

## MINUTES OF FINANCE & RESOURCES COMMITTEE MEETING HELD REMOTELY ON 23<sup>RD</sup> JUNE 2021

<b>Present:</b>	Andrew MacManus	External
	Mary Murphy	Principal
	Wesley Rourke	External – minutes 110 to 178
	Susan Smith	External (Acting Chair)
<b>In Attendance:</b>	Ben Barton	Deputy Head of Cronton Campus (Observer)
	Julie Holland	Deputy Principal (Finance & Resources)
	Gordon Holmes	Head of Finance & Estates (minutes 96 to 144)
	Lesley Venables	Clerk to the Governors
	Ryan Turner	Staff Governor (Observer)
	Julia Withersby	Head of Human Resources (minutes 96 to 113)

### APOLOGIES

96 There were no apologies for absence.

### DECLARATIONS OF INTEREST

97 No declarations of interest were made in respect of any agenda items.

### APPOINTMENT OF TEMPORARY CHAIR

98 **Resolved -** That Susan Smith be appointed as Chair for this meeting only.

### MINUTES

99 **Resolved -** That the minutes of the meeting held on 3<sup>rd</sup> March 2021 be approved as a correct record and signed by the Chair

### MATTERS ARISING

100 Governors received a report on progress against the actions identified at the previous meeting. It was noted that all of these were either being implemented, had been completed or were featured on the agenda.

101 In response to a question on minute 54, the Principal reported that the College was actively trying to engage more male staff in the Health & Well-being Team (which currently comprised all females), as part of a long-term diversity strategy.

## **FINANCE & RESOURCES UPDATE**

### **Human Resources**

102 The Head of Human Resources presented an update on key indicators for 2020/2021.

103 Overall, the sickness absence level was 3.16%, compared to 4.04% at the same point in 2019/2020 and the Association of Colleges' benchmark for 2019 of 3%. Other than for COVID-19 there had been few other reasons for staff sickness (in common with other FE colleges). The normal pattern of absence was for rates to decrease towards the end of the academic year and this was reflected in the report for 2020/2021.

104 There had been 10 positive COVID-19 cases amongst staff between 8<sup>th</sup> March and the Easter holiday. Following the Whit half-term there had been an increase in the number of staff having to self-isolate due to being in close contact with a positive case or notification from the Government's Track & Trace system. Since the report was issued there had been 2 positive cases. Staff and students were strongly encouraged to undertake twice weekly Lateral Flow Tests and to have the COVID-19 vaccinations if eligible.

105 A total of 27 staff had left the College in 2020/2021, compared to 40 in 2019/2020. The majority of these had resigned (20), 3 staff had not had their fixed term contracts renewed, 2 had retired and a further 2 individuals had been dismissed due to high levels of sickness absence. Management felt that many staff had opted to remain in post due to the pandemic and the lack of other career opportunities outside the College.

106 Staff utilisation remained high at 98.7%, which increased to 99.4% when teaching staff cover was included.

107 There continued to be an appropriate emphasis on performance management of staff throughout the year, with supportive measures and continuing professional development to assist in raising levels of teaching and learning even further. Governors were informed that there was currently one grievance case which had been appealed unsuccessfully.

108 Formal disciplinary action had been taken against two members of staff and informal action for a further individual. Probation periods had been extended for two staff as additional teaching observations were required prior to any decisions being taken.

109 Benchmarking information on the College's Gender Pay Gap Report was received by the Committee. The analysis indicated that the mean gender pay gap had decreased by 0.29% to 7.6% (which was lower than comparator organisations), whereas the median gender pay gap had increased by 0.58% to 18.56% (which placed the College in the middle of the data sample). A further review would take place once all peer organisations had submitted their returns, the deadline for which was now October 2021.

### **Wesley Rourke joined the meeting.**

110 The College continued to focus on wellbeing with activities and events to support staff and regular wellbeing. The HR department remained in close contact with all managers to discuss staff health and mental well-being and to provide any support, particularly for those staff where there were concerns. A cohort of 32 staff would shortly be trained as mental health first aiders.

111 Activities to promote a sense of community amongst staff had continued throughout the lockdown and had proved to be successful, with positive feedback. Various activities had taken place to support managers and staff in dealing with the impact of the pandemic, such as stress awareness training.

112 The outcomes of the recent staff survey had been highly positive, with many comments about the support received during the past year and the confidence that staff had in returning to on-site working.

113 The HR and Programme Management teams were working collaboratively to ensure that Equality and Diversity continued to be high profile across the College for both staff and students, with a wider range and number of activities and web resources being provided.

**Julia Withersby left the meeting at this point.**

### **Health & Safety and Environmental Sustainability**

114 The Deputy Principal (Finance & Resources) presented an update on Health & Safety and Environmental Sustainability issues since the March 2021 meeting.

115 It was noted that the total number of minor injuries was 26, compared to 16 for the same period in 2019/2020 and against a background of significant growth in learner numbers and major capital works at the Cronton site. The figures had been impacted by the lockdown period and move to remote learning for the majority of students for part of the academic year.

116 All accidents were investigated to determine whether any changes were necessary to the College's processes and procedures. Management felt that the relatively low number of accidents was attributable to improved awareness of safety issues and the high level of staff training undertaken.

117 There had been 19 'near misses' or 'incidents' recorded (compared to 8 in 2019/2020), which had been categorised into 4 main areas: damaged/faulty fixtures and fittings; electrical/lighting faults; trip hazards and damaged/faulty plumbing fixtures.

118 There had been no RIDDOR reportable incidents.

119 Governors were informed that staff had worked hard to comply with the changing guidelines relating to COVID-19. A robust risk management process was in place, together with comprehensive training and advice for staff, which reflected the latest documents issued by the Government and Public Health England.

120 Earlier in the year the College had established COVID-19 testing centres at the Kingsway and Cronton Campuses. These had now been replaced by students and staff undertaking home testing, but the College had retained a small onsite facility. In response to a question about ways in which staff were supported to be vaccinated, the Principal advised that staff were given every encouragement to be vaccinated against COVID-19. The current age profile implied that about 70% of staff had had both doses, with 90% obtaining one dose.

121 Governors asked whether the number of tests had increased following the move to home-testing. The Principal reported that testing numbers were in line with the national picture.

122 It was likely that the College would be asked to reintroduce onsite testing at the start of the new academic year and management was finalising its plans to achieve this. The Committee noted that such a measure would stretch resources as the College would be fully operational (unlike in March 2021) and the September enrolment period was one of the busiest times, requiring significant staffing input.

123 The Deputy Principal provided detailed information on the training and awareness-raising events that had taken place in 2020/2021, including first aid training for staff and students. Several staff had been trained to Level 3 in Health and Safety, which enabled them to advise employers on health and safety compliance.

124 A recent spot check by the Health & Safety Executive on compliance with COVID-19 regulations had highlighted no issues.

### **Environmental Sustainability**

125 The Committee received for information the minutes of the SMT Strategy Group meeting on the Green Agenda. Current environmental measures had been compared against the Climate Change Roadmap published by the Association of Colleges, which had graded Riverside College as 'emerging'. A firm of consultants had been engaged to review the College's data and establish a baseline against which progress towards becoming carbon-neutral could be measured.

126 The College was considering the replacement of one of its vehicles with an electric or hybrid version. Governors were also reminded of the recent application to the ESFA for capital funding for a green energy hub building at the Kingsway Campus.

### **Management Accounts to 30<sup>th</sup> April 2021**

127 The Deputy Principal presented for information the Management Accounts to April 2021.

128 The actual underlying operating surplus of £2.072m was slightly higher than planned (£1.851m). Income had increased due to a positive recruitment period for the 16-18, HE and Apprenticeships funding streams and an allocation of growth funding in-year (as opposed to it being lagged, as in previous years).

129 Achievement of the Adult Education Budget targets remained challenging, although the College had forecast meeting most of its funding targets. Provision that had been planned for January and March 2021 had been impacted by the lockdown. The ESFA and the LCR had recently confirmed that the thresholds for payment of the full allocation for AEB provision would be 90% and 68% respectively, which would be achieved by the College.

130 Cash balances remained positive and at the end of April were £16.209m compared to the budgeted figure of £13.915m. This was mainly due to capital expenditure being behind the profile, savings from the College closure earlier in the year and favourable variances on apprenticeship income.

131 The projected cash flows remained well within the banks covenant limits. The year-end current ratio was 2.94 and cash days in hand were 201.

132 Vacancies continued to be closely monitored and the College's current staffing complement was 373.33 full-time equivalents compared to a target of 367.26 FTEs. Overall pay expenditure for College staff was in line with the agreed budget. Staff utilisation was 98.1%.

133 Capital expenditure of £2.625m and was within the overall amount approved by the Board of £5.768m.

134 The Deputy Principal advised that the College's financial health rating remained at 'outstanding' for 2020/2021 and this had been formally confirmed by the ESFA. Compared to the targets in the finance dashboard, the College was performing at a higher level than planned against all key indicators.

### **Property Update**

135 The Deputy Principal and the Head of Finance & Estates presented a progress report on the capital projects being undertaken by the College using grants from the LCR and supplemented from its own resources.

136 A governor asked whether there were any items within the maintenance plan that had not been undertaken due to affordability and was informed that this was not the case. Currently management was reviewing options for portakabins to be installed at the Kingsway Campus to provide additional accommodation from September 2021 given the increase in 16-18 enrolments. The College's catering contractor (Chartwells) had offered to provide some capital funding for the refurbishment of the refectory.

137 Work on the Health & Well-Being building at the Cronton Campus was on schedule and this facility would be operational from September 2022 as planned. The Committee noted that the deadline for spending the ESFA grant monies had been extended to September 2021.

138 Bids had recently been submitted to the ESFA's FE Capital Transformation Fund. The first of these was the expansion and improvement of green technology provision at the Kingsway site, through the demolition of a part of the existing campus (Boiler House) and the erection of a 4 storey building to provide workshop and classroom space. The second project would centre around refurbishing the external facias of the Kingsway buildings. The total capital investment was £9m (as outlined in the Mid-Year Update) with a 30% contribution from the College, spread over 2 years (2021/2022 and 2022/2023).

139 Each fund had been over-subscribed and it was likely that the College would only be successful in one of the bids. Additionally, capacity issues at the ESFA meant that any decision on the submissions had been delayed indefinitely.

140 Management had analysed the financial situation and had modelled the impact of the significant increase of 16-18 year olds in Engineering & Construction at the Kingsway Campus for 2021/2022. It was recommended that, even if the ESFA rejected the College's applications for capital funding, the Green Energy hub project should be pursued, using £3m of reserves.

141 The Deputy Principal reported that, following completion of these capital works, the College's accommodation should all be graded as category 'A' or 'B'. Further works would be undertaken to improve the environment for students and staff such as state-of-the-art air extraction systems in Hairdressing & Beauty Therapy salons.

142 The Committee asked whether the Government guidelines on ventilation in the pandemic would be incorporated into any future capital projects. The Head of Finance & Estates advised that the IDEA Centre at the Cronton Campus already had an automatic building management system with air and natural ventilation, which provided an alternative to keeping windows open in the building. This would be the aim in future buildings.

143 Governors received information on the level of summer works, the costs of which (£1.504m) had been included in the current financial forecast and used the £1m contingency/refurbishment budget.

144 **Resolved -** That the Board **be RECOMMENDED** to approve:

- 1 The Summer Works Programme (total cost £1.504m)
- 2 Expenditure of £3m on the proposed Green Energy Hub Building at the Kingsway Campus, if bids to the ESFA's capital fund were unsuccessful

**Gordon Holmes left the meeting at this point.**

### **Partnership Provision Update 2020/2021 and Proposals for 2021/2022**

145 The Deputy Principal provided an update on partnership provision contracts for 2020/2021 and proposals for delivery in 2021/2022.

146 The Committee was reminded that in October 2020 the Board had approved contracts for the delivery of provision by four partner organisations. Each partner was delivering satisfactorily, against the background of the pandemic, and had adapted its provision to a different delivery model, supported by CPD from the College and advice from the digital training team on best practice in remote learning techniques.

147 The overall level of performance for AEB contracts to date in 2020/2021 was lower than at the same time last year, partly due to impact of COVID-19 and the reluctance of some adults to attend College-based courses.

148 Power in Partnership had adapted their provision in response to the pandemic, including on-line delivery. A total of 87% of their 16-18 learners had proceeded to positive destinations and achievements on Functional Skills courses had improved (currently 63% with the potential to increase to 74% by the end of the year).

149 Crosby Training and Genesis Training's performance had been significantly impacted by the COVID-19 restrictions, as their activities focused on supporting unemployed adults into jobs. The number of referrals from Job Centres had decreased and there had been issues with online access to training and students being affected by home schooling responsibilities. Onsite delivery was now resuming, however, it was noted that it was unlikely that the targets for both organisations would be achieved before the end of the year.

150 Adult programmes offered by the Vikings Sport Foundation Ltd had been delayed due to staff shortages and this had been reflected in contract allocations for 2021/2022.

151 The Committee was advised that the College had received confirmation from the LCR Combined Authority that it would receive its full allocation for the Adult Education Budget if the 90% funding threshold was met. As in the previous academic year, management was recommending that this arrangement was replicated with all partnership providers.

152 Governors noted the respective quality assurance ratings for each provider and the underlying reasons for these.

153 The Deputy Principal outlined proposals for partnership provision in 2021/2022. Next academic year would be critical to the local economy as organisations started to rebuild after the pandemic. Contracts for 16-18 provision were similar to those in 2020/2021, with the exception of a small amount of growth (17 learners) at Power in Partnership. Adult provision had been reduced following a £15k in allocations for the Liverpool City Region and due to performance levels in 2020/2021.

154 A small initial contract was also being suggested for Power in Partnership to provide traineeships as a progression route to apprenticeships and employment. Quality and performance levels and outcomes would be closely monitored and reported to the Committee throughout the year.

155 Governors were advised of new Sub-Contracting Regulations that had been issued recently by the ESFA, with which the College had to comply. An analysis had been undertaken of each element and how this compared to the current oversight framework, together with any areas for improvement.

156 The Deputy Principal presented a revised Supply Chain Fees & Charges Policy, which had been updated in line with new guidance from the ESFA.

- 157 **Resolved -**
- 1 That progress against partnership provision contracts for 2020/2021 be noted
  - 2 That the Board **be RECOMMENDED** to approve proposals for 2021/2022
  - 3 That the Board **be RECOMMENDED** to approve payment of the full value of partnership provision contracts to sub-contractors, as long as the 90% delivery target was met
  - 4 That the Board **be RECOMMENDED** to approve the revised Supply Chain Fees & Charges Policy

### THREE YEAR FINANCIAL FORECAST

158 The Deputy Principal (Finance & Resources) presented the revised Financial Forecast for 2020 to 2023 and the draft budget for 2021/2022, which had been prepared following recent guidance issued by the Education & Skills Funding Agency. The Financial Forecast was an update of the Plan that had been submitted to the ESFA in January 2021.

159 The outturn for 2020/2021 was predicted to be £1.7m, compared to the budget of £673k, which was attributable to in-year growth and additional funding received from a number of income streams. All funding and learner number targets had been met. The College would retain its financial health grading of 'outstanding' for the current year and throughout the period of the Forecast.

160 Contingencies that had been held in the accounts for 2020/2021 for transport and COVID-19 costs had now been released. Overall cash balances were £13.7m, which was well within the bank covenants.

161 Governors noted that the changes to the assumptions in the Forecast represented a worst-case scenario based on current thinking and information. Further contingency funding had been included for both pay and non-pay expenditure to mitigate any amendments to funding methodologies, should these arise.

162 The income predictions were more favourable than projected in the January forecast following a positive recruitment period for all streams, particularly 16-18, HE and Apprenticeships. The impact of the lockdowns had not been as severe as anticipated and, although it remained challenging, the ESFA and LCR Adult Education Budget reconciliation targets had been met for 2020/20/21.

163 The capital programme included current projects, those where the grant had already approved and the bid to the FE Capital Transformation Fund for £9m, £3m of which would be paid from the College's reserves.

164 The pay budget for 2020/2021 and future years was slightly less favourable than the original forecast, due to the growth in student numbers for 2021/2022, for which the associated staffing costs would apply in 2020/2021. Pay contingencies of 4% had been included, together with non-pay contingencies of at least £1m annually. This would provide further mitigation for any future impacts associated with the pandemic during the economy's recovery.

165 The cashflow forecasts had been updated and the minimum cash balance throughout the Plan would be £10.6m, which was well within the bank's covenants.

166 Governors noted that at 31<sup>st</sup> July 2020 the net pension liability for the Local Government Pension Scheme was valued at £9.62m. This Plan would increase the pension liability by approx. £1m per year. The value of assets in the scheme may be significantly impacted by changes in investment values due to the COVID-19 pandemic. The College would continue to monitor the situation and would advise the Board if there was any change.

167 In response to a question about the lack of any inflationary element in the Forecast, the Deputy Principal reported that this would be offset by cost savings on expenditure.

168 The ESFA had requested a further document to be submitted by the end of July 2021, known as the College Financial Forecasting Return (CFFR), which was presented to the Committee. The intention of this process was to enable the ESFA to assess whether colleges were likely to experience cashflow difficulties.

169 Governors were advised that the CFFR indicated that the College remained in outstanding financial health for the next 3 years. The College met or exceeded each of the sector average ratios within the CFFR, including cash days in hand, operating surplus as a percentage of income and profitability as a percentage of revenue.

170 The Committee also received a copy of a recent letter from the ESFA, which confirmed the College's financial health rating as 'outstanding'.

171 Resolved - That the Board **be RECOMMENDED** to approve the revised Financial Forecast for 2020 to 2023, which includes the Budget for 2021/2022 and that the CCFR should be submitted to the ESFA

## FINANCIAL REGULATIONS

172 The Deputy Principal presented a revised set of Financial Regulations, which had been updated to reflect current practice and regulations.

173 **Resolved -** That the Board **be RECOMMENDED** to approve the Financial Regulations for 2021/2022



## POLICIES

174 Governors received updated versions of policies on Fees for 2021/2022, Environmental Sustainability, Higher Education Fees for 2021/2022 (which aligned to the latest guidance from the Office for Students) and Procurement. The Deputy Principal reported that there were no significant amendments to bring to the Committee's attention.

175 Given the level of the College's cash balances management had suggested that the maximum counterparty limit of £7.5m should be increased to £10m, which was agreed by the Committee.

176 The Clerk presented a new policy on Anti-Modern Slavery which followed best practice in the sector and reflected the College's ethos and values.

177 **Resolved -** That the Board **be RECOMMENDED** to approve the following policies:

Fees 2021/2022  
Environmental Sustainability  
Higher Education Fees 2021/2022  
Anti-Modern Slavery  
Treasury Management  
Procurement

## ITEMS TO BE REPORTED TO THE BOARD

178 The Chair summarised the key points that would be reported to the full Board at its meeting on 5<sup>th</sup> July 2021:

- Comprehensive report received on human resources, management accounts, health & safety/COVID-19, environmental sustainability and property issues
- Proposals on Partnership Provision for 2021/2022 were recommended for approval. Performance against the current year's contracts was also noted, with no concerns raised.
- Updated Financial Forecast for 2020 to 2023 and budget for 2021/2022 were recommended for approval by the Board, together with College Financial Forecast Record
- Policies and Financial Regulations recommended for approval by the Board
- Management accounts to April 2020 were noted.

## DATE OF NEXT MEETING

1<sup>st</sup> December 2021, 5.00 p.m.

Signed:



**Chair of Finance & Resources Committee**

Date:

**20/1/2022**