



Minutes of the Finance and Resources Committee Meeting held on Monday 10 June 2024 at 3.30pm via Microsoft Teams

Present: John Fogarty – Chair (*Foundation Governor*)
Paul Foy (Brother Ben) (*Foundation Governor*)
Janet Gater (*Foundation Governor*)
Andrew Rannard (*Foundation Governor*)
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. 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. As a new member of the Committee, Paul Foy (known by members as Brother Ben) reminded members of his declared interests. Whilst not a direct interest, with regard to item 5.1 John Fogarty reminded members of his employment as Executive Director of Corporate Services at the Liverpool City Region Combined Authority and, specifically, its relationship with Merseytravel.

All interests were noted.

1.2 Apologies for absence

All members were present. The meeting was declared quorate.

1.3 Items to be included under any other business

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

1.4 Minutes of the Finance and Resources Committee meeting held on 14 March 2024 (*previously circulated*)

An amendment was required to minute 3.2 to correct the reference to IT and curriculum capital spend which was usually circa £500k (not £1m).

Subject to this amendment, 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.

ACTION – correct minute 3.2 prior to signature and publication

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

Governors noted the action log prepared by the Clerk. All actions had been closed out or were on the agenda for further discussion.

2. REGULATORY UPDATE

2.1 **ESFA College Financial Handbook** (*previously circulated*)

The Vice Principal referred governors to the new College Financial Handbook which had been published on 20 March 2024. It was confirmed that compliance with the Handbook – which reflected HM Treasury Managing Public Money (MPM) requirements following reclassification – would be required from 1 August 2024 in accordance with the College’s accountability agreement. The Vice Principal highlighted the following points:

- governance and oversight requirements – these remained largely unchanged
- key roles and responsibilities – including the Accounting Officer, Chief Financial Officer and governance professional
- financial management requirements – to ensure compliance with HM Treasury MPM
- novel, contentious and repercussive transactions – all of which must be referred to the Department for Education (DfE) for prior approval
- special payments, including staff severance payments, which were subject to a greater level of control
- borrowing – prior approval required for any new borrowing and amendments to existing borrowing
- summary table of freedoms and delegations (table 5.43) – surplus carry forward did not currently require DfE agreement, however it was noted that in Scotland this freedom did not exist.

Discussion ensued and the implications for the College of the specific requirements surrounding special payments were highlighted.

Q – Did the Handbook contain a schedule of ‘must’ and ‘should’ requirements?

A – No, however these were clearly identified throughout the document.

The Committee **noted** the contents of the College Financial Handbook.

3. FINANCIAL MANAGEMENT

3.1 **Finance Update and Management Accounts – April 2024** (*previously circulated*)

The Vice Principal presented the finance update and management accounts up to the end of April 2024 and indicated that a detailed review of the forecast to the year-end had been completed. As a result, it was reported that £100k of cross-college savings had reduced the forecast outturn to the year-end to (£194k).

She confirmed that all headline performance indicators were RAG rated green and highlighted the following points:

- Operating surplus of £1,007k
- Income positive against plan
- Pay costs in line with budget – agency costs met from contingency budget
- Non-pay costs favourable
- Positive cash balance

Key performance indicators (KPIs) were also tracking as green with the exception of two indicators that were RAG rated amber. These were as follows:

- admin costs proportion – small variance that was expected to return to green by the year-end
- staff numbers – there was a variance of three FTE which reflected the impact of cover staff.

The following key points were highlighted from the remainder of the report:

- Summary statement of income and expenditure – spend on examination fees had been higher than anticipated
- Summary profit and loss management accounts
- Balance sheet
- Additional income streams and revenue budget adjustments to date – itemised list and figures
- Capital equipment plan
- Activity report
- Cashflow projection – running slightly above anticipated.

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

Q – Caution expressed at the last meeting about adjusting the outturn as a result of cost savings. Greater confidence in making that assessment now; what were the key drivers behind the savings?

A – Utilities costs less than expected. Extra care taken throughout the year to monitor expenditure on a micro level.

A point of clarification was sought with regard to the activity report and it was confirmed that the £427k variance related to the total funding received for the extra students enrolled (not to the actual number of extra students).

Discussion ensued on staff numbers and costs, following which the Committee **noted** and **approved** the finance update and management accounts as at the end of April 2024.

3.2 **Financial Forecast and Commentary 2024 and 2025-26** (*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 2024 and incorporated:

- Outturn for year ending 31 July 2024 – comprising actuals up to 31 March 2024 and forecast up to 31 July 2024
- Budget for the year ending 31 July 2025
- Forecast for the year ending 31 July 2026.

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 2024-25.

- Summary outturn position – Table 1, provided an overall summary of the planned outturn for this year and the following two years. Forecast surplus budget for 2024-25.
- Planned student numbers – Table 2, set out income assumptions based upon planned student numbers. Predictions based on historical conversion data, retention rate and regional demographic intelligence.
- Higher Education (HE) student numbers and impact of increase in fees
- Element 3 high needs funding assumptions
- Pay expenditure – pay award assumptions and projected impact on pay expenditure as proportion of total income
- Non-pay expenditure – including planned costs for additional student transport services
- Capital equipment and planned estate development – Table 3, capital spend summary
- Analysis of contribution – Table 5, provision of education figures
- Balance sheet movement – Table 6, positive balance sheet including high cash balance
- Sensitivity analysis – Table 7, analysis based on modelled impact of variations in student numbers and pay costs
- Financial performance – Table 8, Key financial ratios, summarised against 2022-23 sixth form sector 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. The financial health of the College was self-assessed as Good over the three-year period to July 2026.

The Chair thanked the Vice Principal for her detailed presentation and comprehensive sensitivity analysis. Discussion ensued on the income assumptions for T Level provision and the factors that may impact viability. Governor questions were invited, these included:

Q – Table 5, Analysis of contribution – planned increase in ‘other operating activity’ from 2024 to 2026. What did this include?

A – Rental of facilities and other general income.

Q – Confident this increase will be achieved?

A – Yes. Part of a prudent plan of activity.

Further discussion took place on the provision of education contribution and the sensitivity analysis, particularly with regard to student numbers and the potential impact of movement. Governors noted that the analysis and associated narrative provided a good overview of how the risk of negative movement would be mitigated.

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

- **approve** the College financial forecast 2024-2026
- **approve** the 2024-25 forecast as the operating budget for 2024-25.

ACTION – FGB agenda item

3.3 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 25 April 2024. Subsequent to the ESFA's assessment of the College's financial returns, the financial health of the College was confirmed as being Good for 2022-23.

The College Governing Body Finance Dashboard was shared and governors were reminded that they could access the dashboard at any time via the ESFA's View Your Education Data portal.

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

3.4 **Student Recruitment 2024-25** *(previously circulated)*

The Vice Principal provided an overview of student recruitment data, highlighting the following points:

- Application data indicated that planned student numbers would be achieved.
- Extensive marketing and liaison programme undertaken by new Marketing Team.
- Student taster day invitations – 1,200 students had confirmed attendance to date.
- Liaison events – over 100 events at key schools, marking a significant increase on last year.
- Y10 'imagine' days scheduled to take place in the coming weeks with students due to visit from a variety of schools.
- Marketing and liaison – update on activity provided, including development of Carmel brand and social media links.
- Predicted recruitment data by individual school based on previous conversion rates.

Governors expressed their thanks to all staff – especially those involved in delivering the extensive marketing and liaison activity – for their excellent work.

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

3.5 **Student Recruitment – internal audit report** *(previously circulated)*

The Vice Principal updated governors on the outcome of the recent internal audit of student recruitment arrangements. The overall conclusion of the audit was that there was a strong level of assurance over the arrangements in place. One low priority recommendation had been raised. The full report was due to be presented to the Audit Committee at its meeting on the following day.

Governors reflected on how useful it was to get this level of external assurance over such a key area at a time when financial forecasting and planning was under consideration.

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

3.6 **Student Bursary Fund and Free School Meals – internal audit report** *(previously circulated)*

The Vice Principal updated governors on the outcome of the recent internal audit of student bursary fund and free school meals arrangements. The overall conclusion of the audit was that there was a strong level of assurance with no recommendations raised, just two observations for consideration. The full report

was due to be presented to the Audit Committee at its meeting on the following day.

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

4. ESTATES MANAGEMENT

4.1 Property Strategy Review *(previously circulated)*

The Vice Principal presented the updated Property Strategy 2023-28. The document had been updated by the Estates Manager based on developments during the current academic year and planned activity over the next. Planned activity for 2024-25 centred on:

- phased re-decoration to ensure upgrading of estate
- investment and improvement of key areas within the College including:
 - library accommodation
 - reception
 - reflection and reading space
 - car park re-modelling
 - flooring
 - College access systems – turnstiles at student entrance planned to enhance security
- sustainability projects.

Following discussion, the Committee **recommended approval** to the full Governing Body of the updated Property Strategy 2023-28.

ACTION – FGB agenda item

4.2 Condition Improvement Fund (CIF) Project – update *(previously circulated)*

The Vice Principal referred members to the update report on this capital project. It was reported that there had been a delay to the final roof works due to inclement weather. It was anticipated that works would be completed over the summer, following which a final report back on the project would be made.

Q – Were any increase in costs anticipated as a result of the delayed works?

A – No. Fixed costs agreed and no impact on these.

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

5. CONTRACTS AND TENDERS

5.1 Student Transport Tender – update *(previously circulated)*

The Vice Principal reported that a governor Tender Panel had met on 6 June 2024 to consider bids for the University of Liverpool student transport tender. The Panel had approved a preferred provider and the formal standstill period had commenced. It was reported that the anticipated costs associated with student transport had been incorporated into the financial plan.

The Committee thanked the Finance Manager for her work in leading this tender activity and **noted** the tender outcome.

5.2 **Tender for fire, plumbing, electrical and gas planned and reactive works**
(previously circulated)

The Vice Principal updated governors on the planned tender activity which was designed to improve value for money and compliance across a number of key areas. A Tender Panel had been scheduled in August and governors appointed as panel members.

The Vice Principal confirmed that the tender activity was being led by an external project manager.

Q – Had social value criteria been included in the tender documents?

A – Yes.

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

6. POLICIES

6.1 **Student Fee Charging Policy** *(previously circulated)*

The Vice Principal presented this policy, which was due for annual review, and highlighted the proposed amendments.

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

ACTION – FGB agenda item – Student Fee Charging Policy

6.2 **Bursary Fund Policy (for 2024-25 academic year)** *(previously circulated)*

The Vice Principal presented this policy which had been reviewed and updated in readiness for the new academic year. Proposed amendments were highlighted, including:

- increase in free meal daily allowance
- transitional arrangements for students who had been in receipt of free school meals in school
- attendance section.

The Committee **approved** the updated Bursary Fund Policy for the 2024-25 academic year.

6.3 **Financial Regulations 2024** *(previously circulated)*

The Vice Principal reported that some further amendments were required to the Financial Regulations following their approval in March 2024. The main amendment related to the inclusion of a new clause, 4.1, which confirmed the framework for pay set by the Governing Body. In addition, some minor amendments to reference the newly published College Financial Handbook and update terminology from Funding Agreement to Accountability Agreement were proposed.

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

ACTION – FGB agenda item – Financial Regulations 2024

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 activities were reported.

7.2 Any Other Business

None

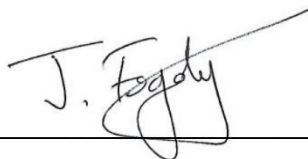
7.3 Date of Next Meeting

Thursday 21 November 2024 at 8am.

Members were reminded that the first full Governing Body meeting of the year would take place on 1 October 2024; key financial reports on the year-end outturn would be presented directly to governors at this meeting.

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 4.30pm.

Signed by the Chair: _____



On this day: _____ 21 November 2024 _____