



Minutes of the Finance and Resources Committee Meeting held on Thursday 16 March 2023 at 8am via Microsoft Teams

- Present:** John Fogarty – Chair (*Foundation Governor*)
Tracy Mawson (*Co-opted Governor*)
Janet Nevin (*Interim co-Principal*)
Andrew Rannard – Vice Chair (*Foundation Governor*)
Naheem Shafiq (*Associate Member*)
- In attendance:** Michelle Williams (*Vice Principal, Finance, Resources & Systems*)
Lenore Burgess (*Finance Manager*)
Ruth Potter (*Clerk to Governors*)
Liz Walls (*Assistant Principal, Super Curriculum*) – *part of meeting*

The Chair welcomed all attendees and the meeting was opened in prayer at 8am

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. The following interests were declared:

- Item 6.2 – Tracy Mawson alerted members to the role of St Helens Chamber as the employee representative body (ERB) for the Local Skills Improvement Plan (LSIP)
- Item 7.3 – John Fogarty confirmed that his child had applied to join the College in 2023-24
- Items 9.1 and 9.2 – John Fogarty alerted members to his possible conflict regarding any transport arrangements delivered directly by Merseytravel

The Committee **noted** this information.

2. **APOLOGIES FOR ABSENCE**

All members were present. 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 NOVEMBER 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 (item 8.1, Property Strategy Review and Climate Change Strategy).

Discussion took place in relation to the remaining pending actions and the Vice Principal confirmed that the Disaster Management Plan was undergoing review following the JISC Cyber Security Assessment Report and would be brought back to governors for approval in the next round of meetings.

The Committee agreed to bring forward item 7.3 on the agenda for consideration at this point.

7.3 Student Applications 2023-24 and planning for 2024-25 (previously circulated)

The Vice Principal referred governors to the report which provided a summary of the applications data as at the end of February and plans for recruitment. The following points were highlighted in the data:

- Table 1 – the ‘presumed withdrawn’ figure was higher than in previous years as a result of bringing forward the date at which students were presumed to have withdrawn. This had impacted the conversion figure.
- Table 2 – did not recruit to target in 2022-23, planned growth in student numbers for 2023-24
- Table 3 – anticipate Y12 to Y13 retention to be higher than predicted

The Vice Principal reported greater uncertainty in the planning estimates and highlighted the strategy to mitigate against the impact of students dropping out between enrolment day and census day.

It was reported that Assistant Principal, Liz Walls, had taken over responsibility for College marketing and liaison activities. She proceeded to provide a comprehensive update to governors on the marketing strategy. The following points were highlighted:

- liaison activity and engagement with key feeder schools
- direct marketing campaign
- ‘Carmel+’ offer of outstanding education, high achievers’ programme, enrichment programme, competitive student destinations
- review of Y10 offer
- review of Y11 applicant taster day and parent event
- transport review – analysing and revising bus routes
- curriculum review – plan to offer BTEC Engineering in response to high demand from prospective students and liaison with local employers
- scholarship review.

The Interim co-Principal updated governors on the planned re-structure of the marketing and liaison team in order to equip the College to respond effectively to the increasingly competitive environment. The strategic significance of student recruitment and its importance in relation to the College’s financial position was stressed.

The Chair thanked the Vice Principal and Assistant Principal for their detailed report and invited comments and questions from governors.

Q – Given the planned level 3 qualifications reform, how sustainable is the BTEC Engineering offer? What is the longer-term vision to meet this skills need?

A – Two awarding bodies identified who will continue to run this course (alongside two A Levels). Reviewing possible pathways for students – one to Russell Group universities, one to apprenticeships.

Q – Significant increase in the ‘presumed withdrawn’ figure – is this purely down to the change in calculation date or are any other factors relevant?

A – It is purely the change in date: have applied the criteria earlier in the planning cycle following student failure to engage, rather than waiting until May.

Q – T Levels: what level of confidence is there that these will be viable next year?

A – Received a low number of applications for T Level courses. CMT will review viability soon and determine whether there are sufficient student numbers to proceed. Potential financial impact of lower T Level student funding built into financial plan.

Discussion ensued on the recruitment data presented and the marketing campaign. In particular, governors discussed T Levels and level 3 qualification reform and indicated their support for the offer of BTEC Engineering.

The Committee:

- **noted** the contents of the report
- **recommended approval** to the full Governing Body of the planned student numbers for 2023-24.

Liz Walls left the meeting at this point.

6. REGULATORY UPDATE

6.1 Report on impact of ONS reclassification decision (previously circulated)

The Vice Principal presented a report on the implications of the Office for National Statistics (ONS) decision to reclassify colleges as central government sector. Reference was made to the resultant requirement to comply with HM Treasury’s Managing Public Money guidance. In addition, it was noted that the DfE had confirmed it would develop a College Financial Management Handbook; this was likely to impact financial regulations and also potentially the College’s financial year end. In the interim, the Vice Principal referred governors to a series of ‘bitesize’ guides published by the Education and Skills Funding Agency (ESFA) and highlighted the following points:

- income profiling – change in profiling of income from the Education and Skills Funding Agency (ESFA) to be implemented from 2023
- capital funding – notified of additional funding for 2023-24
- surpluses – reserves and balances would continue to be held by the College
- borrowing – existing borrowing was unaffected, but any changes to the loan agreement would require prior consent
- related party transactions – all transactions above £20k would require prior approval.

A discussion ensued, specifically in relation to the requirements around borrowing and the impact on the current loan agreement.

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

6.2 Accountability Agreements 2023-24 *(previously circulated)*

The Vice Principal referred governors to the report and associated DfE guidance document. It was reported that the new Accountability Agreements would be implemented in 2023-24 and would comprise:

- Part 1 – replacing the annual funding agreement and setting out the terms and conditions of funding alongside national skills priorities
- Part 2 – the Accountability Statement, must be submitted by the College to the ESFA by 31 May each year, following Governing Body approval.

It was noted that a report had already been presented to the Quality and Standards Committee on 7 March for consideration. The draft Accountability Statement would be presented to the full Governing Body for approval at its meeting on 28 March 2023.

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

6.3 College Oversight: support and intervention *(previously circulated)*.

The Vice Principal referred governors to the updated DfE guidance document published in December 2022. Particular reference was made to the section clarifying how reclassification affected the DfE's intervention policy. In addition, the intervention triggers highlighted in the table on pages 10 to 11 of the document were brought to governors' attention. These focussed on issues related to financial health, financial management and control, and quality.

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

7. FINANCIAL MANAGEMENT

7.1 Finance Update and Management Accounts – January 2023 *(previously circulated)*

The Vice Principal provided a summary of the College's financial performance up to the end of January 2023. Governors were notified that a comprehensive financial review of income and expenditure had taken place, resulting in a change to the planned outturn this year from £230k to £75k.

The Vice Principal drew the Committee's attention to the following key points:

- Operating surplus, table 1 – RAG rated red, due to reduction in forecast outturn
- Income, table 1 – RAG rated red, due to reduction in planned income
- Pay costs, table 1 – RAG rated amber, due to increase in planned costs
- Non-pay costs, table 1 – estates budget would require continued monitoring given the impact of increased utilities costs
- Key performance indicators (KPIs), table 2 – operating surplus/deficit as a percentage of income KPI now RAG rated red due to change in forecast outturn.

The Vice Principal confirmed that as a result of these changes, the College financial health had been revised from outstanding to good.

Governors were referred to table 3 within the Supporting Information section of the report, which provided further detail on the budget adjustments following the

recent review. Revenue adjustments were highlighted and explained in relation to two key areas:

- ESFA clawback for non-delivery of T Levels
- HE contracts

Non-pay adjustments had been impacted due to increased premises running costs, largely as a result of higher energy bills.

Table 4 set out the budget adjustments in relation to capital equipment and the Vice Principal reported on plans to transition to LED lighting as part of the College's sustainability strategy.

Tight control would be exercised over all expenditure for the remainder of the year in order to ensure efficiency savings where possible.

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

Q – Any plans to change delegated financial limits for budget holders?

A – Budget holders have been made aware of need for tight control and been asked to identify areas for potential savings against budgets.

Q – What about authorisation of overtime claims?

A – This will be more tightly controlled.

Q – Given the positive cash balance and investment situation, what scope is there for securing an increase in interest received?

A – Interest receivable is due to increase by £35k. Treasury report at item 7.5 on agenda provides additional information.

Following discussion, governors emphasised the importance of tight control over all expenditure and **recommended approval** to the full Governing Body of the adjusted planned outturn for the financial year ending 31 July 2023.

The Vice Principal referred governors to section 8 of the report regarding the projection for 2023-24. The impact of fewer student numbers this year on the lagged funding model meant that a deficit was now anticipated for 2023-24. As a result, CMT had undertaken a staffing and curriculum review to identify potential savings. In addition, income maximisation opportunities were being explored. As a result of this work, a realistic projection for 2023-24 was a deficit position of £350k. A clear growth strategy was required to increase student numbers for 2023-24 which, due to the lagged funding, would then lead to increased income for 2024-25. If this growth was not achieved, alternative strategies to reduce expenditure would be required.

Q – Any contingency built into the projected deficit?

A – Yes. £350k is the maximum deficit anticipated including contingency element for increased costs.

Q – What is the longer-term, strategic view? Has modelling been completed for the next three years to ensure no adverse impact on the quality of education?

A – Due to complete longer-term modelling and sensitivity analysis imminently as part of annual financial forecast and plan.

Q – Need to understand the demographic of future cohorts in terms of anticipated numbers to aid strategic planning.

A – Agreed. These figures would be factored into plans.

A lengthy discussion ensued on the College's financial position, the projection for next year and the options available. Specific consideration was given to the College's staffing model, how it compared to the sector benchmark and the overall sustainability of this model in an increasingly competitive market. Governors agreed that a strategy was required to grow student numbers, however reliance should not be placed on this strategy alone. Clear plans were also required to explore additional strategies to review core expenditure. Governors would then be able to consider a range of fully costed options to address the financial situation.

Following discussion, governors:

- **recommended** to the full Governing Body to accept a deficit budget position for 2023-24
- **agreed** that further comprehensive modelling was required in relation to staff costs and this should be presented at the next Committee meeting
- **agreed** that the Vice Principal and Interim co-Principal should in the first place present the modelling to the Committee Chair and Chair of Governors prior to the formal meeting.

**ACTION – (a) FGB Agenda item – revised 2022-23 outturn
(b) Prepare forecast modelling on a range of options
(c) Initial meeting with Committee Chair and Chair of Governors to present models
(d) Agenda item – next Committee meeting**

7.2 16-19 Allocation Statement 2022-23 and planning for 2023-24 (previously circulated)

The Vice Principal advised that this statement had been issued on 27 February 2023 by the ESFA and confirmed the actual number of students the College would receive funding for in 2023-24 using the lagged funding approach. It was reported that funding would be provided for 1,850 students (2022-23, 1,955 students) representing a significant decrease of 105 students. The Vice Principal explained the funding factors used to calculate other elements of the funding allocation, namely: retention, programme cost weighting, and various elements relating to disadvantage funding.

The impact of this reduction in funding on the financial plan had already been discussed in detail under item 7.1.

The Committee **noted** the report.

As item 7.3 had already been considered, the next item of business was 7.4.

7.4 Mid-Year Bursary Fund Update (previously circulated)

The Vice Principal referred governors to her update report and highlighted the following points:

- investment in new online bursary system as in-house software was no longer effective – this would be launched for 2023-24 applications
- eligibility thresholds revised in January 2023 – increase in general threshold from £25k to £30k
- additional support available to students for assistance with trips and equipment
- transport bursary – extra funding received in December 2022
- projected carry forward balance.

The Committee **noted** and **approved** the report.

7.5 **Annual Treasury Report** *(previously circulated)*

The Vice Principal presented the Annual Treasury Report for 2021-22 and the mid-year treasury update for 2022-23 which had been prepared by the Finance Manager. Due to improvements in interest rates, it was noted that income received from investments had been positive in comparison with previous years.

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

7.6 **National Pay Agreements** *(previously circulated)*

The Vice Principal referred governors to her report and provided the following update.

Teaching staff pay award

The National Joint Council (NJC) for staff in sixth form colleges had issued a joint pay statement on 7 March 2023 which outlined an interim arrangement to increase teachers' pay in line with the Employers' Side pay offer to be backdated to 1 September 2022. This represented a 5% to 8.9% increase for teachers on the main pay scale, a 5% across the board increase for all other teachers (including those on leadership scales) and a 5% increase to NJC allowances. The statement clarified, however, that this did not represent an acceptance of the Employers' Side offer by the teacher unions and therefore the dispute for a fully funded pay increase continued. An update on strike action was provided.

The Vice Principal reported that a 5% pay award had been factored into the budget.

The Chair (John Fogarty) had to leave the meeting at this point. The Vice Chair (Andrew Rannard) took the chair for the remainder of the meeting. The quorum was unaffected.

Support staff pay award update

The previously approved support staff pay award had been implemented on the basis of the Low Pay Commission's projection of a statutory minimum wage rate of £10.32 as at 1 April 2023. Since then, the actual increase introduced had been confirmed as £10.42. This increase had resulted in additional recommended changes to the support staff pay points. The financial impact of the proposed change was reported.

The Committee:

- **recommended approval** to the full Governing Body of the teaching staff pay award

- **recommend approval** to the full Governing Body of the support staff pay award additional changes.

ACTION – FGB agenda item

8. ESTATES MANAGEMENT

8.1 Property Strategy Review and Climate Change Strategy (*previously circulated*)

The Vice Principal referred governors to the report prepared by the College’s Estates Manager. This had been prepared as an interim update prior to the development of a revised Property Strategy which would be presented to the next Committee meeting.

An update was provided on the actions taken in line with the previously approved strategy. Future plans centred on ensuring that the buildings and estate remained fit for purpose, taking opportunities where possible to drive forward the College’s sustainability goals. The following points were highlighted:

- plans to transfer to LED lighting – tender panel would be required
- increase in the hire of facilities – positive impact on wider community engagement
- plans to change seating in the Refectory
- catering contract out to tender – tender panel scheduled for the following day.

As part of the College’s strategic priority regarding sustainability and climate change, a new Sustainability Policy was presented for governors’ consideration.

Discussion ensued and the ambitions set out in the existing Property Strategy were challenged. The revised Strategy would present an opportunity to amplify these ambitions and their potential impact on the local community, by driving forward key areas such as local procurement and carbon reduction.

The Vice Principal reported that the Internal Auditors were scheduled to conduct an audit of the College’s procurement and contract management arrangements next month.

The Committee:

- **noted** the contents of the report
- **recommended approval** of the Sustainability Policy.

**ACTION – (a) Property Strategy – agenda item, next Committee meeting
(b) Sustainability Policy – FGB agenda item**

8.2 Condition Improvement Fund (CIF) – project update report (*previously circulated*)

The Vice Principal reported on the outcome of the tender process and updated governors on the project timeline. A delay to the project had been approved by the DfE – works would now commence on-site in May 2023 with completion due by August 2023. This change in timeline provided an opportunity to ensure the most disruptive aspect of the works were completed during College holidays, thus reducing the impact on students during term time. Project cost was anticipated to be within the approved budget.

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

8.3 **Catering Contract** (*previously circulated*)

The Vice Principal reported that the College's catering contract had gone out to tender and the Tender Panel was scheduled to meet the following day. The analysis summary report had been circulated for governors' information. Two companies had been invited to present to the Panel and the outcome would be reported to the full Governing Body on 28 March.

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

9. **STUDENT TRANSPORT**

9.1 **Student Transport Annual Review** (*previously circulated*)

The Vice Principal presented this report and confirmed that there would be a small deficit on transport contracts this year based on the income generated and the costs of running the service.

In response to the increasingly competitive student recruitment environment, plans were in place to pilot a free bus service in the Warrington area in an attempt to attract students in key feeder areas. Depending on affordability, a free Widnes bus service would then be piloted in order to reduce current journey times and provide good connection for key geographical areas.

The Committee:

- **noted** the contents of the report
- **approved** the piloting of two free bus services.

9.2 **Transport Contract** (*previously circulated*)

The Vice Principal reported that a full competitive tender process would be required for the academic years 2023-26. A procurement exercise was due to commence, however it was reported that local transport providers had expressed concerns with the Crown Commercial Service's online portal and hence a decision had been taken to conduct direct tenders. The proposed tender timeline was outlined. Governor representation on the Tender Panel would be required on 8 June 2023.

The Committee:

- **noted** the contents of the report
- **approved** the tender process.

10. **POLICIES**

10.1 **Financial Regulations 2023** (*previously circulated*)

The Vice Principal provided a summary of the changes being recommended since the last approval of the Financial Regulations. Staff training on financial responsibilities under the regulations was planned.

It was noted that the DfE's development of a College Financial Handbook would have an impact on the regulations once published.

Q – When was publication of the College Financial Handbook expected?

A – Draft handbook expected Autumn 2023. Final version in 2024.

The Committee **recommended approval** of the Financial Regulations 2023 to the Full Governing Body.

ACTION – FGB agenda item – Financial Regulations 2023

10.2 **Tendering Policy** (*previously circulated*)

The Vice Principal presented the revised policy and highlighted the following updates:

- ONS reclassification
- requirement to re-tender external audit services every five years
- inclusion of option for electronic receipt of tenders
- inclusion of standstill period (Alcatel).

The Committee **recommended approval** of the Tendering Policy to the full Governing Body.

ACTION – FGB agenda item – Tendering Policy

11. **OTHER MATTERS**

11.1 **Governor Training**

Governors were invited to email the Clerk with details of any recent training and development activities.

11.2 **Any Other Business**

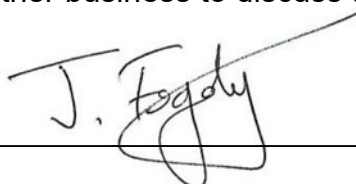
None

11.3 **Date of Next Meeting**

Thursday 22 June 2023 at 8am

The Vice Chair thanked all Members and staff for their attendance and contribution at the meeting. There being no further business to discuss the meeting was brought to a close at 9.30am.

Signed by the Chair: _____



On this day: _____ 22 June 2023 _____