

Minutes of the Finance and Resources Committee Meeting

Held Wednesday 27 November 2024

Members Present: Andrew Hanson (Chair of Finance and Resources Committee)
 Alison Jarrett (Vice Chair of Finance & Resources Committee)
 Joanne Chilton (Corporation Chair)
 Jacquie Carman (Principal)
 Stuart Fisher
 Mark Hammond

In attendance: Andrew Woodford (Vice Principal, Chief Finance Officer)
 Jon Priest (Director of Information Services)
 Jennifer Sunter (Governance Professional)

1		Apologies for Absence
		Apologies were received that the principal would arrive late to the meeting.
2		Declarations of Interest
		There were none.
3		Minutes
	3a	Minutes of the Finance and Resources Committee held 11 September and Matters Arising.
		<p>The minutes of the Finance and Resources Committee held 11 September were approved as a correct record.</p> <p>Under Matters Arising</p> <p>From the meeting held 13 March 2024, item 4,3a Estates & Capital Projects Update, the ongoing matter of charges against property, the Chief Finance Officer outlined the progress made to date on the measurable outputs to be addressed. Governors discussed maximisation of measurable outputs and agreed that this should remain a rolling item until addressed.</p> <p>From the meeting held 11 September, item 3, Minutes of the Finance and Resources Committee held 25 June 2024 and Matters Arising: Staff Pay, it was agreed that a report on the College Pay Spine would be scheduled for the March 2025 meeting of the Corporation.</p>
4		Financial Performance Previous Year
	4a	Review of Performance against Financial Targets
		<p>The Chief Finance Officer reported 'Good' overall financial health based on performance and finance record benchmarks. However, a number of measures had fallen:</p> <ul style="list-style-type: none"> • Liquidity had dipped below target, because of self-funded capital investment and cash days had also fallen below target. • EBITDA was lower than target, because of inflation above growth income. <p>Governors asked key questions about the materiality and impact of missed targets and expressed concern about risks from reduced cash days, considering challenges and capacity for cash generation in the FE sector.</p>

		It was noted that cash and liquidity dips were not surprising for the College regarding decisions on estates development and staff pay and that the risk was now under a sharper focus. The Chief Finance Officer also noted that the current year (2024/25) was at the bottom of the financial curve, making it the most challenging year regarding cash.
	Action 4ai	It was agreed that the report would benefit from inclusion of contextual statements regarding materiality and impact and that moving forwards two-to-three-year cashflow reports should be generated.
	Action 4aii	It was also noted that the risk register should reflect cashflow and the gap in staffing needs regarding a Finance Director.
	4b	Halesowen College Annual Report and Financial Statements year ending 31 July 2024 Presentation
		<p>Members noted that the Annual Report and Financial Statements had been prepared in accordance with the SORP (Statement of Recommended Practice). The report had been reviewed by the external auditor, with small issues subsequently addressed. The final position included a surplus of £283,000. Fixed assets had grown, while cash had reduced. It was noted that the College was chasing outstanding High Needs funding amounting to £700,000.</p> <p>The Chief Finance Officer highlighted that while the College remained reliant on core funding body income it was seeking to diversify income strands to reduce risk.</p> <p>Overall risks remained like the previous year, which the Audit Committee were reviewing.</p> <p>The reserves policy was encompassed in the report for reference and overall, the College was pleased to report it remained a going concern.</p> <p>Governors asked about the position regarding pensions, which was now positioned as an asset, but not one that could be cashed. Pension contribution rates were discussed in detail, particularly the impact of reductions in rates and best positioning for the College moving forward considering a triennial evaluation due March 2025.</p> <p>Members were pleased to hear of excellent performance for Halesowen College Enterprises Limited, which remained resilient. Surplus would be gift aided to the College. However, members also noted the impact of National Minimum Wage and Employer National Insurance increases on the pay costs for HCE Ltd.</p> <p>Members sought clarity and the Clerk to the Corporation outlined the roles of the Finance and Resources Committee and the Audit Committee in providing assurance to the Corporation regarding the Annual Report and Financial Statements.</p> <p>Members also sought clarity on the overall costs relating to Trinity Point lease and refurbishment.</p> <p>The Chief Finance Officer further outlined that the report would be finalised and submitted to the DfE in December following Corporation approval.</p>
		The Finance and Resources Committee, recommended the Annual Members' Report and Annual Statements of Accounts for Halesowen College Corporation, year ending 31 July 2024 to the Corporation, noting that this was subject to minor textual adjustments.
5		Financial Performance Current Year
	5a	Management Accounts College and HCE Ltd

		<p>The Chief Finance Officer explained that it was too early in the financial year to draw meaningful conclusions from the management accounts for the College and subsidiary company, however current key points were highlighted and contextualised as:</p> <ul style="list-style-type: none"> • Strong recruitment of 16-18 learners, which should lead to in-year growth, but currently accounts showed as below the target. • Slower than planned adult learner enrolment which was also being addressed. • Pay costs indicated as exceeding budget due to a combination of the pay award made and increased staffing to meet increased student numbers. This was currently offset by vacancies being carried but would need to be carefully managed. • Non-pay remained in line with budget. • Capital spend was significant as was the outstanding funding owed in relation to High Needs student funding. • Halesowen College Enterprises income was significantly increased on the previous two years. While a net loss of £7.5k as of October was indicated, this was due to income and costs not aligning at this stage in the year (and remained ahead of the previous year). <p>Governors asked about the underpinning reasons for the success of HCE Ltd and noted that this was due to better marketing to the community and good work by the team.</p> <p>Governors also asked about the costs of agency staff, and it was noted that both the increase in student numbers and sector competition for staff placed pressure on staff recruitment. The College continued to look for solutions to offset the need for agency staff.</p> <p>The update was noted.</p>
	5ai	<p>Financial Health and Data Dashboard</p>
		<p>The Chief Information Officer shared the key points derived from the data dashboard.</p> <ul style="list-style-type: none"> • Retention was down slightly, which had a direct financial impact, particularly concerning Apprenticeships. • Attendance bore close connection with retention and achievement and the College continued to deploy strategies to positively impact attendance and student outcomes, including increasing aspiration. • Student suspensions had increased while expulsions had decreased. <p>In response to questions attendance calculations were explained in more detail. The 90% target was noted as generic across the sector as a threshold, but there was no benchmarking data to use for comparison. Managers were debating the best approach to attendance targets for the future. In response to questions about incentive schemes, the Chair highlighted the continuous challenge to increase attendance, including through the Transformational Project.</p> <p>Curriculum reform was also noted as an additional risk factor for retention which impacted on four of the College's largest departments.</p> <p>The College's overall progression data was very positive and while less positive it remained good for adult progression. The restrictions on what classified as a positive destination were noted.</p> <p>The complexities of value-added data were explained and that this was overseen in detail by the Students, Curriculum and Quality Committee.</p> <p>Governors also discussed the complexity of complaints, which were increasing, particularly challenging where Police investigations were involved.</p>

		Staff absences were also reported as higher than the previous year, and it was noted that the cost and impact of this had been highlighted through the Principal's Briefings.
	Action 5ai	It was proposed that complaints overtaken by Police involvement, which became beyond College control could be removed.
	5b	Review of Current Year Budget and Update of Risks to the Budget Model
		<p>The revised budget, following a complete review, illustrated an increased income of £1.4m, much of which was due to in year student number growth. The growth of four hundred learners was positive but not fully funded. Correspondingly, there were increased staff costs largely in teaching and Apprenticeship infrastructure role. Non-pay costs are slightly ahead of plan the largest of which was linked to university costs, as the College supported teacher training fees which is marginally offset by increased income. It was also notable that there would be in-year T-Level clawback. Overall, a slightly increased surplus of £262.000 was reported.</p> <p>The Chief Finance Officer highlighted that while costs were well managed the greatest risks were:</p> <ul style="list-style-type: none"> • Pay costs • In year growth • Achieving contracts with the WMCA <p>Governors asked if the funding for teacher training varied and were informed that this was dependent on the subject area.</p> <p>Governors asked about funding for Elected Home Educated learners given the increase in numbers and noted that this was also subject to the lagged funding model and that EHE was funded at the bottom of the funding scale.</p> <p>Increased High Needs learners with set funding from the West Midlands Combined Authority was also of note.</p>
		The Finance and Resources Committee approved the revisions to the 2024/2025 budget as provided.
	5c	Costing the Curriculum and Resource Deployment
		<p>The Chief Finance Officer reported that the College had deployed a new proprietary curriculum planning system, 4CAST and had met with curriculum leaders. While complex and variable across divisions the plan aimed to achieve a 53.5% contribution by the end of the year, caveated by the need to deliver the planned adult contract.</p> <p>Members discussed the reasons for variable contribution, including group sizes, which were often limited by specialist provision, such as kitchens, the type of course and provision costs. Some areas with low contribution were not expected to increase.</p> <p>The challenges in planning group sizes against unknown actual enrolments was also significant and managers sought to move forwards with more sensitive data analysis and planning.</p> <p>Members asked detailed questions about the data provided and noted that recruitment to Access to HE was below target and that English and maths for adults was also behind plan.</p> <p>Changes to performance management of tolerance for Conditions of Funding for English and Maths was also noted as changing from 5% to 2.5% for next year.</p> <p>The update was received.</p>
6		Estates/Capital

	6a	Updated Estates Strategy, Estates Update and Capital Projects
		<p>The Chief Finance Officer reported that both capital projects for Trinity Point and Block 9 of Whittingham Road had been achieved. Now complete, there was early evidence that students are very appreciative of the new facilities. The College was also seeking ways to further monetise the Block 9 Hair and Beauty facilities. Furthermore, a DfE condition survey was due for Trinity Point and while all Health and Safety issues were addressed the render to the building posed a longer-term issue.</p> <p>Governors discussed setbacks to the work at Shenstone House since starting in September 2024, particularly regarding safety and impact on finance and timescales. The Chief Finance Officer reported on the areas to address, seeking DfE support and managing timescales. While still working within the planned timescale for use at the start of the 2025/2026 academic year, there were considerable challenges. It was noted that this was included in the risk register.</p> <p>Regarding IT, refreshment work was being taken more slowly but was progressing with some further leasing and there were some medium-term restructure projects to undertake.</p> <p><i>The Principal joined the meeting.</i></p> <p>Regarding the Levelling Up Fund and further proposals to potentially lease a site in Stourbridge, it was noted that the latter was placed on hold while the former was now once again being considered. The College had sent in preliminary proposals to Dudley Metropolitan Borough Council. Governors asked about the timescales and costs in the outline plan, which covered a number of building refurbishments. Governors also asked about other potential projects regarding Coombs Woods and subcontracting.</p> <p>Governors noted that some projects may need to be postponed while there was some consolidation regarding the estates strategy and to not detract from the College's core business.</p>
	Action 6a	It was agreed that following the report received by the Committee an update and options report would be provided for the Corporation December meeting and that should it be necessary a Special meeting of the Corporation would be called.
7		Strategy/Policy Review
	7a	Financial Strategy Update
		<p>The Chief Finance Officer reported that he planned to re-evaluate the current financial targets for 2025/2026 to reflect both challenge and pragmatism in addressing performance. Current targets were geared towards the continuous push to retain a high 'good' rating and return to an 'outstanding' rating. It was also planned to use the FE Commissioner targets as an external benchmark/.</p> <p>Governors noted the good direction of travel in relation to targets, whilst acknowledging the need to remain pragmatic in approach.</p> <p>The meeting further discussed the target of contribution rates which, moving forwards, could be more sensitively set to include stretch and challenge, while being meaningful and not acting as a disincentive.</p> <p>Governors asked about room utilisation, and it was concluded that while the College was above its previous measure for overcrowding, this related to the</p>

		considerable proportion of mid-sized rooms and was subsequently about future planning for enabling more efficient use.
		The Finance & Resources Committee approved the revised Financial Strategy.
	7b	Environment and Sustainability Strategy – Action Plan
		<p>The Chief Finance Officer explained that the Environment and Sustainability Group had refocused actions to be Green Changemakers with staff undertaking courses to support the embedding of green skills into the curriculum.</p> <p>Most targets had seen good progress; however, it was the wrong part of the cycle to monitor carbon reduction targets.</p> <p>Governors discussed accreditation and targets and taking the right approach that supported action.</p> <p>It was further noted;</p> <ul style="list-style-type: none"> • that measures related to reductions per learner • that the College will fund an environmental project for students and staff • that there would be an update to the Sustainability Road Map • that new energy consumption measures were met • that landfill was hard to reduce yet further • that while the target for reduction in paper usage had been met, further reduction should be pushed • that alary sacrifice for electric vehicles was being considered. <p>Governors noted the complexities around car schemes and made positive suggestions to consider for both the use of a car scheme and the sourcing of solar panels and batteries.</p>
	7c	Students' Union Annual Accounts
		<p>It was noted that the Students Unions had net assets of £3,021.79 and over the last four years had purposely eroded surplus to support student activities. All money raised for a specific charity continued to be passported intact to that charity with rules and protocols meticulously managed.</p> <p>The meeting discussed that the nature of the Students' Union had changed, and the College had reviewed its position moving forwards. However, in looking at this through the Student Engagement Strategy it had a valid function, not least in continuing to provide the only route of charitable fund raising. With staff willing to rejuvenate the Union it would continue to play a role.</p>
	Action 7ca	It was agreed that a further report would be returned to the June 2025 meeting of the Committee.
8		Any Other Business
		There was none.
9		Date of Next Meeting - 11 March 2025

The meeting closed at: 8.17pm

Finance and Resources Committee – 13 March 2024			
4.3a	Estates & Capital Projects Update Following questions on charges against property it was noted that Walsall Council would be contacted regarding charges outstanding. June 2024; Reported as ongoing. November 2024: Update provided and agreed to monitor as a rolling action until measures met.	June 2024 November 2024 March 2025	AWo
Finance and Resources Committee – 25 June 2024			
4.4a	Value for Money Report Members asked that future reports be clear regarding satisfaction levels of the economic not the residential community.	June 2025	AWo
Finance and Resources Committee – 11 September 2024			
3	Minutes of the Finance and Resources Committee held 25 June 2024 and Matters Arising: Staff Pay Actions on staff pay and impact on the College Pay Spine were taken forward as one item. November 2024: Update provided and that this would be reported to the Corporation in March 2025.	June/July 2024 November 2024 March 2025	AWo /JCa
Finance and Resources Committee – 27 November 2024			
4ai	Review of Performance against Financial Targets It was agreed that the report would benefit from inclusion of contextual statements regarding materiality and impact and that moving forwards two-to-three-year cashflow reports should be generated.	March 2025	AWo
4aii	It was also noted that the risk register should reflect cashflow and the gap in staffing needs regarding a Finance Director.	December 2025	AWo
5ai	Financial Health and Data Dashboard It was proposed that complaints overtaken by Police involvement, which became beyond College control could be removed.	December 2025	AWo/ JPr
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