



## Confirmed Minutes of the Finance and Resources Committee Meeting held on Thursday 27<sup>th</sup> September 2018 at 8.00am

**Present:** Mr John Fogarty (*Chair*)  
Mr Mark Harvey  
Mr Mike Hill (*Principal*)  
Mr Donal McCormack  
Ms Caroline Nencini

**In attendance:** Mrs Michelle Williams (*Vice Principal, Strategy & Resources*)  
Mrs Catherine Shaw (*Clerk*)

### 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.

In his capacity as Director of Resources at Merseytravel and Chief Finance Officer for the Liverpool City Region Combined Authority, Mr Fogarty declared an interest relating to student transport within agenda items 6.1 and 6.2.

The Committee **noted** this information.

### 2. **APOLOGIES FOR ABSENCE**

Apologies for absence were received and accepted for Mrs Lenore Burgess (Finance Manager).

The Clerk declared the meeting was quorate with all Governors being present.

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

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

### 4. **MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 14<sup>th</sup> JUNE 2018 (previously circulated)**

#### 4.1 **To (a) approve and sign the minutes in accordance with Clause 12 (3) and (b) authorise publication in accordance with Clause 13**

The minutes were approved as a correct record and signed in accordance with Clause 12 (3) of the Instrument of Government. The publication of the minutes was authorised in accordance with Clause 13.

#### 4.2 **To approve and sign the confidential section of the minutes in accordance with Clause 12 (3)**

The minutes were approved and signed in accordance with Clause 12 (3) of the Instrument and Articles of Government.

## **5. MATTERS ARISING FROM THE MINUTES**

### **5.1 To consider any matters arising from the minutes (previously circulated)**

The Committee **noted** the action log report.

## **6. FINANCIAL MANAGEMENT**

### **6.1 Finance Update – Interim Year End Account 2017/2018 (previously circulated)**

The Vice Principal provided a summary of the financial performance of the College for the year ended 31<sup>st</sup> July 2018. Mrs Williams advised that the report was in draft and as yet unaudited. The report which had previously been circulated incorporated (i) the income and expenditure account, (ii) balance sheet and (iii) cash flow and monitoring information.

Within her report the Vice Principal highlighted the following aspects:

- Results were subject to incorporation of the actual pension data relating to FRS 17 reporting requirements. Management had recently been advised this would be £223k, despite the estimate of pension fund performance being in the region of £1.3m. It was not a requirement to include this pension payment when an assessment of the financial health of the College takes place.
- Net operating position.
- Income and analysis of key variances.
- Payroll – significant adverse variance and reasons for this. As requested, the Vice Principal clarified the position regarding the ‘living wage.’
- Estates – adverse variance.
- Catering summary.
- Transport summary.
- Total amount of net assets of the College at year-end.
- Cash balance at year-end.

A discussion ensued. Numerous questions were raised by Governors and were responded to by the Vice Principal, which included:

**Q.** Why is there a significant variance in connection with the Warrington transport income?

**A.** The contract was subject to a tender last year and costs increased. Also, there were less students last year.

**Q.** What is the main reason for the adverse variance relating to the cost of capital?

**A.** There were more assets written off during their useful life in the last academic year.

**Q.** In respect of the adverse variance in non-staffing costs, is there some inflation pressure here?

**A.** Yes.

**Q.** What does the Bank require in terms of current ratio?

**A.** There are no requirements, as it isn't part of the loan covenant.

- Q.** Given the increased refuse collection costs, are Management going out to market to attract savings or is the contract due to expire?
- A.** Both.

In closing discussions the Chair commended College Management for the quality of financial reporting, which remained strong.

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

## 6.2 **Budget Monitoring – August 2018** *(previously circulated)*

The Vice Principal provided a summary of the College's financial performance up to the end of August 2018, which was the first month in the new financial year. The report which had previously been circulated incorporated (i) the income and expenditure account, (ii) balance sheet, (iii) cash flow and monitoring information.

Within her report, Mrs Williams highlighted the following:

- 2018/2019 funding allocation – this data has not yet been processed through the external funding software as there was a requirement that the students had to be on roll for six weeks before doing so.
- Staffing costs – favourable variance.
- Non-pay costs – favourable variance.
- Cash flow position.
- Operating surplus and the cash balance at the end of August 2018.
- Total amount of net assets of the College at the end of August 2018.

Mrs Williams concluded that the College was currently in sound financial health.

A discussion ensued. Several questions were raised by Governors and responded to by the Vice Principal.

The Committee **approved** the management accounts for August 2018.

## 6.3 **Student Recruitment** *(previously circulated)*

The Vice Principal presented the report on student enrolment data as at 12<sup>th</sup> September 2018. For analysis purpose the overall number of students had been broken down by gender, religion, Local Education Authority and ethnicity. Mrs Williams highlighted the following aspects from the report which had previously been circulated:

- The number of learner responsive funded students that the College had recruited against the agreed target. It was anticipated that the number of enrolments would reduce by the official enrolment target date of six weeks continuously on course (19<sup>th</sup> October 2018).
- Recruitment into Lower Sixth had been positive.
- Retention of students into Upper Sixth was slightly lower than anticipated.
- Over recruitment would not affect funding for this academic year due to the lagged funding model. The initial estimate relating to increased income was in the region of £100k.

- The total conversion rate was 60%, not 51% which had initially been reported in error.
- The number of students enrolled onto Year Zero in connection with the University of Liverpool programme was positive.
- Network of Hope (partnership with Liverpool Hope University) – enrolment was disappointing, with evening provision being withdrawn for this academic year.

The Principal reported that students had been recruited from 122 high schools.

A lengthy discussion ensued and an in-depth analysis took place. Numerous questions were raised by Governors and responded to by the Principal and Vice Principal. In response to one of the questions raised, the Vice Principal confirmed that there was no evidence to suggest that any student had left the College due to financial constraints or caring responsibilities.

The Committee **noted** the contents of the report and the pleasing recruitment data contained therein.

#### 6.4 **Education and Skills Funding Agency (ESFA) Funding Agreements** (previously circulated)

The Vice Principal (Strategy and Resources) advised the Committee that the College had received and signed contractual funding documents from the ESFA. Mrs Williams provided details of the amount of income to be received in respect of the agreements.

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

### 7. **RESOURCES**

#### 7.1 **Staff Recruitment Annual Report 2017/2018** (previously circulated)

The Committee considered the recruitment data relating to both teaching and support staff. The report illustrated a significant increase in staff turnover compared to the previous academic year. A discussion ensued.

The Committee:

- **Noted** the contents of the report.
- **Requested** an executive summary to be presented at the next Committee meeting with anonymised information relating to staff exit questionnaires.
- **Requested** a slight change to the format of future reporting to assist in analysis.

**Action: Clerk – Future Agenda Item**

#### 7.2 **Staff Absence Annual Report 2017/2018** (previously circulated)

This report was presented by the Vice Principal and included the 2016/2017 data for comparative purposes.

The Committee **noted** the contents of the report and the improved data set.

## **8. HEALTH AND SAFETY**

### **8.1 Annual Accident Report 2017/2018** *(previously circulated)*

The Vice Principal presented this anonymised report. A discussion ensued.

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

## **9. COMMITTEE KEY PERFORMANCE INDICATORS**

### **9.1 Review of the Key Performance Indicators 2017/2018** *(previously circulated)*

The Clerk reported that the Committee had successfully met its targets for the year with one slight exception; this related to attendance levels at meetings.

The Committee **noted** the report.

### **9.2 Approval of the Key Performance Indicators 2018/2019** *(previously circulated)*

The Clerk recommended some changes for the current academic year. This was in light of the change in Committee remit, as approved by the full Governing Body at its meeting on 26<sup>th</sup> June 2018. A discussion ensued.

The Committee **approved** the amendments recommended by the Clerk, together with an amendment in relation to the reporting of health and safety matters.

## **10. ELECTION**

### **10.1 Election of Vice Chairperson to serve from 27<sup>th</sup> September 2018 to 31<sup>st</sup> July 2020**

In view of the current vacancies on the Board, the Committee **agreed to defer** this item unto such time as membership increases.

**Action: Clerk – Future Agenda Item**

## **11. ANY OTHER BUSINESS**

None.

## **12. DATE OF NEXT MEETING**

Thursday 22<sup>nd</sup> November 2018 at 8:00am.

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 9.20am.

Signed by the Chair: College file signed by Mr John Fogarty

On this day: 22<sup>nd</sup> November 2018