

**APPROVED MINUTES OF FINANCE & RESOURCES COMMITTEE
MEETING HELD ON 26 NOVEMBER 2024 VIA MICROSOFT TEAMS**

Present:

Stuart Pedley-Smith (Chair)
Nelson Tanyanyiwa
David Wheeler

In Attendance:

Jacky Leek (Interim Director of Finance) (IDoF)
Lesley Venables (Head of Governance) (HoG)
Natalie Priest (Head of Human Resources) –
minutes 97 to 107
James Norris (Assistant Principal, Adults &
WBL) – minutes 129 to 131

	APOLOGIES FOR ABSENCE	
73	Apologies for absence were received from Tony Sadla (External Governor) and Jat Sharma (Principal)	
	DECLARATIONS OF INTEREST	
74	There were no declarations of interest in any agenda item.	
	MINUTES	
75	Resolved – That the minutes of the meeting held on 8 th October 2024 be approved as a correct record and signed by the Chair	
	MATTERS ARISING	
76	Governors received a progress report on actions identified at the previous meeting and noted that the majority of these had either been completed or were featured on the agenda.	
77	The following updates were noted: Minute 87 – the Interim Director of Finance reported that it was a good practice recommendation for the College to have a formal reserves policy. This was being drafted, based on best practice in the FE sector, which would be submitted for consideration at the Committee's next meeting. Minute 218 – A further meeting between Mary Mahoney and the Assistant Principal Adults, WBL & Community would be arranged to discuss the Higher Education Strategy. A draft Financial Strategy would be submitted to the February meeting. Minute 39 – Bursaries expenditure would be built into future finance reports and presented by disadvantaged groups, however, it was noted that information was limited at this point in the year. Approximately two-thirds of bursary payments will have been made by March 2025. Minutes 66 to 67 – a tender for the College's electricity and gas supply contracts was being drafted with a view to renewing these in December 2024 instead of March 2025, as this would enable it to capitalise on the lower rates.	JL JN JL JL
78	The Head of Governance sought and obtained agreement from the Committee to use Artificial Intelligence software to summarise the outcomes of future meetings, as an experiment which, if successful, could then be applied to all Corporation and committee meetings.	LV

79	The Interim Director of Finance advised that the SLT accounts on Microsoft Teams had all been updated to enable the recording of meetings. It was agreed that strict protocols would be necessary to ensure that this was used appropriately.	
80	Resolved – That Otter AI software be used to record the Committee’s next meeting, on a trial basis	
CHAIR’S ACTION		
81	As reported at the previous meeting a retaining wall was required at CCM to mitigate any risk of subsidence. Agreement had been received from the Department for Education to use the remaining funds from an allocation (£358k) previously received by the College, which was partly used to re-build a collapsed wall at the Portland Street Campus. Tenders had been sought for this project at CCM and chair’s action had been used to award the contract as the tenders exceeded the £100k approval threshold.	
FINANCIAL STATEMENTS 2023/2024		
82	The Committee received the draft Financial Statements for 2023/2024, together with a reconciliation with the July management accounts. The Statements projected a deficit of £3m compared to £1.500k in the July management accounts and a deficit of £1,773k for 2022/2023.	JL
83	Governors noted that the most significant factor in this reduction in performance was the accounting treatment of capital grants received by the College (FRS102), the impact of which was felt as soon as the asset was acquired by the College, rather than a depreciation of the asset over a number of years.	
84	This accounting convention was used as a result of a decision made by a previous Corporation and could not be easily reversed. The Interim Director of Finance was asked to discuss this issue with the College’s External Auditors and report back to the Committee.	
85	Any recent asset purchases would not have an impact on the Income & Expenditure Account until 2025/2026 but the depreciation had to be accounted for in 2023/2024, and did not appear in the management accounts.	
86	Over the past 2 to 3 years the College had not generated any additional cash to replace depreciated assets such as the Green Lane extension. Any future repairs would need to be financed out of reserves as, currently, the DfE was not distributing capital monies to FE colleges.	
87	The decrease in the pension scheme liability had resulted in a total comprehensive surplus for the year (compared to a surplus of £14.9m for 2022/f2023). This amount varied each year, depending on market growth and was outside of the College’s control. The value would not impact on the College’s financial position unless it was crystallised, which was extremely unlikely.	
88	The financial statements and associated documentation issued by the External Auditors had been scrutinised by the Audit Committee at its meeting on 19 th November 2024. Unqualified opinions had been given on both the financial statements and the regularity audits. There were still a small	

	number of items outstanding, but no adjusted differences had been identified.	
89	However, there was one unadjusted misstatement which fell within the level of materiality. This related to a sub-contracting arrangement with JTL in 2021/2022 where some work had been completed but had not been paid for by the College and had not been accrued for at the time. The JTL partnership contract had not ended and the College had been paid the outstanding amount of £57K, which the External Auditor had determined should be reported in the Management Letter for 2023/2024.	
90	Governors questioned how this issue had occurred and were advised that the situation arose immediately after the COVID-19 pandemic, where apprenticeship contracts had been rolled over between years to allow students to complete their courses and it had been unclear at the time how many apprentices were still on programme.	
91	The Committee received the draft Student Union accounts for 2023/2024. A governor asked XX and was advised that there had been a deliberate strategy by management of keeping the overall cash balance low due to the relatively high turnover of SU officers in the past.	
92	The annual accounts for Broadway Training (a subsidiary company) were received, although it was noted that no trading had taken place in 2023/2024.	
93	Governors were advised that the ESFA and the West Midlands Combined Authority had not yet issued the reconciliation statements on the ILR, which were required prior to the Chair and the Principal signing the financial statements.	
94	It was agreed that the Chairs of the Audit and Finance & Resources Committees would meet with the Head of Governance and Interim Director of Finance to discuss how the Financial Statements and associated documents should be presented to the Corporation.	LV
95	A number of amendments to the commentary of the Financial Statements were suggested and would be actioned prior to the final version being submitted to the Corporation. The Committee also asked that reference should be made to the College's significant growth from £30m to £50m+, balanced against its aim of being an inclusive organisation.	JL
96	Resolved - 1 That the Corporation be recommended to approve the Financial Statements for 2023/2024, 2 That the Student Union Accounts and the Broadway Training Company Accounts for 2023/2024 be noted and presented to the Corporation for information 3 That the Corporation delegate authority to the Chair and Principal to sign the Financial Statements once the reconciliation statements had been received from the ESFA	
Human Resources Update		

97	Governors received a report on HR issues including performance against key indicators. The College's total staffing complement had decreased from 844 to 711 FTEs since the previous report.	
98	Sickness absence for 2023/2024 was 3.86% compared to 3.63% at the end of 2022/2023. The absence rate for August to October 2024 was 2.34%. A total of 48% was due to long-term absence and was mainly due to minor illnesses and mental health issues. Approximately 32% of absence for the latter reason was work-related.	
99	The College has been accredited with a Thrive at Workplace Wellbeing Foundation Award and was working towards the next level (Bronze). This involved engaging with staff to promote health and wellbeing in areas such as mental health and healthier lifestyles.	
100	A total of 56 disciplinary and grievance cases were currently in progress, 3 of which was for gross misconduct for safeguarding reasons.	
101	From the 40 current vacancies, 18 were at the pre-employment stage. A total of 24 were for business support posts, with a further 18 for teaching staff. Recruitment for some jobs was difficult, particularly in teaching and there was no mechanism within the current pay structure to reward staff with particular skills. This situation was likely to exacerbate due to a national shortage of teaching staff in STEM subjects.	
102	Staff turnover had reduced from 13.4% in 2022/2023 to 10% in 2023/2024 against a published sector average of 17.8% and a Midlands & East Region average of 15.3%. For the current year to date the turnover rate was 4%.	
103	The Committee received a progress report on the areas for improvement identified in the staff survey, which focused on communication/information, employee satisfaction, recognition & wellbeing and leadership and management. Each of these had been graded in terms of progress and would continue to be monitored by the Committee.	
104	It was noted that information provided to staff on the employee benefits had impacted on the feedback received in the latest version of the survey.	
105	Governors received for information the Gender Pay Gap Report for 2023/2024. In response to a question about the statement that the College was "committed to addressing any gaps in pay" the Head of HR advised that there had been changes to the SLT structure which had partly redressed the balance between male and female salaries. However, the Committee commented that there was a significant gap between the salaries of the Principal and the Executive Team.	
106	The Head of HR also presented the Ethnicity Pay Gap Report for 2023/2024, which was not a statutory requirement but was considered to be good practice.	
107	Both reports would be published on the College's website and the data within the Gender Pay Gap Report would be uploaded to the Government portal by March 2025 Natalie Priest left the meeting at this point.	

	Finance Report to September 2024	
108	The Interim Director of Finance presented the management accounts to 30 September 2024.	
109	All financial indicators for 2024/2025 were progressing in line with the forecast. Adult enrolments were on target. Income was currently £502k lower than the agreed budget, mainly due to timing differences and the fact that enrolments were still being processed.	
110	Apprenticeship income was on target following focused activity at the end of 2023/2024 resulting in a higher than expected number of carry-ins which had offset the shortfall in new starts for 2024/2025 compared to target.	
111	The 16-19 recruitment was above target and was currently 4,177, exceeding the ESFA allocation of 4,141. The additional growth in 16-18 student numbers would not be paid until 2025/2026, due to the ESFA's lagged funding model.	
112	Currently pay was under the agreed budget, which included a 2% pay award. A governor asked about the impact of the recent announcement of changes to employer National Insurance contributions and was advised that this would be £750k over a full year or 1.5% on EBITDA. However, the DfE had recently confirmed that FE colleges would receive a contribution to these additional costs, but had not yet set an amount.	
113	Management was considering how the 2% salary increase should be paid in to uplift staff at the lower levels of the pay scale. It was noted that the Real Living Wage was increasingly higher than actual salaries, such as in the case of catering assistants who salaries were within £200 of a finance assistant.	
114	The FE sector was not being allocated sufficient monies to support a pay increase above inflation as was the case for schools. So it was likely that the College would be proposing a flat-rate pay increase for all staff to make it more equitable, with the aim of making the minimum hourly rate of pay between the National Minimum Wage and the Real Living Wage.	
115	These considerations had been included in the Risk Register.	
116	There was currently a positive variance on non-pay costs excluding depreciation for the year to date compared to the budget of £311k, due to timing differences for invoice payments. There were no indications of any pressure on non-pay costs, however the utilities contracts were scheduled to be renewed in March 2025 which could impact on the achievement of the budget.	
117	Forecast capital expenditure for the whole year was £2.95m of which £787k related to capital bids approved in 2023/2024 where expenditure had carried over.	
118	Cash balances at the end of September were £12.4m (£10.4m July 2024) and net assets of £59.1m (£59.4m July 2024). EBITDA was 4.09%.	
119	The staff cost to income ratio was 71.58%, which was better than the figure included in the budget.	

120	It was noted that the final amount of the insurance renewal for 2024/2025 was slightly higher than the budget, but this would be offset by other savings. The additional costs were due to the revaluation of the Green Lane Campus following its extension and the increased amount for payroll services.	JL/DR
121	At the October 2024 Committee meeting approval had been given for Chairs Action to be used if the tenders for the slope stability works at CCM exceeded £100k. This facility had been implemented and the contract had been awarded to PSV Civils Ltd, which was the highest scoring tender at the contract price of £162,000 including VAT.	
122	The Committee questioned the sufficiency of the 10% retention bond for a 2 week holding period after completion of the works. The Interim Director of Finance would check this with the Director of Operations.	
123	As previously reported, the College would be exiting the lease for the Green Lane Annex in January 2025. This was a full repairing lease and the College's surveyor had estimated that the cost of any repairs to reinstate the property to the condition at the commencement of the lease would be approximately £45k.	
124	Initial discussions had taken place with the landlord (George & Gindy Trust) and an indication received that a settlement of £20k in lieu of the repairs would be acceptable.	
125	As this arrangement was not provided for within the lease, the transaction would be 'extra contractual'. Following the DfE's new regulations under the ONS reclassification of FE colleges this type of transaction required DfE approval, which was estimated to take between 4 and 6 weeks.	JL
126	The proposed arrangement would represent a saving to the public purse and the College was of the view that DfE approval would be given.	
127	The Interim Director of Finance was asked to remove the arrows from the performance table in the report, adding the relevant number instead. Governors thanked her for the work undertaken on the commentary which now reflected the management accounts more closely.	
128	Resolved – That the alternative arrangement for relinquishing the lease for the Green Lane Annex be approved, subject to confirmation of DfE approval	
SUB-CONTRACTING PROVISION UPDATE		
129	The AP CD presented a report on sub-contracting performance in 2024/2025. As reported earlier, starts had been slow, but were now increasing, but there was a lag before these enrolments appeared on the Individualised Learner Record.	JL
130	It was agreed that future reports on the management accounts would include any information that affected apprenticeship financial performance, with the associated risks highlighted.	
131	Sub-contracting arrangements with 3Es and Embark (both AEB contracts) were progressing in line with the target but Learning Curve's FCFJ contract, mainly on Higher Education and Professional Services had not met the	

	identified target. Discussions with the Combined Authority were taking place regarding the quality of delivery at Level 3.	
	James Norris left the meeting.	
	HEALTH & SAFETY ANNUAL REPORT 2023/2024	
132	The Committee received for information the Annual Health & Safety Report for 2023/2024, which set out accident data and H&S initiatives.	
133	There had been a 34% decrease in accidents reported across all campuses from 108 in 2022/2023 to 76 in 2023/2024. A total of 7 RIDDOR reportable incidents had been made to the HSE, 3 of which were to staff and 4 of which to students, compared to 2 overall in 2022/2023. All incidents had been investigated and none had resulted in further action by the HSE.	
134	In 2023/2024 43 H&S Audits had been undertaken, all of which had been completed and signed off by the H&S team. The overall compliance rate of completed audits was 95% which was the same as the previous year. Any Follow-up actions were in place for any areas with an audited score of less than 100% on their initial assessment.	
135	Governors were advised that the College had recently passed the fire safety inspection at Green Lane.	
136	The Committee asked for some further work to be undertaken on the executive summary of the report, which was currently merely an index of contents.	DR
	DATES OF FUTURE MEETINGS	
	11 February 2025 – possibly at the Green Lane Campus 13 May 2025 24 June 2025	