

**SANDWELL COLLEGE**

**Minutes of the Finance & Strategy Committee meeting held on**  
**Thursday 29 June 2023, 2.30pm**

Present: K Ellis Independent Governor  
G Pennington Principal  
A Taylor Independent Governor (Chair)

In attendance: R Pickup Exec Director, Finance and Corporate Resources  
B Beaty Exec Director, HR and OD  
S Griffiths Exec Director, Strategy and Projects  
D Holden Vice Principal, Curriculum  
E Scotford Clerk to the Corporation  
J Tew Independent Governor (Observer)

Apologies: R Barrett-Price Director of Estates Development and Capital Projects  
P Stanaway Independent Governor  
J Stevens Vice Principal, Quality

		Action
F23.19	<b>Welcome and Apologies</b>	
	All present were welcomed to the Committee. Apologies were received from Paul Stanaway and approved by Governors.  Apologies were also received from Roland Barrett-Price and Julia Stevens.	
F23.20	<b>Declarations of Interest</b>	
	There were no declarations of interest.	
F23.21	<b><u>Minutes of the Finance &amp; Strategy Committee meeting held on 16 February 2023</u></b>	
	RESOLVED THAT: The minutes were approved as a true and accurate record and were signed by the Chair.	
F23.22	<b>Matters Arising</b>	
	There were no matters arising.	
F23.23	<b>Capital Projects update incl. financial position Presented by Simon Griffiths, Exec Director, Strategy and Projects</b>	
23.1	Cadbury – Phase 2 and 3 – would be completed on schedule, on time and on budget. The College was pleased with progress.	
23.2	Cadbury – Phase 4 – approval to move forward with procurement had been received. Project plans had started and the project would run over the next couple of years.	
23.3	Construction & Civil Engineering Centre (West Bromwich) – the project was nearing completion. Governor site visit planned for 3 July 2023 before the Board meeting.	
23.4	Centre of Excellence in Health (Smethwick) – planning application submitted. Discussions were planned regarding the College's responsibilities and its space within the building, and with the West	

	Midlands Combined Authority (WMCA) about what the demands for the building would be in the next couple of years.	
23.5	<p>Governors noted that Wolverhampton University was pulling out of the project due to their financial position and asked if that was a material change or would it be backfilled.</p> <p>The College advised that both universities had revised their requirements for the building and were looking to take shorter term occupancy. The project team was pursuing other university partners so there was still an opportunity for HE to be included in the project but a more proactive HE partner was needed. The College expected progress from its courses on to HE.</p>	
23.6	<p>Governors noted that Aston University was interested and asked if they worked well with the College.</p> <p>The College explained Aston University would not be a core partner like Wolverhampton University.</p> <p>Governors asked what were the implications for the College.</p> <p>The College confirmed it would still be able to deliver its preferred courses. The purpose of the centre and the aim of the programme was to provide a bridge into the health services and exposure for students to the range of jobs available in the hospital.</p> <p>Governors asked what were the implications on costs for the College in the future.</p> <p>The College explained its requirements and expectations had not changed. The leasing agreements had not yet been received but as a partner would expect this to be reflected.</p>	
23.7	<p>Governors were conscious of the delays including: problems with planning permission, changing architects, timescales, and asked if the College was happy to continue to monitor this situation, noting that, because the College was not the lead partner, there was little more it could do at this time.</p> <p>The College confirmed that it remained involved at Board level and in sub groups at curriculum level and was guided by the NHS partner's timescales. The College had been clear with all parties that its outcomes were linked to academic placements.</p> <p>Governors agreed that the project should remain Amber rated but were concerned about the delays.</p>	
23.8 NFP		
23.9	RESOLVED THAT: Governors received and monitored the capital projects update.	
F23.10	<b><u>Towns Fund – Cradley Heath Education Hub</u></b>	
10.1	Planning approval was secured on 28 June 2023. The full Council would meet on 25 July 2023 to approve use of land change.	
10.2	There were business risks associated with opening a satellite centre and securing revenue. The land purchase was at nominal value. Consideration needed to be given to curriculum planning which would be carried out by SLT. This would enable more firm conversations with the WMCA and for the project to be costed accordingly. The WMCA were receptive to that.	

10.3	<p>Governors asked if there had been any progress on the change of land use.</p> <p>The College advised that conversations were ongoing between Eversheds and the LA's solicitors on the wording of a standard paragraph about levelling up, believed to have come from the Government.</p>	
10.4	<p>Governors were supportive of exploring of another area of Sandwell, which had been covered in all of the projections, but were concerned about the finer details and exposure. Governors had confidence in the SLT and college but this was an additional project on top of a number of others currently in train. Governors asked what was the worst-case scenario if the College had a disagreement with the rest of the partnership as both parties would be heavily tied up.</p> <p>The College advised that Sandwell LA had been very supportive in the project. It was a long-term commitment. The 16-18 market and high needs fitted in well with the College strategy. Initial conversations had commenced with the WMCA about adult funding which was the area of greatest risk as it was not guaranteed funding.</p> <p>Governors pointed out that high needs was growing substantially and there was more need than provision. The College was in an area of high needs so it was sensible to develop programmes that would be attractive to those young people.</p> <p>The College reassured that there was enough time to plan this in properly.</p>	
10.5	<p>RESOLVED THAT: Governors:</p> <ul style="list-style-type: none"> <li>received the report</li> <li>discussed in detail the contents recognising the benefits, risks and commitments needed by the College in moving forward with the Cradley Heath Satellite Education Hub.</li> <li>welcomed further updates on progress in discussions.</li> <li>would recommend to the Board that the College moved forwards with the partnership to enable the project to commence.</li> </ul>	
F23.11	<b><u>Strategic update</u></b>	
11.1	There was no further update.	
11.2	Item to be removed as a standing agenda item.	Clerk
F23.12	<b><u>Finance Report and Management Accounts</u></b>	
12.1	Cashflow remained steady.	
12.2 NFP		
12.3	<p>Governors asked why grant income was significantly different to last year.</p> <p>The Exec Director, Finance &amp; Resources, referred to the budget paper. Cash was expected to improve and more funding than expected had been received. The timing of recognition of some payments in the accounts was explained, with particular reference to capital spend, i.e. if some items were recognised at the start of August rather than the end July they would go into the new financial year. This would be managed to ensure there was no negative impact to financial ratings.</p>	
12.4 NFP		

12.5	<p>Governors asked if this impact on the pension was to make adjustments for the pension fund, had that built up over time, was it adjusted now and would that rectify it for the future.</p> <p>The Exec Director, Finance &amp; Resources, explained how it was accounted for and that prior year shortfalls had now been repaid. It is potentially less important now because colleges had moved into the public sector where most pensions were covered by the Government. The College would continue to monitor this.</p>	
12.6	RESOLVED THAT: Governors received and monitored the finance report and management accounts.	
F23.13	<b><u>College Budget 2023/24</u></b>	
13.1 NFP		
13.2	Income would grow at 2.2%. This was below pay and non-pay inflationary increases which meant the operating surplus would decrease over those years.	
13.3	The financial rating, judged by current standards, would be Outstanding but next year would be more challenging. The final year of the forecast anticipated a Good financial rating.	
13.4	<p>Governors asked if the financial position was approaching the borderline of Outstanding, would there be concern budgeting for project costs nearer the time.</p> <p>The Exec Director, Finance &amp; Resources, explained that cash would reduce as invoices were paid to complete the projects. All of the costs for projects would be allocated to capital expenditure so would not affect income and expenditure. The reason the financial rating might drop slightly was because income was not growing as much as expenditure costs. This was mainly due to pay, e.g. the 2-year pay deal - 3% had been agreed with the unions for pay inflation for 2023/24. Income was only increasing by 2.2% so this automatically led to a shortfall of 0.8%.</p>	
13.5 NFP		
13.6	<p>Governors asked what were the consequences of losing the Outstanding financial rating.</p> <p>The College explained the better its financial rating, the less scrutiny from the regulator as they focused on colleges with poor quality and finance. It was possible the rating system would be changed following the ONS reclassification and the move back into the public sector. This would not be known until the new Financial Handbook was issued next year, to come into effect for the following year. There could be a move away from these financial measures to more public sector measurements with less focus on cash balance and more on the operating surplus and how well the College was using its estate.</p>	
13.7 NFP		
13.8 NFP		
13.9 NFP		
13.10	Cash would remain high for the following year but would reduce after this as capital grants were spent. At the end of 2024/25 the College would still have a very good cash balance.	

13.11	Governors noted the College's ambitions to expand and deliver more opportunities for young people, e.g. the £9m Towns Fund Cradley Heath project and were comfortable with the approach taken through investment and prudence.	
13.12	RESOLVED THAT: Governors: <ul style="list-style-type: none"> <li>received the Report and noted its contents;</li> <li>approved the Budget 2023/24 and the implications contained;</li> <li>delegated authority to the Principal to incur expenditure in accordance with the capital budget 2023/24.</li> </ul>	
F23.14	<b><u>CFFR</u></b>	
	The Exec Director, Finance & Resources, explained the format and purpose of the CFFR and advised that it was 2 months late being issued to colleges this year. Now that the budget had been approved, it would be completed and submitted by the end of July.	
F23.15	<b><u>Risk Register – committee responsibilities</u></b>	
15.1	There were few changes other than those in red which related to the Ways of Working document being agreed and implemented.	
15.2	RESOLVED THAT: Governors monitored the Risk Register.	
F23.16	<b><u>HR Report</u></b>	
16.1	The key points were highlighted for Governors' attention.	
16.2	Recruitment could be challenging for certain areas.	
16.3	The recruitment model around the health curriculum had been developed and was successful as it offered a different way of recruiting to that curriculum area. It had enabled engagement with highly skilled former NHS practitioners.	
16.4	Employee relations were improving. The Ways of Working document was now complete and had been implemented. This would mitigate the risk of formal disputes and set in place a documented and more professional way of working. Copy of document to be circulated to Governors via the Clerk. It would provide a framework for current negotiations. The College had agreed to discuss with the UCU whether the pay offer of 3% could be improved.	BB/Clerk
16.5	Caseloads were currently low.	
16.6	The College had worked hard to continually review and improve the employee benefits suites with recent innovations seeing significant grocery and travel discounts being available to staff.	
16.7	The development and recognition work undertaken by the College was proving successful and was appreciated by staff, particularly the LEAD programme for aspiring senior leaders and the Step Programme for aspiring managers. The Step Programme had been redeveloped. At the end of the year, 32 staff would have been through the programme.	
16.8	Following the ONS reclassification and the move back into the public sector, the HR team would ensure the College was compliant in relation to its policies, procedures, schemes and allowances.	

16.9	The HR Team had been shortlisted as a finalist for the Make a Difference Award in the category of 'Best Line Manager Training to Support Workplace Wellbeing'.	
16.10	Governors were pleased to note the success of the work on the pay award.	
16.11	Governors asked if the level of vacancies at 29 was a concern.  The Exec Director, HR and OD, acknowledged that sounded a high number but action was taken to manage them. A curriculum planning exercise took place to focus on what roles were needed.	
16.12	Governors referred to the significant projects which would run for the next few years and asked if the College was confident it could staff them.  The Exec Director, HR and OD, reminded Governors of the considerable work on employment terms and conditions and employer brand that the College had done over the past 5 years which would stand the College in good stead. It outperformed its competitors in attracting talent so it was not a major concern.	
16.13	Governors appreciated the excellent work of the HR team and how well they looked after staff which in turn helped students achieve their potential.	
16.14	RESOLVED THAT: Governors received the HR report.	
F23.17	<b><u>Financial Regulations</u></b>	
17.1	Any changes related to the ONS reclassification.	
17.2	The College recommended that legal advice be taken to make sure the consequences of the ONS reclassification were fully understood as the future might not be straightforward and there could be added pressure and impact on Board decisions. Chair to contact the AoC and the SFCA CEO. Principal to contact Nicola Bennison, Eversheds.	Chair Principal
17.3	RESOLVED THAT: Governors approved the Financial Regulations.	
F23.18	<b><u>Policies</u></b>	
18.1	<b><u>Fees</u></b>	
	RESOLVED THAT: Governors approved the Fees Policy.	
F23.19	<b><u>Committee Terms Of Reference</u></b>	
	RESOLVED THAT: Governors approved the Committee's terms of reference.	
F23.20	<b><u>Committee effectiveness questionnaire</u></b>	
	RESOLVED THAT: Governors would complete and return to the Clerk the Committee effectiveness questionnaire.	Govs
F23.21	<b><u>Any Other Business</u></b>	
	There was no other business.	
F23.22	<b><u>Determination of Confidential Items</u></b>	
	<b>B23.12.2, B23.12.4, B23.13.1, B23.13.5, B23.13.7, B23.13.8, B23.23.8</b>	

F23.23	<b><u>Date and Time of Next Meeting</u></b> <b>Thursday 9 November 2023, 4.00pm</b>	
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The meeting ended at 4.05pm