

**Minutes of the Finance Committee**  
**held on Tuesday 4<sup>th</sup> October 2022 at 11.00 am**  
**By Microsoft Teams**

Present	Apologies
Peter Croom (PCR)	
Sir Dexter Hutt (DH)	
Hilary Smyth- Allen (H-SA)	
Pat Carvalho (PC)	
<b>In Attendance</b>	
Simon Eaton (SE)	
Fiona Yardley (FY)	
Stephen Belling (SB)	
Andrew Crowter (AC)	

Reference	Minute
	<b>Welcome and Apologies</b>
	PCR welcomed everyone to the meeting All Committee Members were in attendance.
	<b>Declarations of Interest</b>
	No further declarations were made in addition to those recorded on the Register of Interests.
<b>Item 1 (i)</b>	<b>Minutes</b>
	The minutes of the meeting on 21 <sup>st</sup> June were accepted as a true and accurate record of the meeting.  <b>IT WAS RESOLVED THAT</b> <b>F22/23:1</b> The minutes of the meeting on 21 <sup>st</sup> June 2022 be approved.
<b>Item 1 (ii)</b>	<b>Matters arising and Action Log</b>
	It was noted that the item listed on the Action log had been rescheduled to December to take account of issues arising from increases made to the Real Living Wage.
<b>Item 2</b>	<b>Management Accounts for August 2022</b>
	FY summarised the headline points from the April Management Accounts Report in the committee pack and emphasised the following: <ul style="list-style-type: none"> <li>• The academic year's first set of accounts do not take account of enrolment which does not happen until September.</li> <li>• At this point time there is lower than anticipated income in relation to Apprenticeships and Adult provision.</li> <li>• Pay costs are lower than budgeted as a result of unfilled posts and freezing some areas of recruitment until demand has been determined by enrolment.</li> <li>• College cash position remains strong</li> </ul> <p><b>Governors' Observations and Questions</b></p> <p><b>1. At what point in the academic year can valid forecasts be made? (PCR)</b></p> <p>SE advised valid forecasts should be viable after production of the ILR return in October.</p>

Reference	Minute
	<p data-bbox="347 181 1281 241"><b>2. What is the rationale for using a credit facility in relation to insurance premiums (PCR)?</b></p> <p data-bbox="395 275 1362 331">FY advised that the facility was used to assist with cash flow and compliance with banking covenants.</p> <p data-bbox="300 365 628 421"><b>IT WAS RESOLVED THAT F22/23: 2</b></p> <p data-bbox="300 454 839 488">The August Management Accounts be noted.</p> <p data-bbox="300 521 416 555"><b>F22/23: 3</b></p> <p data-bbox="300 589 1307 645">There be a review of the need for future use of credit facilities in respect of insurance payments in 2023/2024.</p>
Item 3	Financial Update
	<p data-bbox="300 714 1329 770">SE presented the Financial Update Report in the Committee pack and emphasised the following key points: -</p> <p data-bbox="300 804 576 837"><b>Regarding Enrolment</b></p> <ul data-bbox="355 871 1394 1173" style="list-style-type: none"> <li data-bbox="355 871 975 904">• Enrolment is ongoing although mostly complete.</li> <li data-bbox="355 927 1206 960">• To date there are 300 learners enrolled above the 16- 18 allocation.</li> <li data-bbox="355 994 863 1028">• The key challenge is to retain learners.</li> <li data-bbox="355 1061 1394 1173">• Adult enrolment is marginally below target and this reflects the experiences of other colleges. There is however an expectation that budget will be achieved because of the number of adults continuing with provision from the last academic year and the ongoing recruitment of adults during the year.</li> </ul> <p data-bbox="300 1207 647 1240"><b>Regarding apprenticeships</b></p> <ul data-bbox="355 1274 1410 1397" style="list-style-type: none"> <li data-bbox="355 1274 1246 1308">• The number of apprenticeships being offered is slightly above forecast.</li> <li data-bbox="355 1341 1410 1397">• Issues being addressed are the recruitment of apprentices in some areas such as business and ensuring there is sufficient teaching expertise in some specialist areas.</li> </ul> <p data-bbox="300 1453 663 1487"><b>Regarding Higher Education</b></p> <ul data-bbox="355 1520 1246 1621" style="list-style-type: none"> <li data-bbox="355 1520 1246 1554">• To date enrolment is predicted to be below target by about 30 learners.</li> <li data-bbox="355 1588 855 1621">• Adult Learner Loans are below target.</li> </ul> <p data-bbox="300 1644 711 1677"><b>Regarding Quarter 1 Reforecast.</b></p> <ul data-bbox="355 1711 1382 1856" style="list-style-type: none"> <li data-bbox="355 1711 1366 1767">• It is anticipated the increased 16 – 18 enrolments will off-set the shortfalls in other areas.</li> <li data-bbox="355 1800 1382 1856">• The possibility of additional in year funding will be reviewed as part of the Quarter 1 Reforecast exercise.</li> </ul> <p data-bbox="300 1890 1046 1924"><b>Regarding the 2021- 2022 Financial Reports and Accounts.</b></p> <ul data-bbox="355 1957 1366 2080" style="list-style-type: none"> <li data-bbox="355 1957 1366 2024">• Accounts will be ready for formal review at the 29<sup>th</sup> November Finance Committee meeting.</li> <li data-bbox="355 2047 1302 2080">• The year- end accounts largely reflect the last set of management accounts.</li> </ul>

Reference	Minute
	<ul style="list-style-type: none"> <li>• Total income is £42.2 million which is £150k above expectation.</li> <li>• EBITDA £1m greater than budget expectations.</li> <li>• The accounts will take account of a significant change to the Local Government Pension revaluation and means that the income and expenditure reserve will be positive. KPMG have requested a further revaluation of the scheme so that it takes account the current rate of inflation.</li> </ul> <p><b>Regarding Cost of Living and Higher Energy Prices</b></p> <ul style="list-style-type: none"> <li>• The college is currently in a fixed price arrangement which runs until April 2023.</li> <li>• It is unlikely that any Government intervention will benefit the college because of the timing of the support and the likelihood that the cap figure will not be reached.</li> <li>• A reasonably large increase in energy costs is expected from April 2023. Consideration is being given to ways in which the college can reduce energy consumption.</li> <li>• The energy consortium is providing the college with a review of energy usage which has a value of 10k.</li> <li>• The college has received a rebate from the sale of excess energy.</li> <li>• The Real Living Wage is expected to increase by 10%. More staff will be included in the Real Living Wage category and as a result it will be necessary to review the salary structure and differentials.</li> </ul> <p><b>Regarding Conversations with UCU union</b></p> <p>PC advised:</p> <ul style="list-style-type: none"> <li>• Staff workloads were referred to by Ofsted.</li> <li>• Teaching hours and contract terms and conditions are being reviewed with UCU</li> </ul> <p><b>Regarding Bank Covenants</b></p> <ul style="list-style-type: none"> <li>• A reforecast will be undertaken at end of October and take account of the possibility of in year funding, any reduction in income from HE provision and Adult Learner Loans and any savings in relation to pay.</li> <li>• Covenants were not met last year.</li> <li>• It is likely breaches will arise again because of clawback relating to last year's provision despite improved performance.</li> <li>• The anticipation is that covenants would be met in 2023- 2024.</li> <li>• Meetings will take place with the Banks on 20<sup>th</sup> October to review the position.</li> <li>• Conversations will take place with WMCA to review the timing of clawback payments.</li> <li>• A meeting will take place in November with the PMO and ESFA to consider the viability of extending the repayment period of the ESFA loan from 4.5 years to 9.</li> </ul> <p><b>Governors Observations and Questions</b></p> <ol style="list-style-type: none"> <li>1. <b>Have student no shows been factored into figures (HSA)</b></li> </ol>

Reference	Minute
	<p>SE: Yes. Procedures have been updated for reviewing no shows on a frequent basis and excluding them from figures more speedily.</p> <p>2. <b>Will the processing in relation to Apprenticeship catch up? (HSA)</b></p> <p>PC advised:</p> <ul style="list-style-type: none"> <li>• A push was made last year to ensure catch up</li> <li>• There is an expectation that catch up will be achieved by November</li> <li>• There is an added pressure is getting candidates to take up the apprenticeships</li> </ul> <p>3. <b>Low HE recruitment continues a noticeable trend. (HSA)</b></p> <p>PC advised:</p> <ul style="list-style-type: none"> <li>• Relationships with universities are key to the development of provision.</li> <li>• Meetings are taking place with Aston and Wolverhampton.</li> <li>• The Government's approach to life-long learning entitlement will be pivotal.</li> </ul> <p>4. <b>What has motivated the consortium to fund the energy review? (HSA)</b></p> <p>The consortium is a non for- profit organisation and this is being offered as part of their service provision.</p> <p>5. <b>Is it right to extend the loan repayment period? (HSA)</b></p> <p>SE advised:</p> <ul style="list-style-type: none"> <li>• Loan rates are low.</li> <li>• A revised payment schedule might increase options regarding repayment of other borrowings and staff pay reviews.</li> </ul> <p>6. <b>What response is expected from Barclays? (DH)</b></p> <p>SE advised</p> <ul style="list-style-type: none"> <li>• Key factors informing discussions will be the increase in 16- 18 numbers and the WMCA review of fee rates for adult provision.</li> </ul> <p><b>IT WAS RESOLVED THAT</b>  <b>F22/23: 4</b>  <b>The contents of the October Financial Update be noted.</b></p>
<b>Item 4</b>	<b>Financial Regulations Review</b>
	<p>SE presented the Financial Regulations Review Update and advised of the changes regarding: -</p> <ul style="list-style-type: none"> <li>• clarification of the circumstances when a sole supplier might be awarded a contract; and</li> <li>• factors for determining when a sole supplier can be appointed.</li> </ul> <p><b>IT WAS RESOLVED THAT</b>  <b>F22/23: 5</b>  <b>Subject to verification of the procurement thresholds, the updated Financial Regulations be commended to Corporation for approval.</b></p>
<b>Item 5</b>	<b>Maintenance Tender</b>
	<p>SE presented the paper in the Committee Pack regarding the appointment of a contractor to provide maintenance services and advised:</p> <ul style="list-style-type: none"> <li>• Consultancy support assisted with the procurement process.</li> </ul>

Reference	Minute
	<ul style="list-style-type: none"> <li>• 8 companies expressed an interest in tendering.</li> <li>• 3 companies were invited to visit the college and submit tenders.</li> <li>• 2 submitted tenders.</li> <li>• Both provided viable options.</li> <li>• CBRE scored higher and were cheaper than current provision.</li> </ul> <p><b>1. Is CBRE a large company? (DH)</b></p> <p>SE advised CBRE is an international company with a good credit rating.</p> <p><b>IT WAS RESOLVED THAT</b>  <b>F22/ 23: 6</b>  Finance Committee commend to Corporation the award of the college’s contract for building maintenance services to CBRE</p>
Item 6	<b>Subcontracting Report for 2022- 2023</b>
	<p>SB presented the Subcontracting Update Report in the Committee Pack and advised regarding the completion of subcontracts following in principle approval given by Corporation on 7<sup>th</sup> July 2022</p> <p><b>IT WAS RESOLVED THAT</b>  <b>F22/23</b>  <b>A recommendation be made to the Corporation for confirmation of approval of subcontracts awarded to: -</b></p> <ul style="list-style-type: none"> <li>• Redstone Associate Limited</li> <li>• Learning Curve Group Limited</li> <li>• The Skills network limited</li> <li>• City of Birmingham Rockets Basketball Club CiC</li> <li>• West Bromwich Albion Foundation</li> <li>• Aston Villa Women’s Football Club Limited</li> <li>• Mercury Training Services Limited</li> <li>• Skern Lodge</li> <li>• Siemens Mobility Limited</li> <li>• Birmingham City University</li> </ul>
Item 7	<b>Matters to report to Corporation</b>
	<ol style="list-style-type: none"> <li>1. Update to the Financial Regulations</li> <li>2. Proposed Award of contract to CBRE regarding maintenance services</li> <li>3. Confirmation of subcontracts for 2022 - 2023</li> </ol>
Item 8	<b>Any Other Business</b>
	<p>There being no other business the meeting concluded at 9.15 am.</p>

Signed:   
[Peter Croom \(Feb 17, 2023 14:35 GMT\)](#)

Chair: Peter Croom

# Finance Committee Minutes - 4 October 2022

Final Audit Report


2023-02-17

Created:	2023-02-17
By:	Nishma Solanki (nishma.solanki@bmet.ac.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAHWlyY69ShsuT2MdfwBGm97dFkGwwWR_9


## "Finance Committee Minutes - 4 October 2022" History

 Document created by Nishma Solanki (nishma.solanki@bmet.ac.uk)


2023-02-17 - 13:39:50 GMT

 Document emailed to pccroom@deloitte.co.uk for signature

2023-02-17 - 13:40:23 GMT

 Email viewed by pccroom@deloitte.co.uk

2023-02-17 - 14:32:31 GMT

 Signer pccroom@deloitte.co.uk entered name at signing as Peter Croom

2023-02-17 - 14:35:26 GMT

 Document e-signed by Peter Croom (pccroom@deloitte.co.uk)

Signature Date: 2023-02-17 - 14:35:28 GMT - Time Source: server

 Agreement completed.

2023-02-17 - 14:35:28 GMT