



Minutes of the Finance and Resources Committee Meeting held on Thursday 23 September 2021 at 8am via Microsoft Teams

Present: John Fogarty – Chair (*Foundation Governor*)
Mike Hill (*Principal*)
Tracy Mawson (*Co-opted Governor*)
Andrew Rannard (*Foundation Governor*)
Naheem Shafiq (*Associate Member*)

In attendance: Helen Stevenson (*Chair of Governors*)
Lenore Burgess (*Finance Manager*)
Michelle Williams (*Vice Principal, Strategy & Resources*)
Ruth Potter (*Clerk to Governors*)

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.

John Fogarty advised members that he was acting as Director General of Merseytravel on an interim basis and as such declared an interest in any potential discussion relating to student transport.

The Committee **noted** this information.

2. **APOLOGIES FOR ABSENCE**

No apologies for absence had been received. 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 24 JUNE 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 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.

5. **MATTERS ARISING FROM THE MINUTES**

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

Committee members considered the action log prepared by the clerk. There were no matters outstanding from the previous meeting.

6. FINANCIAL MANAGEMENT

6.1 Finance Update – Interim Year End Accounts 2020-21 *(previously circulated)*

The Vice Principal (Strategy and Resources) presented a summary relating to the financial performance of the College for the year ended 31 July 2021. It was confirmed that the report was in draft and as yet unaudited. The report incorporated: income and expenditure account, balance sheet, and cash flow and monitoring information. The Vice Principal explained that the results incorporated the actuarial valuation of the Merseyside Pension Fund (FRS 17 reporting requirement).

The Vice Principal highlighted the following aspects from the report:

- Reported operating deficit on continuing operations was £(64)k which was a significant improvement on the previous year. There was an unfavourable variance of £(168)k over the anticipated position for the year end, however it was explained that this was due to the Merseyside Pension fund adjustment.
- Income and expenditure had been classified as either operating expenditure or non-cash operating expenditure, and this classification would continue in the financial statements.
- Staffing – unfavourable variance of £(325)k, the vast majority of this related to the Merseyside Pension Fund accounting adjustment. A paper from the Merseyside Pension Fund actuary had previously been circulated setting out assumptions.
- Catering – £10k overspend affected by furlough of staff during pandemic and liability for net payroll costs over and above furlough receipts.
- Transport – positive variance of £27.5k against an increased budget due to extra lunchtime bus services required during the pandemic.
- Non-pay costs – areas of higher expenditure within the admin and central services spend were explained.
- Premises costs – spend had been closely managed within the overall budget, analysis provided via type of spend and variances explained.
- Capital spend – favourable variance of £80k.
- Balance sheet – healthy balance sheet with high cash balance which provided robust contingency fund if required.
- HE and FE funding summaries provided.
- Income and expenditure performance indicators and cashflow projection provided.

The Vice Principal concluded by reporting that the College had operated within its approved financial plan before FRS17 adjustments for 2020-21. The external audit would be finalised before the Committee's next meeting at which the formal financial statements would be ready for presentation.

Governors' questions on the finance report were invited.

Q – Settlement figure contained within the staffing costs. Was this budgeted for, or was there a contingency budget should such costs arise?

A – Not specifically budgeted for, but contingency fund available to cover costs.

Q – Why was there a reduction in internal audit fees?

A – Following a tender process, a new firm of internal auditors was appointed at the beginning of last year hence a change in costs.

Q – Large capital expenditure planned for year ahead. Has stress testing taken place around these costs given rise in price of construction materials?

A – Have been in discussion already with project manager regarding this.

The Chair concluded that the Committee had tracked the outturn throughout the year and it was evident from the year-end interim accounts that management reports and forecasting had been effective.

The Committee **noted** and **approved** the report.

6.2 **Management Accounts – August 2021** (*previously circulated*)

The Vice Principal (Strategy and Resources) provided a summary of the College's financial performance up to the end of August 2021, which was the first month in the new financial year. The report included: income and expenditure account, balance sheet, cash flow and monitoring information.

She highlighted the following points:

- Income and expenditure account – surplus had been separated out into two elements: operating surplus and T Level capital grant income.
- Operating surplus – favourable variance of £301k
- Staffing costs – favourable variance of £68k
- Non-pay costs – favourable variance of £71k
- 2021-22 funding allocation – this data had 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.

The Vice Principal concluded that the College was currently in sound financial health.

The Committee **approved** the management accounts as at the end of August 2021.

6.3 **Student Recruitment 2021-2022** (*previously circulated*)

The Vice Principal (Strategy and Resources) presented her analysis report on student recruitment data for 2021-22 as at 14 September 2021.

She highlighted the following points:

- Total number of learner responsive funded students was reported as 2029, however this figure had recently been updated to 2019. This latest figure represented an over recruitment of 132 students against funding target, but an under recruitment of 108 students against the College's own internal target. It was anticipated that total student numbers would further reduce by the official enrolment target date of six weeks continuously on course (12 October 2021).

- Recruitment of students into Lower Sixth was higher than the funded target but lower than the internal target.
- Retention of students into Upper Sixth was higher than anticipated.
- Under recruitment would not affect funding for this academic year due to the lagged funding model. The financial impact would take effect in 2022-23 and this would be modelled once numbers had settled.
- Conversion rate from application to enrolment had significantly reduced.
- The admissions processes for this student intake had been modified in the context of the pandemic with face-to-face visits and interviews substituted by virtual meetings. These processes were subject to ongoing review.
- The number of students enrolled onto degree courses in connection with the University of Liverpool was anticipated to be in line with plans.
- Network of Hope (partnership with Liverpool Hope University) – daytime provision had been withdrawn and evening provision was in line with plans.
- Analysis of student enrolment data by cohort (gender, religion, Local Education Authority [LEA] and ethnicity).

A discussion ensued on key aspects of the report and data. The Principal provided further local and regional context and reported on the activity that was already taking place to attract next year's intake of students. A key factor would be the College's ability to re-engage parents and students with face-to-face interactions by getting people onto the campus.

Governors' questions were invited.

Q – Any comparative recruitment intelligence from other similar colleges?

A – Generally, colleges are reporting positive recruitment, this may be reflective of the upturn in demographics for this year's cohort.

Q – Given the disruption of previous years, how prepared were the Lower Sixth students coming into College this year?

A – Some issues around organisation skills had been reported, but additional skillset of online learning. First student progress monitoring point in two weeks' time will reveal further information.

Q – Any correlation between marketing underspend and student numbers?

A – Not really as the marketing activity encouraged prospective students to apply. Issue had been with conversion of applications into confirmed student places.

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

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

The Vice Principal (Strategy and Resources) advised the Committee that the College had received and signed the contractual funding document from the ESFA and outlined details of the funding allocation. The funding agreement had previously been shared with governors. She reported no significant changes to the terms and conditions of funding.

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

6.5 **Good Practice Guide for Management Accounts** *(previously circulated)*

The Vice Principal (Strategy and Resources) referred governors to the guidance document published by the ESFA in July 2021 – ‘Management accounts: good practice guide for colleges.’ She reported that the College finance team planned to review the format of the current management accounts pack in order to assess whether any improvements could be made in line with the good practice recommendations. Most of these recommendations were already being met, however the style and format of presentation may benefit from adjustment to improve accessibility for the reader. Any adjustments were likely to be incremental, with feedback on efficacy monitored.

Governors’ feedback and suggestions on the format of the management accounts were requested. A discussion ensued which suggested that governors appreciated the use of colour – via a RAG (red, amber, green) rating – to aid interpretation and highlight significant issues or variances. The Chair highlighted the importance of all governors being able to understand the finance report, including those governors who were not members of the Finance and Resources Committee.

The Committee **noted** the best practice guide and it was **agreed** that re-designed management accounts would be sent for feedback to two Committee members as well as two non-Committee board members.

ACTION – Vice Principal to seek feedback on re-designed management accounts pack from two Finance Committee and two non-Finance Committee board members.

7. **RESOURCES**

7.1 **Staff Recruitment Annual Report 2020-21** *(previously circulated)*

This anonymised report was presented by the Vice Principal (Strategy and Resources) and included data in relation to all internal and external appointments.

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

7.2 **Staff Absence Annual Report 2020-21** *(previously circulated)*

This anonymised report was presented by the Vice Principal (Strategy and Resources) and included the percentage absence amongst teaching staff, support staff and cleaning staff. Comparative data from 2019-20 was also included. The Vice Principal reported that this was positive data, especially in the context of the Covid-19 pandemic.

Q – Did working from home have a positive impact on staff absence?

A – Yes, for teaching and support staff during the pandemic but not for cleaning staff who still had to come into College.

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

8. HEALTH AND SAFETY

8.1 Annual Accident Report 2020-21 *(previously circulated)*

The Vice Principal (Strategy and Resources) presented this anonymised report. No trends were highlighted.

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

Andrew Rannard left the meeting at 9am.

9. ESTATES MANAGEMENT

9.1 T Level Bid *(previously circulated)*

The Vice Principal (Strategy and Resources) reported that the College's T Level bid had been approved in full. Plans to re-model the Stoker Building to deliver T Levels would now be progressed. A tender process would be followed to appoint contractors and would require governor representation on the tender panel. The Vice Principal outlined the timeline for this project with a view to ensuring that all building work would be completed by August 2022. She confirmed that she would provide an update report on this capital build programme at each Committee meeting.

A discussion ensued and governors' questions were invited.

Q – Had delays in availability of building materials been factored into the project timeline?

A – This would be flagged up with the Estates Manager.

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

10. POLICY REVIEWS

10.1 Value for Money Policy *(previously circulated)*

The Vice Principal (Strategy and Resources) presented this policy, which was due for triennial review, and reported that only minor updates were recommended.

The Committee **recommended approval** of the Value for Money Policy to the Full Governing Body.

ACTION – Clerk to put Value for Money Policy on next FGB agenda for approval.

11. COMMITTEE EFFECTIVENESS

11.1 Finance and Resources Committee Cycle of Business *(previously circulated)*

The clerk presented this document to Committee members for feedback and suggested that it would serve a number of purposes linked to transparent and accountable governance, such as:

- governor induction aid for new members of the board and Committee
- business continuity aid in the event that clerking services get disrupted in the future
- accessible means by which the business of the Committee can be reviewed, revised and made more efficient in response to internal and external needs.

The Committee **noted** the contents of the document and thanked the clerk for its preparation.

11.2 Finance and Resources Committee Terms of Reference (*previously circulated*)

The clerk invited Committee members to conduct an annual review of the current Terms of Reference to determine whether these remained fit for purpose. Final approval of any suggested amendments would sit with the Full Governing Body.

A discussion ensued in relation to corporate social responsibility and where this would fit within the board's scheme of delegation. The Principal indicated that this would fall to the Full Governing Body and would be explored within the strategic planning process.

The Committee **agreed** that its current Terms of Reference did not require any revision.

ACTION – Governors' strategic planning day to review corporate social responsibility agenda.

Mike Hill left the meeting at 9.05am.

11.3 Review of Committee's Key Performance Indicators (KPIs) 2020-21 (*enclosure*)

The clerk advised governors that the Committee was required to review its own performance annually and presented an analysis of performance against agreed KPIs from the previous academic year.

It was noted that all KPIs had been met with the exception of KPI 1 (attendance) and KPI 9 (property strategy review). It was noted that one Committee member had not attended any meetings during the year and this had impacted overall performance against KPI 1.

Governors **noted** and **agreed** the analysis report on KPIs for 2020-21.

ACTION – Clerk to review procedures for removal of governors from committees.

11.4 Approval of Committee's Key Performance Indicators (KPIs) for 2021-22 (*previously circulated*)

The clerk recommended some changes to the KPIs for the current academic year.

The Committee **approved** the key performance indicators for 2021-22 as presented by the clerk.

11.5 Review of Committee skills analysis and training plan (*previously circulated*)

The clerk presented an anonymised analysis of the 2020-21 skills audit responses for Finance and Resources Committee members. Membership of the Committee had not changed since this audit was conducted, however not

all responses from the 2021-22 skills audit had been collated and hence the updated analysis was delayed. In the meantime, members were invited to consider the areas highlighted and clarify any specific training or support that might be required. It was further explained that the College would be subscribing to the Education and Training Foundation (ETF) Governance Development Programme which would provide governors with access to a range of learning opportunities and resources that could be accessed according to individual need.

The Committee **noted** the contents of the report and **agreed** to review the training opportunities available as part of the ETF Governance Development Programme and access these as required.

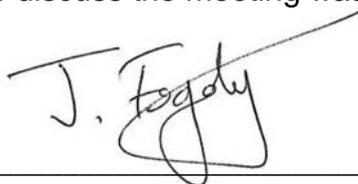
12. ANY OTHER BUSINESS

None

13. DATE OF NEXT MEETING

Thursday 18 November 2021 at 8am via Teams.

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 9.15am.



Signed by the Chair: _____

On this day: _____ 18 November 2021 _____