

MINUTES OF THE FINANCE & RESOURCES COMMITTEE MEETING HELD ON 22nd NOVEMBER 2023 AT 5PM AT THE KINGSWAY CAMPUS

Present:	Neil McGrath	External Governor
	Mary Murphy	Principal
	Chris Sikorski	Staff Governor
	Susan Smith	External Governor
In Attendance:	Ben Barton	Assistant Principal
	Julie Holland	Deputy Principal (Finance & Resources)
	Gordon Holmes	Head of Finance and Estates
	Chris Jones	Independent External Board Reviewer
	Catherine Shaw	Clerk to Governors

1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received and accepted for Stephen Young.

2. **DECLARATION OF INTERESTS**

None.

3. **APPOINTMENT OF CHAIR 2023/2024**

Susan Smith was appointed as Committee Chair in accordance with procedure.

4. **MINUTES**

4.1 **To approve the minutes of the previous meeting held on 21st June 2023 (previously circulated)**

The Committee reviewed the minutes from the previous meeting.

Resolved - That the minutes of the meeting held on 21st June 2023 be **approved** as a correct record.

4.2 **To review the action log and to consider any matters arising from the minutes (previously circulated)**

The report was reviewed.

Resolved - The Committee **noted** that action points were either completed or in progress for completion.

5. **FINANCE AND RESOURCES UPDATE**

5.1 **Human Resources Annual Report 2022/2023 (previously circulated)**

In the absence of the Head of HR, the Deputy Principal presented this report and highlighted the following aspects:

- Staff Turnover – this had decreased during 2022/2023 compared to the previous academic year. The average staff absence rate was in line with the benchmarking data within the AoC Staff Absence Survey Report.
- Staff Utilisation and Agency Staffing – utilisation and proportion of hours taught remained high. Agency usage increased slightly in-year due to cover required for Covid-19 related absences and other long-term health conditions; this was in respect of curriculum areas and not business support areas.
- Staff wellbeing support – a successful Staff Wellbeing Day took place in 2022/2023; training sessions with a focus on equality, diversity and inclusion (EDI) took place in the morning and wellbeing activities took place in the afternoon. This event was evaluated with 97% of respondents reporting positively. Other events included Wellbeing Week, Countdown to Christmas, Race for Life and the Menopause Support Group. HR continued to provide one-to-one support for staff members, as required.
- Equality and Diversity – the staff profile was reported. The Committee was advised that there was an increase in the number of staff diagnosed with neuro diversity, particularly autism and ADHD. In order to fully support staff members, HR worked closely with the Inclusion Team in developing Inclusive Employment Plans.
- Exit Interviews – the Committee was provided with a summary of staff exit interviews with a high percentage of former staff stating they would recommend the College, as an employer, to family or friends. The Staff Governor provided a positive insight into progression pathways at the College.

A discussion took place with a Governor requesting and receiving additional information regarding the significant difference between the average gender pay gap of 14.9% and the national gender pay cap in the education sector of 22.2%.

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

5.2 **Health and Safety Annual Report** (previously circulated)

The Deputy Principal presented this report and highlighted the following aspects:

- Accidents, Incidents and Near Miss Statistics – the number of minor accidents had decreased, compared to 2021/2022 data. There had been three RIDDOR reportable incidents, all of which were fully investigated with no further action required. No patterns or trends had been identified relating to the recorded ‘near misses.’
- Health and Safety (H&S) Activities – formal H&S committee meetings had been established at the College. The first meeting had taken place and feedback from it was positive. The internal audit providers had undertaken a H&S audit which had resulted in substantial assurance being provided that the areas of the control environment tested were designed and operated effectively with no significant weaknesses. H&S emergency training was delivered to the College Management Team (CMT) at its conference in July 2023, where a simulation exercise was undertaken to test the College’s Disaster Management and Business Continuity Plan, and this was completed successfully.

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

5.3 **Environmental Sustainability Annual Report** *(previously circulated)*

The Deputy Principal (Finance & Resources) highlighted the following:

- AoC Climate Action Roadmap – the Board had adopted this as the basis of its environmental strategy and had set targets to enable it to become a ‘leading’ college by December 2025, having surpassed the ‘emerging’ college status by December 2022, as planned.
- Net Zero Programme – as previously advised, the College had procured the services of sustainability consultants (Hillside Environmental) to support the College through this programme. The intensity ratio of tonnes of CO₂e per student was 0.091 (2022/2023), 0.11 (2021/2022) and 0.14 (2020/2021).
- College Estate Refurbishment and Maintenance Plans – the College had spent in excess of £2m in 2022/2023 to improve sustainability and the drive for Net Zero. Works included the installation of a new air sourced heat pump hot water system and LED lighting.
- Action Plan – the Deputy Principal referred to the Streamlined Energy and Carbon Report (SECR 2022/2023). In association with this report, the College Management Team (CMT) was to update both property and financial plans to include recommendations made by Hillside Environmental consultants with the current capital grants to be used as a source of funding. The Committee was provided with assurance that progress continued to be made in reaching the ‘emerging’ college status, as defined within the AoC Climate Action Roadmap.

The Committee considered the report which included goals relating to leadership and governance, data collection, teaching and learning, estates and operations, partnership and engagement. A discussion took place with questions being raised and responded to. A Governor commented on the significant capital expenditure over the next five years to improve sustainability and reduce the carbon footprint. He requested more information about the benefits of the over cladding at the Kingsway campus and this was provided.

Resolved: The Committee **noted** the contents of the report and the pleasing progress that continued to be made.

5.4 **Management Accounts to 30th September 2023** *(previously circulated)*

The Deputy Principal reported that the Management Accounts in July 2023 had reconciled with the Financial Statements for year ending 31st July 2023.

The Deputy Principal drew the Committee’s attention to the key headline data relating to the Management accounts to 30th September 2023 which were measured against the budget and the three-year forecast submitted to the Board at its meeting in July 2023. Salient points included:

- The actual underlying operating surplus was £1,328k, which was £442k higher than that planned. There was due to favourable variances in Income, Pay and Non-Pay.
- Student Numbers and Funding – the College was on track to achieve the main funding targets. In respect of Adult Skills funding, a growth request was to be submitted to Liverpool City Region (LCR) in December 2023.

- Cash balances had remained positive and the position at the end of September stood at £21,837k, compared to £21,739k forecast. The year-end current ratio was 3.46 and cash days in hand were 221.
- Cash-flow reconciliation confirmed that projected cash flows remained well within the banks covenant limits.
- Annual capital expenditure to date was £1,314k which remained within the total amount approved of £12,091k. It was confirmed that revenue spend was included within estates costs.

The Committee considered the Management Accounts and accompanying appendices which included the Income and Expenditure Statement, cashflow reconciliation statement, fixed assets analysis, data relating to debtors and creditors and capital expenditure 2023/2024.

The Committee discussed the valuation of the pension liabilities in greater detail with associated questions being asked and responded to.

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

5.5 **Property Strategy Update** *(previously circulated)*

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

- Health and Wellbeing Centre at Cronton – anticipated costs relating to this building project amounted to £8.090m. Block B opened in June 2023 and the official opening of Block A was 24th November 2023.
- Further Education (FE) Transformation Capital Funding – the College had secured £9.38m to address all areas of the college estate which were rated below category B. Property consultants were being procured to prepare a condition survey, update the property strategy with the inclusion of a de-carbonisation plan.
- T Level Capital Wave 4 Bids – scope change submissions had been made for two bids which had not currently been accepted and further details had been requested.
- Capital Investment and Summer Works 2023 – the College continued with its IT rolling replacement policy and general refurbishments on each site. The Head of Finance and Estates referred the Committee to total forecast capital spends in each year to 2027, as detailed in section 4.1 of the appended report.

A Governor asked whether any of the College estate was affected by reinforced autoclaved aerated concrete (RAAC). The Head of Finance & Estates confirmed that appropriate enquiries had been made with all contractors (past and present) and the College was not aware of any RAAC having been used on the College estate. As the CRMZ were leased from Halton Council, the Committee was advised that similar enquiries had been made with the Local Authority and confirmation had been received that there was no evidence of RAAC having been used.

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

5.6 **Partnership Update** *(previously circulated)*

The Assistant Principal presented this report on behalf of Jayne Smith, Head of Skills and Enterprise. The following aspects were highlighted in relation to the College's sub-contractors, namely (i) Power in Partnership (PiP) and (ii) Crosby Training:

- The performance summary of partners for 2022/2023 – included learner recruitment, achievement rates, destination data and funding in 2022/2023. The RAG risk rating for both partners had been assessed as amber. The College was to undertake scheduled quality monitoring visits and where necessary, unannounced visits to monitor the quality of the provision delivered. Students were being encouraged to participate in surveys to ensure the student experience remained positive.
- Funding Update 2023/2024 and Contracts – reference was made to the Board's approved allocation at its meeting in July 2023. PiP had recruited above the profile for 16-18 provision and currently at capacity. Potentially there was scope for additional recruitment to take place from February 2024. On this basis, the Committee was requested to approve in principle a further increase of £20k, if required.
- External Sub-Contracting Audit – this had been undertaken by Beever & Struthers in June 2023 and was assessed on the new Subcontracting Standard which comprised of assessment against 92 sets of criteria. The audit findings confirmed full compliance against 91 elements and made one green/amber recommendation relating to contract variation processes which had been implemented.

The Principal provided additional background information regarding the challenges that had been encountered by both sub-contractors and the support that was being provided by the College.

The Committee considered its responsibilities relating to sub-contracting and its duty to ensure high-quality delivery was taking place. Governors received assurance from the CMT that close and regular monitoring was being undertaken. In response to a question raised by a Governor, it was confirmed that arrangements could be made for a Governor to accompany the Assistant Principal on a future visit to both Crosby Training and PiP.

Resolved: The Committee

- (i) **noted** the contents of the report and performance of partners in 2022/2023
- (ii) **recommended approval** to the Board that a contract increase of £20k be made to Power in Partnership as detailed in the report, if required.

5.7 **Disaster Management and Business Continuity Plan** (*previously circulated*)

The Deputy Principal advised that this plan had been reviewed independently by Eversheds Sutherland LLP and a successful simulation exercise had taken place in July 2023.

Resolved: The Committee **recommended approval** of the Disaster Management and Business Continuity Plan to the Board.

5.8 **College Financial Health – Education and Skills Funding Agency (ESFA)** (*previously circulated*)

The Committee considered the correspondence received from the ESFA dated 3rd November 2023 which confirmed its annual assessment had taken place. Their findings

had concluded that the financial health of the College was (i) outstanding for 2022/2023, which related to the latest outturn forecast year, and (ii) outstanding for 2023/2024, the current budget year.

Resolved: The Committee **noted** this very pleasing report.

5.9 **Finance Dashboard** *(previously circulated)*

Financial dashboard information accompanied the letter from the ESFA that had been considered within the preceding agenda item at 5.8. Governors were advised that the purpose of the dashboard was to assist them in their role in overseeing the College's financial performance, ensuring financial sustainability and solvency. The Committee considered the various key performance indicators contained within the dashboard and the measures against both target benchmarks and benchmarks achieved in the sector. These included:

- Cash position and future indications of solvency
- Accuracy of forecasting
- Reliance on the ESFA funding and particular funding streams
- The position of the College on the three ratios, namely: (i) adjusted current ratio, (ii) earnings before interest, taxes, depreciation and amortization (EBITDA) and, (iii) borrowing that ESFA used to determine the College's financial health grade.

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

6. **FINANCIAL STATEMENTS 2022/2023** *(previously circulated)*

The Deputy Principal referred to the Financial Statements and provided the following summary:

- The underlying operating surplus of £3,958k was in line with forecast (£3,909k as per the July 2023 Management accounts) prior to the inclusion of pension costs (£180k). After accounting for these adjustments, the surplus for the year was £3,848k (before actuarial pension gains of £110k) compared to a surplus of £1,843k in 2022/23.
- During 2022/2023 the College received £3m in grant income and spent £3,154k on fixed assets. It increased turnover by £695k and expenditure by £395k (from the original budget), predominantly as a result of interest earned, revenue grant income and spend, and a cost pressure payment to staff.
- Confirmation that the external audit had been substantially completed and that unqualified opinions on both regularity and financial statements audit were the anticipated outcomes.
- The College's total borrowing decreased by £250k to £200k over the year as a result of no further loans and repayments of £250k having been made. Cash balances remained high with a further £14,120k invested and bank covenants were well satisfied.
- The College's financial health, as rated by the ESFA was outstanding.
- There was a requirement for the Financial Statements to be submitted to the ESFA, along with the College Financial Forecasting Return (CFFR) by the 31st December 2023.

A discussion took place. It was confirmed that the External Auditor had presented the Audit Management Letter to the Audit Committee at its meeting on 20th November 2023, at which time the Financial Statements had also been considered by the Committee.

Resolved: The Committee

- (i) **noted** the Financial Statements for year ended 31st July 2023.
- (ii) **requested** that the Clerk circulate the key headline data to Governors

7. POLICIES

7.1 Health and Safety *(previously circulated)*

The Committee was advised that the Senior Management Team (SMT) had undertaken their annual review of this policy and no changes were being proposed.

Resolved: The Committee **recommended approval** of the Health and Safety Policy, together with the Statement of Intent 2023/2024 to the Board.

7.2 Trips and Visits *(previously circulated)*

The Committee was advised that this policy had been reviewed by the SMT and no changes were being proposed.

Resolved: The Committee **recommended approval** of the Trips and Visits Policy to the Board.

8. GOVERNANCE – COMMITTEE MATTERS

8.1 Sub-Contracting Rules *(previously circulated)*

The Clerk advised the Committee of the updated government publication relating to Subcontracting Funding Rules for Post-16 Education and Training 2023/2024 (excluding apprenticeships). She drew Governors' attention to paragraphs 2.3 and 2.6(b) relating to governance. The Clerk informed the Committee that this agenda item had also been considered by the Audit Committee in accordance with its remit to consider outcomes from sub-contracting audits.

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

8.2 Use of the College Seal *(previously circulated)*

The Clerk referred to Clause 21 of the Instrument and Government and section 14.8 of the Financial Regulations relating to the use of the College Seal. She referred to the Property Strategy report (agenda 5.5) and the extensive works that were to be undertaken in respect of the substation at the Kingsway campus. Governors were advised that since the last Committee meeting the contract documentation relating to this project had been drawn up by AA Projects and required execution by the College. In accordance with regulations the seal was applied to this contract on 5th September 2023 and the signatories were Michele Bacon, Vice Chair of the Board and Mary Murphy, College Principal. The Deputy Principal provided an overview of the tendering process to date.

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

9. COMMITTEE SELF-EVALUATION 2022/2023 *(previously circulated)*

The Clerk referred to the draft Committee self-evaluation of performance which provided a narrative on the following aspects of its performance:

- Attendance levels were reported at 93%, against a target of 80%

- Membership details
- Terms of Reference
- Summary of Committee activities during 2022/2023
- Areas for Development

The Committee reflected on its performance throughout the 2022/2023 academic year. Governors were satisfied that it had fully complied with its statutory obligations and terms of reference. When considering areas for development, it was agreed to review the length and detail of the reports to ensure they remained at the right level and fit for purpose. The Committee also agreed to the Clerk’s suggestion that future reviews were to incorporate a section on decision-making and resulting impact.

Resolved: The Committee

- (i) **approved** the self-evaluation of the Finance and Resources Committee’s Performance in 2022/2023
- (ii) **agreed** that reports were to be reviewed with the Chair of the Committee, Deputy Principal (Finance & Resources), Staff Governor and Clerk to the Governors.

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

10. 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 11th December 2023:

- Management Accounts as at 30th September 2023
- Health and Safety Statement of Intent 2023/2024
- Health and Safety Policy
- Trips and Visits Policy

11. DATES OF FUTURE COMMITTEE MEETINGS

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

- Board – 11th December 2023 at 4:30pm
- Finance & Resources Committee – 6th March 2024 at 4:30pm

The Chair thanked all attendees for their attendance and contribution at the meeting.

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

Chair of Finance and Resources Committee

Date:6th March 2024.....