

**MINUTES OF FINANCE & RESOURCES COMMITTEE
MEETING HELD ON 8TH OCTOBER 2024**

Present:

Tony Sadla
Stuart Pedley-Smith (Chair)
Nelson Tanyanyiwa – minutes 1 to 67
Jat Sharma - Principal

In Attendance:

Jacky Leek (Interim Director of Finance) (IDoF)
Lesley Venables (Head of Governance) (HoG)
Natalie Priest (Head of Human Resources) – minutes 7 to 21
Deb Rajania (Director of Operations & Resources) – minutes 56 to 75
James Norris (Assistant Principal Commercial Development) – minutes 35 to 55

	APOLOGIES FOR ABSENCE	
1	Apologies for absence were received from David Wheeler (External Governor)	
	DECLARATIONS OF INTEREST	
2	There were no declarations of interest in any agenda item.	
	APPOINTMENT OF CHAIR	
3	Resolved – That Stuart Pedley-Smith be appointed as Committee Chair until the first meeting of the 2025/2026 academic year	
	MINUTES	
4	Resolved – That the minutes of the meeting held on 25 th June 2024 be approved as a correct record and signed by the Chair	
	Matters Arising	
5	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.	
6	The following updates were noted: Minute 82 – a 5 year preventative maintenance plan was under development, which aligned to the new Corporate Plan. The work required had been taken into account in setting the budget for 2024/2024. A condition survey would be undertaken and a review of internal fittings to be included in future projects. The deadline for this work was January 2025 and was partly linked to the Adult Learning Centre project. Minute 87 – A Reserves Policy was being drafted, which would be linked to the Corporate Plan and Financial Strategy.	DR JL
	Chair's Action	
6	There were no items to be noted under Chair's action.	
	Human Resources Update	
7	Governors received a report on HR issues including performance against key indicators. The College's total staffing complement had decreased from 903 to 844 FTEs since the previous report.	
8	Sickness absence for 2023/2024 was 3.86% compared to 3.63% at the end of 2022/2023, 46% of which was due to long-term absence and was mainly	

	due to minor illnesses and mental health issues. Approximately 34% of absence for the latter reason was work-related and governors were advised that this included individuals subject to the College's performance management processes. Governors asked that benchmarking data should also be included in future versions of the report, if available.	NP
9	An increasing number of absences were as a result of COVID-19 and it was noted that the College's current guidelines for reporting and addressing these required review.	
10	Further strengthening of mental health initiatives had continued to take place (reinforced by the outcomes of the most recent staff survey), including refresher training for existing Mental Health First Aiders and the recruitment of a further cohort amongst staff, which had widened the profile of representation, including male MHFAs across different sites. Targeted activities would now integrate mental health initiatives into general wellbeing programmes,	
11	The College had achieved foundation level accreditation under the Combined Authority's Thrive Accreditation on health and wellbeing, and was currently on track to meet the foundation level requirements, progressing to the bronze level in 2024/2025.	
12	A total of 5 disciplinary and grievance cases were current in progress, one of which was for gross misconduct for safeguarding reasons and was being kept under review with the Local Authority Designated Officer.	
13	From the 40 current vacancies, 10 were at the pre-employment stage. A total of 20 were for business support posts, with a further 13 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.	
14	Staff turnover had reduced from 13.4% in 2022/2023 to 10.4% in 2023/2024 against a published sector average of 17.8% and a Midlands & East Region average of 15.3%.	
15	Work had now commenced on the Transformation Project that had been discussed at the Corporation. Regular updates on progress would be provided to the Committee at future meetings.	NP
16	The Committee was informed that the College's HR Policies needed to be updated to take account of the new Worker Protection Amendment Rights Act, which was effective from the end of October 2024.	
17	A proper launch of the 'MyConfide' software system for staff to record minor concerns would take place shortly.	
18	The response rate for the staff survey for 2023/2024 had fallen to 47%. Areas scoring lower against each of the questions were similar to the previous year, with items such as communication identified as particular issues. In response to questions regarding an action plan to address areas for improvement the Head of HR reported that a fuller report would be submitted to the Committee's November meeting for information.	NP

19	A number of the questions in the survey were aligned to areas that would be reviewed by Ofsted during any inspection process.	
20	Governors noted that the pay award for 2023/2024 did not appear to have impacted on the outcomes of the survey	
21	The College had achieved the Bronze level of the Investors in Diversity accreditation and was seeking to build on this by achieving the Silver award. Governors thanked the Head of HR and her team for their work in this area. Natalie Priest left the meeting at this point.	
Finance Report to July 2024		
22	The Interim Director of Finance presented the management accounts to 31 st July 2024. Governors were reminded that 2023/2024 had been predicted as a difficult year due to the ESFA's lagged funding model. This meant that funding for growth in student numbers was not paid until 2024/2025 but the College had had to incur additional expenditure to support these learners.	
23	The year-end forecast had been updated and had been presented to the Corporation at its July 2024 meeting.. The actual outturn for 2023/2024 was slightly lower than the forecast due to a delay in the receipt of some grant funding which will be paid in 2024/2025, under-achievement on the sub-contracted contract for Free Courses For Jobs for Learning Curve and high levels of staffing costs, particularly for agency workers in specialist areas.	
24	The deficit in the Finance Report was £3m and the EBITDA was 0.63%. The staff costs to income ratio was 71.8% and the College's Financial Health rating was at the bottom end of 'Good' at 190 points.	
25	The Committee requested a summary for the October Corporation meeting on the reason for the £1.5m difference between the original and the actual forecasts, together with the contribution of the 6.5% pay increase and non-pay items such as sub-contracting, maintenance and depreciation. The Interim Director of Finance was also asked to calculate how much additional income needed to be generated to increase the EBITDA figure by 1%. It was important for the Board to recognise the significant level of 'on costs' attached to any pay awards approved for staff (c.35%). Following higher than anticipated enrolments some staff expected to be rewarded for increased activity.	JL JS
26	There was a degree of uncertainty in relation to the monies to be allocated to further education for capital and pay increases within the Government's October Budget	
27	An efficiency plan would be brought to a future Corporation meeting, which aimed to make savings of approximately £2m in 2025/2026 and to generate surplus income to invest in the College's infrastructure, with an EBITDA of 6%.	
28	The Interim Director of Finance reported that the audit of the 2023/2024 financial statements was currently underway and final accounts would be submitted for approval to the December 2024 Corporation meeting on the	

	recommendation of the Finance & Resources Committee. No concerns had been raised to date.	
29	Governors noted that similar assumptions to last year had been used in respect of the LGPS with a surplus of £8.48m for 2023/2024. However, following usual accounting protocols, the asset value would not be recognised in the annual accounts, but this would have no impact on the College's loan covenants or financial health score.	
30	2024/2025 The Committee was advised that the allocation for 16-18s had increased by circa £4m compared to 2023/2024. Currently the College had enrolled 4287 students against an allocation of 4,141. If the allocation was exceeded by 101 learners still on roll at week 6 the College would also receive in-year growth funding from the ESFA.	
31	Recruitment had exceeded expectations for the last 2 years,. In response to questions the Principal reported that the majority of these students were from local schools and that the College had benefitted from the changes to the GCSE grade boundaries. Although the additional income was welcomed, there were other factors that needed to be taken into account, such as the delivery of higher level courses, staff workloads and pay in comparison to the school sector.	JL
32	Governors commented that the table setting out performance against key indicators was extremely helpful and that this should be included in each future report with the addition of the College's financial health grading.	
33	A number of cost pressures were emerging in the current year, including the issues experienced on the funding of high needs students by the local authority and the recent announcement by the Government on teachers' pay in schools.	
34	There were no concerns over meeting the College's loan covenants or in relation to its going concern status or solvency. There was currently a balance of £4.5m left on the existing loan which would terminate in 2035. James Norris joined the meeting.	
35	Management reported that there was an outstanding debt from Walsall Council on high needs funding for students. This amounted to £0.25m in 2023/2024 and £0.5m in 2024/2025 (or 1% on EBITDA). Discussions with the local authority were ongoing to resolve any payment issues, reconcile the number of learners who had an EHCP allocated and the number enrolled at the College and to prepare for 2025/2026.	JL/JN
36	Governors were advised that if this translated into a bad debt write-off, approval would need to be sought from the Department for Education under the new regulations. It was agreed that updates would be provided to future meetings until this matter was resolved satisfactorily and information would also be included in the Executive Report to the Corporation. The risk on high needs funding had been included in the top 10 risks of the revised risk register.	

37	ESFA-appointed auditors were currently undertaking an audit of the College's 16-19 bursary arrangements. It was possible that the College could be subject to a clawback of funds in this area and a more detailed report would be made at the next Audit Committee meeting.	JL
38	The College's policies had been re-written in 2023/2024 to ensure that bursary funds were distributed to students in a timely manner, as the previous processes had been over-bureaucratic and some students had not been aware of their entitlement to such support.	
39	A total of £2m of bursary funding had been paid back to the ESFA in 2023/2024 as it had not been spent. Governors requested that more detailed information on bursaries be provided to the next meeting, including the amount of the total amount, categories of expenditure and which groups of students benefitted.,	JL
40	A governor asked why the numbers in the CCM report for 2023/2024 differed from those in the appendix report on the curriculum performance. The Interim Director of Finance advised that this was due to site costs being removed from the CCM figures to provide a like for like comparison.	
41	The College's nursery and the salons were showing a loss for 2023/2024. The former was due to capacity issues and the fact that the available places could not always be matched with students' timetables. The latter was considered to be acceptable in that the salons provided realistic work experience opportunities for some students and income had fallen due to a lower footfall of customers.	
42	Governors also received information on the College's term loans. Where there were charges against College properties these would be removed once delivery of grant conditions had been completed.	JL
SUB-CONTRACTING PROVISION UPDATE		
43	The AP CD presented a report on sub-contracting performance and proposals for 2024/2025. It was noted that 3Es and Embark (both AEB contracts) had performed well, however, Learning Curve's FCFJ contract, mainly on Higher Education and Professional Service had not met the identified target.	
44	Governors were reminded that the Learning Curve's FCFJ contract had been undertaken at the request of the Combined Authority. Only £433K out of a total of £800K had been delivered. There was a concern that Learning Curve had always had high success rates on short courses in previous years, but due to the current programmes being more substantial this may not be achievable. In addition, a number of quality assurance issues had been identified.	
45	The AP Adults & Community was asked to report back to the Committee as to whether new starts should be permitted and that this needed to be checked with the Learning & Quality Committee.	
46	A governor asked about the content of the tables in the sub-contracting report extracted from the College's Pro-Achieve system and was advised that this was best practice and in line with Department for Education guidelines, which recommended that governors have sight of these figures.	

47 48 49 50 51 52 53	It was agreed that these numbers would be included in future reports to the Learning & Quality Committee only, as they fitted more closely with its remit. There are no concerns with the two AEB sub-contractors in terms of financial and quality outturn for 2023/2024. However, Learning Curve was currently under the target for start activity against their FCFJ contract, due to approval being granted by the Combined Authority late in the year. The College had been asked if Learning Curve could use their carry-over contract for 2024/2025 for new starts. A delivery profile was being prepared and approval would then be sought from the WMCA. Apprenticeship performance against the Accountability Framework was in line with the identified KPIs. The likely outturn for 2023/2024 was £4.4 million compared to the projection of £4.3 million reported at previous Committee meetings. Starts for 2024/2025 had been slower than expected, which was largely due to sales team staff shortages, but part of the shortfall should be made up by the enrolment of a number of management starts at Birmingham City Council, which were not included in the original plan. Growth at CCM was evident, with roofing an area of improvement. However, further expansion was limited by sickness absence and the capacity of specialist staff. Management felt that the long-term solution to the latter issue was to recruit, train and retain staff in key areas. Governors requested that a recovery plan for apprenticeships should be presented to a future Committee meeting. In terms of commercial income, the amount of full-cost work had increased, but it was noted that there was a higher level of competition between providers of this provision. Additional funding of £200K had been secured from the Combined Authority to continue the work of The Link. James Norris left the meeting.	JN JN JN
	ESTATES UPDATE	
54 55 56	Deb Rajania joined the meeting. The Director of Operations presented an update on capital projects and estates issues. Adult Learning Centre & Associated Projects Approval for the Adult Learning Centre project (ALC) would now be required from the Corporation in January 2025. The Committee was asked to recommend for approval the proposal that the service charge for the ALC would only commence in year 20 of the lease with Walsall Council. The Capital Projects Working Group had discussed in detail the current project costs and funding elements. It was noted that the original estimate	

	for the ALC had been devised 2 years ago and work was underway to design the building to RIBA Stage 2.	
57	Due to changes in Government priorities and increased costs of progressing the project to RIBA Stage 2, there was now a shortfall of £2.64m in the project's funding by Walsall Council. The CPWG had reviewed proposals for addressing this through the use of the £909K Town Deal allocation which is for the Electric Vehicle Sustainability Centre (which was now on hold), and a revaluation of the Hawbush Campus to £2.4m.	
58	Additionally, it was suggested that the refurbishment of the Broadway site to accommodate Supported Learning provision would require an investment of £1m from the College's resources. Value engineering work would be undertaken to identify further cost savings and there would be a revaluation of the sale of the Hawbush Campus which should increase to £2.7m.	
59	Members of the CPWG had felt that bridging any funding gap was the responsibility of the local authority, but it was noted that, other than the College, it was unlikely that any other organisations could be approached to occupy the ALC. The current project aligned to the Council's regeneration agenda.	
60	The Committee felt that the College should set out the curriculum needs to be met by the EVSC, which would inform the updated Property Strategy. The 'Healthy Levelling Up Fund' monies that had been allocated by the previous Government were no longer available.	
61	Negotiations regarding the future of the Leather Museum continued and the College would be reviewing its space requirements for this building. The Committee requested that the ALC and Supported Learning projects should be separated and recognised that there was still work to be undertaken on the various options and their impacts on the College.	DR/ Exec
62	Information on the travel to learn patterns before and after completion of the ALC project were presented.	
63	It was agreed that the expired lease on the Whitehall building should be renewed and that future occupation dates and notice periods needed to be aligned to the ALC project.	DR
64	Green Lane Extension The Director of Operations reported that MK Surveys had agreed to reimburse the College for the additional spend incurred due to their error on the Construction Skills Academy Project. The CPWG had asked management to pursue this matter as far as possible without the involvement of legal advisers.	
65	Construction College Midlands Governors were reminded of the subsidence risk at the Construction College Midlands (CCM) campus which would be addressed by building a retaining wall. Agreement had been sought 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 were being sought for this project at	

	CCM and chair's action would be required to award the contract if the tenders exceeded the £100k approval threshold.	
	Nelson Tanyanyiwa left the meeting.	
66	The Committee was advised that the College proposed to bid for funding from the Department of Energy Security & Net Zero for upgrading the current lighting and boilers at the Wisemore and Green Lane campuses. This would enable it to meet the Net Zero commitment and potentially save up to £250k per year on energy costs.	
67	The Director of Operations proposed that the College's electricity and gas supply contracts should be renewed in December 2024 instead of March 2025, as this would enable it to capitalise on the lower rates.	
68	Entrance barriers were being considered for each campus to improve safety and well-being amongst staff and students.	
69	Resolved – 1 That the Corporation be recommended to approve the following items: a) the EVSC project to be put on hold until the project completion can be fully funded from external sources. b) undertake a value engineering exercise for the ALC project. c) ALC lease arrangements 2 That the Corporation endorse the reallocation of the £909k Town Deal funding to the ALC project to bridge part of the funding shortfall. 3 That new gas and electricity supply contracts be completed ahead of March 2025. 4 That a bid be submitted to Salix for upgrading the boilers and lighting at the Wisemore and Green Lane Campuses 5 That Chair's Action be approved for awarding the contract for building a retaining wall at CCM if they exceeded the authority thresholds	
INSURANCE RENEWAL 2024/2025		
69	The Interim Director of Finance presented a report on the College's insurance arrangements for 2024/2025. This would be the second year of a 3 year contract and the identified expenditure had been included in the 2024/25 budget approved by the Corporation in July 2024.	
70	Resolved – That the insurance renewal for 2024/2025 be approved	
COMMITTEE SELF-ASSESSMENT 2023/2024		
71	Governors received the final draft of the completed Committee Self-Assessment for 2023/2024.	
72	Resolved – That the Committee Self-Assessment for 2023/2024 be approved	

	DATES OF FUTURE MEETINGS	
	26 th November 2024 To be held at Green Lane	
	11 th February 2025	
	13 th May 2025	
	24 th June 2025	