

**Minutes of the Finance Committee meeting held
on Tuesday 22 June 2021 at 8.00 am
By Microsoft Teams
Birmingham Metropolitan College**

| Present | Apologies |
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| Pat Carvalho (PC) | |
| Sir Dexter Hutt (DH) | |
| Hilary Smyth-Allen (HSA) – until 9.20 am | |
| Peter Croom (PCR) | |
| Asha Devi (AD) | |
| In attendance | |
| Louise Jones (LJ) | |
| Simon Eaton (SE) | |
| Fiona Yardley (FY) | |
| Andy Crowter (AC) | |
| Stephen Belling (SB) | |
| Hilary Barber (Clerk) | |
| Alison Jones (AJ) from 8.40 am for Item 7 | |
| Sam Coles (SC) from 8.40 am for Item 7 | |

| Reference | Agenda item |
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| | Apologies |
| | No apologies were received. |
| | Declarations of Interest |
| | No other declarations were received in addition to those contained in the College's Register of Interests. |
| 1.1 | Minutes of Finance Committee held on 16 March 2021 |
| | The minutes of the meeting held on 16 March 2021 were accepted as a true and accurate record of the meeting. IT WAS RESOLVED THAT: FC21: 09 The minutes of the meeting be approved. |
| 1.2 | Matters Arising and Action Log |
| | All matters are in the process of being addressed. |
| 2 | Management Accounts for 2021 |
| | SE presented the Management Accounts and advised that the main adjustment in the April management accounts related to reduced income from the WMCA. However, this is offset by savings elsewhere, so the bottom line is held. |


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| | <p>Governors Questions and Observations</p> <p>1. Is there confirmation from the WMCA of what the clawback for this year will be? (HSA)</p> <p>SE advised that the WMCA had indicated that both confirmation of the clawback and this year's allocation should be published week commencing 21st June.</p> <p>SE noted that as of December/January it was predicted that £1.7m of Covid relief funding would be needed to cover additional costs incurred. However, this figure has increased to £2.8m following the third lockdown. It is likely that Covid funding will be set at somewhere between these two figures.</p> <p>2. Is the Covid relief funding included in the current accounts? What is the situation re the Project Carthage clawback?" (PC)</p> <p>SE advised that the Covid funding is not included so will have a positive impact on the accounts in due course. The Project Carthage clawback has been repaid across April and May and will be fully reflected in the May accounts. SE noted that the management of contracts is now very good.</p> <p>IT WAS RESOLVED THAT: FC21: 10 The April Management Accounts report be noted.</p> |
| 3 | <p>KPI Progress Report</p> |
| | <p>LJ presented the KPI Progress report and advised that there had been little change since production of the report. Three of the five strategic priorities, i.e. student recruitment, work experience and financial security continue to be rated as red or amber. Priorities 2 and 4, i.e. culture and staffing are mostly or entirely green.</p> <p>Governors' Questions and Observations</p> <p>1. It was to be noted that at this stage of the year, the position regarding the red priorities was understood. (HSA)</p> <p>IT WAS RESOLVED THAT: FC21: 11</p> <p>The KPI Progress Report be noted.</p> |
| 4 | <p>Property Disposal Report</p> |
| | <p>AC presented the Property Disposal Report and advised governors that most disposals are now complete.</p> <p>Various options are being explored for the Jobs Skills Centre and Birmingham City University and the University of Birmingham have expressed interest in ownership. The premises will be used by the NHS as a vaccination centre for three months over the summer which will bring in income and support the national vaccination programme.</p> <p>It was proposed that a formal offer of dilapidation costs of £315 excluding VAT be accepted in relation to the lease on the Piano Building in Kidderminster as detailed in the report.</p> <p>Governors' Questions and Observations</p> <p>1. Does the provision in the accounts of £330k include VAT? (HSA)</p> <p>AC advised that advice is being taken around whether VAT will be levied. In the past dilapidation costs have been deemed as compensation and exempt from VAT but regulations are changing.</p> <p>IT WAS RESOLVED THAT: FC21: 12</p> <p>That the Property Disposals Report be noted.</p> |

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| 5 | Contract Approvals |
| | <p><u>Catering:</u></p> <p>AC noted that the tender process, overseen by WLP Consultancy Ltd, has been undertaken 12 months earlier than the end of the current contract to take account of the impact of Covid. The tendering process had been rigorous and within the CPC framework. Five companies had been invited to tender. Only two had proceeded, the current contractors Aramark and Taylor Shaw. Both tenders were analysed and scored against the evaluation criteria set out in the ITT. Aramark scored more highly and demonstrated their knowledge and experience in the FE sector. Accordingly, it was recommended that the college enters into a new contract with Aramark.</p> <p>Governors Questions and Observations</p> <p>1. <i>Does obtaining only two tenders meet the DfE requirements? (AD)</i></p> <p>AC advised that the regulations of the CPC framework had been followed and five companies had been given the opportunity to tender.</p> <p>SE advised that the five companies had attended site visits, three had decided not to proceed to tender and the requirements had been satisfied.</p> <p>2. <i>When are conditions likely to be right for there to be a requirement that contractors pay the Real Living Wage? (HSA)</i></p> <p>SE advised that it had been considered inappropriate to apply this requirement to outsourced contracts whilst the college as a whole does not adopt the Real Living Wage.</p> <p>3. <i>What would be the cost of implementing the Real Living Wage across the college?" (HSA)</i></p> <p>SE indicated that this has been costed at approximately £250k across the organisation and that additional salary costs would be needed to maintain differentials.</p> <p>4. <i>What is the general picture across the sector?" (DH)</i></p> <p>PC advised that the picture was mixed. The AOC is researching the likely costs of supporting colleges to take this step. A possibility would be to adopt the Real Living Wage, but cap pay rises to level up the lower paid workers. A plan is needed to present different options.</p> <p>LJ clarified that all directly employed college staff are paid at least the Real Living Wage but it is not a requirement for third party contractors.</p> <p>IT WAS RESOLVED THAT: FC21: 13</p> <p>The Catering contract to be awarded to Aramark.</p> <p><u>Cleaning and Maintenance:</u></p> <p>It was recommended that the option in the current contract with Solo to extend for a further 12 months be exercised. AC advised that the company had performed very well and had been very supportive with their professional knowledge around cleansing and hygiene during the Covid pandemic. Equally, CBRE had been very helpful during this period in relation to ensuring good practice in managing the building during lockdown.</p> <p>Governors Questions and Observations</p> <p>1. <i>The percentage increase on the cost of services at the Botanical Gardens seems disproportionate to other increases. (PCR)</i></p> <p>SE advised that the increase reflects a small cost in levelling provision across the facilities.</p> <p>IT WAS RESOLVED THAT: FC21: 14</p> |

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| | The options to extend the cleaning and maintenance contracts for a further 12 months be commended to Corporation. |
| 6 | Partnerships Update and Supply Chain Policy |
| | <p><u>Partnerships Update:</u></p> <p>LJ introduced the Partners Report which identified the seven partners with which the college wished to contract in 2021/22. LJ noted that EFSA regulations changed during 2020/21 requiring that all partners, whether they deliver part, or all, of a curriculum, must be classified as subcontractors.</p> <p>Accordingly, and as detailed in the report to governors, approval is requested for a spend of £1.122m compared to £2.2m last year. Contract funding is the total amount of income generated by students. Where partners are delivering the entire programme, the college will keep 20% of income as an administrative fee. Where a provider delivers only part of a programme this is not the case, but it remains important to identify the amount of funding generated by the students and the cost to the college of paying the partners.</p> <p>LJ advised that the table within the report showed the maximum contract values for each of the subcontractors and that Governors would be kept updated with any changes.</p> <p>1. Does the reduction in payments to Kidderminster Harriers reflect the services the college can provide? (AD)</p> <p>LJ advised that all provision is likely to transfer to the Newcastle College Group. If this should not happen the college will continue to partner with Kidderminster Harriers and governors will be informed. LJ agreed to update the report to reflect this possibility of the transfer not progressing.</p> <p>2. What is the position with BCU and how does the contract value versus maximum contract fee work?" (PCR)</p> <p>LJ advised that this agreement relates to a three-year apprenticeship programme where BCU deliver the final part at Level 6 (degree level). The college receives £27,000 and the final year's allocation is given to BCU in its entirety.</p> <p><u>Supply Chain Policy:</u></p> <p>LJ advised that it is an annual requirement to update the Supply Chain Policy in line with funding regulations and publish it on the college's website.</p> <p>1. It is important that in addition to approving the policy, there is clear understanding by all involved in contracting, of the procedures to be followed" (HSA)</p> <p>LJ advised that BDO are currently auditing the subcontracting policies and procedures and successful completion will allow PC as Accounting Officer to issue a certificate of compliance by the end of September. The Contracts Compliance Officer conducts monthly testing of procedures and reports to SLT and the WMCA.</p> <p>IT WAS RESOLVED THAT:</p> <p>FC21: 15</p> <p>The Partner Update report be recommended to the Board for approval subject to an additional note regarding the transfer of provision to Kidderminster Harriers.</p> <p>FC 21: 16</p> <p>The Supply Chain Policy is recommended for approval by the Board.</p> |
| 7 | Ethnicity Pay Gap Report |
| | <p>AJ noted that the report for 2020 details the Ethnicity Pay Gap as follows:</p> <ul style="list-style-type: none"> ▪ Mean 4.1% (0.7% 2019) |

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| | <ul style="list-style-type: none"> ▪ Median 2.4% (-8.1% 2019) <p>AJ highlighted the following:</p> <ul style="list-style-type: none"> ▪ These percentages partly reflect the changes in staff profile following the disaggregation of Stourbridge College. ▪ There is an increase in the proportion of BAME staff in the lower quartile. ▪ There is a need to improve the levels of disclosure (17.6% “not known” responses in March 2020) and distinguish between those who prefer not to say and those who are not engaging with the process. This figure reduced to 14.6% by November 2020. It was noted that South and City College have a not-known response of 8%. <p>HSA thanked AJ and SC for the work involved in producing the report.</p> <p>IT WAS RESOLVED THAT: FC21: 17</p> <p>The Ethnicity Pay Gap Report be approved.</p> |
| 8 | Annual Review of Terms of Reference |
| | <p>SB introduced the report regarding annual review of the Committee’s Terms of Reference.</p> <p>AD recommended that the Terms of Reference be amended to require four members rather than five.</p> <p>IT WAS RESOLVED THAT: FC21: 16</p> <p>The Terms of Reference be approved with an amendment to state that the committee comprises four independent governors.</p> |
| 9 | Planning and Resourcing for 2021-2022 |
| | See confidential minutes. |
| 10 | Sustainability Strategy |
| | <p>AC introduced the papers provided in respect of a Sustainability Strategy for the College and advised that it was necessary because of:</p> <ul style="list-style-type: none"> ▪ The government’s net zero target. ▪ Birmingham City Council’s net zero target by 2030 (NB introduction of Clean Air Zone). ▪ It being the right place and time in BMet’s evolving history. ▪ The expectations associated with a responsible educator and employer. ▪ It being a frequent Grant Funding requirement. <p>AC explained that the AOC and EFUC have combined forces to publish an FE Action Roadmap which contains measures against which colleges can assess their progress. The college’s current outcome is classified as “emerging” and the aim is to be classed as “established” by June 2022.</p> <p>AC noted that the FECA capital works have made significant improvements in relation to the sustainability and fabric of the college buildings. The Carbon Trust has worked with the college to measure the college’s footprint which is currently 2,600 tons per year. Areas for improvement are being identified, e.g. to increase the building management system at Matthew Boulton. It is hard to assess the college’s progress against the rest of the sector, but the Trust has stated that the college has “done well” and the position is “quite good”. The Trust’s recommendations fit well with the planned maintenance programme. In the future, other possibilities will be investigated, e.g. installing solar panels, heat pumps etc. AC reported that the FECA project has created staff interest and excitement informally.</p> |

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| | <p>Governors' Questions and Observations</p> <ol style="list-style-type: none"> <i>The presentation provides Governors with a good summary and clear explanation of the current position. (AD)</i> <i>A key factor for consideration is student expectations to what the college is doing with its supply chain to reduce its carbon footprint (AD)</i> <i>Use of renewable energies should be considered e.g. wind columns at James Watt; PVs on the roof at Matthew Boulton (AD)</i> <i>Grants are available and many companies have social value funding to contribute to development programmes. (AD)</i> <p>IT WAS RESOLVED THAT: FC21: 19</p> <p>The proposed Sustainability Strategy be commended to Corporation for approval.</p> |
| 11 | <p>Matters to report to Corporation and Any Other Business</p> |
| | <p><u>Matters to report to Corporation:</u></p> <p>The formal commendations to Corporation for approval.</p> <p>The outcome of the committee's review of budget mitigations prior to the Corporation meeting on 8th July.</p> <p><u>Any other business:</u></p> <p>PC and AC presented a plan showing improvements that are proposed to ensure greater security for staff and students at the front of Matthew Boulton by securing the boundaries, and to make the area more aesthetically pleasing.</p> <p>Governors' Questions and Observations</p> <ol style="list-style-type: none"> <i>The plan is an opportunity to consider what Identity the College wants to project. It is an opportunity to be a sustainable and vibrant estate that will attract students. It is an opportunity to think creatively for example, by installing electrical charging points and flooring that generates energy on the main walkways leading into the college (AD)</i> <p>PC advised that the "green" wall shown on the plan will go ahead to deal with an immediate security issue. Other aspects of the plan can be decided as part of a phased process.</p> <p>There being no other business the meeting concluded at 9.55 am.</p> |

Signed:  _____

Chair: Hilary Smyth-Allen