

## MINUTES OF THE FINANCE & RESOURCES COMMITTEE MEETING HELD REMOTELY ON 21<sup>st</sup> JUNE 2023 AT 5PM VIA MICROSOFT TEAMS

<b>Present:</b>	Mary Murphy Wesley Rourke Chris Sikorski Susan Smith	Principal External Governor Staff Governor External Governor
<b>In Attendance:</b>	Ben Barton Julie Holland Gordon Holmes Julia Withersby Catherine Shaw	Assistant Principal Deputy Principal (Finance & Resources) Head of Finance and Estates Head of HR Clerk to Governors

### 1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received and accepted for Neil McGrath.

### 2. **DECLARATION OF INTERESTS**

Wesley Rourke declared an interest in agenda item 5.7 Property Strategy in respect of the reference to CRMZ, as a building leased to the College by Halton Borough Council.

### 3. **MINUTES** (*previously circulated*)

#### **To approve the minutes of the previous meeting held on 15<sup>th</sup> March 2023**

The Committee reviewed the minutes from the previous meeting.

**Resolved** - That the minutes of the meeting held on 15<sup>th</sup> March 2023 be **approved** as a correct record.

### 4. **MATTERS ARISING**

#### **To review the action log and to consider any matters arising from the minutes**

(*previously circulated*)

**Resolved** - The Committee **noted** that there were no matters arising from the minutes and that all actions had been completed on the log.

### 5. **FINANCE AND RESOURCES UPDATE**

#### 5.1 **Human Resources** (*previously circulated*)

The HR Manager presented this report which included information on key performance indicators in relation to sickness absence and staff turnover. The HR Manager highlighted the following key aspects:

- Both short term and long term absence had decreased in year by 1.31% in comparison to this point in time last year.

- The number of leavers had increased compared to last year and had returned to pre-pandemic levels.
- Gender pay gap comparisons with local employers confirmed that the College was in line with local comparators.
- Wellbeing support for staff remained a key priority and positive work life balance was actively promoted. Wellbeing events were currently being planned for the 2023/2024 academic year.
- Staff recruitment – there had been changes to the labour market in terms of recruitment. The College was competing against other colleges, schools and industry and this had presented some challenges. A proposal was being made to address these challenges and this had been reserved for Part Two (confidential) section of the meeting.

A discussion took place with questions being asked by Governors and responded to by the HR Manager. In response to one question, the HR Manager confirmed that summary data relating to exit interviews could be provided at the next Committee meeting. In relation to the gender pay gap report, there was a request made for the Committee to receive the national average in future reports as opposed to solely local benchmarking data.

**Resolved:** The Committee **noted** the contents of the report.

*The HR Manager was thanked for her informative report and she left the meeting.*

## 5.2 **Management Accounts to 30<sup>th</sup> April 2023** (previously circulated)

The Deputy Principal advised that the accounts were measured against the budget and the five-year financial forecast approved by the Board at its meeting in July 2022. Subsequently in March 2023 a further revised forecast had been approved by the Board and this was reflected within the current accounts. The Deputy Principal highlighted key headline data which included:

- Operating surplus – this was higher than planned by £389k. This represented a favourable variance on Income, though this was offset by adverse variances on Pay and Non-Pay budget headings. The Deputy Principal referred the Committee to the full Income and Expenditure Statement within the appendices.
- Cash balances remained positive and projected cash flows were well within the bank's covenant limits.
- Income – the College was on track to achieve the main funding targets. Advanced Learner Loans were under target, however this had been offset by an increase in Level 3 income. Mid-year reviews continued to take place for monitoring purposes.
- Expenditure – Overall, there was an adverse variance of £(23k) on pay expenditure. Staff utilisation stood at 98%. There was an overall Non-Pay adverse variance of £(148k) relating to Non-Pay Curriculum/Functional Areas and the reasons for this were provided.
- Cash and Insolvency – Monies on deposit had benefitted from the national increase in interest rates.
- Capital Expenditure – due to building work delays in respect of the Engineering block at the Kingsway campus and the Music Hub at the Cronton campus this had resulted in the adjustments to this area of expenditure.

A discussion took place with clarification being sought by Governors, where required.

**Resolved:** The Committee **noted** the contents of the report and the Management Accounts as at 30<sup>th</sup> April 2023.

### 5.3 **Three Year Financial Forecast 2022/2025, including budget for 2023/2024** *(previously circulated)*

The Deputy Principal provided a comprehensive commentary and highlighted the following aspects for the Committee's consideration relating to the three-year financial forecast which incorporated the proposed budget for 2023/2024:

- The plan had been prepared against a volatile backdrop of issues emerging from the pandemic, the on-going tensions in Ukraine and a plethora of curriculum changes which included the move to T Levels and the defunding of a number of established qualifications, such as BTEC.
- The plan met the requirements of the reclassification of FE colleges to the central government sector, as announced in November 2022.
- A prudent approach had been taken to the change in assumptions, in light of rising inflation, a challenging labour market, the investment required to address both the health and well-being of staff/students and carbon neutralisation. Non-Pay expenditure included contingency to ensure the College had the flexibility to respond to any unexpected or demanding changes in the sector and the wider economy.
- Headline data was provided in relation to short term financial priorities and objectives, borrowing requirements and covenant compliance, updates to assumptions for both income and expenditure, capital plans, a robust sensitivity analysis and an overall assessment of financial performance and critical variables.

A discussion ensued with questions being asked by Governors and responded to by the Deputy Principal. Clarification was provided in response to a question raised regarding the Local Government Pension Scheme. The borrowing interest rate was confirmed and the Committee was advised that no further borrowing was required within the proposed plan.

**Resolved:** The Committee

- (i) **Noted** the contents of the report
- (ii) **Recommended** that the three year financial forecast, including the budget for 2023/2024 be approved by the Board.

### 5.4 **Financial Regulations 2023/2024** *(previously circulated)*

The proposed amendments were considered by the Committee.

**Resolved:** The Committee **recommended** to the Board that the Financial Regulations 2023/2024 be approved.

### 5.5 **Health and Safety Update** *(previously circulated)*

The Committee received a report and the following key aspects were drawn to Governors' attention:

- Total number of accidents/incidents, and near miss statistics between February and June 2023, with comparative data covering a three-year period. There had been no RIDDOR reportable incidents during this time.
- Staff Training – Ten staff members had been trained in First Aid which brought the number of trained staff to 56. Six members of staff had received minibus training, which brought the number of trained staff to 80 drivers.
- Trips and Visits – following a successful trial, an electronic administration system had been implemented which had improved efficiency in this area.

A discussion took place with a focus on the significant reduction in minor accidents which had been recorded within this timescale compared to the previous year. The Committee noted the improved data in this respect and also sought assurance that all accidents continued to be reported in line with College policy

**Resolved:** The Committee **noted** the report.

#### 5.6 **Environmental Sustainability** *(previously circulated)*

The Deputy Principal provided an update on progress made relating to environmental sustainability. The Committee was advised of the following:

- The Environmental Sustainability Strategy had been updated to expand on the ways in which the College was following the Climate Action Roadmap and the associated series of goals to reach the net-zero target.
- Contractors (Hillside Environmental Services) had been commissioned to support the College's sustainability journey. The Property Strategy was being updated to include the de-carbonisation plan.
- The Hydrogen project, part funded by the Skills/Strategic Development Fund was well underway with new courses having been developed for delivery from September 2023.

A discussion took place, during which the Committee was pleased to note that significant progress continued to take place in relation to the Environmental Sustainability Strategy and furthermore, the College had been approached by other colleges with a request to share its good practice.

**Resolved:** The Committee **noted** the report.

#### 5.7 **Property Strategy Update** *(previously circulated)*

The Head of Finance and Estates presented this report and highlighted the following key aspects from it:

- Liverpool City Region (LCR) Strategic Investment Fund and Education and Skills Funding Agency (ESFA) Further Education Capital Fund (FEC) – the College had submitted bids under five separate strands and was successful in each bid. All works were now complete with the exception of the Strand 1 bid in respect of the Health and Wellbeing Centre at the Cronton campus and reasons for the delay were provided to the Committee.
- ESFA Further Education Capital Transformation Fund (FEETF) – the College had secured £9.38m of funding to address all areas of the College that were rated below category B. In accordance with policy, Property Consultants were being procured to prepare a condition survey which would inform the updated property strategy and include a de-carbonisation plan.

- ESFA T Level Capital Funding (TLCF) Wave 4 – the College had submitted two successful bids to access this funding. With regards to one of the bids, it was necessary to submit a formal scope change request and the reasons for this were provided to the Committee. Recently the College was informed by the ESFA Capital Team that the change request was unlikely to be approved, thus putting the funding at risk. Given the College’s prudent financial management, the College was in a position to continue with the project whilst discussions remained on-going with the ESFA to resolve their concerns.
- Capital Investment and Summer Works 2023 – the College continued with the IT rolling replacement policy and general refurbishments on each campus. The Committee considered the total forecast capital spends in each year to 2027, as detailed in the written report.
- Capital Projects Finance and Risk – the Committee received assurance that a full risk analysis had been undertaken which modelled several financial scenarios, including funding the £4m capital bid from college reserves, in relation to the ESFA TLCF Wave 4 bid subject to a scope change, if required. With no further loan draw down, the College remained in ‘outstanding’ financial health to 2027.

A discussion ensued. The Committee acknowledged the numerous projects currently taking place to enhance the learning environment and the complexities involved. In relation to the Property Strategy, the Committee was pleased to note numerous environmental sustainability benefits that were inter-linked and provided a streamlined approach to the Property Strategy.

**Resolved:** The Committee

- (i) **Noted** the contents of the report
- (ii) **Recommended to the Board** that it approve that delegated authority be granted to the Senior Management Team (SMT) regarding costs/any required changes per individual project contained within the Summer Works Programme 2023

*The Head of Finance and Estates was thanked for his informative reports and he left the meeting.*

#### 5.8 **Partnership Update** *(previously circulated)*

The Committee considered the report which provided (i) a summary of partnership activity during 2022/2023, (ii) an update on new subcontracting guidance from the ESFA and (iii) a request for approval to award contracts in 2023/2024 based upon supporting business cases, details of which had previously been circulated.

A discussion took place with a focus on the performance summary relating to the two sub-contracting providers in 2022/2023. Several questions were raised by Governors and responded to by the Principal and Deputy Principal. The Committee received satisfactory assurance relating to the quality of the sub-contracting provision and the nature of the College’s supportive intervention where any concerns had been identified.

**Resolved:** The Committee

- (i) **Noted** the requirements of the new Subcontracting funding rules
- (ii) **Noted** the performance of sub-contractors to date
- (iii) **Recommended** that the Board approved continuation contracts for 2023/2024, in respect of Power in Partnership and Crosby Training, as detailed in the respective business cases presented.

- 6. **POLICIES** *(all previously circulated)*
- 6.1 Anti-Modern Slavery
- 6.2 Procurement
- 6.3 Supply Chain Fee Charges
- 6.4 Treasury Management

The Committee considered the policies and any proposed amendments.

**Resolved:** The Committee **recommended Board approval** of the

- (i) Anti-Modern Slavery
- (ii) Procurement
- (iii) Supply Chain Fee Charges
- (iv) Treasury Management

## 7. **GOVERNANCE – COMMITTEE MATTERS**

### 7.1 **FE – Estates Planning Update** *(previously circulated)*

The Clerk presented an overview of the updated guidance which related to tenure and land ownership, sustainability and sufficiency, compliance with legal responsibilities and finance/value for money. Following due consideration of the update, the Committee was satisfied that it could evidence its effective discharge of responsibilities in relation to estates planning.

**Resolved:** The Committee **noted** the report.

### 7.2 **Insurance Schedule** *(previously circulated)*

The Deputy Principal referred to the five-year insurance contract that was entered into on 1<sup>st</sup> August 2020 and advised that a mid-term review was required in accordance with the terms of the contract. The SMT had recently undertaken the required internal review of service provision and concluded that the incumbent insurance firm continued to provide a competitive insurance package, both in terms of cost and levels of cover.

A discussion took place and a Governor queried the breakdown of insurance cost relating to cyber-attacks and associated liability. The Committee received assurance that IT/cyber-security featured highly on the College's risk register; being a key strategic risk, it was also monitored by the Audit Committee. It was acknowledged that recently there had been an increase in cyber-attacks within the FE sector, hence the increased insurance premium.

**Resolved:** The Committee

- (i) **Noted** the contents of the report
- (ii) **Recommended** to the Board that it approve the on-going insurance service provided by FE Protect.

### 7.3 **Meeting Schedule 2023/2024** *(previously circulated)*

The approved meeting schedule was reviewed and there was a consensus that the start time of 5pm remained suitable.

**Resolved:** The Committee **approved** that the start time for all meetings was to remain unchanged.

7.4 **Training Schedule 2023/2024** (*previously* circulated)

The Clerk advised that at its first meeting in the 2023/2024 academic year, the Search Governance (S & G) Committee would be considering the training schedule for Board approval. An opportunity was provided for the Committee to identify any training needs for future consideration by the S & G Committee. The Clerk advised that there would be a further opportunity to discuss any training needs at the individual Governor review process at the start of the 2023/2024 academic year.

**Resolved:** The Committee **noted** the report.

8. **ITEMS TO BE REPORTED TO THE BOARD**

A discussion took place.

**Resolved** – the following items were to be presented to the Board at its next meeting on 3<sup>rd</sup> July 2023:

- Management Accounts upto 30<sup>th</sup> April 2023
- Financial Performance and Three-Year Financial Forecast, including the budget for 2023/2024
- Partnership Provision Contracts for 2023/2024
- Insurance Services
- Policies for Approval

9. **DATES OF FUTURE COMMITTEE MEETINGS**

**Resolved** - The Committee **noted** the following meeting dates:

- Board – 3<sup>rd</sup> July 2023 at 4.30pm, Cronton College
- Finance & Resources – 22<sup>nd</sup> November 2023 at 5pm, Riverside College

Thanks and appreciation were extended to Wesley Rourke for his valuable contribution to the Committee; this being his final Committee meeting prior to the imminent expiry of his term of office as an External Governor.

The Chair thanked all attendees for their attendance and contribution at the meeting. The meeting was closed at 5:50pm.

**Signed:** Office copy signed by Susan Smith

**Chair of Finance and Resources Committee**

**Date:** 22<sup>nd</sup> November 2023