

**Minutes of the Finance Committee meeting
held on Tuesday 28 September 2021 at 8.00 am
By Microsoft Teams
Birmingham Metropolitan College**

Present	Apologies
Pat Carvalho (PC)	
Sir Dexter Hutt (DH)	
Hilary Smyth-Allen (HSA)	
Peter Croom (PCR)	
Asha Devi (AD)	
In attendance	
Simon Eaton (SE)	
Fiona Yardley (FY)	
Andy Crowter (AC)	
Stephen Belling (SB)	

Reference	Agenda item
	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 22 June 2021
	The minutes of the meeting held on 22 June 2021 were accepted as a true and accurate record of the meeting. IT WAS RESOLVED THAT: FC21: 01 The minutes of the meeting be approved.
1.2	Matters Arising and Action Log
	All matters are in the process of being addressed. The FEC Benchmarks are formally out for consultation and will come into force Dec 21. The new benchmarks will be used when published. The base cost for implementing the Real Living Wage across the college would be £70K with on costs. An analysis of requirements to address differentials and impact on staff just above real living wage limit will be undertaken when reviewing pay increases and increments during the year. Questions and Observations from Governors: -

1. It would be good to consider how other colleges and employers have addressed this and what lessons were learnt. (HSA)

PC advised that soundings could be taken from the Association of Colleges

July Management Accounts for 2021

SE referred to a power point presentation which summarised key points from the papers provided to Committee regarding the July management accounts, the position in August and enrolment figures.

Regarding the July management accounts:

- They broadly match the position anticipated and reported to Committee in June.
- The income figure may decrease when final achievement figures are received.
- Restructuring costs are less than anticipated.
- EBITDA is higher than anticipated because of Covid Relief.
- Financial Health rating is "Good"
- With the exception of the Borrowing % which the college cannot influence, all financial KPI's were satisfied.

Governors' Questions and Observations

1. Is there anything that Governors need to note or be aware of regarding the financial year? (HSA)

SE advised that the college had to manage a considerable amount of uncertainty during the year regarding the extent of Covid Support. More certainty is likely in the coming year as it is anticipated there will be no Covid support.

The Covid relief provided last year is assisting the college with cash flow for the coming year.

PC advised that the budget for the coming year has been based on what SE and PC consider to be a worse- case scenario and associated mitigations and as such, is considered to be realistic.

Regarding August Accounts

SE advised:

- The college has been advised it will receive £598 K Additional Tuition Fund Catch up fund.
- This additional funding combined with current underspend from the last financial year means there is £1m to support 16-19 provision. Any underspend this year will need to be returned. The funds are being used to optimise support and retention of learners.
- Payroll costs were slightly higher at the start of the year to take account of support required to process earlier than usual enrolments.
- The likely out turn for the new academic year can be calculated when information about clawback is received.

Governors Questions and Observations.

1. When do we expect to hear about clawback from WMCA? (HSA)

SE advised that the WMCA Board are understood to be reviewing the issue at the moment and considering whether payment can be made at the end of the year or whether an interim payment will be required.

Regarding Enrolment and 16-19 Applications

PC advised:

- 4696 live learners have attended the college.
- There are currently 399 no shows and withdrawals.

- We are currently below the stretch target of 5300.
- Additional planned activities such as those with the Princes Trust will bring in more 16- 18 years olds during the academic year.
- The key task is to retain numbers.
- We are confident that the target of 4574 can be achieved.
- The plan for next year was to see growth of approximately 150 new learners. At this point in time this looks unlikely.
- Accordingly, consideration is being given to additional offerings being made in October.
- No show figures are currently in line with historic experience.

Governors' Questions and Observations.

1. What constitutes a Live Learner? (DH)

SE advised it is a learner who has enrolled, is on the ILR system but has not yet attended: A learner is regarded as having fully attended when they have been seen in the college and been registered as having attended.

PC advised that issues with registers are being addressed and it is anticipated there are 65 learners who are not yet classified as live learners.

2. What is the impact on the college of being 500 short of the stretch target? (AD)

PC advised:

- The college has met its critical income figure of 4724 learners.
- The stretch target was set to achieve growth next year.
- There is no impact on this year.
- There is potential impact next year.
- It is anticipated some of the desired 150 additional learners will be attracted to the college.

3. Should the college be looking to attract more than 150 learners? (AD)

SE advised that more than 150 would be unrealistic.

PC advised:

- The college is planning to offer new additional programmes in October for those likely to be looking for new options at that point in the year.
- Stretch targets were also used to address retention issues, offer additional support to those considering withdrawing from a course and offer new programmes rather than simply stopping programmes.
- Conversations with other colleges suggest a similar pattern of a significant rise in the number of applications but them not all converting to enrolments

Regarding 19 + (Adult Learners)

SE advised:

- Enrolments had increased by 10% from the previous year but that rail was not attracting as many as anticipated.
- HE has attracted 35 more learners but not as many as anticipated.
- 60 apprentices are fully enrolled, there are 115 vacancies and a strong pipeline of applications in process. This is considered to be an area of growth, but recruitment is considered to be an issue across the West Midlands region.

Governors' Questions and Observations.

1. Have the banks been informed about the potential breach of covenant referred to in the financial forecast? (PC)

SE advised

- The Banks have been provided with a copy of the forecast showing the potential breach.

	<ul style="list-style-type: none"> - The forecast breach has been discussed with Barclays who note it would not arise until August 2022 - Cash generation was an unknown until AEB figures for the year were clarified and clarity had been provided regarding WMCA Clawback requirements. It is possible that the outcomes of these two unknowns could avoid covenants being breached. <p>IT WAS RESOLVED THAT:</p> <p>FC21: 02 The July Management Accounts be noted.</p> <p>FC 21:03 The August Financial Report be noted</p> <p>FC 21:04 The enrolment figures be noted.</p>
3	FE Capital Transformation Fund
	<p>AC referred to the FE Capital Transformation Fund Report and advised:</p> <ul style="list-style-type: none"> - The college had been asked to submit further information regarding the submission made in stage 1 of the application process and reduce the overall value of the bid by 10%. - The bid was designed to improve the condition of each of the college. <p>Governors' Questions and Observations</p> <p>1. Will the reduced contribution by the college increase the risk of the bid failing? (HSA)</p> <p>AC advised:</p> <ul style="list-style-type: none"> - the question had been considered with consultants and it was felt the lower contribution did not increase the risk of the bid failing; - the Bid requires information about the impact of being awarded a lesser amount; - the incremental nature of the bid is such that the college would simply reduce the scale of work undertaken. <p>2. How much contingency is being put into the bid taking account of the current level of volatility in the industry i.e. the likelihood of prices increasing by up to 10% between the submission of the bid and timing of any award? (AD)</p> <p>AC advised:</p> <ul style="list-style-type: none"> - If inflation rises above the rate anticipated in the submission, the college would simply reduce the scope of works. - The impact of this would be that the more cosmetic works covered in years 4 and 5 of the maintenance plan would need to be deferred. <p>3. How does the plan relate to net zero plan? (AD)</p> <p>AC advised that many of the actions in the bid had addressed net zero requirements.</p> <p>4. Could the college apply for sustainability grants to develop more ambitious schemes? (AD)</p> <p>AC advised that further consideration of additional bids would be given after the outcome of the FEC bid anticipated in Spring 2022 so as to identify what was needed and guard against double funding.</p> <p>RESOLVED</p> <p>FC21:05 In accordance with the approval of Corporation provided on 16 September, the Committee confirm the submission reflects the expectations of the Corporation and confirms the Corporation has the capacity to manage the Capital Transformation Fund Project.</p>

4	Finance Regulations Update
	<p>SE advised that the Financial Regulations had been amended to: -</p> <ul style="list-style-type: none"> - strengthen areas where there is reference to consortia and E-Tendering to take account of the fact this is now the norm; and - encourage the use of Consortia where viable to receive the full benefit of procurement requirements having been met. <p>IT WAS RESOLVED THAT:</p> <p>FC21:06 The Committee approve the proposed amendments to the Financial Regulations</p>
5	Subcontractor Assurance Arrangements
	<p>SB referred to the New Subcontracting Assurance Arrangements report regarding the new arrangements published by the Education and Skills Funding Agency and advised Committee that measures were being taken by the College to ensure compliance.</p> <p>IT WAS RESOLVED THAT:</p> <p>FC21: 07 The New Subcontracting Assurance Arrangements be noted.</p>
7	Accountabilities and Responsibilities Consultation by the Department for Education
	<p>PC referred to the report concerning the Department for Education's consultation and invited Governors to offer contributions to the college's response.</p> <p>Governors advised it would be helpful to:</p> <ol style="list-style-type: none"> 1. Have clarity on the role of the Local Enterprise Partnerships alongside the Combined Authority. E.g. managing the position of 3 LEP's and one combined authority) 2. Emphasise the importance of considering long term strategies and guarding against funding being linked to immediate outcomes which might encourage the wrong behaviours i.e. lead to provision for sectors that are starting to shrink. 3. Invite consideration of ways to enable colleges in intervention to utilise innovation opportunities to aid their recovery. 4. Emphasise the relevance of health and well- being issues being factors used to inform levelling up initiatives. 5. Consider sharing the college's response to the consultation with local stakeholders.
11	Matters to report to Corporation and Any Other Business
	<p>Matters to report to Corporation:</p> <p>Committee's consideration of the management accounts. Commendation of the updated Financial Regulations. Review of income generating activity. Confirmation of the Further Education Capital Transformation Bid submission.</p> <p><u>Any other business:</u></p> <p>There being no other business the meeting concluded at 9.55 am.</p>

Signed:



Chair:

Hilary Smyth-Allen

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Final Audit Report

2023-03-28

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