

## **Confirmed Minutes of the Finance and Resources Committee Meeting held on Thursday 14<sup>th</sup> March 2019 at 8.00am at the College**

**Present:** Mr John Fogarty (*Chair*)  
Mr Mark Harvey  
Mr Donal McCormack

**In attendance:** Mrs Lenore Burgess (*Finance Manager*)  
Mrs Michelle Williams (*Vice Principal, Strategy & Resources*)  
Mrs Catherine Shaw (*Clerk to Governors*)

### **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 Director of Corporate Services for the Liverpool City Region Combined Authority, Mr Fogarty declared an interest in agenda item 7.1

The Committee **noted** this information.

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

Apologies for absence were received and accepted for Mr Mike Hill and Mr Andrew Rannard. The Clerk declared the meeting quorate.

### **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 22<sup>nd</sup> NOVEMBER 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.

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

5.1 **To consider any matters arising from the minutes (*previously circulated*)**  
The Committee **noted** the contents of the report and the associated action log.

### **6. FINANCIAL MANAGEMENT**

6.1 **Finance Update – January 2019 (*previously circulated*)**

The Vice Principal (Strategy and Resources) presented a summary relating to the financial performance of the College upto 31<sup>st</sup> January 2019. The report

incorporated the income and expenditure account, balance sheet, cash flow and associated monitoring information. The operating surplus at the end of January was £714k, which represented a favourable variance of £137k over the anticipated position at this point in the year. The net assets of the College totalled £5,758k. The Vice Principal highlighted the following aspects from the report:

- Staffing – £51k favourable variance. The pay award for 2018/19 remained subject to negotiation.
- Non-pay – £109k favourable variance.
- Cashflow – forecast cash balance was lower than anticipated by 5%.
- Further Education Funding Summary – learner numbers achieved were greater than the plan. Given the lagged funding methodology, the College would receive £65k next year in respect of this.
- Higher Education Funding – adverse variance of £22k in connection with a University of Liverpool course of study.
- Adult Funding Income – this was not subject to lagged funding and £9k has had to be repaid.
- The Corporate Management Team (CMT) projected an under achievement against the approved planned outturn position. They were investigating possible mitigation to reduce the increase in anticipated deficit, which currently stood at £176k.

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

**Q.** Within the revenue forecast (Table 2) what constitutes £27k of ‘unrealisable other income?’

**A.** £10k Liverpool Hope University; £12k SK College and £5k Holy Cross SFC. Anticipated work with these respective institutions did not materialise.

**Q.** Within the summary balance sheet (Table 4) what constitutes ‘work in progress’ of £149k?

**A.** Capital expenditure, such as the installation of the new security gate.

**Q.** Cashflow – given this is lower than expected, what would be the tipping point?

**A.** Approximately £800k.

**Q.** Would it be necessary to appoint staff to deliver the anticipated Liverpool Hope daytime provision in September 2019?

**A.** Yes, one Business Studies teacher. The Principal is currently liaising with Liverpool Hope about meeting this cost.

The Committee **noted** the contents of the report. The Chair thanked the Vice Principal and Finance Manager for their clear and comprehensive reports.

## 6.2 **National Pay Agreement for Teaching and Support Staff** (*previously circulated*)

The Vice Principal advised that the College had received a further update on 13<sup>th</sup> March 2019. Mrs Williams reported:

- Support staff – the National Joint Council anticipated a final outcome on 22<sup>nd</sup> March 2019. Indications were that the settlement would consist of a scaled pay award between 1% and 1.5%. It was anticipated that staff on the lower pay scales were to receive the higher pay award. Carmel paid the real living wage.
- Teaching staff – negotiations continued to take place. It was anticipated that the outcome would also be a scaled settlement; the indication being 3% for staff on the lowest pay scales; 1.5% for mid range pay scales and 1% for those on the higher pay scales.
- The announcement relating to teaching staff pay awards was likely to be in the next tax year.

In response to a question raised, the Vice Principal confirmed that it was likely that once pay negotiations concluded, they would be back-dated to September 2018.

Mrs Williams also responded to the following question:

**Q.** What is the likely impact on the budget?

**A.** As it is likely to be a scaled pay award for both teaching and support staff this needs to be worked through. 1.5% has been factored into the budget; possibly another 1.5% would need to be incorporated.

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

### 6.3 **16-19 Allocation Statement 2019/2020** *(previously circulated)*

The Vice Principal advised that this statement was issued on 27<sup>th</sup> February 2019 by the ESFA. This confirmed the actual number of students the college would receive funding for in 2019/20 using the lagged number approach. Mrs Williams explained the funding factors involved which included the retention factor, programme cost weighting and the various elements relating to disadvantage funding.

Mrs Williams reported that the initial indication is that funding for the disadvantaged category in Block 2 is less than previous years by approximately £100k. This would have a negative impact on financial planning and would be addressed in greater detail within agenda item 6.7.

The Committee **noted** the report.

### 6.4 **Mid-year Bursary Fund Update** *(previously circulated)*

The Vice Principal presented this report and outlined the distinction between (i) the targeted/vulnerable award and (ii) the discretionary general award. Mrs Williams advised that there would be a significant overspend against funding allocation should the College continue to award discretionary bursaries in term 3, at the same level as those awarded in terms 1 and 2 in 2018/2019. CMT had considered various options to ensure students with the greatest financial need were prioritised and they had taken the following action:

- Prioritised the College's commitment to meeting free school meal eligibility and the targeted/vulnerable bursaries.
- Notified relevant students that the term 3 general bursary award had been discarded, though student transport needs would be met.

- Reduced the eligibility criteria in line with the national Free School Meals (FSM) threshold of £16,190.

A discussion ensued. The Vice Principal and Finance Manager clarified the position regarding the use of the different bus passes that were available to students. Numerous questions were raised by Governors and were responded to by the Vice Principal, these included:

**Q.** Could the 5% top slice administration fee be reduced?

**A.** No, as bursary staffing costs need to be met.

**Q.** Are students notified at the start of the academic year that they will receive 3 termly payments from the discretionary bursary?

**A.** No, that is not guaranteed.

**Q.** In light of the CMT actions taken to address this matter, will the bursary fund be kept within the approved budget?

**A.** Yes.

The Committee **noted** the report.

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

The Vice Principal advised that the College Investment Strategy remained for 2018/2019. Mrs Williams highlighted the following within the report prepared by the Finance Manager:

- The investment earning achieved for 2018/2019 and full year comparatives for 2017/18 and 2016/17.
- College funds placed on a 95-day notice account to improve the rate of return on investments remained in place.
- Average rate of return on investments was 0.95%.
- Currently it was anticipated that interest earnings would overachieve against the plan by £5k.
- College continued to be cautious when placing investments to ensure security of funds whilst achieving a lucrative but risk averse rate of return.

The Committee **noted** the contents of the report and commended CMT on their prudent investment.

#### 6.6 **Student Applications 2019/2020** *(previously circulated)*

The Vice Principal (Strategy and Resources) advised that the College was part way through the annual application process of promotion, marketing, advice, guidance and individual interview of all prospective students. The number of applications received to date was both positive and an increase at this point in time compared to last year.

The Committee analysed the data and a discussion ensued. Governors raised queries where applications from a minority of schools appeared lower than expected. The Vice Principal responded to those questions. Mrs

Williams outlined the amendments that were to be made in respect of two feeder schools.

Part of this agenda item was deemed confidential for the purposes of the minutes.

The Committee **noted** the contents of this report, which overall were very positive.

**6.7 Indicative Budget Position 2019/2020** *(previously circulated)*

The Vice Principal emphasised that the preparation of this budget was an iterative process incorporating updates informed by:

- Student numbers in October 2018.
- Funding rates in November 2018.
- Funding factor calculations in January 2019.
- Government Policy regarding statutory required expenditure such as pension contribution rates and National Insurance contribution rates.
- Contracts for other provision.
- Expenditure requirements as communicated during the departmental budget planning period – zero based budget exercise.

A discussion ensued with an acknowledgement of healthy cash balances, despite the deficit position.

Mrs Williams drew the Committee's attention to the amount of 'Block 2 disadvantaged funding' to be received, which was considerably less than anticipated. She advised that this calculation was being queried via the ESFA.

Part of this agenda item was deemed confidential for the purposes of the minutes.

The Committee **noted** the contents of the report. The Chair thanked the Vice Principal and Finance Manager for the clarity within the report.

**To recommend approval to the Board:**

**6.8 Financial Regulations 2019** *(previously circulated)*

The Vice Principal provided a summary of the changes being recommended since the last approval of the Financial Regulations, which were considered by the Committee.

The Committee **recommended the approval** of the Financial Regulations 2019 to the full Governing Body.

**Action: Clerk**

**7. STUDENT TRANSPORT**

**7.1 Review** *(previously circulated)*

The Committee considered the detailed report provided by the Vice Principal. In response to a question raised by a Governor, the Vice Principal confirmed that a very good service was being provided by the respective companies contracted to the College.

Part of this agenda item was considered confidential for the purposes of the minutes.

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

## **8. CORRESPONDENCE**

### **8.1 Education and Skills Funding Agency** *(previously circulated)*

The Vice Principal and Clerk outlined the salient points contained within the letter dated 12<sup>th</sup> December 2018 from the ESFA. These included:

- Funding for academic year 2019/2020 – the national base rate of £4,000 per full time student aged 16 to 17, and £3,300 for 18 years olds remained the same as previous years.
- Implementation of the Insolvency Regime for Further Education and Sixth Form Colleges.
- The pilot relating to the 'Maths Support Funding' and impact on Carmel.

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

## **9. TENDERS**

### **9.1 Auditors' Contracts** *(previously circulated)*

The Clerk advised that the five year contracts for both the Financial Statements / Regularity Auditors and Internal Auditors were due to expire on 31<sup>st</sup> July 2019. Consequently, the Vice Principal, Finance Manager and Clerk had commenced the preparatory work for the appointment of respective auditors' from 1<sup>st</sup> August 2019 to 31<sup>st</sup> July 2024. This was being co-ordinated via the Audit Committee.

The Committee **noted** the report.

## **10. POLICY REVIEWS**

### **For Approval:**

### **10.1 Petty Cash** *(previously circulated)*

Governors considered the amendments proposed by CMT.

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

### **10.2 Procurement** *(previously circulated)*

Governors considered the amendments proposed by CMT.

The Committee **approved** the Procurement Policy.

## **11. ANY OTHER BUSINESS**

None.

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

Thursday 13<sup>th</sup> June 2019 at 8:00am.

*Given the confidential nature of agenda item 13.1, Mrs Burgess was thanked for her attendance and she left the meeting.*

13. **CONFIDENTIAL COMMITTEE MINUTES**

13.1 **To approve the minutes from the previous meeting held on 22<sup>nd</sup> November 2018** *(previously circulated)*

The minutes were approved as a correct record and signed accordingly.

13.2 **To consider any matters arising from the minutes**

This agenda item was considered confidential for the purposes of the minutes.

The Chair thanked all Members for their attendance and contribution at the meeting.

As departing Governors, Mr Fogarty placed on record the Committee's appreciation to Donal McCormack and Caroline Nencini for their support and commitment to the College over many years.

There being no further business to discuss the meeting was brought to a close at 9.10am.

Signed by the Chair: ...College File signed by John Fogarty .....

On this day: .....26<sup>th</sup> September 2019 .....