

**Minutes of the Finance Committee held on
Tuesday 14th March 2023 at 8.00 am By
Microsoft Teams**

Present	Apologies
Peter Croom (PCR)	
Sir Dexter Hutt (DH)	
Hilary Smyth- Allen (H-SA)	
Gary Turton (GT)	
Pat Carvalho (PC)	
In Attendance	
Simon Eaton (SE)	
Fiona Yardley (FY) (Part)	
Anna Jackson (AJA)	
Alison Jones (AJ) (For Agenda Item 5)	
Andrew Crowter (AC) (For Agenda Item 6)	
Stephen Belling (SB)	

Reference	Minute
	Welcome and Apologies
	PCR welcomed GT to his first Finance Committee meeting.
	Declarations of Interest
	No further declarations were made in addition to those recorded on the Register of Interests.
Item 1 (i)	Minutes
	The minutes of the meeting on 29 th November and meeting with Audit Committee on the same date were accepted as a true and accurate record of the meeting. IT WAS RESOLVED THAT F22/23: 13 The minutes of the meeting on 29 th November 2022 be approved. F22/23:14 The minutes of the meeting held jointly with Audit Committee on 29 th November be approved.
Item 1 (ii)	Matters arising and Action Log
	No Matters arising. No Actions for Review.
Item 2	Management Accounts for January 2023
	FY summarised the headline points from the January Management Report in the committee pack and emphasised the following: <ul style="list-style-type: none"> The report contained a review of the financial position at the end of January and Q2 year end reforecast.

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	<ul style="list-style-type: none"> • Trends in relation to income noted in January match those observed for the first part of the academic year: adverse variances in relation to AEB and Apprenticeship income. • The effect of reduced income is mitigated by strong control over expenditure and year to date saving in both pay and non-pay plus the receipt of additional in year funding for 16-18 growth. • Pay expenditure now factors in the 2.5% cost of living pay award. • Agency budget has been increased to take account of additional costs incurred by challenges in filling vacant posts. • Utility costs are expected to be more volatile from April 2023. • Year- end trading forecast expected to be £0.5 million favourable to budget. • AEB delivery is less than budgeted and the college will request reduced ESFA payments to avoid claw back in 2023- 2024 which would adversely impact banking covenants. • Additional DLSF funding has made it possible to increase the provision of support for students. • The Cash position is better than predicted because of delays at the start of the year relating to Capital and IT projects, the receipt of in year funding for increased 16- 18 provision and receipt of additional capital monies following reclassification of the sector by the Office for National Statistics. • Some cash deposits are being held in a new Green Account to optimise the generation of interest for the college. • The Financial Position is considered to be good because whilst income is running behind profile the cost base is being controlled and the cash position is strong. • The focus for the second half of the year includes getting as close to the AEB allocation as possible, hitting the apprenticeship income forecast and continuing to manage staffing levels. • The college's financial health score would be classified as good if bank loans were properly classified as long and short- term liabilities. <p>Governors' Observations and Questions</p> <p>1. <i>Is the 10% increase in WMCA funding rates factored into the reforecast? (HSA)</i></p> <p>FY confirmed that the 10% increase in the AEB base rate was factored into the reforecast.</p> <p>2. <i>What gives the college confidence in its ability to achieve its adult learning targets?(HSA)</i></p> <p>PC advised: -</p> <ul style="list-style-type: none"> • Since last year there has been a more strategic focus on adult provision

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	<ul style="list-style-type: none"> • Further work has been done to review the marketing of the college's provision on its website. • There is a greater working relationship with key partners such as the DWP in relation to the promotion of SWAPs (Sector Based Work Academy Programmes). This year there is a greater number of SWAPS and a greater number of learners participating in them. • Requests are being received to assist local stakeholders such as Birmingham City Council. <p>AJA advised:</p> <ul style="list-style-type: none"> • Departments had been set targets • The enrolment and recruitment processes were being reviewed to ensure they are streamlined, effective and consistent across the college. • Regular checks are being made on the website to ensure the college's offers is accurately described and the application process is fully operational, smooth, and effective. <p>SE advised</p> <ul style="list-style-type: none"> • ALS is an area of focus as the levels of delivery are currently less than expected. <p>3. Is there any evidence that changed marketing is having an impact ?DH</p> <p>PC advised that an increased participation on the SWAP involving Carey's was noticeable.</p> <p>SE advised that the number of SWAPS and numbers taking part in SWAPS had increased.</p> <p>AJ advised that there had been a noticeable increase in the number of applications being made by adults for 23/24.</p> <p>4. What is the longer- term position regarding non- pay cost savings and what impact are they having on the student experience? (GT)</p> <p>SE advised: -</p> <ul style="list-style-type: none"> • The non- pay cost savings are aligned to anticipated income and will be reviewed on a regular basis during the remainder of the year. • Significant IT expenditure is expected toward the end of the year. • There is no known negative impact on the student experience. <p>IT WAS RESOLVED THAT F22/23: 15 The January Management Accounts be noted.</p>

Item 3	Debt Restructure Negotiations
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	<p>SE advised: -</p> <ul style="list-style-type: none"> • The Department of Education’s Programme Management Office (PMO) rejected the college’s initial request to reduce loan repayments from £1 million per annum to £250K • A revised request has been made to reduce the loan repayment to £0.5 million per annum factoring in an annual pay rise for staff, staffing levels that are considered standard in the sector and the need for a capital programme to maintain college and IT facilities and / or consider taking on the full debt profile of the college. <p>PC advised:</p> <ul style="list-style-type: none"> • The ESFA has advised that BMet’s current financial record is such that it will not be put into intervention, • The PMO will undertake a further review of the college’s current financial profile taking into the college’s assessment of uncertainties relating to future income projections arising from new free school proposals, trends in relation to apprenticeships and capital investment requirements. <p>Governors’ Observations and Questions</p> <p>1. When might a response be received from the PMO?(PCR)</p> <p>PC advised a response might be provided at the meeting scheduled to take place with the ESFA on 30th March 2023 and that she would ask the question.</p> <p>2. Has scenario planning been requested? (GT)</p> <p>SE advised that no scenario planning has been requested at this point.</p> <p>IT WAS RESOLVED THAT F22/23: 16</p> <p>Progression of the debt restructure negotiations be noted.</p>
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Item 4	KPI Report
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	<p>SE presented KPI Report in the Committee pack and emphasised the following: -</p> <ul style="list-style-type: none"> • Regarding KPI 1.2 (Applications) – There was a significant upward movement in February but numbers remain below target. • Regarding KPI 1.3 (Acceptance of Offers) There was a significant upward movement in February but numbers remain below target. • Regarding KPI 1.4 (WMCA Funding) ongoing growth is to be noted. • Regarding KPI 2.3 (Attendance). There is an ongoing focus on measures taken by curriculum teams to optimise attendance. • Regarding KPI 3.3 (Apprenticeship Starts) The number of apprenticeships started in the month has increased but is still slightly behind target.
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	<ul style="list-style-type: none"> • Regarding KPI 3.4 (SWAPS/ Sector Gateway Provision) Both the number of SWAPS and the number of learners engaged on SWAP programmes have increased and the target has been significantly exceeded. • Regarding KPI 4.1 (Staff Satisfaction) Position remains on target. • Regarding KPI 4.4 (Lost time percentage). Position reflects national trends. • Regarding KPI 5.1- 4 (Relating to strength of financial base) Position remains stable. • Regarding KPI 5.5 (ESFA Financial Health Score) Position influenced by classification of current loans: All currently classified as short-term loans which renders the current position below target. <p>Governors' Observations and Questions</p> <ol style="list-style-type: none"> 1. The new KPI report format with graphs showing direction of travel if helpful (DH and HSA) 2. <i>Is it likely that the targets set for applications (KPI 1.2) and acceptance of offers (KPI1.3) be met before the end of the academic year? (PCR)</i> <p>SE advised:</p> <ul style="list-style-type: none"> • Significant work was being done to achieve targets. • The position was being considered at college and departmental level. • Detailed analysis had resulted in changes to marketing strategies and more focussed work with schools. • The James Watt Vice Principal had visited local schools and work was now being done to address local perceptions about the college being focussed purely on adult learning. <p>AJ advised</p> <ul style="list-style-type: none"> • Work is being done to optimise student progression and minimise the number of withdrawals at the end of the academic year. 3. How does the position regarding attendance compare with other colleges ? (DH) <p>PC advised</p> <ul style="list-style-type: none"> • Attendance is an issue for other colleges. • The current position at BMet is better than the pre- covid position in 2018- 2019 • Work is being done to identify further changes that can be made to improve attendance figures but focus is on supporting students to progress. <p>IT WAS RESOLVED THAT</p>

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	<p>F22/23: 17</p> <p>The content of the March KPI report be noted.</p>
Item 5	HR Dashboard
	<p>AJ gave a presentation explaining what HR data is collected and reviewed by the Senior Leadership team on a monthly basis which included: -</p> <ul style="list-style-type: none"> • Staffing levels • Staff turnover • Sickness and Absence • Grievance and disciplinaries • Work force analysis <p>Governors' Observations and Questions</p> <ol style="list-style-type: none"> 1. It is helpful to see what data is collected and reviewed by the Senior Leadership team (DH and HSA). 2. It would be helpful to consider whether further information from this regular analysis should be added to the regular KPI reports produced in future years. (HSA) <p>IT WAS RESOLVED THAT F22/23: 18</p> <p>The content of the HR Dashboard and regular review by the Senior Leadership Team be noted.</p>
Item 6	Further Education Transformation Fund Project (FETF)
	<p>AC presented the report in the Committee Pack and emphasised the following: -</p> <ul style="list-style-type: none"> - Contract work had commenced and was on track. - Representatives from the Department of Education had visited the contract sites and were satisfied with the progress being made. <p>IT WAS RESOLVED THAT F22/23: 19</p> <p>The content of the FETF project report and progress made with implementing the contracts be noted.</p> <p>FY left the meeting</p>
Item 7	CFO Recruitment Process

	<p>SB presented the CFO Recruitment Report in the Committee Pack and sought confirmation of the proposed Interview Dates and areas for specific focus during the interview process.</p> <p>IT WAS RESOLVED F22/23 20</p> <p>Given the availability of external stakeholders and interview panel, the dates for the CFO interview process be confirmed as 16th and 26th May 2023.</p> <p>F22/23: 21</p>
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	<p>The interview process should consider approaches to securing confidence in the budget process, identification, and use of KPI's and metrics, ability to connect with external financial stakeholders and approach to starting with the college over a 3-, 6-, and 12-month time frame.</p>
	<p>Matters to report to Corporation</p>
	<ol style="list-style-type: none"> 1. Consideration of the January Management Accounts. 2. Position regarding Debt Restructure Conversations. 3. Review of the KPI's. 4. Consideration of the HR Dashboard. 5. Review of progress made in relation to the FECA Project. 6. Consideration of the CFO recruitment process.
Item 7	Any Other Business
	<p>There being no other business the meeting concluded at 9.45 am</p>

Signed:  _____

Chair: Peter Croom

3 Finance Committee Minutes - 14 March 23

Final Audit Report


2023-09-16

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By:	Nishma Solanki (nishma.solanki@bmet.ac.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAoV77b_SgyJEEfO3IJirRpLrmM-MYxhCu


"3 Finance Committee Minutes - 14 March 23" History

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2023-09-15 - 14:05:01 GMT

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

2023-09-15 - 14:06:06 GMT

 Email viewed by pcroom@deloitte.co.uk

2023-09-16 - 09:13:36 GMT

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2023-09-16 - 09:14:00 GMT

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Signature Date: 2023-09-16 - 09:14:02 GMT - Time Source: server

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