



# Minutes of the Finance and Resources Committee Meeting held on Thursday 14 March 2024 at 8am via Microsoft Teams

- Present:** John Fogarty – Chair (*Foundation Governor*)  
Janet Gater – (*Principal*)  
Tracy Mawson (*Co-opted Governor*)  
Andrew Rannard (*Foundation Governor*)
- In attendance:** Michelle Williams (*Vice Principal, Finance, Resources & Systems*)  
Lenore Burgess (*Finance Manager*)  
Ruth Potter (*Clerk to Governors*)  
Ron Matthews (*External Governance Reviewer*) – *observer*

The Chair welcomed all attendees and opened the meeting in prayer.

## 1. ROUTINE AND STANDING ITEMS

### 1.1 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 declared an interest in item 5.1 'Student transport annual review' as a close family relative made use of the free bus service.

### 1.2 Apologies for absence

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

### 1.3 Items to be included under any other business

No items were submitted.

### 1.4 Minutes of the Finance & Resources Committee meeting held on 16 November 2023 (*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.

### 1.5 Matters arising from the minutes (*previously circulated*)

Committee members considered the action log prepared by the Clerk. Completed actions were noted and the Vice Principal referred members to the report circulated with regard to action 5:

#### Contracts Register: contractor locality data

The Contracts Register had been analysed further and a report on contractor locality had been produced as previously requested by governors. The report highlighted the total number, value and operational areas covered by international, national, regional and local contractors. The Chair reflected on the importance of

continuing to collect and report this data given the College's social value obligations.

## **2. REGULATORY UPDATE**

### **2.1 ESFA College Financial Handbook**

The Vice Principal reported that the publication of the ESFA's College Financial Handbook was expected this month. She had attended the ESFA's finance conference the previous day where it had been announced that publication would take place on 20 March 2024. It was noted that whilst the timing did not allow for consideration at the current meeting, this important document would be shared with governors and compliance implications considered as soon as practicable.

The Committee **noted** the impending publication of the ESFA's College Financial Handbook, the impact of which would be considered at the next meeting.

### **ACTION – Agenda item at next meeting**

## **3. FINANCIAL MANAGEMENT**

### **3.1 Correspondence from the ESFA: College Financial Forecasting Return 2023 to 2025 (previously circulated)**

The Vice Principal presented the ESFA's Governing Body Finance Dashboard and reported that this was openly available on the Department for Education (DfE) website. The Finance Dashboard was based on the data submitted by the College in its latest Financial Forecasting Return and it was noted that the financial health assessment grade had been moderated as Good for 2023-24 (the current budget year). The indicative assessment grade for 2024-25 was Outstanding.

The dashboard identified College performance against target and sector benchmarks and the following key points were highlighted:

- drop in cash in hand in January due to profiling of income – in future this would start to smooth out following planned changes to ESFA funding profile
- financial health grading of all colleges – more colleges were falling within the Good grading and fewer in the Outstanding and Inadequate categories compared to the previous year
- reliance on income streams
- learner numbers
- profitability performance ratio (EBITDA – earnings before interest, tax, depreciation and amortisation)
- staff costs as a percentage of adjusted income – these continued to track above the sector benchmark of 70%, senior management was focussed on this area but challenges remained.

Governors reflected on the staff costs benchmark and the importance of high quality staffing for outstanding teaching and learning. Discussion ensued on specific areas of staff costs; it was noted that high staff ratios required in Foundation Learning as well as in-house employment of College cleaners contributed to the higher ratio when compared to other colleges. Notwithstanding this, the Chair encouraged continued focus on this area.

**Q** – Did these figures adjust for the FRS17?

**A** – Yes. Surplus or deficit for all colleges was adjusted for these elements to ensure standard assessment method.

The Committee **noted** the contents of the Finance Dashboard.

### 3.2 **Finance Update and Management Accounts – January 2024** (*previously circulated*)

The Vice Principal provided a summary of the College's financial performance up to the end of January 2024. It was noted that since the circulation of the Committee papers, the management accounts for February 2024 had been completed and would be uploaded on GovernorHub for reference once they had been considered at the next Senior Leadership Team (SLT) meeting. It was confirmed that there was no material difference between the January and February accounts.

As at the end of January, the following points were highlighted:

- Operating deficit – £158k, however this was a favourable variance against plan of £354k over the anticipated adverse outturn of £512k.
- Headline performance – no concerns, all RAG rated green
- Income – performing above plan
- Pay costs – performing below plan following implementation of pay awards
- Non-pay costs – performing below plan.

The Vice Principal reported on the ongoing efforts to control College expenditure. As a result, it was noted that the planned deficit at the end of the year would be lower than expected.

- Key performance indicators – most indicators RAG rated green. Amber indicators: pay as a percentage of income and staff numbers.
- Balance sheet positive
- Revenue budget adjustments detailed
- Capital – allocation would be spent by end of year; capital works planned during Easter holidays.
- Learner responsive funding – actual number against target reported and impact on lagged funding highlighted
- Cash flow positive
- Retention figures across all areas of provision highlighted.

Governors' comments and questions were invited.

**Q** – Utilities costs: this had been a significant variable over the last 18 months. What was the College's current position?

**A** – Tied into government framework currently. Continue to monitor costs which had been tracking lower than planned, so hope to crystallize savings. Once tie-in period ended, further efficiencies may be achieved.

The Chair reflected on the Governing Body's decision last year to set a deficit budget and the assurance required at that time that there would be a keen focus on reducing costs rather than sole reliance on growth of student numbers. Positive progress was noted with regard to both student numbers and cost savings.

**Q** – To what extent were costs savings already achieved sustainable and therefore capable of contributing to genuine long-term savings as opposed to one-off savings?

**A** – Staffing costs were the most significant College costs and large exercise undertaken to improve efficiency; these costs were subject to tighter ongoing monitoring and control. Non-staff costs compared favourably against wider benchmarking and estates budget continued to be closely monitored. Exam costs were out of College control and some challenges had arisen following increase in exam fees after college financial planning timescale.

**Q** – Capital spend: any indication as to scale of planned capital spend next year?

**A** – IT and Curriculum capital spend usually circa £500k. Priorities for estates spend in process of being determined. Awaiting outcome of CIF capital bid due in May 2024 and, if successful, would be included in the financial plan presented in June.

Discussion ensued on student numbers and the Vice Principal explained the process for ESFA in-year growth funding.

The Chair thanked the Vice Principal for her report and the Committee **noted** the finance update and management accounts as at the end of January 2024.

### 3.3 **16-19 Allocation Statement 2024-25 and planning for 2025-26** (*previously circulated*)

The Vice Principal advised that normally the ESFA issued this statement around the end of February, however this year it had only just been released. Therefore, the paper for governors had been prepared on the basis of estimated student numbers of 1,900 (2023-24, 1,850 students). The statement received was very close to this number and hence no concerns were raised with regard to planned income.

Assumptions for student numbers at census date in October 2024, 2025 and 2026 were referenced. It was highlighted that no additional growth in Higher Education (HE) student numbers was planned. In addition, the Vice Principal reported that the College was currently investigating whether any additional higher needs funding could be obtained to support Foundation Learning students.

In conclusion, the Vice Principal anticipated that a surplus budget would be set for the next academic year. Figures were subject to change, but a modest surplus in the region of £50k was expected. The full financial plan and budget would be presented to governors in the Summer Term in line with the usual cycle.

The Committee **noted** the report.

### 3.4 **Student Applications 2024-25 and planning for 2025-26** (*previously circulated*)

The Vice Principal presented this report and highlighted the current level of applications for enrolment in September 2024. Presumed withdrawn figures were highlighted alongside a significant improvement in applications for Art Foundation. Liaison and marketing activity undertaken by the re-structured Marketing Team was reported. The Vice Principal highlighted the enhanced communication and partnership working with feeder schools which had driven a greater understanding of student transportation needs.

Guidance interview data was verbally updated and it was noted that following a period of intense activity at College, over 2,000 prospective students had been interviewed for September 2024 enrolment.

The Chair acknowledged the positive impact of this enhanced liaison and marketing activity and reflected on how this fed through to the financial forecast.

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

### 3.5 **Mid-Year Bursary Fund Update** (*previously circulated*)

The Vice Principal presented this mid-year update report and highlighted the following points:

- new student bursary payment software embedded and working well
- new tiered level of support implemented for students based on financial assessment
- 449 applications received of which 305 successful, 31 awaiting further evidence, 78 incomplete
- meeting needs within current budget – small carry forward anticipated at end of year, however impact of increased eligibility thresholds would drive this down.

The Vice Principal confirmed that an audit of the bursary fund was due to take place and updated governors on planned changes in government policy around the issue of cash payments to students. A further report would be presented to governors in due course.

Discussion ensued on the potential impact on targeted bursary payments to vulnerable students. The Vice Principal confirmed that the College chose to top up the payments to these students in order to better meet their needs.

Governors' comments and questions were invited:

**Q** – High number of incomplete applications. Had any analysis taken place to ensure that students were not experiencing any barriers to final submission?

**A** – Undertake extensive follow-up communication with these students. In most cases, students have realised that they are over the financial threshold and therefore do not complete the application.

Governors emphasised the importance of hearing the student voice in any upcoming report via the engagement and input of relevant student representatives. It was agreed that this would be addressed.

**ACTION – Further paper on changes to bursary scheme to include student voice**

### 3.6 **Annual Treasury Report** (*previously circulated*)

The Vice Principal presented this report which had been prepared by the College's Finance Manager. Two key points were highlighted:

- positive impact of increased interest rates on income from investments
- investment in bank's green plan which supported sustainability and low carbon agenda.

The Chair thanked the Finance Manager and Vice Principal their report and the Committee **noted** its contents.

#### **4. ESTATES MANAGEMENT**

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

The Vice Principal provided an update on the CIF funded roof repairs project. At the last meeting it was reported that the surplus balance would be spent on additional roof works. Due to poor weather in February, these were now due to take place during Easter holidays. Therefore, it was noted that there was no substantial update to report on this capital project.

#### **5. STUDENT TRANSPORT**

##### **5.1 Student Transport Annual Review (previously circulated)**

The Vice Principal presented this report and summarised the current student transport options. Proposals for an enhanced student transport offer for the 2024-25 academic year were outlined. These entailed:

- Warrington – continuation of free Warrington service
- Widnes – continuation of free Widnes route with close monitoring of where these students were accessing the service
- HE students – introduction of free service from Liverpool as part of wider agreement surrounding HE fee increase next year. Tender for this service to commence imminently.
- St Helens service – introduction of free bus passes for students in St Helens living more than two miles from College enabling them to access existing network of bus routes
- Kirkby service – potential for College to share costs with local authority in Knowsley for direct service to and from Kirkby.

Proposed free services were subject to final assessment of the College's financial position once all income streams were known. This would be set out in the financial plan which was due to be presented to governors for approval in the Summer Term.

Governors' comments and questions were invited:

**Q** – Appreciate aim to reach out to students in St Helens, Warrington, Widnes and Kirkby. What about those in other Knowsley areas of Huyton and Prescott?

**A** – Propose a staged approach to ensure financial impact can be monitored. Addition of St Helens offer was the priority, but would look to extend to other areas should it prove financially sustainable.

Discussion ensued on the potential significance of the Kirkby route in terms of the opportunity to keep skills within the Liverpool City Region given that many of Carmel's students go on to access HE opportunities in Liverpool universities.

The Committee **approved** the overarching strategy and noted that final details would be presented to governors in the financial plan and budget due for approval in the Summer Term.

## **6. POLICIES**

### **6.1 Financial Regulations 2024** *(previously circulated)*

The Vice Principal presented the Financial Regulations 2024 which had been subject to annual review.

The Committee **recommended approval** of the Financial Regulations 2024 to the full Governing Body.

#### **ACTION – FGB agenda item – Financial Regulations**

### **6.2 Procurement Policy** *(previously circulated)*

The Vice Principal presented this policy which had been reviewed at governors' request to update procurement thresholds and include reference to social value.

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

#### **ACTION – FGB agenda item – Procurement Policy**

### **6.3 Petty Cash Policy** *(previously circulated)*

The Vice Principal presented this policy which had been subject to review in line with the policy review cycle. Minor amendments were highlighted.

The Committee **approved** the Petty Cash Policy.

### **6.4 Payment Policy** *(previously circulated)*

The Vice Principal presented this policy which had been subject to review in line with the policy review cycle. Amendments were highlighted.

The Committee **approved** the Payment Policy.

### **6.5 Travel, Subsistence and Personal Expenses Policy** *(previously circulated)*

It was reported that this policy had been reviewed in line with the policy review cycle. Amendments included a change in policy title and increments to subsistence allowances and overnight rates.

The Committee **approved** the Travel, Subsistence and Personal Expenses Policy.

### **6.6 Value for Money Policy** *(previously circulated)*

The Vice Principal presented this policy which had been reviewed outside the usual review cycle in order to ensure alignment with the revised Procurement Policy with regard to social value.

The Committee **recommended approval** of the Value for Money Policy to the full Governing Body.

#### **ACTION – FGB agenda item – Value for Money Policy**

## **7. OTHER MATTERS**

### **7.1 Governor Training**

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

**7.2 Any Other Business**

Tracy Mawson took the opportunity to notify members of an announcement regarding St Helens Chamber that was due to be issued later that day. She confirmed she would email the College separately to confirm the position.

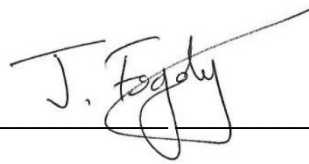
**7.3 Date of Next Meeting**

Thursday 13 June 2024 at 8am – the Chair indicated that this date would need to be re-scheduled and it was agreed that an alternative date would be identified and communicated to members as soon as possible.

**ACTION – rearrange June meeting and communicate to members**

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 8.50am.

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



On this day: \_\_\_\_\_ 10 June 2024 \_\_\_\_\_