

## Confirmed Minutes of the Finance and Resources Committee Meeting held on Thursday 24 June 2021 at 8am via Microsoft Teams

**Present:** John Fogarty (*Chair*)  
Mike Hill (*Principal*)  
Tracy Mawson  
Andrew Rannard

**In attendance:** Lenore Burgess (*Finance Manager*)  
Michelle Williams (*Vice Principal, Strategy & Resources*)  
Ruth Potter (*Clerk to Governors*)  
Sandra Prail (*ETF Board Reviewer*)

The Chair opened the meeting in prayer.

### 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 a Director at Merseytravel and Director of Corporate Services for the Liverpool City Region Combined Authority, John Fogarty declared an interest in any potential discussion relating to student transport.

The Committee **noted** this information.

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

Apologies for absence were received and accepted for Naheem Shafiq. The meeting was declared 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 18 MARCH 2021** (*previously circulated*)

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

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

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

5.1 **To consider any matters arising from the minutes** (*previously circulated*)  
Minute 6.9 – Financial Regulations 2021

The Committee **noted** that the updated Financial Regulations 2021 had been approved by the full governing body at its meeting on 30 March 2021.

## 6. FINANCIAL MANAGEMENT

### 6.1 Finance Update – May 2021 (*previously circulated*)

The Vice Principal (Strategy and Resources) presented a summary relating to the financial performance of the College up to 31 May 2021. The report incorporated the income and expenditure account, balance sheet, cash flow and associated monitoring information. The operating surplus at the end of May was £1,206k, which represented a favourable variance of £259k over the anticipated position at this point in the year. The net assets of the College totalled £2,172k. The Vice Principal highlighted the following aspects from the report:

- Staffing – 0.01% adverse variance, so closely aligned to projection.
- Non-pay – £223k favourable variance which would be spent by the end of the financial year.
- Bursary income – favourable variance at the end of the year would be carried over, as permitted under the relevant guidance.
- Marketing – significant underspend to date of £53k which reflected in-year adaptations due to the pandemic.
- Curriculum support – includes a planned increase of £80k against transport in relation to Covid-19 related expenses.
- Balance sheet – cash balance was high at £2,994k.
- The College was in sound financial health.

Governors' questions on the finance update report were invited.

**Q** – How does the £1.2m surplus compare to the surplus at the same time last year?

**A** – Finance Manager confirmed that the surplus in May 2020 was £2.3m.

**Q** – Are some of the non-pay expenditure heads favourable because of the different ways the College has been operating during the pandemic?

**A** – Some are, for example utility bills, however other costs have arisen such as staffing costs for testing centre.

**Q** – What about printing costs and reprographics?

**A** – These have been variable depending on the curriculum area. In 2020, printing costs associated with teaching areas was £56k and in 2021 it was £62k.

**Q** – Marketing data suggests that the link has been broken between investment in marketing and student numbers. How will this impact budgeting for next year?

**A** – Zero based budgeting approach for next year will place some pressure on the marketing budget. College is getting better at analysing the impact and effectiveness of different strands of the marketing strategy so that activity can be targeted accordingly.

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

## 6.2 **Student Recruitment 2021-2022** (*previously circulated*)

The Vice Principal (Strategy and Resources) presented her update report on student recruitment data for the next academic year. She highlighted the following points:

- Net applications for the year were 2,177 which was in line with data this time last year (2020 - 2,188).
- 216 students on the waiting list, hence College had closed the applications portal early.
- Confident that recruitment target of 1,100 applications for Lower Sixth would be met.

The Principal reflected that many students would have applied to multiple post-16 providers and College was mindful of this.

The Vice Principal confirmed that the College would be funded for 1,888 students against anticipated numbers of circa 2,100, due to the lagged funding model.

The College Corporate Management Team (CMT) also closely monitored retention of students from Lower Sixth into Upper Sixth to ensure that action was taken to support students at risk of not returning.

Taster days this year would be held virtually again due to social distancing restrictions and the Principal reported on the variety of sessions being held over the coming week for both prospective students and their parents.

Governors' questions were invited.

**Q** – In relation to the retention of students from Lower Sixth to Upper Sixth, what were the reasons behind those students who dropped out?

**A** – A variety of reasons including opportunities for employment and apprenticeships or a change in subject area. Retention of students between Lower Sixth and Upper Sixth was a key target in the College's strategic plan and was monitored monthly with a view to continuous improvement.

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

## 6.3 **Financial Forecast and Commentary 2021 to 2022/23** (*previously circulated*)

The Vice Principal explained that the Education and Skills Funding Agency (ESFA) required all colleges to submit the College Financial Forecasting Return (CFFR) by 31 July 2021. The documents required for submission were:

- CFFR – formal assessment of financial health and review of college budget forecasting
- Commentary – supporting document that explained the assumptions upon which the forecast years had been completed in the CFFR.

The requirements for these returns were set out in the ESFA's 'College financial planning handbook 2021' and 'College Financial Forecasting Return: User Guide'.

The Vice Principal confirmed that the corporation was responsible for ensuring the financial viability of the college and must regularly assess financial health, resilience and threats to insolvency. As such, the corporation must approve the CFFR and the accounting officer must make a declaration to this effect.

The Vice Principal presented her report which included detailed information designed to support overall assessment of financial viability. She highlighted the following points:

- This year, the CFFR has re-introduced a three-year financial return, including forecast outturn for the current year.
- In line with this requirement, the report commented on the financial forecast for the current year outturn and two further years.
- The financial plan had been prepared in accordance with the financial planning requirements for sixth form and further education colleges and was driven by the College's strategic priorities.
- Staffing – An anticipated 2% cost of living pay award had been factored into the forecast.
- Capital spend included T Level bid match funding, but the outcome of this bid was still awaited.
- Key risks – change in further education income, change in higher education income, change in pay costs.
- A detailed sensitivity analysis had been presented to demonstrate the potential financial impact of key risks. The high cash balance was considered as serving to protect the College should all risks materialise simultaneously.
- ESFA had proposed a new health scoring mechanism which would take the level of borrowing into account.
- Under the existing financial health grading system, the College would be assessed as Good in 2021, Good in 2022 and Outstanding in 2023. Under the proposed financial health grading system, the College would be assessed as Outstanding in all three years.
- The financial health of the College was therefore self-assessed as Good over the three-year period to July 2023.

Governors' questions were invited.

The Chair reflected that this was a key report and was very usefully set out with a detailed sensitivity analysis. From the information presented, the College was in a robust financial position.

**Q** – Given this robust position and cross-referencing it back to the College's strategic plan, was there anything within the plan that had not been achieved but could be with expenditure of some of the cash reserves?

**A** – Already looking at potential investment into the buildings' infrastructure and in the process of pulling together a property strategy to inform this. Would need match funding in order to make this investment. Estates upgrades in line with the College's sustainability agenda to use cleaner sources of energy.

**Q** – Positive to note that the College has come through the pandemic in a robust financial position. What about the students – have we seen an increase in applications for bursaries or other support due to changing

personal financial circumstances? If so, is there an opportunity to invest more in bursaries, student transport or wellbeing support?

**A** – It is important to balance the surplus position appropriately between revenue funding and capital funding. The new bursary funding model would result in the College receiving an increase in funding next year. A slight increase in bursary applications was reported. The College had adopted the new bursary guidance and this had resulted in a more nuanced approach to bursary awards. It was anticipated that there would be an increase in students eligible for free school meals next year and this would have an impact.

**Q** – Would projected cash balances have any impact on the treasury management strategy?

**A** – Returns on investments are extremely low so unlikely to impact.

The Committee thanked the Vice Principal and Finance Manager for their preparation and explanation of this report and **recommended** that the full governing body:

- Approve the College financial forecast 2021-2023.
- Approve the 2021-2022 forecast as the operating budget for 2021-2022.

**ACTION – Clerk to add to next full governing body agenda for approval.**

#### 6.4 **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 13 May 2021. Subsequent to the ESFA's assessment of the College's financial returns, the financial health of the College was confirmed as being:

- Good for 2019/2020
- Outstanding for 2020/2021

A discussion ensued. With regard to the ESFA's comment regarding Office for Students (OfS) funding, the Vice Principal clarified that as a sub-contracted provider to the University of Liverpool the College received funds directly from the University and not from the OfS.

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

## 7. **ESTATES MANAGEMENT**

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

The Vice Principal (Strategy and Resources) reported that the College planned to produce a fully updated and comprehensive Property Strategy in Autumn 2021 to inform the strategic plan. In the interim period, the Committee was updated on Estates activity including planned capital build programmes and environmental requirements. The Vice Principal highlighted the following points:

- Outcome of T Level bid still awaited.
- Streamlined Energy and Carbon Reporting (SECR) – Whilst the College was not required to make an equivalent disclosure under the 2018 Regulations, as a public policy corporation it was encouraged to do so and had this year produced its first SECR report.

- Carbon Management Plan – the College had commissioned a Carbon Management Plan as part of the T Level bid and was working through the recommendations arising from this.
- Valuation Report and Condition Survey had been commissioned and was due to be completed in July 2021.
- Facilities management – invested in system to ensure that the College had the latest information and checks to ensure compliance.
- Facilities hire – new online booking system. Reference was made to the need to ensure all third-party providers using the College’s facilities met the necessary safeguarding requirements.
- £52k surplus to date against planned expenditure on capital equipment, this would be committed before the year end.

A discussion ensued.

The Committee thanked the Vice Principal and **noted** the update report.

## **8. POLICY REVIEWS**

### **8.1 Treasury Management Code of Practice *(previously circulated)***

Governors considered the document which was subject to its biennial review. The Vice Principal (Strategy and Resources) drew the Committee’s attention to the amendments that were being recommended and indicated that further amendments may be required following the outcome of the Chartered Institute of Public Finance and Accountancy (CIPFA) consultations on changes to its Prudential Code and Treasury Management Code of Practice.

The Committee **approved** the revised Treasury Management Code of Practice.

### **8.2 Student Fee Charging Policy *(previously circulated)***

Governors considered the policy which was subject to its annual review. The Vice Principal (Strategy and Resources) drew the Committee’s attention to the relatively minor amendments that were being recommended.

The Committee **recommended approval** of the updated Student Fee Charging Policy to the full governing body.

**ACTION – Clerk to add to next full governing body agenda for approval.**

## **9. ELECTION**

### **9.1 To elect a Chair to the Committee to serve from 1 August 2021 to 31 July 2023**

The only nomination for the role of Chair was for John Fogarty.

The Committee unanimously **agreed** to re-appoint John Fogarty in the role of Chair for the period 1 August 2021 to 31 July 2023.

### **9.2 To elect a Vice Chair to the Committee to serve from 1 August 2021 to 31 July 2023**

The only nomination for the role of Vice Chair was for Andrew Rannard.

The Committee unanimously **agreed** to re-appoint Andrew Rannard in the role of Vice Chair for the period 1 August 2021 to 31 July 2023.

**10. ANY OTHER BUSINESS**

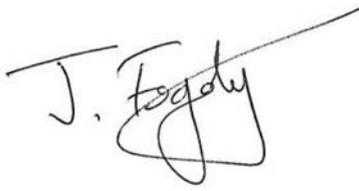
None

**11. DATE OF NEXT MEETING**

Thursday 23 September 2021 at 8am.

A discussion took place on the method by which the Committee would be meeting in the new academic year and it was noted that a paper would be presented to the full Governing Body at its meeting on 29 June 2021 so that proper consideration could be given to the most appropriate method for achieving effective governance. Committee members agreed that there were certain key meetings in the cycle – for example, budget setting – when a face-to-face meeting would be more effective.

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 9.05am.

A handwritten signature in black ink, appearing to read 'J. Fogarty', with a long horizontal line extending from the top of the signature.

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

23 September 2021

On this day: \_\_\_\_\_