



# Confirmed Minutes of the Finance and Resources Committee Meeting held on Thursday 26<sup>th</sup> September 2019 at 8.00am

**Present:** Mr John Fogarty (*Chair*)  
Mr Mike Hill (*Principal*)  
Mr Conal Neafcy  
Mr Andrew Rannard  
Mr Naheem Shafiq

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

*The meeting was opened in prayer at the slightly later time of 8.10am. New Members were welcomed to the Committee.*

## 1. ELECTION

### 1.1 Election of Chairperson to serve from 26<sup>th</sup> September 2019 to 31<sup>st</sup> July 2021

The Clerk conducted this process in accordance with procedure.

**Resolved:** Mr John Fogarty was elected as the Committee Chair.

### 1.2 Election of Vice Chairperson to serve from 26<sup>th</sup> September 2019 to 31<sup>st</sup> July 2020

The Clerk conducted this process in accordance with procedure.

**Resolved:** Mr Conal Neafcy was elected as the Vice Chair of the Committee

## 2. 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:

### John Fogarty

- Director of Corporate Services at Liverpool City Region Combined Authority and Merseytravel.
- Treasurer at the Liverpool City Region Combined Authority.
- Spouse – Strategic Director for Corporate Services at St Helens Council.

### Naheem Shafiq

- Principal Finance Manager at Halton Borough Council.
- Vice Chair of Omega Multi Academy Trust.

### Mike Hill

- Director of the Archdiocese of Liverpool Secondary School Improvement Trust.
- Governor at St Edmund Arrowsmith High School in Whiston.
- Governor at De La Salle High School in St Helens.

### Andrew Rannard

- Headteacher at De La Salle High School in St Helens.
- Plans were in place to become a Director of the Archdiocese of Liverpool Secondary School Improvement Trust.

The Committee **noted** this information.

## **3. APOLOGIES FOR ABSENCE**

Apologies for absence were received and accepted for Mr Mark Harvey and Mrs Lenore Burgess (Finance Manager). The meeting was quorate.

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

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

## **5. MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 14<sup>th</sup> MARCH 2019 (previously circulated)**

### **5.1 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.

### **5.2 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.

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

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

Minute 7.1 – Student Transport

This was deemed confidential for the purposes of the minutes.

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

## **7. FINANCIAL MANAGEMENT**

### **7.1 Finance Update – Interim Year End Account 2018/2019 (previously circulated)**

The Vice Principal provided a summary of the financial performance of the College for the year ended 31<sup>st</sup> July 2019. 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 the 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 £376k. When assessing the financial health of the College, the Education and Skills Funding Agency (ESFA) disregarded the pension data in respect of FRS 17.
- Net operating position – favourable variance of £25k.
- Income and analysis of key variances – favourable variance of £42k.
- Irrecoverable bad debts - £232 had been written off.
- Catering Summary – the company achieved the planned operating position.
- Transport – summary relating to the transport that was subsidised by the College relating to the area beyond the Merseytravel boundary and the provision of private College bus services to Widnes and Warrington.
- Total amount of net assets of the College at year-end.
- Cash balance at year-end.

The Vice Principal commended budget holders across College for their effective management of departmental allocations.

A discussion ensued. Numerous questions were raised by Governors and were responded to by the Vice Principal. In response to one question, Mrs Williams advised that historically the College has not had any significant adjustments resulting from the annual external audit.

The Chair concluded that the Committee had tracked the outturn throughout the year and it was evident from the year-end interim account that Management reports have proved to be consistent. It was noted that the College had no control over the pension data relating to FRS 17 reporting requirements and its financial impact.

The Committee **noted** the contents of the report. The Vice Principal was commended on the quality of the report.

## 7.2 **Budget Monitoring – August 2019** *(previously circulated)*

The Vice Principal provided a summary of the College's financial performance up to the end of August 2019, 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 the report, Mrs Williams highlighted the following:

- 2019/20 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 forty-two days before doing so.
- Staffing costs – favourable variance of £62k.
- Non-pay costs – favourable variance of £55k.
- Cash balance and debtor balance.
- Cashflow – forecast cash balance.
- Operating surplus – favourable variance of £165k.
- Total amount of net assets of the College.

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 as at the end of August 2019.

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

The Vice Principal presented the report on student enrolment data as at 13<sup>th</sup> September 2019. Mrs Williams highlighted the following aspects from the report which had previously been circulated:

- The College had recruited 1,800 learner responsive funded students; an under recruitment of 55 students at this point of the year. It was anticipated that the number of enrolments would reduce by the official enrolment target date of six weeks continuously on course (18<sup>th</sup> October 2019).
- Recruitment into Lower Sixth had been negative.
- Retention of students into Upper Sixth was slightly lower than anticipated.
- Under recruitment would not affect funding for this academic year due to the lagged funding model. The initial estimate relating to decreased income in 2020/21 was in the region of £280k.
- The number of students enrolled onto degree courses in connection with the University of Liverpool was positive – 38 students over target.
- Network of Hope (partnership with Liverpool Hope University) – below target by 10 students in respect of daytime provision; above target by 3 students in respect of evening provision.

The Chair raised concern regarding the student under recruitment and the subsequent financial implications. Mr Fogarty referred to the financial strategy approved by the Full Governing Body at its meeting on 24<sup>th</sup> June 2018, together with the sensitivity analysis. Numerous questions were raised by Members and responded to by the Principal and Vice Principal. Part of this agenda item was deemed confidential for the purposes of the minutes.

The Committee:

- **noted** the contents of the report
- **requested** that College Management produce a costs/benefits analysis in relation to a review of (i) student transport and (ii) the marketing and liaison model.

**Action: Future Agenda Item**

### 7.4 **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 with the ESFA. Mrs Williams provided details of the amount of income to be received in respect of the agreements. She also provided an update regarding Clause

24.9 of the agreement which related to the renewal of background checks every three years, together with an update relating to the requirements within Schedule 7.

A discussion took place. In response to a question raised in respect of the adult education budget, the Vice Principal clarified the position and confirmed that there were currently three students within this cohort.

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

## **7.5 Pension Update** *(previously circulated)*

The Vice Principal presented this report which was divided into three sections:

### Merseyside Pension Fund 2019 Actuarial Validation

The Vice Principal advised that the MPF was undertaking consultation on the triennial actuarial valuation and had provided guidance on the financial position of the fund, together with the possible effect on individual member organisations to help inform future planning assumptions.

- Solvency funding level increased from 76% to 85%.
- Average primary contribution rate rises from 13.3% to 15.4%.
- Average member contribution rate rises from 6.2% to 6.6%.

Mrs Williams reported on the estimated effect on the College as being:

- Deficit reduced from £1.5m to £0.2m
- Funding level increased from 81% to 98%.
- Proposed recovery period from 9 years to 6 years.
- Future service rate increases from 14.7% to 18.1%.
- Total three-year contribution from £1.39m to £1.36m.
- A potential covenant from the Archdiocese may increase the repayment period and prepayment of deficit would provide a cost discount.

### Local Government Pension Scheme (LGPS): Changes to the Local Valuation Cycle and the Management of Employer Risk

The Vice Principal provided details of the consultation that had taken place by the Ministry of Housing, Communities and Local Government on the Local Government Pension Scheme. Mrs Williams gave a brief summary of the potential implications for the College. The option of withdrawing from the MPF was discussed. It was known that some colleges had a subsidiary company which employed all new starters, which allowed a different defined benefit scheme to be offered to support staff. A detailed modelling of the impact would be required.

### Teachers Pensions and the Court of Appeal's judgement in the case of the Lord Chancellor -v- McCloud & Others (2018)

The Vice Principal outline the above legal case; the ruling of unlawful discrimination on the grounds of age and the possible effect on pension schemes including the LGPS. The outcome from McCloud could have a material impact on balance sheets.

Mrs Williams informed the Committee that the College had taken appropriate advice from both the Merseyside Pension Scheme Actuary and the College's Financial Statements Auditor on this issue.

A lengthy discussion ensued, with several questions being raised and responded to by the Vice Principal. These included:

**Q.** What is the average age of members at the College?

**A.** Active members: 50 years of age.

Active pensioners: 67

Deferred: 47

**Q.** In respect of the deficit, how much would be the pre-payment to attract a discount?

**A.** £186k.

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

## **8. CAR PARKING FACILITIES**

### **8.1 West Park Rugby Club** *(previously circulated)*

The Principal advised that legal advice had been sought via Weightmans Solicitors. A 'Licence to Occupy' had been entered into between the College and West Park Rugby Club, which was to be reviewed in two years. This provided the College with exclusive access to the car park between the hours of 8am and 5pm, Monday to Friday. This allowed free car parking for students.

The Principal referred the Committee to the legal documentation which had previously been circulated; the agreement having been signed by the College Principal and the Chairman of West Park Rugby Club on 5<sup>th</sup> September 2019, at which time the College transferred £55k to the Rugby Club in part-cost of resurfacing the Club's car park.

In response to a question raised by a Governor, the Principal advised that in the event of an accident on West Park Rugby Club car park the College could not be held liable.

The Committee **noted** the report.

## **9. RESOURCES**

### **9.1 Staff Recruitment Annual Report 2018/2019** *(previously circulated)*

This report was presented by the Vice Principal and included the 2017/2018 data for comparative purposes.

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

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

This report was presented by the Vice Principal and included the 2017/2018 data for comparative purposes. In her summary, Mrs Williams reported that whilst there had been an increase in long term sickness, this had been actively managed.

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

## **10. HEALTH AND SAFETY**

### **10.1 Annual Accident Report 2018/2019** *(previously circulated)*

The Vice Principal presented this anonymised report. A discussion ensued. A Governor commended the high standard of reporting.

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

## **11. ESTATES MANAGEMENT**

### **11.1 Property Strategy Review** *(previously circulated)*

The Vice Principal reported that the capital work within the financial forecast related to:

- The College planned maintenance programme.
- The commissioned access audit.
- Equipment to support academic departments.
- Equipment to support ILT infrastructure.
- Minor re-modelling work to aid the operating requirements of the College.
- Investment in car parking facilities for students had previously been addressed within agenda item 8.1

Mrs Williams advised that the 2019 budget had been uplifted by £20k to invest in additional furniture for the refectory.

In conclusion of her report, the Vice Principal informed the Committee that the planned financial position of the College did not support significant investment in remodelling of the College estate. A discussion took place.

The Committee **approved** the Capital Programme for 2019-20, as presented.

## **12. COMMITTEE KEY PERFORMANCE INDICATORS**

### **12.1 Review of the Key Performance Indicators 2018/2019** *(previously circulated)*

The Clerk reported that the Committee had not met all of its key performance indicators. This was predominantly as a result of the summer term meeting having to be cancelled at late notice, due to being inquorate. Mrs Shaw advised that critical business was deferred to the Full Governing Body meeting on 24<sup>th</sup> June 2019.

The Committee **noted** the report.

### **12.2 Approval of the Key Performance Indicators 2019/2020** *(previously circulated)*

There were no proposed changes to the Committee's Key Performance Indicators for the current academic year.

The Committee **approved** the Key Performance Indicators for 2019/2020.

## **13. ANY OTHER BUSINESS**

None.

**14. DATE OF NEXT MEETING**

In response to a question raised by the Chair, Committee members confirmed that the start time of 8.00am remained suitable for future meetings.

The next meeting was to take place on Thursday 21<sup>st</sup> November 2019 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: .....20<sup>th</sup> November 2019.....