

Finance & Resources Committee

Tuesday 11 March 2025, 6:00-7:45pm

Block 1 Boardroom (1.204)



Meeting papers link: [11 March 2025](#)

Committee members:

Jo Chilton

Stuart Fisher (Items 1-7.3)

Alison Jarrett, Committee Vice Chair

Officers in attendance:

Jacquie Carman, CEO & Principal

Steph Morley, Director of Governance

Sean Rudolph, Director of Finance

Andrew Woodford, Vice Principal/CFO

APPROVED MINUTES

| Item | Discussion | Action |
|------|--|--------|
| 1 | Welcome and introductions A. Jarrett advised she would chair the meeting due to A. Hanson sending apologies. She opened the meeting and welcomed all in attendance in particular S.Rudolph, the college's new Director of Finance. The meeting was confirmed as quorate. | |
| 2 | Procedural matters | |
| 2.1 | <u>Apologies</u> Apologies were received and accepted from A. Hanson. | |
| 2.2 | <u>Declarations of interest</u> There were no declarations of interest for this meeting. | |
| 2.3 | <u>Minutes of last meeting and actions/matters arising</u> The Committee approved the minutes of the meeting held on 27 November 2024 as a true record. The following updates were provided for previous meetings' actions: <ul style="list-style-type: none">- Outstanding charge/LEP funding: amount of restricted funds linked to LEP confirmed as £100k. Focus now on completion by April 2025 (ONGOING)- VFM report: change to future report format/content confirmed (CLOSED)- Staff pay: on agenda and to be proposed to the Corporation in March (CLOSED)- Contextual information and cashflow reports: contextual information now added into management accounts and the move towards a 2-3 year cashflow report confirmed, although will always be subject to funding changes and confirmations (CLOSED)- Risk register: update to risk register confirmed as actioned (CLOSED)- Complaints reporting: complaints overtaken by police involvement removed from report as requested (CLOSED)- Capital projects options: presented to the Corporation in Dec 24 (CLOSED)- Students Union report: to be discussed at the meeting in Jun 25 (ONGOING) | |

Further to the action updates, A. Woodford informed the Committee of the work undertaken to develop the college's relationship with the bank and progress made to release the restricted cash balance (approx. £3m) over the next few months.

3 College financial performance – current year

3.1 Latest management accounts

A. Woodford referred the Committee to the management accounts for January 2025 and advised updates would be provided where applicable as the accounts for February 2025 had been recently finalised.

The following was highlighted/discussed:

- The Education EBITDA increased to from 2.25% to 3.47% in February
- Projected year-end operational surplus was £268k in January (£38k more than budgeted) and had increased further in February
- The Current Ratio had increased from 1.51 in January to 1.6 in February
- Cash days in hand had reduced from 36.52 in January to 34.94 in February
- Financial health remained Good; the score had increased from 180 to 200 from January to February
- 16-19 numbers were buoyant and tracking more than at the same point last year
- Recruitment for adult students was £30k below target to date (against an overall contract value of £3m); however, students were recruited in-year and work was underway to achieve the target
- Apprenticeship recruitment was steady, with numbers double that for 2023/24
- Debtor days were higher than ideal and was a focus of the finance team; however, the majority related to High Needs funding awaited from the local authorities

The Committee asked if the management accounts reflected the expected release of cash reported under Item 2. A. Woodford confirmed it did not; therefore, an improved year-end position was forecast and would be reflected in the accounts once received.

The Committee asked why the Education EBITDA was used as a more reliable measure in FE, rather than the more traditional Standard EBITDA. A. Woodford explained the Education EBITDA ensured the capital grant received by the college was not double-counted and confirmed it was the measure that FE colleges were assessed against.

J. Carman informed the Committee about the college's approach of recruiting apprentices with integrity, ensuring growth did not overtake capacity to deliver high quality apprenticeships. She spoke about the plans to recruit more assessors and the anticipated growth from Level 2 onto the Level 3 and 4 programmes. She advised good progress had been made to date, which would be further enhanced by the imminent start of the college's new Director of Apprenticeships.

Regarding funding challenges, J. Carman advised of the opportunities to inform high-level discussions, including speaking with the AoC's SEND policy lead and joining a working group to discuss a potential regional three-year funding agreement.

The Committee **received** the college's management accounts for January 2025 and **noted** the verbal updates regarding the position for February 2025.

3.2 Update of risks to the budget model (Revised Budget Forecast 2)

A. Woodford presented his report and highlighted the following:

- Confirmation of the national funding position, originally to be announced in February, had not yet been received and was therefore not reflected in the forecast

- Only 2/3 of the funding provided for in-year growth was expected due to higher than expected growth across the whole sector
- The expected funding from the in-year growth and the college's share of the additional funds identified nationally, both yet to be confirmed, should ensure a positive year-end position
- In-year growth, adult budget (typical at this time of the year), pay costs and non-pay costs were the main financial risks

The Committee asked if local politicians were aware of the funding challenges faced by the college. J. Carman confirmed the college had recently hosted a visit from Halesowen's local MP and spoke about the need to brief the newly elected politicians in the wider area.

The Committee acknowledged the challenges associated with the lagged funding model and asked how the college could break the cycle of needing investment to attract students but funding not being received until after students were enrolled, particularly as taking a loan was no longer an option. J. Carman reported this had been highlighted in a paper recently submitted to the DfE requesting additional funding, which she would share with committee members. She advised the project proposed as part of the Levelling Up Fund would provide investment in the college's estate and the Committee noted the release of the restricted cash mentioned would provide some financial flexibility.

JCa

The Committee **noted** the revised budget forecast.

National funding update

3.3 In addition to the previous item, A. Woodford informed the Committee:

- The funding rate would increase by 3.78% next year
- A 10% reduction in adult education funding was anticipated
- Confirmation had not been received regarding if the NI increase would be nationally funded
- The formal announcement confirming next year's funding was expected at the end of April

The Committee asked when the triennial pension evaluation would take place. A. Woodford confirmed this would take place this year, for implementation in April 2026, and informed the Committee the college was considered low risk by the pension evaluator.

4 Halesowen College Enterprises financial performance – current year

4.1 Latest management accounts (Jan 2025)

A. Woodford referred the Committee to the management accounts for the period ending 31 January 2025, which were presented for information. He confirmed the accounts would be discussed by the HCE Board at its upcoming meeting on 18 March 2025.

The following was highlighted/discussed:

- A profit of £35k was projected for year-end, against a budgeted profit of £30k
- The income from the management of the 3G pitches, which was in the process of being handed over to HCE, would be reflected in the budget from May 2025. This was expected to be in the region of £75k annually
- The increase in National Minimum Wage and changes to NI was expected to create a challenging trading environment in the coming months and years

The Committee **noted** HCE's management accounts for January 2025.

4.2 Income generation

A. Woodford presented the report, which he explained had been a request of the Corporation at its recent development day. He advised the report provided an update on income diversification, including the different funding streams received by the college, income from college assets and funding bid applications.

The Committee noted the diverse range of income for the college and asked if a move to a 365 day model, rather than term time, would be considered in order to be more commercial. A. Woodford confirmed this was being explored, particularly in preparation for the handover of the management of the 3G pitches to HCE in May.

The Committee acknowledged the work of the college's Bidding Group and asked if other factors, such as officer time/energy and wear and tear on college assets, were considered when looking at potential funding bids. It was confirmed the group only looked for grants and opportunities related to priorities already identified and therefore did not result in any additional activity, and being part of the group was encouraging staff members to think differently and be more creative.

The Committee **noted** the report and it was confirmed the report would be made available to the wider Corporation members.

SM

5 Staff pay update (CONFIDENTIAL AT TIME OF MEETING)

A. Woodford presented the report and the proposal to be recommended to the Corporation – the amendment of Grades C to E of the college pay spine as set out in the report. He advised the increase of the National Minimal Wage to £12.21 per hour in April 2025 would put pressure on the lower end of the pay spine if no changes were made and explained how the proposed amendment would maintain a gap without impacting further grades.

The Committee acknowledged the rationale for the proposal and asked if the changes were affordable. A. Woodford confirmed the proposal was affordable at a total annual cost of £35k and in-year cost of approx. £12k.

The Committee asked if there were plans to review the higher grades in light of these proposals – A. Woodford confirmed a full review of the whole pay grading system would be required at a later date. The Committee discussed the potential timings for this work to be undertaken, as well as the college's ability to afford a pay re-grading and/or annual pay awards.

The Committee **recommended** the approval of the proposed changes to Grades C to E by the Corporation.

6 Estates, capital and IT (CONFIDENTIAL AT TIME OF MEETING)

A. Woodford presented the report and the following was highlighted/discussed:

The Committee asked for further information about the conditions survey for Trinity Point. A. Woodford advised the DfE's conditions survey was imminent and that an independent, more thorough survey had also been commissioned by the college to inform a long-term action plan for the building.

The Committee discussed the issues identified as the development of Shenstone House continued (namely asbestos, lack of fire-stopping and unstable internal walls), which had delayed the project completion date to August 2025. The Committee acknowledged the risk this posed if there was further delay and asked if contingency plans were in place if provision could not be delivered from Shenstone House from September. A. Woodford confirmed a number of different options were being explored. He spoke about the financial

implications of the unplanned works and advised he had requested additional funds from the DfE to cover these costs. The Committee asked if action could be taken against the contractors who had carried out the historic defective works. J. Carman advised the contracting company was no longer in existence and that the issues had not been identified during previous refurbishments; therefore, paperwork relating to the original purchase and building regulations would be reviewed.

Re the Levelling Up Fund project, A. Woodford advised the college had been invited to a meeting with the council to complete the required paperwork and J.Chilton advised a project update would be provided to the Corporation at its upcoming meeting.

The Committee **noted** the project updates provided in the report.

7 Strategy/policy reviews

A. Woodford presented the following policy documents for approval:

7.1 Financial policies

7.1a Budgeting Policy 2025/26

The Committee **approved** the updated Budgeting Policy 2025/26.

7.1b Financial Regulations

The Committee noted the updated document and requested the reference to the Search Committee be amended to the Personnel Committee. **AW**

The Committee **recommended** the updated Financial Regulations, subject to the above agreed amendment, for approval by the Corporation.

7.2 Procurement Policy and Standing Orders Relating to Contracts

The Committee noted the need for the newly drafted policy, in order to meet the new procurement requirements for public bodies, and asked if officers were confident the policy was legally compliant. A. Woodford advised the policy had been drafted using sector guidance and best practice examples, and would be reviewed by the college's internal audit during an upcoming audit of procurement where compliance would be assessed.

The Committee asked how incidents of non-compliance would be monitored by and/or reported to the Corporation. It was confirmed this should be done via the Audit Committee and would be added to its agenda as a standing item. **SM**

The Committee asked if there was a college-wide contracts register in place. A. Woodford informed members this was being developed and that he would provide an update report on its implementation. **AW**

The Committee **approved** the Procurement Policy & Standing Orders Relating to Contracts.

7.3 Tuition Fees Policy 2025/26

The Committee noted the policy had been updated according to the most up-to-date information published at the time of review and therefore could be subject to change at a later date.

The Committee **recommended** the updated Tuition Fees Policy for approval by the Corporation.

8 By exception reports

8.1 Fraud, bribery and money laundering

Nothing to report.

8.2 IT and digital

Nothing to report.

8.3 Regulatory compliance

Nothing to report.

9 Any other business

9.1 Committee membership

Following the recent resignation announcements and their impact on the committees, the Chair of the Corporation had discussed the following changes with the individuals involved to be presented for approval by the Corporation at its upcoming meeting:

- The appointment of A. Jarrett to the Audit Committee and Vice Chair of the committee
- The appointment of S. Fisher as the Vice Chair of the Finance & Resources Committee

There was no further business for discussion and the Chair closed the meeting at 7:45pm.

2024/25 remaining meeting dates:

- Wednesday 25 June 2025, 6:00pm

Actions from meeting(s):

| Finance & Resources Committee – 27 November 2024 (OUTSTANDING) | | | |
|--|---|-------|-----------|
| Ref | Action | Owner | Timescale |
| 1 (7ca) | A further SU report to be presented at the June meeting of the Committee | AW | June 2025 |
| Finance & Resources Committee – 11 March 2025 | | | |
| 2 (3.2) | Share the paper sent to DfE arguing the case for additional funding | JCa | ASAP |
| 3 (4.2) | Share the link to the income generation paper with Corporation members | SM | 20/03/25 |
| 4 (7.1b) | Update reference to Search Committee (to Personnel) and correct typo in FRegs | AW | ASAP |
| 5 (7.2) | Ensure procurement non-compliance is reported to/monitored by Audit Comm | SM | May 2025 |
| 6 (7.2) | Provide an update on the creation of a contracts register | AW | June 2025 |