

**MINUTES OF THE FINANCE & RESOURCES COMMITTEE MEETING HELD REMOTELY ON
15TH MARCH 2023 AT 8:15AM VIA MICROSOFT TEAMS**

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

1. APOLOGIES FOR ABSENCE

None, as all Members were present and the meeting declared quorate.

2. DECLARATION OF INTERESTS

None declared that were additional to the annual declaration of interests recorded at the start of the academic year.

3. MINUTES *(previously circulated)*

To approve the minutes of the previous meeting held on 30th November 2022

The Committee reviewed the minutes from the previous meeting.

Resolved - That the minutes of the meeting held on 30th November 2022 be **approved** as a correct record and signed by the Chair, subject to the removal of Karen Banks as being present at that meeting.

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 aspects:

- Staff absence rates had decreased compared to this point in the previous academic year.
- The number of leavers had increased slightly compared to this point in the previous academic year and had been effectively managed. The HR Manager informed the Committee that a long-standing member of the teaching staff had sadly died in service, with support having been offered to both family members and colleagues.
- Gender Pay Gap at March 2022 was reported and this was to be published on the College's website in compliance with the Public Sector Equality Duty. A detailed analysis was included in the report.
- The Employee Health and Wellbeing Strategy continued to be a key priority with the first Equality, Diversity and Inclusion (EDI) Wellbeing Day having taken place.
- Leadership development activities were progressing well with the launch of Action Learning Sets which have enhanced the structure of the programme.
- Staff Performance Management – robust systems were adhered to in accordance with the College policy
- Pay Negotiations – as previously reported to the Committee and subsequently to the Board, pay negotiations had been a key feature this academic year. The pay dispute with the NEU was settled favourably with working relationships remaining positive throughout the process.
- HR Department and continued professional development – staff attended the Association of Colleges (AoC) HR Conference which provided assurance to the Committee that the College was up to date with the best practice within the sector and made aware of any emerging issues.

The Committee conveyed their condolences to the family of the staff member who had recently died in service.

A discussion took place. A Governor requested more information regarding staff recruitment and retention and enquired into any enhancements such as childcare and pensions relative to tax thresholds. In response the HR Manager advised that the College remained in a good position regarding retention, though recruitment in some areas was challenging. The Principal reported that recruitment and retention were major national issues and in particular there were challenges in recruiting technical staff given the pay differentials between the FE sector and industry. The Committee received assurance that regionally the College remained in a strong position in relation to its employment terms and conditions.

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

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

5.2 **Health and Safety (H & S)** *(previously circulated)*

The Deputy Principal (Finance & Resources) provided an update to the Committee on all health and safety activities from September 2022 to February 2023. She highlighted the following aspects from the written report:

- The number of reported accidents since September 2022 to February 2023 and the comparative statistics for the past three academic years. All accidents were investigated and no significant trends had been identified.

- There had been three RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable accidents. Two of the accidents related to slips/trips/falls and following a full investigation no further action was required. The third accident was reported as a precautionary measure after the late reporting of an alleged injury.
- The number of near misses reported for 2022/2023 to date had decreased compared to this point in time in the previous academic year.
- As part of the Board's approved Internal Audit Programme 2022/2023 an internal audit had recently been undertaken with the internal audit report concluding that "as a result of the work carried out, the Internal Auditors were able to provide management and the Audit Committee with substantial assurance that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses." This report in its entirety had recently been considered by the Audit Committee.
- A dedicated Health & Safety Committee had been established at the College which had improved efficiency in the swift reporting of any areas of concern directly to the Risk Management Group (RMG).
- Health & Safety Executive (HSE) Update – urgent guidance had been issued by the Wood Safety Group and was aimed at all sectors using woodworking machinery. There was now a requirement for users to wear a suitable respiratory mask in workshops where there was wood dust.
- Continued professional development – an outline of the H & S training schedule for the remainder of the academic year was presented.

When considering the report, the importance of recording near misses was reinforced by the Committee to ensure that a safe and efficient workplace was maintained. A discussion took place with several questions being raised and responded to. Implications regarding the possible existence of aeriated concrete across the College estate were addressed. The Head of Finance & Estates advised that to date the College was not aware of any instances whereby this type of concrete had been used in construction materials on either campus, though discussions remained on-going with the relevant contractors and surveys were being carried out.

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

5.3 **Financial Forecast Update 2022/2024 including budget monitoring 2022/2023** (previously circulated)

The Deputy Principal (Finance & Resources) presented this report and informed the Committee that a prudent approach had been adopted to the change in assumptions which were detailed in full in Table 5 of the report. The Deputy Principal (Finance & Resources) highlighted the following key aspects from the report:

- Non-pay expenditure included contingency to ensure the College had the flexibility to respond to rising prices and inflation in the economy.
- The forecasted operating surplus for 2022/2023 had reduced and the forecasts on income were less favourable than initially projected following a challenging recruitment period for 16-18 year olds and apprenticeships.
- The capital programme included projects that were underway where the grant had been agreed. Progress was being made with a phased and affordable approach to creating attractive learning environments which were pivotal to the student experience and future success of the College.

- Capital investment had included £2m towards the cladding project at Kingsway. It was anticipated that further Capital Transformation Funding would become available in 2023/2024 with the prospect of a matched funding bid.
- Both pay and non-pay contingencies had been included in future years.
- Cash-flows had been updated and the minimum cash balance throughout the Plan remained healthy and well within the bank's covenants.
- Local Government Pension Scheme – there was no pension liability included in the July 2022 Plan. The proposed updated plan increased the pension liability by approximately £1m per annum. There was a potential for the value of assets in the scheme to be significantly affected by the impact of the current economic climate on investment values which the College continued to monitor.
- Sensitivity Analysis – the Committee received assurance that a stringent analysis had been completed and had taken into account factors such as increasing costs, volatility of recruitment, staff pay, catch-up learning, fee income and inflationary pressures. The worst case scenario that had been modelled reduced income by £7m over two years and although cash levels would remain high by the end of 2024/2025, the financial health of the College would be assessed as requiring improvement in this situation.

A discussion took place with a focus on the income and expenditure assumptions contained within Table 5 of the report. Several questions were raised and responded to. During discussions the Deputy Principal clarified student recruitment challenges and the strategies that had been put in place, though some of the challenges with growth resulted from the external environment.

Resolved: The Committee

- (i) **noted** the contents of the report
- (ii) **recommended** that the Board approves the updated budget for 2022/2023 as presented to the Committee

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

The Head of Finance & Estates presented this report and highlighted the following aspects:

- Water ingress issues at Cronton College – there had been no further reports of water ingress into the theatre since the remedial work had been undertaken.
- Health and Wellbeing Centre at Cronton College – anticipated costs amounted to £8.09m.
- Financial Bids – Progress reports and contingency plans were presented in respect of bids that had been submitted via (i) the Liverpool City Region (LCR) Strategic Investment Fund and ESFA Further Education Capital Fund (FEC), (ii) ESFA Further Education Capital Transformation Fund (FECTF) and (iii) ESFA T Level Capital Funding (RLCF) Wave 4.
- Capital investment for 2022/2023 – this included the costs to complete the Health and Wellbeing block at the Cronton campus, costs towards cladding required at the Kingsway campus, the Green Technology Centre at Kingsway and the Music/new teaching block at Cronton. The summer works programme 2022/2023 amounting to £1.15m had been included in the capital investment update.
- CRMZ – this building was leased at an approximate cost of £84k per annum. For use by Foundation Learners. Kitchen facilities were being updated to ensure the

accommodation remained fit for purpose. Any investment made by the College was to be offset against the lease costs.

- Finance and risk relating to capital projects – the Committee received assurance that a full risk analysis had been undertaken which had modelled several financial scenarios, including loan draw down, if required. With no further draw down of the loan, the College remained in outstanding financial health to 2027.

The Deputy Principal (Finance & Resources) provided background information regarding the changes made to the design of T Level bids, which had resulted in the College submitting a T Level scope change. Whilst this scope change was under consideration the Deputy Principal advised that the College's grant was technically at risk. She informed the Committee the level of risk had been assessed by College Management and as it was not deemed to be major, a decision had been taken at this stage to continue at the College's own risk.

The Principal clarified elements of the bid detailed within paragraph 2.4.3 of the report in connection with the Hydrogen Pipe teaching space and the College's successful bid in acquiring £450k funding in relation to this.

A discussion took place which included potential delays experienced with planning applications and the associated risks. The option to enter into planning performance agreements were to be considered by College Management to mitigate risks of this nature.

Resolved: The Committee

- (i) **noted** the contents of the report
- (ii) **recommended approval** by the Board the capital investment and summer works Programme for 2022/2023.

5.5 **Partnership Update** (*previously circulated*)

The Principal presented this report on behalf of Jayne Smith, Head of Skills and Enterprise. She referred to the guidance issued by the Education and Skills Funding Agency's (ESFA) on colleges reducing the number of sub-contracting providers. In line with this direction, the College had reduced its provision to two sub-contractors. The Committee considered the appendix to the report which provided a summary of the sub-contractors' quality of performance as at 23rd February 2023 and this was discussed in detail in conjunction with the monitoring action plan.

The Committee was notified that one of the providers had requested additional funds to meet expected demand for the remainder of the academic year. The Principal informed the Board that the ESFA required Colleges to be audited against the new Subcontracting Standard by the end of the 2022/2023 academic year. The Committee received assurance that the College was currently completing a self-assessment against the criteria. Arrangements were to be made for independent auditors to complete the review in the summer term, with the outcomes to be reported to the Audit Committee.

Resolved: The Committee

- (i) **noted** the contents of the report, and
- (ii) **recommended approval** to the Board that an increase in contract be made to Power in Partnership amounting to £57,975 for 16-18 year olds and £12,000 in respect of 19+.

6. POLICIES

- 6.1 Environmental Sustainability
- 6.2 Fees 2023/2024
- 6.3 Apprenticeship Fees and Charges
- 6.4 Higher Education Fees and Compensation 2023/2024

The Committee considered the policies and the proposed amendments.

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

- (i) Environmental Sustainability
- (ii) Fees 2023/2024
- (iii) Apprenticeship Fees and Charges
- (iv) Higher Education Fees and Compensation 2023/2024

7. 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 27th March 2023:

- Financial Forecast Update 2022/2024 including budget monitoring 2022/2023
- Health and Safety Report
- Property Strategy Report
- Policies for approval

8. DATES OF FUTURE COMMITTEE MEETINGS

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

- Board – 27th March 2023
- Finance & Resources – 21st June 2023

The Chair thanked all attendees for their attendance and contribution at the meeting. There being no further business, the meeting was closed at 9.15am.

Signed:Office copy signed by Susan Smith

Chair of Finance and Resources Committee

Date:21st June 2023.....