



Minutes of the Finance and Resources Committee Meeting held on Thursday 16 November 2023 at 8am via Microsoft Teams

Present: John Fogarty – Chair (*Foundation Governor*)
Janet Gater – (*Principal*)
Tracy Mawson (*Co-opted Governor*)
Andrew Rannard (*Foundation Governor*)

In attendance: Michelle Williams (*Vice Principal, Finance, Resources & Systems*)
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.

John Fogarty declared an interest in item 1.5 'Cost benefit analysis of free student bus routes' as a close family relative made use of the Warrington service.

1.2 Apologies for absence

Apologies had been received from Naheem Shafiq. The meeting was declared quorate.

1.3 Items to be included under any other business

No items were submitted.

1.4 Minutes of the Finance & Resources Committee meeting held on 21 September 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*)

Committee members considered the action log prepared by the Clerk. Completed actions were noted and the Vice Principal referred members to the report circulated with regard to action 1:

Cost benefit analysis of free student bus routes

Student numbers on these services had been scrutinised and a cost benefit analysis produced as previously requested by governors. Increased recruitment from a key Warrington feeder school had been noted as a result of this new service. The Widnes free bus service had been advertised late and hence no increase in students from this locality had been noted this year. It was anticipated that this would feed through into next year's enrolments. The Vice Principal

reported a neutral position in relation to cost benefit of these services and indicated that the Senior Leadership Team (SLT) was investigating other potential free bus routes for next year. Tender activity would be conducted in due course.

2. FINANCIAL MANAGEMENT

2.1 Financial Statements for the year ended 31 July 2023 (previously circulated)

The Vice Principal referred to this report and advised that the College's external auditors, Murray Smith LLP, would be presenting the Financial Statements to the Audit Committee at its meeting on 28 November 2023. The Vice Principal drew the Committee's attention to the following key points:

- The deficit for the year was £(277)k; the total comprehensive income for the year was positive at £2,307k.
- Net reserves totalled £9,072k.
- Key financial ratios over five years to 2023.
- Reconciliation between management accounts reported in September and the financial statements highlighted variance due largely to accounting adjustment of CIF funded roofing project.
- College did not meet the planned operating surplus target by £352k due to £(175)k actuarial valuation deficit, £(128)k roofing refurbishment project and £(49)k other costs.
- Increase in income of 14%.
- Increase in staffing costs of 5.2%.
- Increase in other operating expenses of 44.24% (including project expenditure of 22.47%).
- Strong cash balance and strong liquidity position.
- Bank loan covenants had been met once the pension adjustment disregarded.
- Ratio used to measure financial health of the College disregarded pension actuarial valuations, hence the health grade reported as Good.
- External auditor's Audit Completion Report included for information, this would be considered by the Audit Committee at its meeting on 28 November 2023.
- Submission of Financial Statements to Education and Skills Funding Agency (ESFA) required by 31 December 2023.

The Vice Principal proceeded to highlight certain aspects within the notes to the financial statements as follows:

- Key management personnel – changes throughout the year and associated costs.
- Summary of principal risks and associated mitigations.
- Accounting Officer's statement of regularity, propriety and compliance.
- Pension schemes – movement from liability of £(1,610)k in 2022 to asset of £771k in 2023.

Comments and questions were invited from Committee members.

Q – Utility costs: public sector grants available to support de-carbonisation, have these been explored?

A – Yes. Salix bid submitted but was unsuccessful.

The Chair reflected on the importance of the assurance gained through the external audit of the financial statements and the clean Audit Completion Report as this confirmed the accuracy of reporting throughout the year.

The Committee extended its appreciation to all Finance Team staff for their work throughout the year leading to the preparation of the financial statements and clean audit report.

The Committee:

- **noted** the contents of the report and Financial Statements for the year ended 31 July 2023
- **noted** that the Financial Statements were to be presented to the Audit Committee at its meeting on 28 November 2023 for scrutiny in accordance with its Terms of Reference.

2.2 **Finance Update and Management Accounts – October 2023** (*previously circulated*)

The Vice Principal provided a summary of the College's financial performance up to the end of October 2023, which reflected the first three months of the financial year.

The following points were highlighted:

- Operating surplus – £197k, favourable variance of £497k against anticipated position.
- Net assets increased to £7,479k.
- Headline performance – no concerns.
- Pay costs – staff pay awards not included in figures but within budget and therefore not anticipated to adversely impact position, hence RAG rated green.
- Key performance indicators – most indicators RAG rated green, including student numbers which were 74 above budgeted plan. Amber indicator on staff numbers (-1 FTE).
- Capital – on target, separate update report on the Condition Improvement Fund (CIF) roof repairs project later on agenda. The Vice Principal updated governors on the recent decision to submit a new CIF bid for another project linked to improved health and safety and safeguarding measures. Total costs not yet known; College would be required to make 20% contribution. External project manager in place to support preparation of bid and further updates to governors to be provided in due course.
- Learner responsive funding – ILR funding data not yet processed, deadline submission date of 6 December 2023. Work underway to finalise this return, however impacted by staffing shortage in MIS team.
- Cash flow positive.
- College in sound financial health.

Discussion ensued on the current sector landscape with regard to artificial intelligence (AI) following the recent Sixth Form Sector Association (SFCA) governance webinar. Potential opportunity for investment in AI to support teaching and learning – alongside wider policy development – was highlighted as an emerging area for consideration. The Vice Principal reported that once the JISC cyber security review had been completed, the IT Team would be in a position to focus on AI and the potential implications for the College.

Q – Measures put in place earlier this year to strengthen internal financial control in a range of areas: what has the impact of these changes been so far this year?

A – Heightened SLT focus on student numbers and impact on finances, facilitated by monthly finance meetings and highlighted at full staff briefings when appropriate. Student enrolments facilitated for as long as possible. Closer monitoring of payroll, including agency costs, and half-termly staffing curriculum review to ensure timely oversight of any changes to planned payroll budget. Tighter staff allocation model implemented. SLT financial planning day in December.

Chair emphasised the importance of reflecting on the impact of these changes to address challenges faced last year and provide assurance to the wider Governing Body on control over finances.

The Committee **approved** the management accounts as at the end of October 2023.

2.3 **Correspondence from the ESFA – College Financial Forecasting Return (CFFR) 2023 to 2025**

The Vice Principal advised the Committee that usually at this time of year, the College had received a response from the ESFA to the July submission of the College's Financial Forecasting Return alongside a Financial Dashboard to facilitate comparison of College performance against sector benchmarks. This had not been received to date and would therefore be presented at the next Committee meeting.

ACTION – Agenda item at Spring Term Finance & Resources Committee

2.4 **National Pay Agreements** (*previously circulated*)

The Vice Principal updated members on the latest situation with regard to National Joint Council (NJC) pay agreements. Members were referred to the SFCA correspondence that set out details of both agreements as follows:

NJC Teachers' Pay Agreement 2023-24

An across the board increase of 6.5%, with an 8.44% increase for teachers on pay point 1.

NJC Support Staff Pay Agreement 2023-24

An across the board increase of 6.5%, with assimilation of the Support Staff Standards Payment (SSSP) into the NJC pay spine to provide an additional £390 basic pay to all staff. Previously the College had paid the SSSP as a lump sum within the December salary, so impact on staff this year highlighted.

The Vice Principal confirmed that the approved budget incorporated a 6.5% pay award for all staff and hence these pay agreements fell within the plan. As such, governors were asked to recommend approval to the full Governing Body for implementation in the November payroll in line with SFCA guidance.

The Committee:

- **noted** the update, and

- **recommended approval** by the full Governing Body of the NJC Teachers' and Support Staff Pay Agreements 2023-24

ACTION – FGB agenda item

3. ESTATES MANAGEMENT

3.1 Condition Improvement Fund (CIF) Bid – Roof Repairs Project *(previously circulated)*

The Vice Principal provided an update on this project. It was explained that prior to commencement of this project, value engineering had taken place to ensure that all works fell within budget. However, following completion of the project it was reported that a surplus of £82k remained. Discussion with the project manager had resulted in a proposal to upgrade elements of the completed work at a cost of £78k, to ensure efficient utilisation of all capital funding. These additional works would be completed by the end of February 2024.

The Committee:

- **noted** the completion of the initial phase of the capital project, and
- **approved** the continuation of the project beyond the completion date to further upgrade works and utilise surplus balance.

3.2 Contracts Register – annual review *(previously circulated)*

The Vice Principal confirmed that an annual review of the College's Contracts Register had been completed in October. It was reported that the Register was utilised as a planning tool to help determine procurement and tender activity. Budget managers were responsible for managing contracts under their remit and the Register proved a useful mechanism for central oversight of this.

The Vice Principal reported that new procurement legislation was due to be enacted in 2024 and training would be required to understand the full implications of this.

Q – Does analysis of the Contracts Register allow the College to identify data with regard to local spend, impact on local economy and link to social value?

A – Contracts Register does include data on whether service provider is local, regional or national.

The Chair requested that this data be extracted from the Register and presented to a future Committee meeting so that trends could be tracked and impact monitored.

ACTION – Contractor locality data to be extracted from Register and presented for review

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

3.3 Health and Safety Annual Report 2022-23 *(previously circulated)*

The Vice Principal referred the Committee to the report that had been prepared by the College's Estates Manager. This summarised College activity relating to Health and Safety during the 2022-23 academic year. The Vice Principal highlighted the following aspects of the report:

- Fire safety – review of fire wardens and areas of responsibility.

- First aid – review of requirements and refresher training conducted.
- Health & Safety Management – general department inspection programme in place to be conducted by Estates Team.
- Administering medication to students – training conducted to ensure cover in the event of staff absence.
- Business continuity plan – revised and staff training conducted, with lockdown practice planned in College.
- Estates Manager to undertake training towards NEBOSH national diploma.

The Committee **noted** the Health and Safety Annual Report 2022-23.

ACTION – FGB agenda item – Health and Safety Annual Report (for information)

4. POLICIES

4.1 Health and Safety Policy *(previously circulated)*

The Vice Principal presented this policy, which was due for annual review, and highlighted the amendments proposed following consultation with the College's Health and Safety Committee.

The Committee **recommended approval** of the Health and Safety Policy to the full Governing Body.

ACTION – FGB agenda item – Health and Safety Policy

5. OTHER MATTERS

5.1 Governor Training

Members were invited to update the Clerk on any training activities they had completed since the last meeting. One member's attendance at the recent SFCA Governance Webinar on Artificial Intelligence had been noted.

The Clerk highlighted an Association of Colleges (AoC) regional governance conference due to take place online on 23 February 2023 entitled 'College funding and finance'. Details of all the AoC regional governance conferences had previously been circulated to the full Governing Body.

5.2 Any Other Business

None

5.3 Date of Next Meeting

Thursday 14 March 2024 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 8.50am.



Signed by the Chair: _____

On this day: _____ 14 March 2024 _____