**Minutes of the Finance Committee**

held on Tuesday 18th June 2024 at 8.00 am.

Held by Microsoft Teams

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| Present | Apologies |
| Peter Croom (PCR) |  |
| Gary Turton (GT) |  |
| Pat Carvalho (PC) |  |
| Hilary Smyth- Allen (HSA) |  |
| Sir Dexter Hutt (DH) |  |
| **In Attendance** |  |
| Fiona Yardley (FY) |  |
| Anna Jackson (AJa) |  |
| Andrew Crowter (AC) (For Agenda Item 5) |  |
| Stephen Belling (SB) |  |

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|  | **Welcome and Apologies** |
|  | Full Committee attendance |
|  | **Declarations of Interest** |
|  | No declarations were made in addition to those recorded on the Conflicts Register |
| **1(i)** | **Minutes** |
|  | The minutes of the meeting on 12th March 2024 were reviewed.  **IT WAS RESOLVED THAT F23/24: 22**  The minutes of the meeting on 12th March be approved. |
| **1(ii)** | **Matters Arising and Action Log** |
|  | Completion of the action on the Action Log was noted. |
| **2** | **April management Accounts and Financial Report** |
|  | FY presented the April Management Accounts in the Committee Pack and emphasised the following: -   * The accounts include a full quarter 3 reforecast. * The Year-to-Date trading position is £2.6 million favourable to budget. * Income levels have increased because of additional funding received which had not been expected when the budget was set. * Pay Costs are tracking favourably to budget. * The DLSF budget has been increased by £85K to take account of increased requirements. * The majority of adult new starts relate to programmes in rail and commerce. * A business case has been submitted to WMCA to secure funding for the provision of Free courses for Jobs. * ESFA funding claims have been reduced to mitigate against the risk of clawback. * Out of Funding apprenticeships decreased in Quarter 3 * Staff utilisation figures are largely on track. * The year end trading position is likely to be above £4.3 Million.   PC also advised: -   * There is unlikely to be any Tuitional Funding next year so this will affect utilisation figures. * Concerns regarding agency costs relating to engineering have been addressed by the successful recruitment of permanent staff. * There is a continued focus on resources required to ensure a positive student experience in relation to English provision.   **Governors Observations and Questions**   1. ***What is the reason for decreased staff expenditure? (DH)***   FY advised the decrease arises from vacancies that have not yet been filled.   1. ***Why is the staff utilisation rate in A5 (English and Maths Department) 108%? (PCR)***   A Ja advised that this had arisen because of sickness absence and maternity leave and matters to address utilisation concerns were in hand.   1. ***What was the rationale for delivering Free Course for Jobs? (HSA)***   PC advised the college wanted to demonstrate its ability achieve its Level 3 targets.   1. ***How will the college take advantage of new investment rates? (GT)***   FY advised that the new Finance Director would be tasked with a review of investment opportunities in the next academic year.  **IT WAS RESOLVED**  **F23/24 23**  The April Management Accounts be noted. |
| **3** | **FECTF Project Update** |
|  | AC presented the FECTF Update report in the Committee Pack and emphasised the following: -   * Works at the Matthew Boulton campus were largely complete.      * Works continued on the Sutton campus and were on track for completion in September. * Works at James Watt in relation to the heating system are on track to complete in September and have been planned to ensure minimum disruption during the exam season. There had been no asbestos issues in relation to the Window replacement programme. Roofing work has been completed and Internal works were almost complete. * The college is ready to commission a programme of agreed additional works to utilise contingency funds. * Works are on track to be completed by the end of November. * Health and Safety continues to be managed well without any incidents and all sites are visited on a regular basis by the college’s own Health and Safety manager. * Social Value commitments have now been honoured. * Risk management continues and there is an ongoing review of risk profile taking account of changing circumstances as the works progress.   **Governors Observations and Questions**   1. **The profiling of works to take account of exams and the summer holidays was noted (HSA)** 2. **The positive impact of the works was noted. (HSA)** 3. ***Are there any further plans for the Erdington Skills Centre? (DH)***   AC advised that curriculum had considered but decided against proposals to add a Mezzanine floor to the building.  PC advised that WLCA were developing the site next to the Skills Centre and that there would be a review of provision to ensure activity at the Centre was aligned to initiatives that would be undertaken there. A review of accessibility needs across the college was being planned to equip the college to respond to future funding opportunities.  PC also advised that the security works undertaken at the Skills Centre and changes to the student common room and class rooms were working well.    **IT WAS RESOLVED**  **F23/24 24**  **The content of the FECTF Report be noted.** |
| **5** | **Tech Supply Agreements Approval** |
|  | AC presented the Tech Supply Agreements Report in the Committee Pack and emphasised the following: -   * Tech Supply had transformed the college’s energy purchase and management arrangements. * Invoices against costs are reviewed on a monthly basis and challenged where appropriate. * The college is provided with alerts relating to significance variants from normal usage. * Proposals show an anticipated reduction in energy usage over the next two years partly as a result of the Capital Transformation Works Programme.   ***Governors Questions and Observations.***   1. It was noted that due process had been followed. (HSA) 2. ***Why is the forecast usage in 2026 significantly less than in 2025?(PCR)***   AC advised the forecast was less because it was for a shorter period of time. i.e., to the end of the academic year rather than calendar year.   1. ***3. When does the price lock in? (PCR)***   AC advised that the timing was determined in accordance with a risk management policy- as each period of use is approached, the percentages of use at that time are reviewed to inform decisions. There is no fixed point- it is dependent on the market at the time of assessment.   1. ***4. What are the reasons for price reduction? (DH)***   AC advised the reduced pricing arose out of a range of reasons including the advance purchase of energy and the anticipated reduction in usage because of the Capital Transformation Works Programme.   1. ***5. What fee is paid to TEC? (GT)***   AC advised that the fee is £250 / annum and that TEC is a non- profit organisation.   1. ***6. How does TEC compare with other providers? (HSA)***   AC advised 80% universities and colleges and museums use TEC; They have response to customer concerns as a KPI in their tendering processes and utilise dashboards that support with the management of energy usage.  **IT WAS RESOLVED**  **F23/24: 25**  **Entry into energy contracts procured by TEC be commended to Corporation for approval.** |
| **7** | **West Midlands Travel Approval** |
|  | FY presented the West Midlands Travel Update Report in the Committee Pack and emphasised the following: -  **Governors Observations and Questions**  **IT WAS RESOLVED**  **F23/24: 26**  The proposed variation to the contract with West Midlands Travel be commended to Corporation for approval. |
| **9** | **KPI Report** |
|  | FY presented the KPI update report in the Committee Pack and emphasised the following: -   * KPI 1.2 (16-18 Student Numbers) was now on track. * KPI 1.5 (AEB allocation) is expected to land £150K short of total target. * Student attendance reduced from 84 to 82 but above 79 last year: The college continues to provide free breakfast so support attendance. * KPI 2.3 (Returners) is below target and there is an ongoing review of what actions can be taken in response. * KPI 3.1 (Work Experience ): plans are in place for work experience in the summer term and it is expected targets will be achieved.   ***Governors Observations and Questions***   1. ***Is the level of Return Students a concern? (DH)***   PC advised that this is a Watch Point and has to be seen within the context of uncertainty about curriculum changes and the future of A levels. Work is being done to compare the college’s position against that of others and ensure the progression for Level 3 learners from year 1 to year 2 is a specific focus.   1. ***What additional levers can be used to optimise student attendance in relation to English and Maths? (DH)***   A Ja advised the attendance for main programme provision is at 83% but exam attendance levels are higher.  PC advised that “double staffing” of English is being planned to mitigate the impact of staff sickness and the practices deployed by Harewood College are being reviewed.  **IT WAS RESOLVED**  **F23/24: 27**  **The content of the KPI report be noted.** |
| **7** | **2024- 2025 Budget** |
|  | FY presented the proposed budget for 2024- 2025 in the Committee Pack and emphasised the following: -   * Debt restructure forecasts produced last year were a key consideration in determining the 2024-25 budget. * The draft budget ensures compliance with the ESFA covenant. * Expected Income position is £55.1 Million. * ESFA 16- 19 business planned slightly above allocation. * WMCA has confirmed the allocation for 24- 25. * HE has been identified as an area of growth but it is to be noted there will be no HTQ grant in 2024-25 * The pay budget is increased by £3.7 million to take account of a full year of last year’s increases and allow for either a 1% or Real Living Wage increase in January if income targets are met. * The College anticipates a £20 K increase to the number of delivery hours, 15K of which relate to T- Level delivery. * The sickness budget is consistent with last year. * Non- pay cost increases are expected because of increased resource needs, the cost-of-living crises and inflation. * A new expenditure is membership of the Institute of Technology. * The college will exit its lease from the Botanical Gardens. * Bad debt figures take account lower level of trade debtors. * The Year- end cash position will continue to be 33 cash days. * Loans continued to be split between long- and short-term liabilities. * There is a full cash flow incorporation of completion of the FECTF project in Sep 24 with 3% of the grant not being recognised until 2026. * A review of the capital needs is planned to take place at end of enrolment period.   Opportunities and risks to note are: -   * The ability to claim additional WMCA funding if there is over delivery. * The focus on utilisation rates will continue. * HE applications will continue to be traced on a weekly basis. * An additional 250 apprenticeships are expected to start by the end of July.   ***Governors Observations and Questions***   1. ***What margins have been allowed to maintain a “Good” financial health status? (PCR)***   FY advised @ 300K margin in EBITDA has been built into the budget.  900K has been included in relation to centralised costs and vacancies.   1. ***What Inflation rate has been applied in relation to non-pay? (GT)***   FY advised used the inflation rate of 3.5 % and that 25% of budget will be held back and require CFO consent before they are authorised.   1. ***What is the basis for increasing the anticipated level of HE income? (HSA)***   AJA advised the increase was based on, work done to develop plans with university partners; work done with the high-level skills implementation group to focus on new validations and the work done in respect of Higher Technical Level Qualifications.  Marketing has been prepared with a specific focus on a campaign during the clearance process.  The target is recognised as being ambitious and a contingency of £300k is being factored into the budget.   1. ***Is September the point when the position will be reviewed to take account of the inability to generate additional, HE income in year? (HSA)***   A Ja confirmed that the position would be reviewed in September.   1. ***Are there any watch points to note regarding apprenticeship provision ? (HSA)***   PC advised that engineering remained a watch point area because of employer decisions regarding the location of training and the work undertaken with the local Skills and Innovation Funding.   1. ***Are there any watch points in relation to rail provision? (DH)***   PC advised that an increase in rail provision was expected to take account of the increase in the flow of students and continuation of the HS2 in the West Midlands. The college does not plan to expand beyond the levels anticipated for 2024- 2025  **IT WAS RESOLVED**  **F23/24 :28**  **The proposed budget for 2024- 2025 be commended to Corporation for approval.** |
| **8** | **2024-2025 Subcontracting Report** |
|  | SB presented the 2024- 25 Subcontracting report and summarised the proposals for the award of subcontracts, the business rationale, expected value and procurement status.  After careful consideration of the proposals and subject to the support of Audit Committee  **IT WAS RESOLVED**  **F23/24:29**  **It be commended to Corporation that subcontracts for 2025 be awarded to**   * **City of Birmingham Basketball Club CIC** * **Aston Villa Women’s Football Club Ltd** * **West Bromwich Albion Foundation** * **Skern Lodge** * **BCU** * **Skills Network** * **UHB** * **The organisation appointed following completion of a procurement exercise for the provision of rails services support.** |
| **9** | **Supply Chain and Subcontracting Policy** |
|  | SB presented the Supply Chain and Subcontracting proposed Policy for 2024 – 2025 and proposed minor alternations. emphasised the following: -  **IT WAS RESOLVED**  **F23/24:30**  **The proposed Supply Chain and Subcontracting Policy for 2024- 2025 be commended to Corporation for approval.** |
| **10** | **Treasury Management Policy Review** |
|  | FY presented the proposed updated to the Treasury Management Policy to take account of changes required to comply with the newly published College Financial Handbook.  It was noted that the new Finance Director would review potential investment options in the Autumn term.  **IT WAS RESOLVED**  **F23/24:31**  **The updated Treasury Management Policy be commended to Corporation for approval.** |
| **11** | **Financial Regulations Update** |
|  | FY presented the Finance Regulations Update Report in the Committee Pack and advised of changes being recommended to take account of the Managing Public Money requirements in the Further Education College Handbook due to come into operation in August.  **IT WAS RESOLVED**  **F23/24:32**  **That the updated Financial Regulations be commended to Corporation for approved.** |
| **12** | **Annual Review of Governance and Terms of Reference** |
|  | SB presented the Governance Self-Assessment and Committee Terms of Reference for review.  **IT WAS RESOLVED**  **F23/24:33**  **Committee commend the existing Terms of reference for continued use during the next academic year.** |
| **13** | **Managing Public Money Regulations** |
|  | No matters requiring referral to the Department of Education were noted. |
| **14** | **Matters to be reported to Corporation** |
|  | Gas and Electricity Supplier Proposals  Increase of West Midlands Travel Budget  Progress against KPI targets.  2024-25 Budget Proposals  2024-2025 Subcontracting Proposals  Updated Supply Chain Policy  Updated Treasury Management Policy  Updated Financial Regulations |
| 15 | **Any Other Business** |
|  | In respect of the proposed Inclusive Sports Centre PC advised:   * Expressions of interest made during the launch event are being followed up. * A next steps fundraising plan is being planned for December 2024 * The decision regarding the location of the Invictus Games is deferred to the end of July 24.   There being no further business the meeting was concluded at 9.30- am. |

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