

## Minutes of the Finance and Resources Committee Meeting

Held Wednesday Tuesday 27 June 2023

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

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

<b>1</b>	<b>Apologies for Absence</b>
	Apologies were received on behalf of Alison Jarrett.
<b>2</b>	<b>Declarations of Interest</b>
	All staff present declared an interest in agenda item 4.4 Staff Pay Update.
<b>3</b>	<b>Minutes</b>
<b>3.1</b>	<b>Minutes of the Finance and Resources Committee held 16 March 2022 and Matters Arising.</b>
	<p>The minutes of the Finance and Resources Committee held 16 March 2022 were approved as a correct record.</p> <p>The Clerk reported on current actions under minutes.</p> <p>Under the meeting held 23 November 2022</p> <p><b>Item 8c, College Coaches Strategy</b></p> <p>The review of other transport schemes had been overtaken; however further review would be considered when the current contract was being considered. The action was closed.</p> <p>Members asked about progression regarding the bus turning circle and Jacquie Carman confirmed that this was currently residing with the Secretary of State for Education.</p> <p><b>Item 8e, Students' Union Annual Accounts (and student engagement),</b> consideration of the Students' Union was scheduled for autumn review.</p> <p>Under the meeting held 22 March 2023</p> <p><b>Item 4.1a, Management Accounts: College and Halesowen College Enterprises Limited,</b> costs of repaying variable rate loans would be reported on under wider consideration of reclassification of Colleges as public.</p> <p>Members discussed the best position for the College regarding variable and fixed rate loans, recognising the difficulty in future borrowing and penalty clauses on fixed rate early repayments. No action was needed at this time and could be revisited should circumstances change. The action was closed.</p> <p><b>Item 6.2a, Budgeting Policy 2023/2024,</b> a control column, to the RAG rated budget headings table of the Budgeting Policy would be added for the new academic year.</p>

<b>4</b>		<b>Financial Performance Current Year</b>
	<b>4.1</b>	<b>Management Accounts: College and Halesowen College Enterprises Limited</b>
		<p>Jacquie Carman highlighted that the Management Accounts reflected that the College, as predicted, had dipped into Good financial Health while remaining on the cusp of Outstanding.</p> <p>Variance on pay costs related to savings regarding vacancies and high costs on agency staff.</p> <p>Income was mostly realised. Apprenticeship income was not realised though a number of Apprentices were due to complete in July and August.</p> <p>Members asked about securing LEP (Local Enterprise Partnership) funding for the development of Block 5. Jacquie Carman reported that the LEP had been subsumed into the WMCA (West Midlands Combined Authority) and she would be speaking with them on grant funding and regarding the Apprenticeship targets not yet met.</p> <p>Members also asked about the current level and type of vacancies the College was carrying. Joanne Williams responded that this covered a range of staff roles, but particularly Humanities lecturers, supervisors and cleaners. Appointments were being made to lecturing posts and the College was investigating other routes such as SWAPs.</p>
	<b>Action 41.a</b>	The Finance and Resources Committee proposed a standalone meeting of chairs and vice chairs in August/September to take a holistic view of Apprenticeships.
	<b>4.2</b>	<b>Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023</b>
		<p>Members noted that there was little movement between budget review points two and three.</p> <p>The budget for 2023/2024 took account of pay costs for a full establishment of staff and the large rises in licence renewals.</p> <p>The year end budget was in accordance with the model, realising a small surplus.</p> <p>The Chair asked about the cost implications of changes to the National Minimum Wage (NMW) and how this compared the National Foundation Living Wage (NFLW). Jacquie Carman outlined the impact on the current pay scale and the increase in pay budget of potentially over £250,000 regarding NFLW.</p>
	<b>Action 4.2a</b>	The Finance and Resources Committee tasked management to model the pay costs and impact to the pay spine for the first meeting of the Corporation in the 2023/2024 cycle, with a view to further consideration where appropriate by the subsequent Finance and Resources and Personnel Committees.
		The Finance and Resources Committee approved the Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023.
	<b>4.3</b>	<b>Annual Accountability Agreement</b>
		Jacquie Carman presented the Accountability Agreement which replaced the Conditions of Grant Funding and which was required under statutory duty to support the Governments skills agenda.

	<p>The Accountability Agreement was current in relation to the Local Skills Improvement Plan (LSIP) and the College's existing Strategic Plan, which was currently being refreshed.</p> <p>Jacquie Carman drew out a few of the key areas regarding context and place, demographics, diversity and working with key stakeholders to move forward. The College aimed to be exceptional and an integral part of the community showing the value of education for positive change.</p> <p>Members commended the impactful report.</p>
	<p>The Finance and Resources Committee recommended the Accountability Agreement for Corporation approval.</p>
<b>4.4</b>	<b>Staff Pay Update - Confidential</b>
	<p>The staff pay update report remained confidential until the Corporation had an agreed position.</p> <p>The Committee noted that the Association of Colleges had not currently made a recommendation of pay and that the position on any increase to schoolteachers' pay would not be known until July 2023.</p> <p>It was also discussed that union claims on pay increase at 15.4% constituted an additional £3,000,000 cost, that the wish for national agreement held challenges, due to the current variability across the sector and that the points on better work life balance and wellbeing were notable.</p> <p>Members discussed the Corporation cycle and parameters for considering pay, and the willingness to negotiate with unions.</p>
	<p>The Finance and Resources Committee recommended the report on Staff Pay as a confidential item for Corporation consideration, which included considerations on pay and affordability and treatment of a non-consolidated award.</p>
<b>4.5</b>	<b>Value for Money Report</b>
	<p>In considering the College's approach to and monitoring of value for money, members discussed key areas of concern. These included areas of underperformance against contract. Overall achievement and attendance data also remained areas of concern.</p> <p>Maintaining pay as a percentage of income would be challenging when a full staff base was realised.</p> <p>Curriculum contribution was noted as 47% against a target of 50%.</p>
<b>Action 4.5a</b>	<p>Members suggested that performance against contract and the golden thread of skills performance should be evidenced in the report.</p>
	<p>The Finance and Resources Committee approved the Value for Money Report.</p>
	<b>Subsidiary Company</b>
<b>4.6</b>	<b>Halesowen College Enterprises Limited Business Plan and Memorandum of Understanding</b>
	<p>Members noted that the Memorandum of Understanding documented the relationship between College and Company.</p> <p>Regarding the Business Plan it was recognised that it was more difficult to achieve a substantial profit in light of rising costs, not least the impact of wage increases to meet rises in the National Minimum Wage.</p>

		Members agreed that the focus remained on providing a high-quality service while covering costs.
	<b>4.7</b>	<b>Gift Aid</b>
		Jacque Carman explained the complex accounting treatment impacted by the reclassification of Colleges to the public sector, with requirement of ESFA approval.
		The Finance and Resources Committee recommended to the Corporation the approval of the accounting treatment of the Gift Aid covenant and to note the technicality of the write off/letter of comfort which had arisen from the reclassification of Colleges as public sector entities.
	<b>5</b>	<b>Financial Planning</b>
	<b>5.1</b>	<b>Funding Update</b> ( <i>presentation</i> )
		<p>Members received a presentation on the complexities of funding impacting on the College, noting that these were national issues that needed to be addressed.</p> <p>Following the funding allocation some course development had been halted, changes to course weightings such as Psychology would have a negative impact, as would the lack of any uplift in High Needs funding. In year clawback on T level funding and no in year growth also pushed greater risk onto colleges.</p> <p>Concerns had been raised on the adult funding which was only allocated to those on loans and the Apprenticeship Levy would be increased to 1% for employers.</p> <p>Regarding capital support it was difficult to address the government timescales and overall the grant funding requirements were causing providers to return funding, which could be misinterpreted by the Treasury regarding the sector's position on lack of funding.</p> <p>The update was received.</p>
	<b>5.2</b>	<b>Curriculum Costing Update</b>
		<p>It was noted that the second year of curriculum costing was more embedded and accurate and reflected realistic contributions from areas with higher resource costs.</p> <p>While the College had set a target of 50% contribution rate it was forecasting 51.35% overall contribution.</p> <p>Moving forwards the College was aware of investigative tools to support the process and it was acknowledged that in the current financial landscape a higher rate of contribution may be needed.</p> <p>Members discussed classroom sizes and their impact on resources and curriculum design regarding Foundation and High Needs provision.</p> <p>Future modelling would need to focus on what each area needed to do to support course costs and then also regarding the cost of the College coaches.</p>
	<b>Action 5.2a</b>	The Curriculum costing Update report was recommended to the Students, Curriculum and Quality Committee.
	<b>5.3i</b> <b>5.3ii</b> <b>5.3iii</b>	<b>Financial Plan and Forecast 2023/2024 – 2024/2025 and Draft Budget 2023/2024</b>

		<p>Jacque Carman reported that the College continued to forecast a very small budget surplus for 2023/2024. The budget was based on recruitment to vacancies and additional posts to support quality and services and undertaking Transformational Projects. Utility costs remained high and cost was incurred re the necessary use of mobile classrooms to support estates refurbishment.</p> <p>Members noted that the College was confident of reaching a full staff base with focus on staff retention. The financial health projection was Good, however, only liquidity and EBITDA would be used for judgement of health. Cash generation must be a positive number and the debt cover ratio would be a limiting grade.</p> <p>Overall the College could maintain a surplus but this would be much lower than previous years.</p>
		The Finance and Resources Committee recommend the draft budget for 2023-2024 to the Corporation for approval.
<b>6</b>		<b>Review of Strategy/Policy/Framework documents</b>
	<b>6.1</b>	<b>Estates Strategy- Planning and Capital Update</b>
		<p>Jacque Carman reported that the College was now ready to finalise the documentation for the purchase of Trinity Point, Halesowen.</p> <p>It was noted that much work by specialist contractors was needed, not least the new requirement of a ventilation shaft.</p>
	<b>6.2</b>	<b>Environmental and Sustainability Strategy</b>
		<p>The work undertaken by Corinne Youren on taking the Environmental and Sustainability Strategy forward was appreciated by the Committee.</p> <p>Jacque Carman noted that the College was a leading member of the West Midlands Colleges' Towards Net Zero Group and was promoting and raising awareness of the UN 17 strands of sustainability.</p>
		The Finance and Resources Committee approved the Environmental and Sustainability Strategy and commitment statement and noted the roadmap.
	<b>6.3</b>	<b>Treasury Management Policy</b>
		<p>Jacque Carman highlighted that the Treasury Management Policy had been updated to recognise the reclassification of the College as a public sector organisation.</p> <p>It was also noted that the bank ratings had been reviewed.</p>
		The Finance and Resources Committee approved the Treasury Management Policy.
	<b>6.4</b>	<b>Review of Student Financial Support/Procedures</b>
		<p>The review of the financial support offer had again been updated to ensure support was reaching students. The support bands had been recalibrated and updated to reflect changes to National Minimum Wage and the offer would be highlighted to students through Welcome Days and enrolment. Students could now do the first application stage through the College's Journey system and returning students did not need to be reassessed. Additionally new learners were being contacted and assessed earlier, to support starting College more viable.</p>

		Members also discussed that the College had started to do more analysis of learner support fund access, particularly with the view to identifying where support may be needed but not accessed.
		The Finance and Resources Committee approved the refreshed procedures for student financial support and noted the key aspects of the fund.
<b>7</b>		<b>Monitoring</b>
	<b>7.1</b>	<b>Reclassification of Colleges Update</b>
		The College had provided the required return under 'Managing Public Money' which covered a number of areas including borrowing, debt write offs, indemnities, banking, senior pay controls and any novel, contentious or repercussive statements. The College would be updating a range of documents including Financial Regulations, policy around pay, severance and compromise agreements.
		The Finance and Resources Committee noted the return on 'Managing Public Money' and the impact of the reclassification of Colleges as public sector.
<b>8</b>		<b>Governance</b>
	<b>8.1</b>	<b>Review of Committee Terms of Reference and Cycle of Business</b>
		Members agreed that the minor revisions to the terms of reference be provided for Corporation and added that the Environment and Sustainability Strategy should be considered across two meetings in the 2023/2024 cycle of business.
		The Finance and Resources Committee recommended to Corporation revisions to the Committee Terms of Reference.
<b>9</b>		<b>Meeting Impact Review</b>
		The Committee recorded three key areas of impact being: <ul style="list-style-type: none"> <li>• Consideration of the College coaches regarding curriculum costings.</li> <li>• Consideration of staff pay.</li> <li>• Action for a working group of chairs and vice chairs to consider Apprenticeship provision.</li> </ul>
<b>10</b>		<b>Any Other Business</b>
		Members thanked outgoing governor Thomas Huntbatch for his service and support to the College.
<b>11</b>		<b>Date of Next Meeting: to be determined</b>
		<b>The Meeting closed at 7.34pm</b>

#### Actions from Meetings

##### Finance and Resources Committee – 23 November 2022

5a	<b>Management Accounts College and Halesowen College Enterprises Limited</b> Members asked that a forecast on Apprenticeship income be provided and that Apprenticeship monitoring be returned to the March meeting. Closed.	March 2023 Update across reports provided.	JCa
8a	<b>Refreshing the Financial Strategy</b>	January 2023 March 2023 addressed.	JCa



	<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>	Closed	
8c	<p><b>College Coaches Strategy</b></p> <p>Members asked if more knowledge on other transport schemes could be ascertained to inform the debate further.</p>	March 2023 Closed.	JCa
8e	<p><b>Students' Union Annual Accounts (and student engagement)</b></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 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>	March 2023 Deferred until Autumn 2023.	JCa
<b>Actions from Meetings</b>			
<b>Finance and Resources Committee – 22 March 2023</b>			
4.1a	<p><b>Management Accounts: College and Halesowen College Enterprises Limited</b></p> <p>Jacque Carman would check with banks on costs of repaying variable rate loans.</p>	June 2023 Closed	JCa
6.2a	<p><b>Budgeting Policy 2023/2024</b></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
<b>Actions from Meetings</b>			
<b>Finance and Resources Committee – 27 June 2023</b>			
4.1a	<p><b>Management Accounts: College and Halesowen College Enterprises Limited</b></p> <p>The Finance and Resources Committee proposed a standalone meeting of chairs and vice chairs in August/September to take a holistic view of Apprenticeships.</p>	September	JSu
4.2a	<p><b>Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023</b></p> <p>The Finance and Resources Committee tasked management to model the pay costs and impact to the pay spine for the first meeting of the Corporation in the 2023/2024 cycle, with a view to further consideration where</p>	September	JCa

	appropriate by the subsequent Finance and Resources and Personnel Committees.		
4.5a	<b>Value for Money Report</b> Members suggested that performance against contract and the golden thread of skills performance should be evidenced in the report.	September	JCa
5.2a	<b>Curriculum Costing Update</b> The Curriculum costing Update report was recommended to the Students, Curriculum and Quality Committee.	November	JSu