

## Minutes of the Finance and Resources Committee Meeting

Held Wednesday 13 March 2024

*Present* Andrew Hanson (*Chair*), Shabir Chagan (*Vice Chair*) Jacquie Carman (*Principal*), Joanne Chilton, Stuart Fisher and Alison Jarrett

*In attendance* Andrew Woodford (*Vice Principal, Chief Finance Officer*)  
Jennifer Sunter (*Clerk to the Corporation*)

<b>1</b>		<b>Apologies for Absence</b>
		There were none.
<b>2</b>		<b>Declarations of Interest</b>
		There were none.
<b>3</b>		<b>Minutes</b>
	<b>3a</b>	<p><b>Minutes of the Finance and Resources Committee held 5 December 2023 and Matters Arising.</b></p> <p>The minutes of the Finance and Resources Committee held 5 December 2023 were accepted as a correct record.</p> <p>Under Matters Arising the Clerk outlined the status of actions to be addressed.</p> <p>From the meeting held 23 November 2022, item 8e, under the Students' Union Annual Accounts (and student engagement), members noted the ongoing position with regards to the Students' Union and the wider review of student voice. The Corporation would be holding a single item meeting.</p> <p>It was noted that any proposal for ceasing to provide a Student Union provision would need to be returned to the Committee and the Corporation. The action for Finance and Resources Committee was closed at this point.</p> <p>From the meeting held 27 June 2023, item 4.2a, Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2022/2023, a report on consideration of the pay spine was provided under the agenda.</p> <p>From the meeting held 5 December 2023, item 7a, Financial Strategy, it was noted that the liquidity ratio had been updated as requested. This action was closed, March 2024.</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><b>College</b></p> <p>Members agreed that the revised model of report for the accounts was helpful. In addition to further presentation improvements, more detail regarding cashflow would be included in the evolving model. Members also asked about being able to drill down on monitoring actions and it was noted that it would be useful to revisit some of the sensitivity monitoring.</p>

	<p>Andrew Woodford addressed key points arising in reviewing the accounts. The College continued to perform well, with income ahead of budget. While pay was performing better than budget, this was linked to vacancies and was in part offset by agency and recruitment costs. The Chair asked about the high costs of agency staff and Jacquie Carman responded that use of temporary staff was higher than desirable but had been necessary across hard to recruit areas and in relation to staff absences. Under the new People Strategy, the Personnel Committee had considered the College brand and the overarching package that would encourage people to work at the College. The ideal balance under the CEFFS model for sessional and permanent staff was recognised as very hard to achieve in the current market.</p> <p>Members asked about comparators for EBITDA, noting that the College was under the current year target. While there was no in year sector comparable data, the College compared well against 2022 published data. It was also anticipated that the revised Financial Handbook would reduce financial health measures to two ratios, which would have a negative impact.</p> <p>Members asked about risks and concerns and Andrew Woodford noted that as fixed assets grew and capital developments were in progress, cash had substantially reduced to a level that was comparatively low for the College, while still very healthy for the sector. The lack of ability to take capital loans was impacting the sector and the College’s approach to development. Additionally, the complexity of navigating the West Midlands Combined Authority governance processes was a challenge, with risks associated with overperforming against contract without assurance on additional funding.</p> <p><b>Halesowen College Enterprises Limited.</b></p> <p>Members received the update on accounts noting that income had increased. Staff were very proactive in promoting activities and taking up opportunities which showcased the work of the College and its students. However, it was noted that the balance of costs of suppliers and prices of food for students was challenging. Student focus groups had raised the cost of food impacting on them.</p> <p>The management accounts for College and for Halesowen College Enterprises Limited were received.</p>
4.2	<p><b>Review of Current Year Budget and Update of Risks to the Budget Model (Funding Update) for 2023/2024 and 2024/2025</b></p>
	<p>Regarding the current year budget and a slightly increased surplus, members considered and asked questions against key points updated, including;</p> <ul style="list-style-type: none"> <li>• full payment for growth of learner numbers by the ESFA, with less certainty regarding adult budgets,</li> <li>• a small increase in apprenticeship income,</li> <li>• increases in the Learner Support Fund,</li> <li>• increases in pay under the national minimum wage, but understanding reasons for overall current savings on pay,</li> <li>• understanding increases in transport costs,</li> <li>• understanding challenges and increases in estates and capital development costs,</li> </ul>

	<ul style="list-style-type: none"> <li>increases in governor development costs, impacted by the requirement to undertake an external review.</li> </ul> <p>Regarding indicative planning for 2024/2025, curriculum planning was not yet completed and budget allocations were not received. However, key points of impact included an increase in national minimum wage, final year of tuition catch up funding and yet unknown outcomes of any national negotiations on staff pay awards.</p> <p>Members asked if the Government’s budget review had yielded any positives for the sector and Jacquie Carman responded that National Insurance changes affected staff but not the College and that the hoped for abolishment of VAT charges for colleges had not been granted. Colleges had written to MP’s but there had been no responses.</p> <p>Overall, it was predicted that there would be small income growth offset by pay inflation and that the College should continue to achieve a modest surplus.</p> <p>Review of Current Year Budget and Update of Risks to the Budget Model for 2023/2024 and 2024/2025 were received.</p>
<b>4.3</b>	<b>Estates &amp; Capital Projects Update</b>
	<p>Andrew Woodford updated governors on the key areas of development against each capital project.</p> <p>Trinity Point had been beset by additional challenges with subsequent increased costs. Necessary timescales for the building to be ready were tight. Members noted the range of solutions being pursued.</p> <p>Shenstone House refurbishment was being achieved under match funding and the work was currently out to tender. Due to delays an increase in costs was being discussed with the agency. Due to the reclassification of Colleges as public sector, the only other source of additional funding was the WMCA who had been approached.</p> <p>Regarding the relocation of Hair and Beauty to Block 9 members discussed the timing and costs of replacing air handling units.</p> <p>Members also noted the plan to test viability of leasing IT equipment to address the necessary updates.</p> <p>Regarding Pool Road Development and Levelling Up Funding, a detailed discussion was had, to understand current barriers to progressing the development. Still in early stages, the College was in close discussion with Dudley Metropolitan Borough Council to consider options. The issue of VAT was a hinderance moving forward.</p> <p>Governors further discussed the importance of consulting all agencies to ensure the design was fit for purpose.</p>
<b>4.3a</b>	Following questions on charges against property it was noted that Walsall Council would be contacted regarding charges outstanding.
	The Finance and Resources Committee recommended the Estates and Capital Projects update to the Corporation for information.
<b>4.4</b>	<b>Staff Pay Scale – Confidential Report</b>
	A discussion on staff pay scale which remained a confidential item was undertaken.

		<p>Jacque Carman outlined early consideration of the staff pay scale with regard beneficial changes to support both staff and the College.</p> <p>It was noted that consultation of staff and more work on modelling was needed to address the very complex issues.</p> <p>There was no recommendation to the Corporation at this time.</p>
	<b>4.4a</b>	More detailed reports were planned for the summer term meetings of the Committee and the Corporation.
<b>5</b>		<b>Financial Planning</b>
	<b>5.1</b>	<b>Budgeting Policy 2024/2025</b>
		<p>Changes to the College's Budgeting Policy included an update of job roles and titles, the timetable for budget setting and risk ratings.</p> <p>Key areas of risk were as raised through the meeting; however, it was also noted that a review of the triennial evaluation of the Local Government Pension Scheme could further impact the budget. It was also noted that there were ongoing risks in relation to the ageing estate.</p>
		The Finance and Resources Committee approved the changes to the revised Budgeting Policy for 2024/2025.
	<b>5.2</b>	<b>Tuition Fees Policy 2024/2025</b>
		Members accepted that the required policy around tuition fees had been updated for 2024/2025. HE fees were recommended at £5,995 which remained just under the cap of £6,000 and was comparable with other providers.
		The Finance and Resources Committee recommended the Tuition Fees Policy 2024/2025 to the Corporation for approval.
	<b>5.3</b>	<b>College Coaches</b>
		<p>Members discussed the transport concerns around College coaches and how impact on the community and the College's reputation could be mitigated.</p> <p>In consolidating the College's position regarding the Coach service for students, the outcome from the student survey, together with the results of modelling around costs and contributions were considered.</p> <p>The coaches, as the College's unique selling point remained integral to the College, impacting student recruitment, with no viable transport alternatives for many, due to location and lack of public transport. This impacted individuals, public transport and congestion.</p> <p>Members further discussed the survey outcomes and the current coach scheme.</p> <p>In response to questions on mitigations Jacque Carman explained greater use of Furnace Lane for morning student arrivals, discussions with the Mayor, Andy Street and communication with Newfield Primary School regarding their school drop off zone.</p> <p>While no changes were being recommended to the provision, it was agreed that annual review of the position, regarding its strategic, cultural, reputational financial importance would be required.</p>

		The Finance and Resources Committee recommended to the Corporation that the College makes no changes to the current business model involving coaches and to keep under annual review.
<b>6</b>		<b>Any Other Business</b>
		There was none.
<b>7</b>		<b>Date of Next Meeting</b> The next meeting of the Committee was noted as Tuesday 25 June 2024.

**The meeting closed at: 7.48pm**