

Minutes of the Finance Committee
held on Tuesday 25th February at 8:00 am
in Room 814 of Matthew Boulton Campus
Birmingham Metropolitan College

Present	Apologies
Hilary Smyth- Allen (HSA)	
Sir Dexter Hutt (DH)	
Cliff Hall (CH)	
Peter Croom (PC)	
Asha Devi (AD)	
In Attendance	
Louise Jones (LJ)	
Martin Penny (MP)	
Fiona Yardley (FY)	
Stephen Belling (SB)	
Andrew Crowter (AC, items 6 & 7)	
Peter Marsh (PM) Peter Marsh Consultants Limited (In part)	
Ben Nevin (BN) Peter Marsh Consultants Limited (In part)	
Alison Jones (AJo, items 9 & 10)	

	<p>Declarations of Interest</p> <p>There were no declarations of interest reported in addition to those recorded on the Register of Interests.</p>
Item 1	<p>(i) Open and Confidential Minutes of Finance Committee held on 03 December 2019</p> <p>The minutes of the last meeting were accepted as a true and accurate record of the meeting</p> <p>FC 20:01</p> <p>IT WAS RESOLVED THAT</p> <p>The minutes of the meeting should be approved.</p> <p>(ii) Matters arising and Action Log</p> <p>It was noted that all actions had been completed.</p>
Item 2 (i)	<p>Management Accounts vs Statutory Accounts 2018/ 2019</p> <p>MP presented the report in the Committee Pack entitled “Management Accounts v Statutory Accounts 2018-19.”</p> <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. The explanations provided in the report addressed Governors concerns. (HSA) 2. The quality of financial monitoring and reporting is to be commended (HSA)

	<p>3. It was helpful to have a commentary to accompany the figures (DH)</p> <p>4. What equipment had been purchased for students under point 8 on page 5 (“other income”)? (DH)</p> <p>MP advised that laptops had been acquired for students during this year and could be used by others in future years.</p> <p>IT WAS RESOLVED THAT</p> <p>FC 20:02</p> <p>The Committee receive the report and noted the explanations for the variances between the Management Account and Statutory Accounts 2018 – 2019.</p>
Item 2 (ii)	<p>Management Accounts for January 2020 including Mid Year Forecast (the” Management Accounts”)</p> <p>This discussion is recorded in confidential minutes.</p>
Item 2 (iii)	<p>Update on Apprenticeship Levy Spend.</p> <p>MP presented the report in the Committee Pack prepared by Jo Shirley.</p> <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. The report provides a helpful explanation of how the Apprenticeship Levy is being used (HSA) 2. The Careers Guidance Apprenticeship is a positive development and potential development opportunity. (HSA) <p>IT WAS RESOLVED THAT</p> <p>FC 20:04</p> <p>The report be noted.</p>
Item 3 (i)	<p>ESFA Financial Plan</p> <p>MP presented the report provided with the Committee Pack entitled “BMet Financial Plan” and advised:</p> <ul style="list-style-type: none"> ○ The Financial Plan has been updated to take account of the disaggregation sales and inform the ESFA’s review of loan documentation for repayment. ○ The ESFA have identified a number of issues they want to monitor in the loan documentation. ○ Requests are going to be made for amendments to avoid breaching conditions of funding with the banks. ○ The Financial Plan creates a good cash flow position and anticipates achieving good financial health status in 2022. <p>IT WAS RESOLVED THAT:</p> <p>FC 20:05</p>

	<p>The key assumptions set out in the BMet Financial Plan report be noted.</p> <p>FC 20:06</p> <p>A recommendation be made to the Corporation that the Financial Plan be approved.</p>
Item 3 (ii)	<p>Integrated Financial Model for Colleges (“IFMC”)</p> <p>MP advised that:</p> <ul style="list-style-type: none"> ○ It had been necessary to complete a new IFMC return for the ESFA. ○ The model is designed to provide an early indicator of concerns to the ESFA. ○ BMet has been involved in trialling the new format. ○ LJ and CH had reviewed the return to consider the issues being covered, detailed assumptions and sensitivity analysis. ○ Governors needed to consider Annex C of the return to note what had been taken into consideration. ○ the commentary provided with this return is identical to the one provided and approved in the previous return using the old ESFA model. ○ The return is based on a robust set of data. ○ The new IFMC return balances. ○ Cash flow is at its lowest in February. ○ Year-end is a key focus point. ○ The College should assess itself as “Requiring Improvement” to take account of the way the £2.4 million disaggregation receipt is treated. ○ Management Accounts provide more data than the IFMC. <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. How often does the return have to be made? (AD) <p>MP advised that it had to be provided on a quarterly basis because BMet is subject to intervention measures. The next monitoring point is April</p> 2. How should Governors review the Management Accounts and IFMC? (HSA) <p>MP advised that the Management Accounts provided the best source of information for Governors to meet their governance responsibilities.</p> 3. How do Governors best assess Management Accounts against forecast? (PC) <p>MP advised that Governors could be sent a link to the IFMC</p> 4. It would be helpful to give further consideration of how Governors best review IFMC returns to ensure governance requirements are met. (HSA) 5. Does the IFMC operate as a rolling model? (PC) <p>MP advised that it did not.</p>

	<p>IT WAS RESOLVED THAT: -</p> <p>FC 20:07</p> <p>The Chairman be asked to approve submission of the return in advance of the next Corporation Meeting.</p> <p>FC 20:08</p> <p>Future reports provide a visual illustration of the sensitivity analysis.</p>
Item 4	<p>Lloyds Bank Deed of Amendment</p> <p>MP presented the report provided with the Committee Pack and advised the Amendment and Restatement Agreement (the "Agreement") is required following the partial repayment of one of the College's Loans on 30th September 2019.</p> <p>IT WAS RESOLVED THAT</p> <p>FC 20:09</p> <p>The Finance Committee recommend the Corporation approve and execute the Agreement as a Deed.</p>
Item 5	<p>Recovery Plan Progress Report</p> <p>LJ presented the report provided with the Committee Pack and advised:</p> <ul style="list-style-type: none"> ○ In relation to KPI 1 Retention: <ul style="list-style-type: none"> ○ It is difficult to do much about the levels of attrition ○ Level 1 offers are being reviewed ○ In relation to KPI 5 Destinations: <ul style="list-style-type: none"> ○ This is the first time destinations have been measured by the College. ○ Data is being collected and it is anticipated the quality of data will improve over time. ○ It is a KPI that will be considered by Ofsted and the Combined Authority. ○ KP1 6 Work Experience: <ul style="list-style-type: none"> ○ New software to record work experience has been more cumbersome than anticipated. ○ 3 people have been appointed to assist students gain work experience. <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. There appears to be a decline in number of applicants to do engineering. (AD) LJ advised that there had also been a decline in the previous year. 2. HSA noted the lower than expected take up of offers at Sutton. <p>IT WAS RESOLVED THAT</p> <p>FC 20:10</p> <p>LJ would review whether there had been a dip in the number of applicants to do engineering on a national basis.</p> <p>FC 20:11</p>

	The report be noted.
Item 6	<p>Property Proposals Update</p> <p>LJ presented the report prepared by Andrew Crowter in the Committee Pack entitled “Property Disposals Update”</p> <p><i>In relation to ADC LJ advised:</i></p> <ul style="list-style-type: none"> ○ The Bank has asked to have a charge placed on the Building to address issues concerning mineshafts. ○ This issue was not raised as part of the original negotiations. ○ If necessary, the issue would need to be addressed by insurance. ○ This was an issue that had to be addressed by Dudley College. <p>IT WAS RESOLVED THAT:</p> <p>FC 20:12</p> <p>The Transfer Agreement be checked to see if it made reference to the charge in any way.</p> <p><i>In relation to Cose LJ advised:</i></p> <ul style="list-style-type: none"> ○ No offer has been made to the College. ○ The College has advised that it cannot progress anything until an offer has been made.
Item 7	<p>Property Strategy</p> <p>PM introduced himself and BN to the Committee and gave a power point presentation entitled Estate Review Update.</p> <p><i>Key points made in the presentation.</i></p> <ul style="list-style-type: none"> ○ Peter Marsh Consultants Ltd (PMC) had been working with the College to update its estate strategy following its divesting of assets and, create a framework for prioritising future spend. ○ A detailed plan of what could be done with each College campus, would be developed once the framework has been approved by Corporation. ○ The approach taken by PMC was to: - <ul style="list-style-type: none"> ○ ensure the strategy relates to the College curriculum; ○ anticipate what would be required if there was to be a complete new build; and then ○ consider any gap between what would be required for a new build and what the College has. ○ PMC had noted that substantial work had been done to change the College’s footprint in the space of a year. ○ Learning hours are drivers of space. ○ The College has a surplus of space.

- The geography of sites is not straight- forward.
- Some buildings are larger than needed and create opportunities in the long term but liabilities in short term.
- To close the gap between needs and wants, next steps include reviewing: -
 - the planned maintenance list;
 - what will have the most impact on learning;
 - what will reduce the College's carbon foot print: and
 - what will achieve the highest impact with the smallest amount of spend.
- Key points to consider when forming the future strategy include: -
 - noting that specialist spaces don't always get used to maximum capacity
 - whether some space at James Watt is mothballed James Watt;
 - being cautious about maintain spaces that are under used; and
 - consider removal of buildings in poor condition to reduce overheads and prepare for future development.
- In respect of potential funding: -
 - the Department for Education has indicated the availability of approximately £1.8 billion;
 - estimated need across the FE Sector is £20 billion; and
 - the Local Enterprise Partnership is likely to have a significant role to play in future funding.
- Next steps include: -
 - obtaining more information about future needs for each campus; and
 - taking account of future vision and strategy around curriculum.

Observations made and questions raised by Committee.

1. The presentation was very helpful (HSA)
2. Has the College given sufficient consideration as to whether we are a collaborate set of colleges or 3 separate sites? (AD)


CH advised current strategic thinking is that:

- We are a Birmingham based group with a common approach and culture;
- Core activities such as English and Maths are available across all sites
- Each College has a specialism;
 - James Watt has a focus on vocational training,
 - Sutton Coldfield has a broad based curriculum and centre for the 16-19 age group:
 - Matthew Boulton has a number of specialisms including the Health Sciences, Business and Professional Services, Digital Technologies, Community learning and, Learning Support for deprived communities.
- Corporation will consider a 3 -year Strategic Plan in the summer.
- A significant amount of development work is needed at James Watt.
- The site at Sutton Coldfield is fit for purpose but there is too much space.
- There are possible development opportunities arising out of the SPA relating to the National College for High Speed Rail, which is to be

	<p>concluded in May.</p> <ul style="list-style-type: none"> ○ PM expressed the view that the 3 colleges had a different focus and different culture on each site. ○ DH expressed the view that there should be set of shared values across all 3 sites that reinforces a core culture <p>3. HSA expressed the view that the College needed to move from its focus on financial viability and cost saving to a focus on future vision and investment which, took into account competition; future projects planned buy the LEP, and what gives the College a competitive advantage; what are we aiming for; what good look like; and what flexible space looks like in a learning context.</p> <p>4. It is important for the Corporation to give a clear steer on strategy taking into account our carbon foot print, supply chains, how we want to attract future students, what is on offer from other providers, the education models we are using, and the attractiveness of space. (AD)</p> <p>5. The College is taking part in discussions with organisations around Matthew Boulton College who are developing the notion of a Knowledge Quarter and a Business Improvement District. (CH)</p> <p>6. It is important to envisage what will be needed 10 years from now; what others are considering in different parts of the world; the possibility of developing non-competitive partnerships; how we create spaces that are fit for the 21st Century rather than the 20th Century and how we deploy modern teachers for modern ways of teaching. (DH)</p> <p>7. It is important to ensure that the College has well- functioning facilities as a core foundation. (PM)</p> <p>IT WAS RESOLVED THAT:</p> <p>FC 20:13 The presentation be noted.</p> <p>FC 20:14 More information be gathered about student needs to inform future planning.</p>
	<p>HSA gave her apologies at 10.00 am and PC chaired the remainder of the meeting.</p>
<p>Item 8</p>	<p>Fees Policy</p> <p>LJ presented the report provided with the Committee Pack and advised that the key change related to re- sits.</p> <p>IT WAS RESOLVED THAT</p> <p>FC 20:15</p> <p>Further information be provided regarding the Pound Plus Policy</p>
<p>Item 9</p>	<p>Gender Pay Gap Report</p> <p>AJo presented the report provided with the Committee Pack and advised the College fairs well against national and sector comparisons.</p> <p>Observations made and questions raised by Committee.</p>

	<p>1. Does the report stand up to scrutiny and challenge? (AD)</p> <p>AJo advised that it did:</p> <ul style="list-style-type: none"> ○ Conversations have taken place with staff relating to career development. ○ Consideration has been given to how both men and women work flexibly at all levels. <p>2. Taking into account the experiences of Birmingham City Council and the time it takes to address unequal pay do we have any issues to address if we consider what pay is made for men and women performing the same roles? (AD)</p> <p>AJo advised:</p> <ul style="list-style-type: none"> ○ Historically women have been in lower paid roles but the pay at those roles has been equal. ○ Women are represented well at Senior Leadership Team level and there have been no historical issues relating to pay differentials. ○ The College has a clear pay structure with incremental progression and everyone is entitled to progress toward a top level, which is capped. ○ Key to success is making sure initial appointments are made at the right level. <p>IT WAS RESOLVED THAT</p> <p>FC 20:16</p> <p>The Gender Pay Gap Report be approved.</p>
Item 10	<p>Ethnicity Pay Gap</p> <p>AJ presented the report provided with the Committee Pack and advised:</p> <ol style="list-style-type: none"> 1. There was no legal requirement to produce such a report. 2. Significant efforts have been made by the College to encourage BAME colleagues to apply for senior roles within the College. <p>Observations made and questions raised by Committee.</p> <ol style="list-style-type: none"> 1. The College is keen to ensure there is equality of pay across the College (DH) 2. There appears to be a gap in favour of BAME colleagues: how do we respond to gaps? (AD) <p>AJ advised that it would be necessary to review what gave rise to the differential and whether or not it was a result of unconscious bias or a clear, objective, legitimate basis.</p> <ol style="list-style-type: none"> 3. Do figures include cleaning and catering staff? <p>AJ advised that they did not because these functions were outsourced</p> <ol style="list-style-type: none"> 4. What is the position in relation to the Living Wage (PC) <p>AJ advised the College is seeking Living Wage accreditation as all staff including security staff, are being paid above Living Wage level. As part of the accreditation process it will be necessary to build in a requirement for contractors to be paying the Living Wage.</p> <p>IT WAS RESOLVED THAT</p>

	<p>FC 20:17</p> <p>The paper be reviewed to ensure key messages are clear.</p>
	<p>Date of Next Meeting</p> <p>28th April 2020.</p>

Signed 

Chair **Hilary Smyth-Allen**

Dated **Apr 30, 2020**






Signatures for Finance Committee Minutes - 25th February 2020

Final Audit Report

2020-04-30

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