

**Minutes of the Finance Committee**  
**held on Tuesday 30<sup>th</sup> November 2021 at 8:00am**  
**By Microsoft Teams**

Present	Apologies
Hilary Smyth- Allen (H-SA)	Asha Devi (AD)
Peter Croom (PC)	Sir Dexter Hutt (DH)
Pat Carvalho (PCA)	
In Attendance	
Simon Eaton (SE)	
Fiona Yardley (FY)	
Stephen Belling (SB)	

Reference	Minute
	<b>Welcome and Apologies</b>
	Apologies were received from AD and DH.
	<b>Declarations of Interest</b>
	In addition to those recorded on the Register of Interests HSA advised of her involvement in the Community Renewal Fund bid with the Greater Birmingham and Solihull Local Enterprise Partnership in which BMet is a named party.
<b>Item 1(i)</b>	<b>Minutes</b>
	The minutes of the meeting on 28 <sup>th</sup> September 2021 were accepted as a true and accurate record of the meeting.  <b>IT WAS RESOLVED THAT</b> <b>F21/22: 08</b> The minutes of the meeting on 28 <sup>th</sup> September 2021 be approved.
<b>Item 1 (ii)</b>	<b>Action Log</b>
	<b>Regarding Gender and Ethnicity Pay Gap Reports</b>  It was agreed that further consideration would be given to the levels of parity between staff in different bandings to determine what actions, if any were necessary.  PC advised that recruitment processes are being reviewed as part of the college's work with the Black FE Leadership Group.  <b>Regarding the Real Living Wage</b>  SE advised that financial modelling had been undertaken with reference to the Real Living Wage rate coming into force in April 2022 and that it would require an investment of £107k for it to be implemented across the college.  <b>IT WAS RESOLVED THAT</b> <b>F21/22 09</b>

Reference	Minute
	<p><b>The investment of £107k be commended to Corporation to take effect from 1.1.2022.</b></p>
Item 2	<p><b>Management Accounts for Period 1 Aug 2019 to 31 May 2020</b></p>
	<p>SE referred to the Management Accounts and accompanying report and advised: -</p> <ul style="list-style-type: none"> <li>• Management accounts have been prepared for Period 3 (up to the end of October)</li> <li>• Income levels are lower than budget; It has been possible to incur less expenditure than forecast.</li> <li>• Current projections are that in a worst-case scenario, income will be down by £1million at the end of the year.</li> <li>• Apprenticeship income is expected to exceed budget by year end, but the forecast has been moderated down to reflect the current difficulties in recruiting people to apprenticeship opportunities.</li> <li>• Projected income from rail related provision has been moderated down due to lower than expected take up levels.</li> <li>• Potential income from Commonwealth Games activity has not yet been factored into the accounts.</li> <li>• Payroll figures are within budget and take into account expected pay increases due to incremental progression.</li> <li>• Overall outturn is impacted by increased costs associated with the Local Government Pension Scheme.</li> <li>• It is not possible to increase income through additional Higher Education Provision or Advance Learner Loans.</li> <li>• The main ways to increase income are through additional Adult Education Budget provision and keeping college costs down.</li> <li>• Cash holdings are positive.</li> <li>• A cash negative budget means that the cash covenants will be breached at the end of the year. The banks are aware of this position and conversations are being held with the bank.</li> </ul> <p><b><i>Governors Observation and Questions</i></b></p> <p><b>1. <i>What specific measures can be taken to minimise the income deficit? (HSA)</i></b></p> <p>PC advised that positive meetings had been held with the West Midlands Combined Authority's Skills Manager. Deep Dives are being undertaken in relation to engineering, manufacturing and professional services to optimise the effectiveness of our AEB strategy and use of flexibilities where viable. We have achieved the target of 65% of students on SWAP securing jobs and this helps to demonstrate our value and ability to deliver. We are reviewing how courses and opportunities are advertised as well as ensuring relevant offers are made and promoted throughout the year with a particular focus on January starts.</p> <p><b>2. <i>Why has the pensions position changed? (PC)</i></b></p>

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	<p>SE advised that the pension provision in the budget had been set with reference to last year's contributions. The figures required this year have increased. They are likely to increase again next year when the triannual valuation takes place. BMet's costs are lower than the sector average.</p> <p><b>3. What is being done in response to the shortfall in numbers applying for Higher Education provision? (HSA)</b></p> <p>PC advised that it was necessary to consider a long- term strategy to reverse an incremental downgrading. It would need to take account of the amount of provision available in the city and what needs are not being addressed. This was likely to involve part time provision or incremental progression,</p> <p><b>4. To what extent are we engaging with the Banks regarding the forecast breach of covenant at the end of the year? (PC)</b></p> <p>SE advised the Banks have been provided with the current forecast, an update on the position regarding clawback payments and the likely breach of covenant at the end of the year. The Banks have advised that they will review the position in January. Key to discussions will be the work done by the college to generate additional income.</p> <p><b>IT WAS RESOLVED THAT F 21/22: 10 The content of the Management Accounts Report and Update be noted.</b></p>
<b>Item 3</b>	<b>Subcontracting Report</b>
	<p>SB referred to the Subcontracting report emphasising: -</p> <ul style="list-style-type: none"> <li>• the proposal to award subcontracts to The Skills Network and National Solutions Group;</li> <li>• the rationale for subcontracting;</li> <li>• the receipt of consent and approval from the ESFA;</li> <li>• the value of the contracts; and</li> <li>• rationale for seeking to put in place a fast track process to secure approval for a subcontract if required outside of the regular programme of meetings</li> </ul> <p><b>Governor's observations and Questions.</b></p> <p><b>1. The subcontracts relate to labour market needs and is provision the college has been trying to support. (HSA)</b></p> <p><b>2. Does the proposed fast track process amount to a chairman's action? (HSA)</b></p> <p>SB advised that it did not. It would be used only where necessary to secure a business opportunity. The proposals would be processed through Finance Committee members and then referred to Corporation outside of the meeting timetable so as to comply with Funding Requirements.</p> <p><b>IT WAS RESOLVED THAT F21/22:11 The award of a subcontract to Learning Curve Group Limited be commended to the Corporation for approval.</b></p> <p><b>F21/22:12</b></p>

Reference	Minute
	<p>The award of a subcontract to The Skills Network Limited be commended to the Corporation for approval.</p> <p><b>F21/22: 13</b>  A fast track process for considering the award of subcontracts outside of the regular programme of Finance Committee and Corporation meetings be approved.</p>
<b>Item 4</b>	<b>Fees Policy</b>
	<p>SE presented the proposed fees policy for 2022/23 and confirmed that it was based on historic principles and market rates.</p> <p><b>IT WAS RESOLVED THAT</b>  <b>F21/22: 14</b>  The Fees Policy for 2022/23 be approved.</p>
<b>Item 5</b>	<b>Financial Statements 2020- 21</b>
	<p>SE referred to the paper summarising the Financial Statements for 2020- 2021 and advised:</p> <ul style="list-style-type: none"> <li>• The outturn for the year had been better than anticipated because of the receipt of Covid Relief.</li> <li>• The income figures for the year take account of a lesser than expected level of contribution to the Local Government Pension Scheme.</li> <li>• All apart from 1 of the financial KPIs were met, the exception arising out of a variation to ESFA payments made during the year.</li> <li>• All bank covenants were met.</li> <li>• The KPMG audit of accepted the figures produced by the college and no adjustments had to be made.</li> <li>• Discussions are taking place with the Banks and the external auditors to consider what statements have to be made in respect of the 2021-2022 forecast and breach of one of the financial covenants.</li> </ul> <p><b>Question and Observations by Governors</b></p> <p>1. <b><i>What are the likely consequences of any breach of covenants? (HSA)</i></b></p> <p>SE advised that meetings were taking place with the Banks and Auditors to discuss the position. The position is caused by the reduction in funding allocations this year and the college is able to evidence its ability to manage repayments.</p> <p>2. <b><i>It is important to ensure that any information required by the Auditor from the banks is provided as quickly as possible to ensure the accounts and financial statements are submitted on time (HSA)</i></b></p> <p><b>IT WAS RESOLVED THAT</b>  <b>F 21/22:15</b>  Taking into account the outcome of discussions with the Bank and KPMG, the financial statements and accounts for 2020-21 be commended to the Corporation for approval.</p>
<b>12</b>	<b>Any Other Business</b>
	There being no other business the meeting concluded at 9.05am.

Reference	Minute

Signed: 

Chair: Hilary Smyth-Allen