

**Minutes of the Strategy, Finance & Business Development
Committee Meeting held on Thursday 2 December 2010 at 8.30am
in the Boardroom - Matthew Boulton Campus**

Present:

Ms J Williams (Chair)
Mr S Brittan (SB)
Mr A Burley (AB)
Mr V Randeniya (VR)
Ms Louise Teboul (LT)
Dr C Braddock (Principal)

In Attendance:

Dr R Minett (Executive Director Academic Affairs & Quality Improvement) (RM)
Mr B Pattni (Executive Director of Finance and Resources) (BP)
Mr C Hill (Executive Director of Support Services) (CH)
Mrs C Bennett (Clerk to the Corporation) (Clerk)
Mr P Miner (Director of Human Resources) – items 6 and 7 only (PM)

Apologies for Absence:

There were no apologies for absence.

Declarations of Interest:

There were none.

Item 1* - Minutes of the Meeting held on 18 June 2010

- 1.1 The Chair informed the Committee that it was relying on AB and the Principal in the main to confirm the accuracy of the above minutes given the new membership on the Committee. The Principal confirmed that most of the content of the above minutes was going to be covered at this committee meeting in any event which would assist the new governors who were not present at the 18 June meeting.
- 1.2 The Committee agreed that the word, “eradicate” should be changed to “target” at paragraph 3.4.
- 1.3 Subject to 1.2 above, the minutes were approved.

Matters Arising

AB reported to the Committee for information that the Riverside and Estates Committee met on 25 November 2010. In relation to the Summer Works at James Watt campus, Phase 1 of the works had been completed with a slight overspend which the Riverside and Estates Committee approved as well as approving the commencement of Phase 2 works.

Item 2 – Key Performance Indicators and Outcomes for 2009/10

- 2.1 RM presented this item. He informed the Committee that the current policies and procedures for measuring KPIs and Outcomes are extremely complex and therefore under review following guidance on the strategic direction from the new board of governors as discussed at the recent residential as well as consultancy on the College's performance management system.
- 2.2 RM reported to the Committee that all KPIs and outcomes have been met in the main for 2009/10. He explained to the Committee how the current system works ie RAG rated using a traffic light system. The Principal emphasised to the Committee that the current system was too complicated but is currently being revamped.
- 2.3 A detailed discussion took place amongst the Committee with regard to whether the standard was set high enough if nearly all KPIs were being achieved and to be clear on a system that shows the KPI has been met as opposed to nearly met. Further, the Chair asked RM to give an example of an outcome not achieved and to explain to the Committee how this is being addressed. RM referred to student attendance as an example and explained to the Committee the types of work being carried out to make improvements in this area.
- 2.4 The Chair asked the Principal for clarification on when the Committee is likely to see the new system in place and the Principal confirmed early next year and CH added that the work would be linked to the the College's Strategic Plan as well as Risk Register.

Resolved:

The report on KPIs and Outcomes was noted by the Committee

Item 3 – SFA Meeting and CSR Impact on BMET

- 3.1 This item was presented by RM. He stated that activity in this area had been busier over the past few weeks than over the past few years. He added that whilst the picture still is not clear, there are some indicative cuts and emergent issues. The key points are that there will be an overall cut of 25% in funding over the next four years at the same time as an increase in the participation of age although there is funding for

the 16 – 18 cohort; EMA is to be abolished which will significantly affect students at the College as around 4,000 receive EMA; the adult learning grant will be abolished and replaced by a loan system similar to HE; for adult funding there is an overall reduction in funding and a 4.3% reduction in funding rates which includes removing Skills for Life and ESOL uplifts. More positively, RM explained that QCF are going to be funding units of courses and not just whole courses as is currently the case. RM also explained to the Committee that in the last few days it had been announced that the YPLA would be going and will be replaced with a new education funding agency with a new CEO. Further RM added that funding to FE Colleges will be equal to that of sixth forms. He stated that this would not mean that colleges will receive more, but sixth forms will receive less putting colleges on a more even playing field to compete although this will not be introduced until 2015.

- 3.2 RM went on to make the point that the Browne Review has concluded that to “future proof” the HE sector, the cap on tuition fees should be abolished and it is expected that more HE provision will be made available through the FE sector.
- 3.3 RM went into more detail about the implications for the College and identified key areas affected: TTG allocation will cease, Adult Learner Responsive budget will be reduced, 16 – 19 Responsive to be reduced (however learner numbers maintained). Overall RM stated that the key message from Government to FE colleges is that they have to become more cost effective across their whole business and to do this they need to actively co-operate and collaborate with other providers across the whole learning and skills sector.
- 3.4 The Committee then had a detailed discussion on what this meant for the College including the possibility of claw back of funding in certain circumstances and the timing of events as well as possible opportunities out there. The Principal informed the Committee that when carrying out the financial analysis, management have been deliberately pessimistic although having said that the College is in a very strong financial position and under AOB will inform the Committee of some new exciting developments coming the College’s way which will help to compensate for the cuts. The Principal also informed the Committee that although funding cuts are difficult, it is a time of opportunity and the College is well placed financially to cope.

SB joined the meeting at 8.55am.

- 3.5 The Chair asked BP when the extent of the cuts would be known to management. BP informed the Committee that more information will be available once negotiations with SFA/YPLA are complete. The Principal also informed the Committee that the College has instructed external auditors to carry out an analysis of the College’s competitors

and would bring the outcome of this back to the Committee in due course.

- 3.6 The Committee commented on how useful the Pearson publication was and asked the Clerk to arrange for any publications or updates to be added to the governors' section of Sharepoint. The Clerk confirmed she would arrange.

Resolved:

The Committee noted the report on the SFA, the CSR, the Skills Strategy and its impact on the College.

Item 4* – Management Accounts to 31 October 2010

- 4.1 BP presented this item and led the Committee in detail through the accounts for the three month period up to 31 October 2010. BP also confirmed that the accounts do not incorporate the financial information for the newly formed Harborne Academy at this stage because the school had to be approved by Government and also the College Corporation is required to approve a revised set of financial forecasts. It is anticipated that a consolidated version will be produced for the next Committee meeting.
- 4.2 The Committee all agreed that it was an excellent set out accounts.
- 4.3 A detailed discussion took place amongst those present with regard to how the College compares with its main competitors and the steps being taken to decide upon which opportunities to pursue.
- 4.4 The Chair also asked BP to provide some comparator information at the next meeting in order for the Committee to be able to put the accounts in context. BP said he would do this.

Resolved:

The Committee approved the accounts to 31 October 2010.

Item 5 – Revised Three Year Financial Forecasts 2010/2011-2012/2013

- 5.1 BP presented this item. BP informed the Committee that the College first presented the financial forecasts in June 2010 to this Committee which were later approved by Corporation in July 2010. At both meetings, the Corporation were advised that revised forecasts would need to be presented for three main reasons:
- (i) to include Harborne Academy
 - (ii) to incorporate further developments following discussions with the SFA and YPLA re funding;

- (iii) the College adopted a more prudent approach than what was outlined in the Comprehensive Spending Review

5.2 BP then led the Committee through the financial forecasts responding to questions as and when required. Specific areas of questioning that arose related to whether there was any concern over pension liability to which BP responded that there were no current issues and also the suggestion from the College's auditors that the Riverside site be revalued. BP and AB both confirmed that the Riverside and Estates Committee were looking at this although at present it was not thought necessary to revalue. The Chair commented that the financial forecasts were excellent but again it would be useful to see comparators. BP said he would arrange this.

Resolved:

The revised three year financial forecasts 2010/2011-2012/2013 were approved by the Committee.

Item 6 – Confidential Paper

Item 7 – Confidential Paper

PM left the meeting at this stage.

Item 8 – Strategic and Financial Update on Harborne Academy

- 8.1 RM presented this item. He provided the Committee with an update on progress made on the Harborne Academy since the June Committee meeting. RM reported that the launch of the Academy was a real success and many of the Committee members who had attended agreed.
- 8.2 RM reported that the Academy had not received funding for a new build due to policy change as a result of change of government but a visit had taken place by PFS who have been commissioned to look at schools who did not receive new build funding and the outcome of that meeting will be received in December 2010.
- 8.3 RM also reported to the Committee the current governance and educational issues at the Academy.
- 8.4 A detailed discussion took place in relation to the potential risks if the Academy does not succeed. RM explained that the main risk to the College is that of reputation. RM stated that amongst other measures there are a number of College staff who sit on the full governing body of the Academy and the same internal auditors have been appointed to the Academy as the College. VR also added that the full governing body must ensure that the Head has clear targets that are reviewed

regularly. Overall the Committee were very pleased with progress of the Academy so far.

Resolved:

This item was noted by the Committee.

Item 9 – Financial Statements for the year ending 31 July 2010

- 9.1 BP presented this item. He apologised for not being able to provide the Committee with the financial statements that contained the Members Report but informed the Committee that some comments had come through from the Audit Committee and the College were still awaiting comments from the auditors. BP explained that he would go through the financial statements that had been provided and the version with the Members' Report included would be available for the Corporation meeting on 16 December 2010.
- 9.2 BP stated that the Audit Committee had indicated that it would like to see more notes on the accounts as it was not considered particularly beneficial to make comparisons with Sutton Coldfield College only. BP agreed to arrange and the Committee agreed that next year this would not be an issue given that there would be two BMET years to compare.
- 9.3 BP led the Committee through the financial statements, explaining each section in detail and responding to questions from the Committee as and when they arose.
- 9.4 A discussion took place clarifying the roles of the Audit Committee and Strategy, Finance and Business Development Committee in terms of which committee approves which documentation. It was agreed that the Audit Committee are provided with the Management Letter, Letter of Representation and Financial Statements for information only whereas review of these documents is carried out by the Strategy, Finance and Business Development Committee which ultimately makes its recommendations to the Corporation.

Resolved:

The Committee noted the financial statements for the year ending 31 July 2010.

Item 10* - Partnership Arrangements

- 10.1 BP presented this item and led the Committee through his report which set out the range of collaborative proposals for 2010/11, focussing mainly on SFA/YPLA funded activity as well as other funding which may require collaborative delivery.

- 10.2 BP informed the Committee that through its collaborative partnership working, the College is addressing the challenges of having significantly reduced budgets in-year, but it is also seeking organisations that compliment and add value to College provision so that jointly they may effectively respond to market needs and business opportunities.
- 10.3 BP outlined a number of proposed partners and the budget proposed for each to the Committee. He then answered any queries raised by the Committee.

Resolved:

The Committee approved the proposed partners for 2010/11 and the budget proposed for them.

Item 11* - Treasury Management Policy

- 11.1 BP presented this item and informed the Committee that it was responsible for setting and approving the Treasury Management Policy for the College and that this policy had been reviewed and amended to reflect organisational, economic and legal changes as appropriate. BP also confirmed that the policy had already been reviewed by the College's Policy Committee.
- 11.2 BP also informed the Committee that as a result of the outcome of an audit review of treasury management, the College wished to close its account with Allied Irish Bank (mainly due to the current decline of the Irish economy) and open accounts with Natwest and Royal Bank of Scotland.
- 11.3 VR asked if the College had lost any funds within AIB. BP confirmed the College had not and in fact the College had not invested with AIB for some eight – nine months as a result of the economic decline.

Resolved:

The Committee to recommend the Treasury Management Policy to Corporation for approval.

Item 12 – Update on Financial Regulations

- 12.1 BP presented this item and informed the Committee that the Financial Regulations had been reviewed and amended again to reflect organisational, economic and legal changes. BP stated that the main changes related to organisational changes in title, responsibilities and accountability.

Resolved:

The Committee to recommend the Financial Regulations to Corporation for approval.

Item 13 – Any Other Business

- 13.1 The Principal reported that some operational structural changes are taking place as a result of a small number of the senior team leaving the College.
- 13.2 The Principal also reported that the College had won a Beacon Award at the recent AoC Awards, was highly commended for three awards and short listed for six others which was a fantastic achievement for the College.
- 13.3 The Principal informed the Committee that a number of high profile individuals had recently visited the College including Prince Charles HRH, Ed Miliband and Richard Lambert CBE.
- 13.4 The Principal stated that the College had submitted a huge bid for a work programme and that the College was successful at the pre-qualification stage but had not been successful thereafter. This College is now working with those that had been successful.
- 13.5 The Principal informed the Committee that there may be opportunities to pursue with Birmingham City Council and its Adult Learning provision.
- 13.6 The Principal informed the Committee of a confidential item under AOB which has been minuted separately.
- 13.7 VR asked if dates for January events could be circulated as soon as possible. The Clerk confirmed she would action.
- 13.8 The Chair commented that the Principal's update was excellent news.
- 13.9 The Chair asked for feedback on the meeting and the papers provided. Committee members stated that commentary at the meetings is very helpful to put the item in context. The Chair also asked if all the issues and worries could be more clearly picked out. On the whole the Committee was very satisfied with the approach.

Date of next meeting: Thursday 17 February 2011

Signed.....*J Williams*.....Chair

Date.....*24.3.2011*.....