



# Minutes of the Finance and Resources Committee Meeting held on Thursday 22 September 2022 at 8am via Microsoft Teams

- Present:** John Fogarty – Chair (*Foundation Governor*)  
Mike Hill (*Principal*)  
Tracy Mawson (*Co-opted Governor*)  
Andrew Rannard (*Foundation Governor*) – joined at 8.20am  
Naheem Shafiq (*Associate Member*)
- In attendance:** Michelle Williams (*Vice Principal, Strategy & Resources*)  
Lenore Burgess (*Finance Manager*)  
Ruth Potter (*Clerk to Governors*)

The Chair welcomed all attendees and opened the meeting 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. No interests were declared other than those that were already recorded on the College's register of interests.

## 2. **APOLOGIES FOR ABSENCE**

No apologies had been submitted. Members noted that Andrew Rannard would be joining the meeting slightly late. The meeting was declared quorate.

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

One item of other business was accepted by the Chair, namely an update on the cyber-attack, and it was agreed that this would be included in the financial report provided under item 6.2.

## 4. **MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 23 JUNE 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*)

### 7.2 – Condition Improvement Fund (CIF) Bid

The Vice Principal updated members on the amount of the College contribution which was £193k.

Committee members considered the action log prepared by the Clerk. Completed actions were noted and two outstanding actions were noted as follows:

Property Strategy Review

The Vice Principal reported that work was taking place on this with the new Estates Manager and an external consultant may be brought in for expert assistance.

#### Contracts Register

Completion of this register had been delayed due to IT issues arising from the cyber-attack. It would be prepared for presentation to members at the Autumn Term 2 meeting.

## **6. FINANCIAL MANAGEMENT**

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

The Vice Principal presented the finance update and management accounts for the first month of the financial year and drew the Committee's attention to the following key points:

- Income and expenditure (table 1) – operating surplus at the end of August stood at £600k, representing a favourable variance of £193k over the anticipated position at this point in the year
- Balance sheet (table 2) – net assets totalled £7,365k
- Capital projects (table 4) – financial data provided to enable monitoring of actuals against budget throughout the year
- Activity report (table 5) – 2022-23 learner responsive funding data cannot be confirmed until the ILR data has been processed on the census date of 16 October
- Cash flow (table 6) – positive cash balance
- Outturn data would be entered into the ESFA's College Financial Forecasting Return (CFFR) which would adjust the outturn for the year
- Management accounts for August 2022.

Governor comments and questions were invited.

**Q** – Non-pay costs – impact of inflation being felt yet?

**A** – The Vice Principal reported that the College had planned for significant increases in non-pay costs as part of a surplus budget, so anticipate that there will remain scope to pick up any overspend. Estates Manager had already completed a report on the potential impact of the government's recent fiscal announcement regarding gas and electric costs and these were forecast to remain within budget. However, Crown Commercial Service energy framework unit rates were due to be confirmed in October, so final impact could not yet be confirmed.

Discussion ensued on potential implications of increase in pay award costs above those already factored into the budget (4%).

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

### **6.2 Interim year end accounts 2021-22** *(previously circulated)*

The Vice Principal (Strategy and Resources) presented a summary relating to the financial performance of the College for the year ended 31 July 2022. It was confirmed that the report was in draft and as yet unaudited. The report incorporated: headline performance, key performance indicators, income and expenditure account, balance sheet, revenue and capital budget adjustments,

activity report and cash flow forecast. The Vice Principal explained that the results incorporated the actuarial valuation of the Merseyside Pension Fund (FRS 17 reporting requirement).

The Vice Principal highlighted the following aspects from the report:

- Negative outturn as operating deficit at end of July 2022 was £(581)k – an adverse variance of £(685)k over the anticipated position at year end. Whilst disappointing, it was explained that this was largely due to a significant FRS101/102 pension fund adjustment and the operating position of the College with the pension adjustment stripped out was £(45)k.
- Reported income was higher than planned.
- Pay costs had been managed closely throughout the year, however the deficit stood at £(472)k due in the main to a £(463)k pension adjustment.
- Non-pay costs – deficit of £(215)k arisen across cost centres: estates, admin and central services, exam spend, and curriculum support (including transport)
- Admin and central services spend (table 3) – increase in subscriptions, software maintenance support, software licences, staffing recruitment and stationery costs. Some of these additional costs arose as a result of the cyber-attack.

*Andrew Rannard joined the meeting at this point.*

- Estates: premises spend (table 4) – two key areas resulting in overspend were electricity and security services. Additional security costs arose as a result of cyber-attack impact on electronic security systems. Also, recruitment of a security officer was unsuccessful on the first attempt and hence agency cover had to be utilised until the post was filled.

Governor comments and questions were invited.

**Q** – Have all possible costs associated with the cyber-attack been quantified and can these be recovered from the insurance company?

**A** – Insurance costs covered immediate re-build and reinstatement of systems. Some decisions were taken to build back better with more enhanced specifications. Cost of insurance claim currently totals £232k, of which College has had to pay £5k. Awaiting confirmation of final legal and data mining costs.

**Q** – Is there confidence around this year's forecast on expenditure and what lessons can be learned from the experience of the cyber-attack?

**A** – Careful consideration has been given to anticipated costs of required IT infrastructure. Have purchased new hardware from capital (£25k) and improved software system to stop malicious attacks on data (three-year contract with annual costs of £5.5k). Engaged consultants to ensure all new systems installed and applied properly. Looking ahead at how online systems can be provided more securely and exploring back up options. In financial plan approved in June, increased IT budget by £30k and there is potential contingency of £70k. Will continue to work with IT Manager to review final outturn for this year.

Full update report on the cyber-attack would be presented to Audit Committee on 27 September.

The Chair thanked the Vice Principal for her report and, given the financial impact of the cyber-attack, requested that associated costs be disaggregated as much as reasonably practicable and reported back to the full Governing Body. This would provide a useful metric alongside which governors could consider the wider context of the operating deficit.

**ACTION – Cyber-attack financial costs to be reported separately to full Governing Body.**

The Vice Principal proceeded to highlight the following information presented in the 'Supporting Information' section of the interim year end account:

- Income and expenditure account details the adverse impact of the pension adjustment, however conversely there was a positive impact on the balance sheet due to FRS102/103 which resulted in a reduction in pension liability of over £5m.
- The cashflow actual closing balance at year end was £522k over estimate. This variance was largely due to an underspend in year on capital programmes. This expenditure would be incurred in the coming year and the cashflow would be adjusted for this forecast.

The Committee noted and approved the report.

**6.3 Student Recruitment 2022-23 (previously circulated)**

The Vice Principal (Strategy and Resources) presented her analysis report on student recruitment data for 2022-23 as at 13 September 2022. She highlighted the following points:

- Total number of learner responsive funded students was reported as 1,931, however this figure had recently been updated to 1,937. This latest figure represented an over recruitment of 24 students against funding target. It was anticipated that total student numbers would reduce by the official enrolment target date of six weeks continuously on course (16 October 2026).
- Conversion rate from application to enrolment had improved by 2% this year.
- Recruitment of students into Lower Sixth was positive.
- Retention of students into Upper Sixth was lower than anticipated.
- Recruitment of students onto the new T Level programmes was too low to sustain viable courses. Affected students had remained at the College to study alternative courses. T Levels would continue to be marketed for next year. Non-delivery of T Level programmes this year had been reported to the Education and Skills Funding Agency (ESFA). Potential impact on next year's funding was reported given that T Level student funding rate was slightly higher than the 16-19 rate.
- The number of students enrolled onto degree courses in connection with the University of Liverpool was anticipated to be in line with plans. Evening provision was to be assessed.
- Analysis of student enrolment data by cohort (gender, religion, Local Education Authority [LEA], ethnicity and school).

A discussion ensued on key aspects of the report and data and governor comments and questions were invited.

**Q** – Drop out between Y12 and Y13 slightly higher than predicted. What analysis has been conducted on this?

**A** – Follow up conducted with these students and approximately half had secured apprenticeships or employment. Some withdrawals were expected and others were not. Need to wait for the figures to settle after the census date, but will affect the on-course retention rate.

The Committee thanked the Vice Principal for her report and **noted** the contents.

6.4 **ESFA Funding Agreement** *(previously circulated)*

The Vice Principal (Strategy and Resources) advised the Committee that the College had received and signed the contractual funding document from the ESFA and outlined details of the funding allocation. The funding agreement had previously been shared with governors. She drew members' attention in particular to the requirements set out in Schedule 9 'College Governance'.

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 the College's T Level capital project. It was confirmed that building work had been completed on schedule with just some minor snagging remaining. Despite T Level Programmes not taking place this year as planned, the building was being put to alternative use. Final return was due to be submitted to ESFA next month.

Outturn on this project was £20k overspend which would be met by College reserves. Upon review with the project manager, it was reported that this overspend was mainly down to VAT. Capital equipment allocation of £66.5k received from ESFA, match funded by the College. Current expenditure against this budget of £98k, with remainder committed for expenditure this year in line with curriculum and estates requirements.

Discussion ensued on some of the potential factors that impacted recruitment to the T Level programmes this year and the benefits of having a fully equipped building to market the courses for next year. It was agreed that it would be useful for governors to view the completed building, perhaps as part of a wider College tour prior to consideration of the updated Property Strategy.

**ACTION – Arrange tour of College estate for governors.**

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

7.2 **Condition Improvement Fund (CIF) Bid – Roof Repairs Project** *(previously circulated)*

The Vice Principal provided an update report on this capital project. The timetable for delivery was outlined, with works due to start on site in January 2023 in time for practical completion by April. Given that works would be underway whilst students were on site, there were significant health and safety considerations and a full risk assessment would be completed in order to minimise the impact on students. AA Projects had been appointed as project manager and

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

Governor questions and comments were invited.

**Q** – Would the project procurement give priority to local contractors?

**A** – Yes. This would be subject to usual tender process. It was noted that St Helens Chamber business advisory team would be a good source of advice in relation to local provision.

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

### 7.3 **Accident Annual Report** (*previously circulated*)

The Vice Principal presented this anonymised report for the period 2021-22 which confirmed a low level of accidents. Historic data for the previous three-years was presented for comparison. No trends were highlighted.

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

## 8. **RESOURCE MANAGEMENT**

### 8.1 **Staff Recruitment Annual Report** (*previously circulated*)

This anonymised report was presented by the Vice Principal and included data in relation to all internal and external appointments from September 2021 to August 2022. It was reported that difficulties in recruiting to certain support staff posts had been listed as a contingent risk on the College's Risk Register.

Governor questions were invited.

**Q** – Note failure to appoint to two apprenticeship posts. What recruitment strategy was used?

**A** – Open advertisement, social media, consulted St Helens Chamber for advice.

**Q** – What salary level had been offered?

**A** – Living wage.

Discussion ensued on the challenges faced in recruiting to certain posts and it was noted that there were numerous apprenticeship vacancies across the local area that were proving difficult to fill.

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

### 8.2 **Staff Absence Annual Report** (*previously circulated*)

This anonymised report was presented by the Vice Principal and included the percentage absence rate amongst teaching staff, support staff and cleaning staff for the academic year 2021-22. Comparative data from 2020-21 was also included. The Vice Principal reported a slight increase in absence from the previous year, however the overall absence rate remained low. The annual staff perceptions report had been presented to Quality and Standards Committee the previous week and had also reflected on this HR data.

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

## **9. COMMITTEE EFFECTIVENESS**

### **9.1 Review of Finance and Resources Committee Cycle of Business** *(previously circulated)*

The Clerk referred members to the Committee's cycle of business and highlighted recent amendments. Committee business would be planned in accordance with this document and in response to arising needs.

It was noted that the Committee was responsible for a triennial review of the College's disaster management plan and discussion ensued on whether this review cycle should be more regular. It was agreed that lessons learned from the cyber-attack could usefully inform a review of the document.

#### **ACTION – Review and expedite disaster management policy review cycle**

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

### **9.2 Finance and Resources Committee Terms of Reference** *(previously circulated)*

The Clerk invited Committee members to conduct an annual review of the current Terms of Reference to determine whether these remained fit for purpose.

In light of the cyber-attack, discussion ensued on the respective remit of Audit Committee and Finance and Resources Committee, especially in relation to business continuity, disaster management, IT systems and cyber-security. It was noted that the cyber-attack had been reported to the Governing Body through the Audit Committee given its specific remit in relation to oversight of fraud, however it was important to ensure that all angles were covered. It was agreed that further consideration would be given to this matter and the Governing Body would make a final determination on any arising changes to terms of reference.

In the meantime, it was noted that regular update reports on the ongoing implications of the cyber-attack would be provided to the full Governing Body.

#### **ACTION – Review remit of Finance and Resources Committee and Audit Committee in relation to IT, cyber security, disaster management and business continuity.**

*Tracy Mawson left the meeting at this point. The quorum was unaffected.*

### **9.3 Review of Committee's Key Performance Indicators (KPIs) 2021-22** *(enclosure)*

The Clerk advised governors that the Committee was required to review its own performance annually and presented an analysis of performance against agreed KPIs from the previous academic year.

It was noted that all KPIs had been met with the exception of KPI 1 (attendance).

Governors **noted** and **agreed** the analysis report on KPIs for 2021-22.

### **9.4 Approval of Committee's Key Performance Indicators (KPIs) for 2022-23** *(previously circulated)*

The Clerk recommended some changes to the KPIs for the current academic year.

The Committee **approved** the key performance indicators for 2022-23 as presented by the Clerk.

- 9.5 **Review of Committee skills analysis and training plan** (*previously circulated*)  
The Clerk presented an anonymised analysis of the 2022 skills audit responses for Finance and Resources Committee members. It was noted that all bar one of the questions scored an average of four, with the remaining question scoring three. As a result, no specific skills gaps were evident on the Committee.

Notwithstanding this, members were invited to consider the training and development opportunities available via the Sixth Form College Association (SFCA) governance webinar programme and the Education and Training Foundation (ETF) Governance Development Programme. In particular, members' attention was drawn to the SFCA governance webinar on Health and Safety due to take place on 3 October.

The Committee **noted** the contents of the report and **agreed** to review the training and development opportunities available and access these in line with individual needs.

## 10. OTHER MATTERS

### 10.1 Governor Training

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

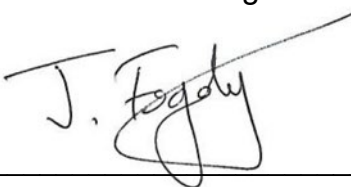
### 10.2 Any Other Business

The item of other business relating to an update on the cyber-attack was covered in the financial report provided at item 6.2.

### 10.3 Date of Next Meeting

Thursday 17 November 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 9.15am.



Signed by the Chair: \_\_\_\_\_

On this day: \_\_\_\_\_ 17 November 2022 \_\_\_\_\_