



Minutes of the Finance and Resources Committee Meeting held on Thursday 22 June 2023 at 8am via Microsoft Teams

Present: John Fogarty – Chair (*Foundation Governor*)
Tracy Mawson (*Co-opted Governor*)
Janet Nevin (*Interim co-Principal*)
Andrew Rannard (*Foundation Governor*)
Naheem Shafiq (*Associate Member*)

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

The Chair welcomed all attendees and opened the meeting in prayer.

1. ROUTINE AND STANDING ITEMS

1.1 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. No interests were declared other than those that were already recorded on the College's register of interests.

1.2 Apologies for absence

All members were present. The meeting was declared quorate.

1.3 Items to be included under any other business

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

1.4 Minutes of the Finance and Resources Committee meeting held on 16 March 2023 (*previously circulated*)

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.

1.5 Matters arising from the minutes (*previously circulated*)

Governors noted the action log prepared by the Clerk.

2. REGULATORY UPDATE

2.1 College Managing Public Money (MPM) Return to 31 March 2023 (*previously circulated*)

The Vice Principal referred governors to the nil return that had been submitted by the College in relation to the period from 29 November 2022 (date of college reclassification as central government sector) to 31 March 2023. Governors were reminded of the need for specific prior consent from the Department for Education (DfE) for certain transactions above threshold levels. No such transactions had taken place during the period in question. The Vice Principal

reported that College policies had been updated to reflect the new requirements and were due to be presented for approval under section 6 of the agenda.

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

2.2 DfE Further Education Estates Planning Guidance *(previously circulated)*

The Vice Principal referred governors to this recently updated guidance and confirmed that the College's Estates Manager was working through this in detail to ensure that College systems and practice were compliant.

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

2.3 Education and Skills Funding Agency (ESFA) Guidance – Management Accounts: good practice guide for colleges *(previously circulated)*

The Vice Principal reported that the format of the College's management accounts presented to governors had been changed in Autumn 2021 to reflect good practice in this guidance. Since the ONS reclassification decision, this guidance had been updated to reflect the new MPM requirements and governors were referred to the updated document. The Vice Principal confirmed that monthly management accounts would be uploaded to GovernorHub each month in line with an appropriate schedule to ensure governors had access to key financial data in between committee meetings.

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

ACTION – Monthly management accounts to be uploaded to GovernorHub

3. FINANCIAL MANAGEMENT

3.1 Finance Update and Management Accounts – May 2023 *(previously circulated)*

The Vice Principal presented the finance update and management accounts up to the end of May 2023 and drew the Committee's attention to the following key points:

- Operating surplus, Table 1 – RAG rated amber due to adverse variance of £64k over the anticipated position at this point in the year. Anticipated outturn position at year end of £75k.
- Net assets of £7,524k
- Income, Table 1 – RAG rated green as positive against plan
- Pay costs, Table 1 – RAG rated red as adverse against plan
- Capital programme, Table 1 – RAG rated green as all works on target
- Key performance indicators (KPIs), Table 2 – pay as percentage of income and student numbers RAG rated red

The Vice Principal confirmed that the College's financial health had been assessed as Good as at May 2023.

Governors were referred to the detailed appendices set out under the Supporting Information section of the report and the Vice Principal updated the Committee on measures in place to ensure greater control over pay expenditure next year.

The Chair thanked the Vice Principal for her report and invited governor questions.

Q – Can you provide further details of the additional pay controls to be implemented in order to provide governors with further assurance in this area?

A – Overview of HR approval process provided by Vice Principal and the Interim co-Principal highlighted that overtime pay controls were also being reviewed. A new staffing document had been developed and would be implemented in time for the new academic year.

The Committee **approved** the finance update and management accounts as at the end of May 2023.

3.2 **Financial modelling for 2023-24** (*previously circulated*)

The Chair referred members to this action that had arisen from the previous meeting. Since then, the Chair had met with the Vice Principal and Interim co-Principal to go through the financial modelling paper in detail prior to its presentation to Committee. The document set out various measures by which the College could mitigate against the forecast deficit position next year. The Vice Principal proceeded to present the modelling to the Committee, highlighting the following key areas:

- student numbers
- HE income
- pay award
- payroll percentage
- relative programme sizes.

Specific discussion ensued on the College's staff costs as a proportion of income as benchmarked against sixth form sector averages. Staffing efficiency was highlighted within the paper and reference made to the new staffing document that set out clearer expectations with regard to teaching hours and other commitments across College. The modelling presented was based upon the assumption that student recruitment targets were met and this would need to be reviewed early in the Autumn Term should there be under recruitment.

The Vice Principal drew governors' attention to the analysis of individual departmental income against costs and highlighted specific areas of concern. Opportunities to increase income in these areas and control expenditure were reported.

In conclusion, the Vice Principal reported that all the recommendations set out within the financial modelling paper had been built into the College's financial plan, presented for consideration at item 3.3.

The Chair thanked the Vice Principal and Senior Leadership Team for their work in developing a clear and comprehensive modelling paper and invited governors' comments and questions.

Q – Staff view on proposed staffing document?

A – Staff are aware of the College's forecast deficit next year and the work taking place to ensure future sustainability. Staffing document due to be formally presented to staff the following week. Sitting alongside this would be the staff wellbeing strategy.

Q – Update on energy costs?

A – LED lighting should be in place for the beginning of next term and this would yield savings over time. Alternative provision would be explored at end of current framework agreement. ‘Save money cut carbon’ review had led to a series of recommendations to reduce overall spend in this area.

Further discussion ensued and the Chair highlighted the potential impact of more rigorous internal financial control, the criticality of student recruitment and the strategic opportunity of academisation.

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

3.3 **Financial Forecast and Commentary 2023 and 2024-25** (*previously circulated*)

The Vice Principal presented the financial forecast and commentary which had been prepared in line with Education and Skills Agency (ESFA) requirements. She confirmed that the College Financial Forecasting Return (CFFR) and associated Commentary must be submitted by 31 July 2023 and incorporated:

- Outturn for year ending 31 July 2023 – comprising actuals up to 31 March 2023 and forecast up to 31 July 2023
- Budget for the year ending 31 July 2024
- Forecast for the year ending 31 July 2025.

The Vice Principal proceeded to present the financial plan which included detailed information designed to support overall assessment of financial viability. She highlighted the following points:

- Next year’s plan was proposed as the operating budget for 2023-24.
- Summary outturn position – Table 1, provided an overall summary of the planned outturn for this year and the following two years. Forecast deficit budget for 2023-24.
- Planned student numbers – Table 2, set out income assumptions based upon planned growth in student numbers and increase in retention from lower sixth to upper sixth.
- Pay expenditure – assumed a pay award of 5% for first two years, followed by 2.5%, however the outcome of the Sixth Form College Association (SFCA) pay negotiations would not be known for some time. Percentage of pay expenditure as proportion of total income was projected to fall in line with sixth form sector average in 2024-25.
- Capital spend – Table 3, updated to reflect investment required as a result of JISC cyber security assessment recommendations.
- Balance sheet movement – Table 6, positive balance sheet including high cash balance.
- Sensitivity analysis – Table 7, analysis based on modelled impact of variations in student numbers and pay costs.
- Financial performance – Table 8, Key financial ratios, summarised against 2021-22 sixth form sector benchmark data.
- Financial Health – Table 9, set out the financial health of the College over the coming three years using the agreed financial health grades (existing and proposed). Under both systems, the College would be assessed as Good in 2023, Good in 2024 and Outstanding in 2025. Therefore, the financial health of the College was self-assessed as Good over the three-year period to July 2025.

Discussion ensued and governors thanked the Vice Principal for her detailed presentation and comprehensive sensitivity analysis. The Chair reflected that the sensitivity analysis was becoming increasingly important given the potential financial impact of under recruitment.

The Committee thanked the Vice Principal for her report and **recommended** to the full Governing Body that it:

- **approve** the College financial forecast 2023-2025
- **approve** the 2023-24 forecast as the operating budget for 2023-24.

ACTION – FGB agenda item

3.4 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 29 March 2023. Subsequent to the ESFA's assessment of the College's financial returns, the financial health of the College was confirmed as being Good for 2021-22.

The letter referenced the cyber-attack in May 2022 and confirmed that the College had taken appropriate steps to address this issue.

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

3.5 Student Recruitment 2023-24 *(previously circulated)*

The Vice Principal provided an overview of student recruitment data, highlighting the following points:

- Total applications for the year stood at 2,598 with 445 withdrawn applications leading to a net figure of 2,153.
- The College remained open to applications and all applicants (pre and post the 31 January deadline) had been invited to interview.
- Student taster day scheduled for 3 July in College – 1,320 students had confirmed attendance.
- Parent information event scheduled for 5 July in College – 377 parents confirmed attendance so far.
- Y10 'imagine' days scheduled to take place in the coming weeks with 700 students due to visit from a variety of schools.
- Marketing and liaison – update on activity and new marketing team structure due to take effect in August.
- Student transport – two free bus services to be offered for the first time should have positive impact on recruitment.

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

4. ESTATES MANAGEMENT

4.1 Property Strategy Review *(previously circulated)*

The Vice Principal presented the updated Property Strategy 2023-28. The document reported on key areas of development during the current academic year and planned activity over the coming period. Planned activity centred on:

- ensuring compliance and best practice across the College estate
- phased re-decoration of areas to ensure upgrading of estate

- investment and improvement of key areas within the College including:
 - library – to provide greater student access to areas for silent study
 - reception
 - sports hall – floor improvement
 - linkway between College buildings
 - SLT office space – to use section of under-utilised staff room to create additional SLT office space
- sustainability projects.

Following discussion, the Committee **recommended approval** to the full Governing Body of the Property Strategy 2023-28.

ACTION – FGB agenda item

- 4.2 **Condition Improvement Fund (CIF) Project – update** (*previously circulated*)
 The Vice Principal referred members to the update report on this capital project. It was reported that building works had started on site and were on target to be completed before the students returned to College in early September. Project costs were anticipated to remain within the approved budget.

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

5. CONTRACTS AND TENDERS

- 5.1 **LED Lighting – tender waiver** (*previously circulated*)

The Vice Principal reported that a tender waiver had been approved by the Chair of the Committee since the last meeting in order to ensure that timely procurement of LED lighting services could take place in line with the DfE’s sustainability funding deadline. It was confirmed that a contractor had been appointed via direct award through a procurement framework. Works had recently commenced on site.

The Committee **noted** the tender waiver and associated report.

- 5.2 **Student Transport Tender – update** (*previously circulated*)

The Vice Principal reported that a governor Tender Panel had met on 8 June 2023 to consider bids for the Widnes and Warrington student transport tenders. The Panel had approved a preferred provider and the formal standstill period was due to end on 26 June 2023. The costs associated with student transport were reported and the budget allocation explained.

The Committee thanked the Finance Manager for her work in leading this tender activity and **noted** the tender outcome.

- 5.3 **Internal Audit Report – Procurement and Contract Management** (*previously circulated*)

The Vice Principal updated governors on the outcome of a recent internal audit of College procurement and contract management activity conducted by College auditors, Wylie Bisset LLP. The internal audit report had been considered by the Audit Committee at its meeting on 13 June 2023. The report confirmed that there was strong assurance in this area with only four low graded recommendations. The Vice Principal advised that an action plan had been put in place to address all recommendations.

The Committee **noted** the internal audit report.

6. POLICIES

6.1 Business Continuity Plan and IT Disaster Recovery Plan *(previously circulated)*

The Vice Principal reported that a comprehensive review had taken place of the College's previous Disaster Management Plan and as a result it had been revised and split into two separate documents for governors' consideration and approval: (1) Business Continuity Plan and (2) IT Disaster Recovery Plan. The two documents should enhance accessibility, especially with the introduction of a series of 'aide memoir' flow charts in the Business Continuity Plan. The IT Disaster Recovery Plan had been developed in response to the recommendations arising out of the JISC cyber security review and the resultant changes in systems and procedures.

Staff training on the new plans was scheduled to take place in July.

Following discussion, the Committee **recommended approval** to the full Governing Body of the Business Continuity Plan and IT Disaster Recovery Plan.

ACTION – FGB agenda item – Business Continuity Plan and IT Disaster Recovery Plan

6.2 Student Fee Charging Policy *(previously circulated)*

The Vice Principal presented this policy, which was due for annual review, and reported that only minor amendments were recommended.

The Committee **recommended approval** of the Student Fee Charging Policy to the full Governing Body.

ACTION – FGB agenda item – Student Fee Charging Policy

6.3 Treasury Management Code of Practice *(previously circulated)*

The Vice Principal presented this policy, which was due for biennial review, and reported that it had been updated to reflect the latest requirements and guidance. In particular, a section had been added on loan approval to reflect MPM requirements following reclassification.

The Committee **recommended approval** of the Treasury Management Code of Practice to the full Governing Body.

ACTION – FGB agenda item – Treasury Management Code of Practice

6.4 Financial Regulations 2023 *(previously circulated)*

The Vice Principal reported that some further amendments were required to the Financial Regulations following their approval in March 2023. These amendments reflected the framework for financial management set out in the HM Treasury's MPM document.

The Committee **recommended approval** of the Financial Regulations 2023 to the full Governing Body.

ACTION – FGB agenda item – Financial Regulations 2023

6.5 Tendering Policy *(previously circulated)*

The Vice Principal reported that a further amendment was required to the Tendering Policy following its approval in March 2023. This amendment ensured that the Policy made reference to the latest applicable public contracts legislation and had arisen as a result of a recommendation from the internal audit of procurement and contract management.

The Committee **recommended approval** of the Tendering Policy to the full Governing Body.

ACTION – FGB agenda item – Tendering Policy

7. ELECTION

7.1 Election of Chair from 1 August 2023 to 31 July 2025 *(previously circulated)*

The sole nomination for the role of Finance and Resources Committee Chair was for John Fogarty. The Committee unanimously **agreed to appoint** John Fogarty to the role for the period 1 August 2023 to 31 July 2025.

7.2 Election of Vice Chair from 1 August 2023 to 31 July 2025 *(previously circulated)*

The sole nomination for the role of Finance and Resources Committee Vice Chair was for Andrew Rannard. The Committee unanimously **agreed to appoint** Andrew Rannard to the role for the period 1 August 2023 to 31 July 2025.

8. OTHER MATTERS

8.1 Governor Training

Members were invited to update the Clerk on any training activities they had completed since the last meeting. No activities were reported.

8.2 Any Other Business

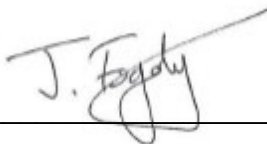
None

8.3 Date of Next Meeting

Thursday 21 September 2023 at 8am

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: _____ 21 September 2023 _____