

Minutes of the Finance and Resources Committee Meeting

Held Wednesday Tuesday 5 December 2023

Present Andrew Hanson (*Chair*), Jacquie Carman (*Principal*) and Alison Jarrett

In attendance Andrew Woodford (*Vice Principal, Chief Finance Officer*)
Jon Priest (*Director of Information Services*)
Robert Lawson (*National Leader in Governance*)
Jennifer Sunter (*Clerk to the Corporation*)

1		Apologies for Absence
		Apologies were received from Shabir Chagan and Joanne Chilton.
2		Declarations of Interest
		There were none.
3		Minutes
	3a	Minutes of the Finance and Resources Committee held 27 June 2023 and Matters Arising.
		<p>The minutes of the Finance and Resources Committee held 27 June 2023 were approved as a correct record.</p> <p>Matters Arising</p> <p>Under actions from meetings:</p> <p>Finance and Resources Committee – 23 November 2022</p> <p>8e, Students' Union Annual Accounts, with regard to student engagement. It was noted that work in relation to student engagement was being considered as a priority and encompassed the role of the Students' Union. Jacquie Carman reported that feedback from student focus groups and engagement to date revealed that students like to be consulted. Joanne Williams was also reviewing the Student Engagement Strategy, which would be provided for governors to discuss. The emphasis would be on wider engagement with a number of options being considered.</p> <p>The Chair confirmed that the Directors of Halesowen College Enterprises Limited had agreed to co-opt two students onto their board. This was relevant in relation to key services provided to students. This item remained ongoing.</p> <p>Finance and Resources Committee – 22 March 2023</p> <p>6.2a, Budgeting Policy 2023/2024, regarding the addition of a control column, it was noted that this action was closed.</p> <p>Finance and Resources Committee – 27 June 2023</p> <p>4.1a Management Accounts: College and Halesowen College Enterprises Limited, it was noted that a standalone meeting of chairs, regarding Apprenticeships, was overtaken by updates and the Ofsted inspection. However, chairs had now instigated termly meetings. This action was closed.</p> <p>4.2a, Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023. Members agreed that while a pay award had been addressed in the current year, the forthcoming rise in the National Minimum Wage would impact on the pay spine and was a particular risk to Halesowen College Enterprises Limited pay budget. Further consideration was needed and therefore this item was deferred to March 2024.</p>

		<p>4.5a, Value for Money Report, regarding performance against contract and the golden thread of skills performance would be evidenced in the reporting going forward. This action was closed.</p> <p>5.2a Curriculum Costing Update had been recommended to the Students' Curriculum and Quality Committee. This action was noted as closed.</p> <p>There were no further matters arising.</p>
4		Financial Performance Previous Year
	4a	Review of Performance against Financial Targets
		<p>Andrew Woodford reported strong performance against financial targets for 2022/2023. While cash remained very strong, liquidity had dipped due to investment in the new facility at Trinity Point.</p> <p>Moving through the current year the levels of performance against benchmarks would reduce with challenges to maintain such historically high levels of performance.</p> <p>Members asked about the benchmarks which were set by the Department for Education, noting that the Association of Colleges was taking forward that the benchmarks were no longer fit for purpose following reclassification to the public sector.</p> <p>The Chair asked about the challenging targets and Andrew Woodford responded that while challenging the College was working very hard to drive performance and explore additional funding routes and opportunities.</p> <p>Members discussed the challenges on lack of opportunity to undertake capital borrowing, in order to address estates and new curriculum to meet skills and in relation to growth. This issue was of high priority for the Association of Colleges.</p> <p>The report was noted.</p>
	4b	Pension Update
		<p>Members were informed that following the triennial evaluation of the Local Government Pension Scheme in 2023, both elements of primary and secondary rates had been affected. The outcome was that the College was categorised as a low-risk institution with reduced primary rates and no contribution required for the secondary rate. Members welcomed this as positive news.</p> <p>It was however, noted that the employer contribution to the Teachers' Pension Scheme was increasing with protective funding from the Government in place until July 2024.</p> <p>The report was noted.</p>
	4c	External Audit Findings Report
		<p>Members received a review of the detailed findings of the external auditors. Green rag ratings for the process and accuracy of financial records were awarded and findings in relation to audit risks revealed no material errors.</p> <p>Members discussed the points addressed under other risks and financial reporting matters, in particular the treatment as debt of outstanding High Needs funding. Further noted was reconsideration of the current tariff for this provision.</p> <p>Members also discussed the prescriptive funding parameters for student access to free school meals, which made it very challenging to access.</p> <p>Members also considered the auditor point on student identity checks, noting that the College's current approach appeared in line with the sector.</p> <p>Under Group Considerations the letter of support between College and Halesowen College Enterprises was in place and had been approved by the</p>

	<p>ESFA. A review of this requirement would be considered by the College in year.</p> <p>Under current year issues members noted that managers hoped to address the query regarding historical loan information relating to Coombs Wood so that it did not remain an ongoing point.</p> <p>Members asked about the audit process and noted that the audit field work had been very good. Formal review of external and internal audit provision would be reported separately under the cycle of business.</p> <p>The detailed findings were noted.</p>
4d	<p>Annual Members' Report and Annual Statements of Accounts for Halesowen College Corporation</p> <p>Andrew Woodford gave a presentation on the Annual Members' Report and Accounts.</p> <p>The headline statements included:</p> <ul style="list-style-type: none"> • that the report provided was in compliance with HE and FE Statements of Recommended Practice • that the College remained a going concern • that the external auditors found no issues pertaining to regularity and would issue an unqualified audit opinion. <p>Andrew Woodford drew out more underpinning details pertaining to financial performance and key ratios and points of note in income and expenditure. Members asked questions about the staff base and discussed recruitment challenges, use of agency staff and class sizes noting that work was being undertaken to utilise a dashboard regarding personnel, which would in turn support both Finance and Resources and Personnel committees.</p> <p>Jacquie Carman further highlighted that a larger piece of work was also needed in relation to movement on student numbers and correlating staff numbers, with focus on value for money and effectiveness.</p> <p>Members also noted key points on the governance statement.</p> <p>Members discussed the change in position regarding the Local Government Pension Scheme, noting that while now an asset this could not actually be realised.</p> <p>With reference to Halesowen College Enterprises Limited a small profit was Gift Aided and the wholly owned subsidiary remained a going concern with a letter of support in place.</p> <p>Members noted the positive conclusion.</p>
	<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 2023 to the Corporation.</p>
4e	<p>Halesowen College Enterprises Ltd Directors Report and Financial Statements</p> <p>Andrew Woodford outlined that the principal activities of the company remained largely the same.</p> <p>Closure of the College Nursery had impacted two months of the year only.</p> <p>Risks to the company included the National Minimum Wage increase and rising food costs. Members discussed risks and noted that while the company was looking to increase profitability, its primary concern was in provision of services to students.</p> <p>The position was noted.</p>
5	<p>Financial Performance Current Year</p>

5a	<p>Management Accounts College and HCE Ltd</p>
	<p>It was noted that an early monitoring of management accounts indicated that the College was operating in accordance with budget.</p> <p>Strong growth in Adult courses, together with in year growth were likely to offset attrition and disappointing Apprenticeship income.</p> <p>Budget lines would continue to be carefully managed going forward.</p> <p>It was further noted that Halesowen College Enterprises Limited had started the year well, with a trajectory to break even at an earlier point in year.</p> <p>Following questions members noted the spread of pay costs which impacted the early in-year accounts position.</p>
5b	<p>Review of Current Year Budget and Update of Risks to the Budget Model</p>
	<p>The first review of budget outlined for members the allocation of additional income awarded from the Government, which had been directed to a pay award and strong performance of the Adult Education Budget, with further submissions to the WMCA for growth.</p> <p>Jacque Carman noted that there was optimism in Adult provision linked to skills.</p> <p>Adrew Woodford highlighted that strong 16-19 growth was offset in part by poor recruitment of T Levels, with resultant additional funding likely to be achieved next year under the lagged funding model. Apprenticeships also constituted a reduction in income in common with the sector.</p> <p>With regard to staff, while there were savings on vacancies to the staff establishment, there were threats including the increased costs of the Teacher Pension Scheme.</p> <p>Regarding non-pay, increased usage and therefore costs of the College coaches was highlighted alongside consumables, exam costs and partnership working.</p> <p>In conclusion, the budget retained no change to the overall summary position and while EBITDA performance had gone down, the College was taking all actions to mitigate this.</p> <p>Members further noted the lagged funding model and the management of EBITDA from year to year.</p>
	<p>The Finance and Resources Committee approved the Review of Current Year Budget and noted the update of Risks to the Budget Model.</p>
5c	<p>Costing the Curriculum and Resource Deployment</p>
	<p>Jacque Carman reported on work continuing in relation to costing the curriculum and department contributions. Actual contribution was less than predicted, with further work being undertaken with heads of Department to support forecasting.</p> <p>The College had secured software to support this process by course level, enabling differentiation on levels of income. By drilling down to course level the College would be better able to shape the curriculum.</p> <p>Reasons impacting contributions were discussed, predominantly around class sizes, which were affected both by recruitment and by the limitations of specialist teaching spaces. Staff would be focused on how they could further mitigate costs. Some areas would benefit from estate movement, for example Hair and Beauty accommodated at the Whittingham Road Campus would be more accessible for staff.</p> <p>Elected Home Education was noted as having predominantly small class sizes. However, a review of this curriculum offer might impact this and better support progression through a base of GCSE core subjects.</p>

		The report was noted.
6		Estates/Capital
	6a	Estates – Capital Projects
		<p>In considering estates management and both ongoing and new capital development proposals, members discussed the key drivers of space to accommodate current and future growth of student numbers, being fit for purpose, with curriculum areas in the right place with the right provision, and for future curriculum development.</p> <p>The refurbishment of floors 1-3 of Trinity Point was underway and while running slightly over budget, to address unforeseen safety problems, the College was working with advisors to best contain any overspend.</p> <p>Andrew Woodford reported that it was feasible to develop the fourth floor of Trinity Point earlier than planned and that this was pivotal to accommodate the need for space and the challenging movement of curriculum areas in a timely manner. The sensible movement of curriculum areas was outlined.</p> <p>This was also impacted by the refurbishment plans for Shenstone House and the new development of the Pool Road site, recently awarded under the Levelling Up Fund to Dudley MBC. As part of this project, the College planned to dispose of the Coombs Wood site when appropriate.</p> <p>Andrew Woodford outlined the financial impact on liquidity and reserves, with the College aiming to retain good financial health and a return to building reserves.</p> <p>Members discussed the need to waive financial regulations in order to move forwards with the current contractors on site at Trinity Point. Assurances were sort on value for money and procurement regulations, in addition to costs. It was noted that as the College had very recently tendered, there were recent comparative costs. It was further noted that there were no concerns with regard to the requirements of 'Managing Public Money'.</p> <p>Members also discussed the budgeting of software renewal in relation to planned IT refreshment triggered, in part, by Windows 10 being unsupported from October 2025. Andrew Woodford responded that a five-year refreshment schedule was being planned.</p>
		<p>The Finance and Resources Committee recommended that the Corporation:</p> <ol style="list-style-type: none"> 1. Agree the revised capital plan. 2. Agree to the disposal of Coombs Wood, subject to a satisfactory valuation. 3. That the College proceed with the Floor 4 refurbishment at Trinity House. 4. Waive Financial Regulations to allow the College to engage with the current Trinity House contractor, Manton.
7		Strategy/Policy Review
	7a	Financial Strategy
		<p>Jacquie Carman reported that the Financial Strategy had been updated to support the overarching Strategic Plan, with focus on the two pillars of finance and quality.</p> <p>The targets were sharpened and following questioning it was agreed that the liquidity ratio be further updated for January Corporation Development Day.</p>
	Action 7a	The liquidity ratio would be further updated for January 26 th Corporation Meeting.
		The Finance and Resources Committee resolved to approve the updates to the Financial Strategy

7b	Review of Financial Regulations
	Members noted the updates to the Financial Regulations which would be provided to the Corporation for approval. Staff changes and references to reclassification of colleges as public sector had been addressed. Additionally, values for procurement had been adjusted, which was part of the College's approach to managing devolution of responsibility to budget holders.
	The Finance and Resources Committee recommended the revised Financial Regulations to the Corporation for approval.
7c	Students' Union Annual Accounts (and student engagement)
	Members had discussed student engagement under matters arising. It was noted that the Student Union still retained net assets of £5,909.36. The status of the accounts as reviewed was noted.
7d	College Coach Update
	Jacque Carman reported that as student numbers had increased, so had the use of the College coaches, with an increase in costs. Logistical challenges were being eased by management actions, however managers now sought to explore how far the coach service remained a unique selling point. As the costs were causing increased pressure a strategy to move forward was required. Members discussed options for consideration including voluntary contributions, impact on current public transport routes, potential sources of assistance and service providers. It was noted that a survey would be taken forward with students.
	The Committee noted the update and approved in principle the recommendations in order to inform policy for 2024/25 onwards, on which it would inform the Corporation.
8	Any Other Business
	There was none.
9	Date of Next Meeting
	The next meeting of the Committee is 13 March 2024.

The Meeting closed at 20.36

Actions from Meetings

Finance and Resources Committee – 23 November 2022

8e	Students' Union Annual Accounts (and student engagement) 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. It is further recommended that the arrangements in other colleges be considered and reported back through the committee structure with Finance and Resources Committee	March 2023 Deferred until Autumn 2023. Ongoing Spring/Summer 2023	JCa
----	---	---	-----

	considering the financial and statutory framework and Students', Curriculum and Quality leading on the student axis.		
Finance and Resources Committee – 22 March 2023			
6.2a	Budgeting Policy 2023/2024 Jacquie Carman would investigate adding a control column, to the RAG rated budget headings table of the Budgeting Policy.	June 2023 Closed 12.23	JCa
Finance and Resources Committee – 27 June 2023			
4.1a	Management Accounts: College and Halesowen College Enterprises Limited The Finance and Resources Committee proposed a standalone meeting of chairs and vice chairs in August/September to take a holistic view of Apprenticeships.	September Meeting scheduled. Closed. 12.23	JSu
4.2a	Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023 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.	September Deferred to March 2024	JCa
4.5a	Value for Money Report Members suggested that performance against contract and the golden thread of skills performance should be evidenced in the report.	September Closed 12.23	JCa
5.2a	Curriculum Costing Update The Curriculum costing Update report was recommended to the Students, Curriculum and Quality Committee.	November Achieved. Closed 12.23	JSu
Finance and Resources Committee – 5 December 2023			
7a	Financial Strategy The liquidity ratio would be further updated for January 26 th Corporation Meeting.	January 2024	JCa