted that, as considered in detail by the Personnel Committee, agency fees were mostly related to staff vacancies and challenges in staff recruitment. The direct employment of security staff was noted as in progress, however the recruitment of a manager remained challenging.</p> <p>Members noted the increasing challenges in staff retention where the College cannot compete with school and sixth form funding and pay scales for teachers.</p> <p>Looking to the budget model for 2023/2024 members noted the overall forecast of achieving a small surplus, but that this did not account for any pay award.</p> <p>Members discussed staff expectations, affordability and the approach being taken by the Association of Colleges.</p> <p>The College was focused on necessary expenditure to support the improvement of quality of provision and some changes to the establishment of staff.</p> <p>Members asked about the ambitious 16-18 funding contract and noted that retention and progression were paramount in achieving this. The College was working very hard on T Level and Apprenticeship provision and was also exploring ways to diversify income.</p> <p>Members also noted that the current approach to course funding highlighted the mismatch with what students were asking to study.</p> <p>The current budget update 2022/2023 and the risks to the model for 2023/2024 were noted.</p>
	<p>4.4 Staff Pay</p>
	<p>Members noted the detailed changes to the College pay spine, to address the increase in national minimum wage and necessary recalibration to retain differentials.</p> <p>The cost to the College was noted. Pay would not be actioned until May 2023 for affected staff but would be back dated to April 2023.</p>

		The Finance and Resources Committee recommended to the Corporation that the new pay scale be approved.
5		Accountability Agreement Update
		<p>Members received an update on progress towards drafting the required Accountability Statement, noting the importance of this new statement, in both replacing the Conditions of Grant Funding and in detailing how the College meets local needs and national priorities.</p> <p>While the Local Skills Improvement Plan was well under way with the Chambers of Commerce, receipt of this in good time to complete and return the College's statement remained challenging. The College was considering composition and content around known requirements and known priorities. The College planned to submit a draft in accordance with the May deadline, noting that a delay to July would be beneficial if announced.</p> <p>Members discussed perceived tension in potential use of the Accountability Statement, a legal document, as a measure of achievement and vehicle for funding clawback. The initial year may have flexibility but there was uncertainty over refining of targets and performance measures going forward.</p> <p>Members discussed how the approach did not seem to take account of student choice in study areas.</p> <p>Members also touched on how the College could evidence its contribution to wider skills delivery, supportive of, if not directly in provision of priority areas such as manufacturing.</p> <p>Members stated the need to be consistent in strategy and statements.</p>
6		Financial Planning
	6.1	Revisions to Financial Strategy
		<p>Having recognised the need to consider financial strategy, members were provided with a revised approach based on clear objectives.</p> <p>Five clear strands had been identified to support sound financial management and investment to meet current and future needs.</p> <p>The two pillars of finance and quality were integral to ongoing success and would be supported by the approach, which included the need to consider the financial and educational basis of decisions and consistently evaluate strategic alternatives.</p> <p>In considering strand one and financial stability members asked about EBITDA and noted that the figure of 8% was aspirational. Members also discussed the complexities of room utilisation measures and that ultimately there was currently overcrowding as reflected by feedback from students.</p> <p>Members noted that the strategy would be monitored by the Committee.</p>
		The Finance and Resources Committee approved the Financial Strategy.
	6.2	Budgeting Policy 2023/2024
		<p>Jacque Carman confirmed the clear link between the curriculum planning and budget setting cycles and that the budgeting policy provided a clear process.</p> <p>Budget headings had been traffic light (RAG) rated and members discussed that the introduction of information, regarding mitigation of risk would be</p>

		<p>beneficial. This would increase transparency and further support decision making.</p> <p>Members asked if the financial year would adjust to meet that of the public sector, following sector reclassification. Jacquie Carman responded that this would not be beneficial and the earliest that this could take place would be 2025.</p>
	Action 6.2a	Jacquie Carman would investigate adding a control column, to the RAG rated budget headings table of the Budgeting Policy.
		The Finance and Resources Committee approved the Budgeting Policy 2023/2024.
	6.3	Tuition Fees Policy 2023/2024
		<p>Members considered the annual update of the Tuition Fees Policy in preparation for 2023/2024. The update was fair, provided value for money and addressed funding rules.</p> <p>The policy also addressed Swaps and Bootcamps.</p>
		The Finance and Resources Committee recommended to the Corporation the approval of the Tuition Fees Policy 2023/2024.
	6.4	College Coaches Strategy – Stakeholder Analysis
		<p>Jacquie Carman outlined the response to a student survey on the use of College coaches. The response level provided a valid sample to give a clear picture on use and value placed on the service.</p> <p>The service was a clear driver in students choosing the College.</p> <p>Members asked about areas that did not seem to be as well covered by the service, which would be investigated.</p> <p>Member also noted that given current industrial action impacting on student travel, the College may have some capacity to help other local providers in supporting travel to exams.</p> <p>The Committee noted the findings and supported the approach to survey students in September/October 2023 on impact of a potential charge, to inform policy for 2024/25 onwards.</p>
	6.5	Reclassification of Colleges - Actions
		<p>Managing Public Money was central to College compliance as a public sector organisation.</p> <p>Initial understanding of areas of impact were reported in an action plan but the College would need to consider finer detail to address any necessary changes.</p> <p>Members noted that there was less clarity around what is classed as novel, contentious or repercussive.</p> <p>Members also noted that assurance was sought regarding any impact on Colleges of periods of political election processes.</p> <p>The update and the action plan were noted.</p> <p>The action plan would be monitored by the Committee.</p>
	7	Meeting impact review
		Members discussed the most effective way of addressing consideration of meeting impact. It was suggested that further consideration be afforded to this,

		<p>to guard against creating any unnecessary bureaucratic repetition and to support dynamic and interactive ways of working.</p> <p>For the current meeting members felt that:</p> <ul style="list-style-type: none"> • The risks to the current budget and model had been clearly articulated and understood by members. • The decisions on Estates were impactful. • That review of College coaches afforded a clear perspective to inform decision making. • That suggestions from members were helpful, such as consideration of potential gaps in College coach routes and provision of control information in risk rating budget headings under Budget Policy reporting.
8		Any Other Business
		There was none.
9		Date of Next Meeting
		The next meeting of the Finance and Resources Committee is as scheduled for Tuesday 27 June 2023.

The meeting closed at 7.50pm

Actions from Meetings			
Finance and Resources Committee – 23 November 2022			
5a	<p>Management Accounts College and Halesowen College Enterprises Limited</p> <p>Members asked that a forecast on Apprenticeship income be provided and that Apprenticeship monitoring be returned to the March meeting.</p>	<p>March 2023 Update across reports provided.</p>	JCa
8a	<p>Refreshing the Financial Strategy</p> <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>	<p>January 2023 March 2023 addressed. Closed</p>	JCa
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>	<p>March 2023 Survey Reported</p>	JCa
8e	<p>Students' Union Annual Accounts (and student engagement)</p> <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</p>	<p>March 2023 Deferred until Autumn 2023.</p>	JCa

	<p>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>		
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Actions from Meetings

Finance and Resources Committee – 22 March 2023

4.1a	<p>Management Accounts: College and Halesowen College Enterprises Limited</p> <p>Jacque Carman would check with banks on costs of repaying variable rate loans.</p>	June 2023	JCa
6.2a	<p>Budgeting Policy 2023/2024</p> <p>Jacque Carman would investigate adding a control column, to the RAG rated budget headings table of the Budgeting Policy.</p>	June 2023	JCa