



Minutes of the Finance and Resources Committee Meeting held on Thursday 23 June 2022 at 8am via Microsoft Teams

- Present:** John Fogarty – Chair (*Foundation Governor*)
Mike Hill (*Principal*)
Tracy Mawson (*Co-opted Governor*)
Andrew Rannard (*Foundation Governor*)
- Apologies:** Naheem Shafiq (*Associate Member*)
- In attendance:** Michelle Williams (*Vice Principal, Strategy & Resources*)
Ruth Potter (*Clerk to Governors*)

The Chair welcomed all attendees and expressed his particular thanks to the College staff involved in the preparation of the papers given the recent IT challenges. The meeting was opened in prayer.

1. **DECLARATIONS OF INTEREST**

Members were invited to declare whether they had any direct or indirect personal, prejudicial or pecuniary interest or conflict of interest in any matter which formed part of the agenda for this meeting or was likely to be discussed at this meeting.

John Fogarty advised members that he had reverted to his substantive role as Executive Director of Corporate Services at the Liverpool City Region Combined Authority and Director of Merseytravel. He further explained that whilst this role was recorded appropriately on the register of interests, he had no direct conflict of interest in student transport matters at the College.

The Committee **noted** this information.

2. **APOLOGIES FOR ABSENCE**

Apologies had been received from Naheem Shafiq. The meeting was declared quorate.

3. **ITEMS TO BE INCLUDED UNDER ANY OTHER BUSINESS**

There were no items submitted for inclusion under any other business.

4. **MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 17 MARCH 2022** (*previously circulated*)

The minutes were approved as a correct record and would be signed by the Chair in accordance with Article 12 (3) of the Articles of Government. The publication of the minutes was authorised in accordance with Article 13.

5. **MATTERS ARISING FROM THE MINUTES** (*previously circulated*)

Committee members considered the action log prepared by the Clerk. Completed actions were noted and one pending action was listed for consideration later in the agenda.

The Vice Principal updated members in relation to Bursary Fund applications referenced in Minute 6.4.

Student Transport Tender – Chair’s Action

The Vice Principal updated members in relation to developments regarding the tender for student transport referenced in Minute 8.1. Chair’s Action had been taken in respect of the decision to extend the existing contracts for one year pending a full tender process at the beginning of 2023. This action had been deemed necessary due to IT issues encountered with the proposed procurement via the Crown Commercial Service’s online platform.

6. FINANCIAL MANAGEMENT

6.1 Finance Update and Management Accounts – April 2022 *(previously circulated)*

The Vice Principal presented the finance update and management accounts up to the end of April 2022 and drew the Committee’s attention to the following key points:

- Operating surplus at the end of April stood at £745k, representing a favourable variance of £228k over the anticipated position at this point in the year
- Net assets totalled £2,165k
- Positive cash balance
- Key performance indicators (KPIs), table 2 – no current issues of concern

The Vice Principal concluded by confirming that as at the end of April 2022, the College was in sound financial health.

The Chair thanked the Vice Principal for her report and invited governor questions.

Q – Pay costs were down, showing a favourable variance against budget. What were the reasons for this?

A – The Vice Principal indicated that these were relatively small margins that had arisen as a result of fewer long-term sickness absences as well as small gaps of time between staff leaving and new recruits coming onto the payroll.

The Committee **approved** the finance update and management accounts as at the end of April 2022.

6.2 Financial Forecast and Commentary 2022 and 2023-24 *(previously circulated)*

The Vice Principal presented the financial forecast and commentary which had been prepared in line with Education and Skills Agency (ESFA) requirements. She confirmed that the College Financial Forecasting Return (CFFR) and associated Commentary must be submitted by 31 July 2022 and incorporated:

- Outturn for year ending 31 July 2022 – comprising actuals up to 30 April 2022 and forecast up to 31 July 2022
- Budget for the year ending 31 July 2023
- Forecast for the year ending 31 July 2024.

The Vice Principal proceeded to present the financial plan which included detailed information designed to support overall assessment of financial viability. She highlighted the following points:

- Next year's plan was proposed as the operating budget for 2022-23.
- Income and expenditure – Table 1, Summary outturn position, provided an overall summary of the planned outturn for this year and the following two years. Forecasts had been set prudently in order to ensure achievability.
- Income assumptions – Table 2, Planned student numbers, set out income assumptions based upon projected enrolment data.
- Pay expenditure – assumed an annual increase of 4% across the budget, however the Sixth Form College Association (SFCA) pay negotiations had just started and the outcome would not be known for some time. Should the pay award go above the projected 4%, the College would look to use its surplus to meet these costs. Percentage of pay expenditure as proportion of total income was high when benchmarked against other sixth form colleges but reflected the College's focus on high quality staff.
- Other expenditure – increases planned for utilities, student transport subsidy and IT costs.
- Capital expenditure – forecast incorporated general planned capital expenditure as well as T Level Capital Fund and Condition Improvement Fund (CIF) expenditure.
- Balance sheet – strong balance sheet with net assets and cash increasing.
- Cash flow statement – positive net cash flow with high cash balance forecast to provide financial buffer should unforeseen circumstances arise.
- Sensitivity analysis – Table 7, analysis based on three key areas of College operation and modelled impact of variations in student numbers.
- Financial performance – Table 8, Key financial ratios, summarised against 2021 benchmark data.
- Financial Health – Table 9, set out the financial health of the College over the coming three years using the agreed financial health grades (existing and proposed). Under the existing system, the College would be assessed as Good in 2022, Outstanding in 2023 and Outstanding in 2024. Under the proposed grading system, the College would be assessed as Outstanding in all three years. The financial health of the College was therefore self-assessed as Outstanding over the three-year period to July 2024.

Governors' questions were invited.

Q – Were any recruitment risks or gaps foreseen?

A – Generally positive in relation to teaching recruitment. Support staff recruitment had been less successful so may require review of advertising strategy.

Q – Further to cyber incident, are additional IT costs anticipated in relation to support or insurance?

A – Yes, anticipate investment in more expensive security solutions. IT Manager to prepare options paper. Will be increase in ongoing maintenance and monitoring costs. Insurance broker advised increase in cyber-security insurance likely to be market-wide.

Q – Have these potential increased costs been factored into the financial plan?

A – Yes

The Chair reflected that this was a detailed report with sound assumptions supported by a useful sensitivity analysis.

The Committee thanked the Vice Principal for her report and **recommended** to the full Governing Body that it:

- **approve** the College financial forecast 2022-2024
- **approve** the 2022-23 forecast as the operating budget for 2022-23.

ACTION – FGB agenda item

Mike Hill left the meeting at this point. The quorum was unaffected.

6.3 ESFA College Financial Assessment Letter and Governor Dashboard (previously circulated)

The Vice Principal referred to the letter that had been received from the ESFA dated 26 May 2022. Subsequent to the ESFA's assessment of the College's financial returns, the financial health of the College was confirmed as being:

- Outstanding for 2020-2021
- Good for 2021-2022
- Outstanding for 2022-2023

No issues of concern were highlighted and the Committee **noted** the contents of the report.

6.4 Student Recruitment 2022-23 (previously circulated)

The Vice Principal reported that the closing date for College applications was 25 February 2022. She further explained that due to the IT incident, an updated report on current student application numbers was unavailable. Therefore, the report presented the application data as it stood on 28 February 2022, this confirmed:

- Net applications for the year were 2,552 which was in line with the previous year's data (2021 – 2,511).
- Whilst system reporting was limited, individual application data had been captured separately and had allowed the College to maintain communication with prospective candidates.
- Taster day scheduled for 4 July in College – 1,200 students had confirmed attendance.

- Parent day scheduled for 6 July in College – 1,380 parents confirmed attendance.
- Y10 cohort visits scheduled to take place week commencing 27 June.

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

7. ESTATES MANAGEMENT

7.1 T Level Capital Development Project *(previously circulated)*

The Vice Principal presented an update report on progress with the College's T Level capital project, incorporating the latest cost report prepared by the external project management company. It was confirmed that building work had been progressing according to plan and remained on schedule for completion in time for the new academic year.

Capital expenditure on this project was slightly behind plan, but was due to be fully expended by project completion date. Capital equipment allocation had been confirmed at £66.5k to be match funded by the College; this had been built into the financial forecast.

The Committee **noted** the contents of the progress report.

7.2 Condition Improvement Fund (CIF) Bid *(previously circulated)*

The Vice Principal reported that the College had been notified on 13 May 2022 that its CIF bid for urgent roof repairs had been successful. However, given the late notification, the timeline for delivery during the summer holidays was no longer feasible. An external project management company had been appointed to assist the College with this project and the first task would be to request a change in scope to adjust the project timeline in order to avoid extensive building works whilst students were on site.

The College contribution to the project would be £191k (30.5%) and had been built into the financial forecast.

In due course, governor representation on the tender panel would be required.

The Committee **noted** the contents of the progress report.

7.3 Property Strategy Review – key priority projects *(previously circulated)*

The Vice Principal referred members to the T Level and CIF projects which had been reported on separately. These were the main capital projects that had been identified in the previously approved Property Strategy. Running alongside these was the annual allocation for IT infrastructure and capital equipment to support college operation and development of curriculum areas. This year, additional investment would be required to meet the needs of students with Education Health Care Plans (EHCP).

The Vice Principal also reported on negotiations regarding the potential development of the field into a multi-use games area. This would be reported back to governors once plans were developed further.

Governor comments and questions were invited:

Q – Given energy costs, may want to develop property strategy further to take account of energy sustainability agenda.

A – Sustainability is one of the key strategic priorities, so when full review of Property Strategy is completed in the Autumn Term, further opportunities to reflect this will be factored in. In the meantime, already taken some steps to improve sustainability, for example solar panels, LED lighting, air source heat pump.

The Committee **noted** the contents of the review.

7.4 Contracts Register – analysis by locality of contractor

The Vice Principal advised that a central contracts register been created and had been in the process of being updated with contractor locality details when the IT incident occurred. Access to the document had only just been recovered and hence there had been limited opportunity to complete work on the register. It was agreed, therefore, that this item of business be deferred to the Autumn Term.

ACTION – Agenda item for Autumn Term Committee meeting.

8. POLICIES

8.1 Student Fee Charging Policy (*previously circulated*)

The Vice Principal presented this policy, which was due for annual review, and reported that only minor amendments were recommended.

The Committee **recommended approval** of the Student Fee Charging Policy to the Full Governing Body.

ACTION – FGB agenda item – Student Fee Charging Policy

9. OTHER MATTERS

9.1 Governor Training

Members were invited to update the Clerk on any training activities they had completed since the last meeting. No activities were reported.

9.2 Any Other Business

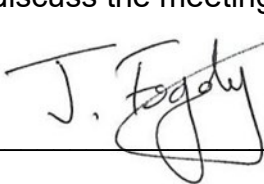
None

9.3 Date of Next Meeting

Thursday 22 September 2022 at 8am

The Chair thanked all Members for their attendance and contribution at the meeting. There being no further business to discuss the meeting was brought to a close at 8.55am.

Signed by the Chair: _____



On this day: _____ 22 September 2022 _____