

**Minutes of the Finance Committee
held on Tuesday 24 September 2019 at 8.00am
in the Boardroom of Matthew Boulton Campus**

Present:		Apologies:
Sir Dexter Hutt (DH)		
Cliff Hall (Principal) (CH)		
Hilary Smyth-Allen (Chair) (HSA)		
Peter Croom (PC)		
Veronica Docherty (VD)		
Asha Devi (AD)		
In Attendance:		
Louise Jones (LJ)		
Martin Penny (MP)		
Fiona Yardley (FY)		
Stephen Belling (SB)		
Hilary Barber (HB)		
Apologies for absence No apologies for absence were received.		
Declarations of Interest There were no declarations of interest reported in addition to those recorded on the register of interests.		
Item 1	Open and confidential minutes of Finance Committee held on Tuesday 09 July 2019	
	The open and confidential minutes of the previous meeting were agreed as a true and accurate record of the meeting.	
	Matters arising and Action Log	
	The action log was noted. MP reported that the updated Financial Regulations were presented to SLT on 23 September 2019 and will be submitted to the next Corporation meeting in December.	
Item 2	Management Accounts for August 2019	
	This item is contained in a confidential minute.	
Item 3	Recovery Plan Progress Report to include update on enrolment	
(i)	LJ explained that the report is "multi-functional", ie that it meets the requirements of a number of stakeholders, eg the full corporation, the ASQD committee, the ESFA and the Recovery Improvement Group.	
	She noted that it was longer than normal as it sets the scene for ongoing reporting. It focuses on the six KPIs which, if achieved, would take the college forward very positively. LJ referred governors to the dashboards which illustrate what, in future, will be live data which can be filtered to monitor many aspects of the plan.	
	LJ referred governors to the August Progress report and highlighted the following:	
	<ul style="list-style-type: none"> - the projected saving of £1.4m from restructuring has been achieved - the disaggregation of Stourbridge College has been completed 	

- the lease at Millennium Point has been transferred
- the ongoing rent commitment at Kidderminster Academy has been assumed in the budget; however Dudley Council and the Landlord are very keen to identify a new tenant
- the disposal of the Longlands site is planned to be completed in October

LJ expressed the following concerns:

- the level of Apprenticeship income. LJ has asked teams to plan for more than budget targets
- the need for a focus on the quality of the student induction process and the teaching and learning provision to ensure that students stay and achieve at the college

HS asked for clarification of the comment on page 3 which states that "income generated by curriculum at each of the three colleges ... does not show BMet's total income". MP explained that these figures excluded some centralised income streams, and presents budget targets but each college is setting enrolment targets for 16-19 higher than the budgeted figure.

VD checked if James Watt's 16-18 figures include the Erdington provision and this was confirmed. She noted surprise at the comparison of numbers given the size of the colleges and LJ noted that the AP at James Watt had been very ambitious in setting targets – which had been achieved.

AD asked about the strategy and process of the Stourbridge disposal. LP explained that an Agent has been appointed who in turn has appointed a Charities Act Valuer, to ensure that best value is achieved, both in terms of income but also timeliness.

CH noted that two educational providers have met with the Agent and expressed an interest in the site, ie the Old Swinford Hospital School and the Invictus Education Trust. It is anticipated that a formal proposal will be received from the Old Swinford Hospital School by 07 October.

AD suggested the need for a written strategy around this disposal to include the rationale of possibly taking the site to the open market, and VD explained that the process had been discussed and agreed by the Corporation at its last meeting.

PC checked if an educational covenant is in place and CH confirmed it was not.

VD stated the need to realise the best value for the site. CH confirmed that the ESFA are being kept informed of progress.

LJ reported that she had spoken to Margot James, the MP for Stourbridge last week. Ms James, who is keen to retain educational use of the site to include some Adult Education provision had called a meeting of interested parties but it was agreed that it was not appropriate for BMet representatives to attend.

VD asked what the position was on capital loans taken out to invest in the Stourbridge site. MP replied that he had already submitted a first draft to the ESFA requesting the loan to be written off. He was receiving advice to best inform a further request which could be supported by the ESFA who are aware that if the loan is not written off, it would be difficult to make the repayments due to the ESFA in the prescribed timeframes.

LJ presented live enrolment data on screen and highlighted the following::

- Current 16-19 student enrolment is 5364 (LJ would like to achieve 5500 to allow for slippage)
- Target is 5103 so current is 105% of target
- ESFA lagged funding is for 4883
- "attended" defines students who are actually on a register. Registers can fluctuate at this time of the year as groups are amended
- Staff are actively chasing "non-starters"
- Historically the gap between actual and attenders is around 1% by the end of the year
- The enrolment graph by date shows a significant number of late enrolments. These are classed as "exceptional" and tend to reflect students who attend less well

VD asked if the increased enrolment reflects an increase in demographics or a genuine uptake in places. LJ noted that whilst she had expected a slight increase resulting from demographics, this could not

account for the overall higher numbers.

It was noted that the target at James Watt had been set at 910 but the actual currently is 933 despite the Hair and Beauty course being dropped. The Construction and Health Care courses have seen big increases in enrolment.

HS suggested that in mid -October after the 42 day period has rolled out, a comprehensive report should be compiled to analyse enrolment by college, courses, feeder schools, areas etc. to be brought to the ASQD committee. DH suggested that it should reflect on the successes and challenges of the process.

HS asked what the target class size was and CH responded that it varies between colleges but is around 18 at Matthew Boulton. This reflects well against benchmarking. DH noted the need for separating out any ESOL provision to identify class sizes more realistically.

DH noted that the improved enrolment figures reflect a year of hard work and staff commitment in many areas including the Sales and Marketing teams. He suggested that there would be a useful opportunity to canvas students' views about why they had chosen the college at the Strategy Day.

VD checked that the Advanced Learner figures do not include HE. LJ explained that HE enrolment mainly takes place in the second and third week of September but currently is a little under target at 91%. The comparison to last year's figure will be reported to ASQD.

Resolved:

That the report be noted.

Verbal update on financial KPIs

MP reported as follows (also see paper circulated at the meeting)

KPI 3: Operating Surplus (EBITDA)

- (ii) MP noted that this will be mapped into the management accounts and become more meaningful as the year progresses.

KPI 4: Cashflow

MP informed governors that cash flow is being monitored daily and cash generation projections recognise key milestones, eg income from disposals.

AD suggested the need to identify central costs and MP confirmed that these were accounted for separately and not attributed to an individual college. LJ confirmed that all costings for all teams have been thoroughly benchmarked.

HS asked about the current situation with bank covenants. MP responded that both Lloyds and Barclays will review them before the December accounts are signed off. If targets are met they will be reset in the first quarter. The key targets are the 16-19 enrolment figures and staffing costs.

DH asked about feedback from the ESFA and MP and LJ reported that it is generally encouraging and they are positive about the college's weekly reports on enrolment and the management accounts.

AD suggested that the college could offer staff expertise to the EFSA as a means of generating income. VD noted that the finance team are currently trialling new monitoring software for the ESFA.

HS congratulated MP, LJ and the finance team on an excellent report which reflects their hard work.

Resolved:

That the report be noted

Item 4	Financial controls
	The financial Controls report was discussed and MP noted that this updated report would be uploaded to

	<p>Sharepoint. He noted that there had been a thorough review of the budget setting process which had resulted in useful conversations and active budget holder involvement in the process. All budgets will be signed off by October half term.</p> <p>DH checked if Ofsted reviewed finances during their last visit. CH responded that they had not but he would be interested in their focus on Leadership and Management.</p> <p>Resolved: That the report be noted</p>
<p>Item 5</p>	<p>Any other business</p> <p>VD asked if the college had any ongoing financial commitment to Harborne Academy in its role as sponsor. DH replied that there was none and the Harborne's debt had been written off. MP explained that the college provides some back office chargeable support in the areas of payroll and IT.</p> <p>HS thanked everyone for attending and their valued contributions.</p>
<p>Date of next meeting: Tuesday 03 December 2019</p>	

Signed:

H. Song
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Chair:

Date:

3/12/2019
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