

Empowering Success, Enriching Communities, Supporting Industry

MINUTES OF THE FINANCE & RESOURCES COMMITTEE MEETING

HELD REMOTELY ON WEDNESDAY 27TH NOVEMBER 2024

Present: Gill Banks, Paul Gaskell (Chair), Ian Evans, Joanne Henney

In attendance: Kevin Williams, Vice Principal – Finance, Estates & MIS
Lesley Venables, Governance Professional
Jo-Anne Tam, Director of Finance
Matthew Hirst, Property Consultant

APOLOGIES FOR ABSENCE

52 Apologies for absence were received from Paul Smith (external governor).

DECLARATIONS OF INTEREST

53 There were no declarations of interest in any agenda item.

MINUTES

54 **Resolved -** That the minutes of the meeting held on 9th October 2024 be approved as a correct record and signed by the Chair

MATTERS ARISING

55 Governors received for information a progress report on the actions identified at the previous meeting and noted that the majority of these were either completed, in progress or featured on the agenda.

56 The Vice-Principal Finance & Resources reported draft Strategies on Climate Change and Environmental Sustainability would be prepared at the same time as the Estates Strategy, with an estimated completion of March 2025 (minute 31). An Environmental Sustainability Policy would be presented to the Senior Leadership Team next week and would be an agenda item at a future Committee meeting.

57 The Principal commented that the College had tried to obtain up-to-date benchmarks for HR indicators, but that further work was required on this (minute 9)

58 In relation to minute 18 the Director of Finance reported that a meeting had been arranged with Barclays Bank to discuss options and to ensure that the College's cash was secure.

59 It was agreed that future versions of the action list would separate out those items that had been completed, which would provide a useful reminder of the Committee's impact over the year.

ESTATES STRATEGY

- 60 Governors received a presentation by Matthew Hirst, who had been engaged by the College as a property consultant to develop the Estates Strategy (which would be shared with the rest of the Board). It was noted that having an approved Estates Strategy was a mandatory requirement for any further education colleges that applied to the Department for Education for capital grants.
- 61 The DfE had recently relaunched a high-level survey of all FE colleges to assess their condition. A long-established methodology had been used, linked to sustainability requirements and the local context in which the College operated, including skills priorities and how these could be supported and delivered. The draft Strategy would set out short, medium and long-term investment requirements.
- 62 The first phase was underway and involved research on business objectives with input from the Executive Team on delivery developments and how these could be resourced. An evaluation of the current estate would determine functional suitability for both curriculum and non-curriculum accommodation. This process included assessing space utilisation and governors were advised that it was likely that the College occupied too much space across some campuses, which was common across the sector.
- 63 The number of sites and current timetabling methods would have an impact on the level of operational inefficiency. The latter was partly due to rooms not being allocated for the use of particular departments, which meant that it was difficult to hold managers to account for their efficient utilisation. The timetabling process needed to be further refined, to prevent the majority of activities taking place in the earlier part of each week.
- 63 On completion of the research phase a further consultation with SLT would take place and management would start to explore possible options for capital investment.
- 64 A governor questioned whether, given the significant amount of work to be undertaken, the March 2025 deadline for presentation of the Strategy to the Board was realistic. The Vice-Principal (Finance & Resources) reported that the development of the Estates Strategy would normally have been completed before any application for grant funding, however, the College had been awarded a substantial amount by the DfE prior to the Strategy being drafted. The Vice-Principal Finance & Resources envisaged that a new draft Estates Strategy would be presented at the Committee's March 2025 meeting.
- 65 As announced in the Government's Autumn Statement 2024, the FE sector is to receive capital funding of £300m from 2025/2026, but the conditions and timescales attached to these monies were, as yet, unclear.

Matthew Hirst left the meeting.

FINANCIAL STATEMENTS 2023/2024

- 66 The Director of Finance presented the draft Financial Statements for 2023/2024. These indicated a surplus of £2.3m and governors noted that audit work was still ongoing and there was a small number of issues to be resolved before the final version could be approved by the Board.

- 67 The Committee was advised that paperwork relating to two capital projects undertaken in 2023/2024 with a total value of £94k had not yet been located and, if not available prior to the completion of the audit, these would be highlighted in the External Auditor's Management Letter. A procurement specialist had been engaged on a part-time basis to strengthen the College's processes and management was examining the possibility of centralising all contracts to provide a more robust system across the organisation. Training would be undertaken for key staff on the importance of following the Financial Regulations and the implications of any non-compliances,
- 68 A governor commented that the issue on procurement had arisen in the previous academic year and that management had undertaken to address any issues. The Director of Finance acknowledged this and reported that the same contractor was involved in this instance. The strengthened procedures would take time to establish and fully embed, including those relating to adding new suppliers to the official list of contractors, particularly as staff were accustomed to keeping this type of paperwork within departments. The ultimate aim was to use the full facilities of the Finance system to enable electronic authorisation of invoices and orders.
- 69 The Committee requested that this item should be included in the Risk Register and reviewed by the Audit Committee. This matter would also be discussed at the Capital Transformation Working Group, when it was convened.
- 70 Information on the analysis of the General Pay Gap had now been finalised and would be included in the final version of the Financial Statements. Governors noted that the disclosure note on energy usage was not mandatory for 2023/2024 but would be in future years.
- 71 The Local Government Pension Scheme showed a surplus for 2023/2024.
- 72 The Vice-Principal Finance & Resources reported that the College had been selected by the ESFA to undergo a funding audit which would be carried out by KPMG. A total of 5 areas had been selected for review, 2 of which had been concluded and governors were advised that there would be a clawback of funds of £20k. Of the remaining areas, additional data was required for two of these.
- 73 As a consequence of the funding audit outcomes and further work to be undertaken the External Auditors could not yet sign off the Financial Statements before these were finalised. The Governance Professional advised that the Committee could recommend approval of the Financial Statements to the Board, subject to these issues being resolved. Alternatively, a written resolution could be circulated once the Audit Committee had met, to provide an additional layer of assurance.
- 74 **Resolved –** 1 That the Board be RECOMMENDED to approve the Financial Statements for 2023/2024, subject to the resolution of the issues on the ESFA funding audit
- 2 That in future years, the Chair of the Audit Committee be invited to attend the November/December F&R Committee meeting to provide assurance on the audit process and outcomes

MANAGEMENT ACCOUNTS TO 30TH SEPTEMBER 2024

- 75 Governors received for information the management accounts to 30th September 2024.
- 76 Total income to date in 2024/2025 was £5.3m and the forecast outturn was £31.79m, which was £169K above the approved budget. It was noted that in 2023/2024 a one-off funding uplift was provided to FE colleges to contribute towards a staff pay award, in line with schools. No information had been received on any similar arrangement for 2024/2025.
- 77 The income level for High Needs Learners was forecast to increase but there was an adverse variation in 16-18 income. Overall the projected surplus at the end of the 2024/2025 was now £194k compared to £587K in the original budget. [The Committee challenged the shortfall in T Level recruitment and was advised that curriculum planning in 2023/2024 had been undertaken against a backdrop of likely de-funding of Level 3 qualifications, which had caused some students to be enrolled on inappropriate qualifications in some cases. The new Government had put this strategy on hold and was reviewing the situation. As the College had not grown in the same way as some peer institutions, the issue was more noticeable and students had been placed on more established Level 3 programmes which attracted a lower level of funding than T Levels.](#)
- 78 Pay costs were forecast at £23.52m at the year end, which was £322k lower than the budget of £23.84m. Non-pay costs were estimated at £8.08m, which was £884k higher than the Budget (£7.20m). This was mainly due to an adverse movement of £884k in depreciation and was due to the phasing of capital projects and some errors in the software used by the College. [In response to questions from governors, the Director of Finance gave an assurance that this had now been corrected and should not recur in 2024/2025.](#)
- 79 Governors were informed that the level of EBITDA for the outturn was forecasted to be 4.43% compared to 3.19% in the approved budget. The accounts also contained a revised forecast on the pension credit line, which was an historic issue and needed to be reviewed.
- 80 The College's financial health rating continued to be graded as 'outstanding'.
- 81 The Principal commented that the Vice-Principal and Director of Finance had undertaken a significant amount of work on driving up efficiency levels, particularly in relation to the staff to income ratio. The College was now beginning to have more robust control of its contribution rates, staff and room utilisation and the strategic planning processes included both curriculum and financial elements, rather than these being addressed in isolation.
- 82 [A governor asked about the impact on the College's financial position of the impending increase in employer national insurance contributions. The Director of Finance reported that this would be included in the October management accounts and would add approximately £0.5m to the College's pay costs for the full year. The Department for Education had confirmed that FE colleges would receive some support for this element, but the amount had not been specified.](#)

- 83 In response to a question over the capital transformation grant being behind the profiled schedule the Vice-Principal advised that the finance staff were working closely with the project core team on the cashflow and will soon have a better understanding of the profile. It was anticipated that a significant proportion of the grant would be spent from Summer 2025 onwards.

HEALTH & SAFETY

- 84 The Vice-Principal presented a report on Health & Safety in 2024/2025. The priorities for the year included a review of H&S policies; continuation of fire improvements in fire safety maintenance/servicing of College equipment and site security, together with increased training and awareness raising for staff.
- 85 As highlighted at previous meetings improvements to the College's fleet management records were ongoing, with some work remaining.
- 86 Fire evacuation drills (unannounced) had been undertake at 2 out of the 5 campuses, with the other 3 planned prior to the Christmas break. A governor questioned whether remedial measures had been implemented to ensure that the Hamilton Campus was safe and was assured by the Vice-Principal that this was the case, with all recommendations made by the fire brigade now completed and most issues relating to having heavy equipment near the fire exits.
- 87 Further questions were raised on the outcome of the Hamilton Campus fire drill being included on the College's risk register. The Vice-Principal advised that this item did not currently appear on the risk register as it was relatively minor and had been resolved. Management of the more serious issues were the lack of sign-posting of fire exists, the pace of evacuation by staff and students and the culture of fire safety. The Principal added that there had not been any fire drills for several years and the College needed to become reaccustomed to unannounced practices.
- 88 First aid and fire marshal training had been arranged for staff, but the level of take-up was poor.
- 89 There had been a total of 57 accidents/incidents reported in Term 1 to date, which was an increase of 12 compared to 2023/2024. Most of these had occurred at the Twelve Quays and Conway Park Campuses. Management was concerned that issues were not being routinely or consistently reported at Wirral Waters where the College's Construction provision was based.
- 89 No RIDDOR incidents had been reported in 2024/2025.
- 90 The Committee asked for the total number of students and staff to be added to the accident data, to provide some context, and that the report should focus on the key areas set out in the executive summary.

ESTATES UPDATE

- 91 The Vice-Principal Finance & Resources presented a report on current estates issues.

- 92 The remaining monies from the FE Capital Reclassification Grant (total allocation £628,103) would be spent by 31st March 2025 on upgrading the College's CCTV equipment (as approved by the Board at its October 2024 meeting). Similarly, the FE Capital Efficiency Grant (total allocation £251K) had an underspend of £92K. Both of these needed to be spent by the end of the fiscal year.
- 93 The College's allocation under the LSIF Capital grant for 2024/2025 was £221K for with £25K to be spent by the end of March 2025. It was noted that the items required by the College in terms of the Green Energy part of the allocation had now changed due to different specifications and costs, which meant that LSIF approval would be required.
- 94 A detailed survey on space utilisation would be undertaken shortly, as discussed under an earlier agenda item and management had started to consider the standard specification for classrooms.
- 95 The first 3 projects, out of a total of 11 supported by the Capital Transformation Fund and College reserves, were taking shape and governors were advised that tenders for the main contractor would be issued early in 2025. [Governors requested that an update on progress and any comments should be included in future iterations of the report to enable the Committee to determine whether projects were on track. A number of other items would be reported on at subsequent meetings: a target for fees expenditure would be included \(agreed as 15% by the Board\), together with information on any variances; the amount spent from the College's own reserves \(as opposed to the grant allocation received from the DfE\); the key points for each project; and reasons for any delays.](#)

HR & WELL-BEING UPDATE

- 96 The Committee received a report on performance against key HR indicators for 2024/2025, together with information on current HR issues. The report contained information on performance against a number of key indicators and benchmarking data, which should enable the Committee to monitor progress and identify any issues.
- 97 Turnover for October was 1.21%, compared to 1.71% for September, with a total of 7 leavers, 5 of whom had left for opportunities at other competitor colleges. Sickness absence was 6.48% in October, compared to 4.72% in September 2024.
- 98 Governors were advised that interviews for a new Director of People had taken place recently and management was deliberating on the candidate which matched the College's needs most closely. Further structural changes had been made to provide one point of contact for students for personal development.
- 99 The Committee received the action plan resulting from the issues identified in the Gender Pay Gap Report.
- 100 In terms of HR and well-being activities the Principal reported that the "Wellfest" event had been successful but only 60% of staff had participated and the event was expensive. It was felt that it would be more effective to have regular activities related to particular themes throughout the year rather than an annual event.

- 101 The Principal commented that increased levels of staff pay and student outcomes for 2023/2024 should have a positive impact on recruitment and retention. A staff survey would be circulated for completion in December, with the main themes reported to the Committee's next meeting.

TOWNS FUND PROJECT UPDATE

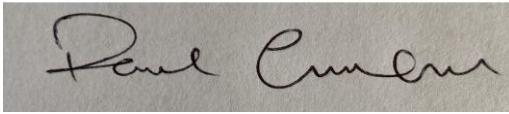
- 102 The Vice-Principal (Finance & Resources) presented an update on the Towns Fund Project, which was part of the Government's Levelling-Up Strategy.
- 103 Progress had been made on all but one of the 'spokes' (the Probation Service). This legal agreement had not yet been signed but management expected it to be completed by mid-January 2025. Governors noted that 45% of the grant allocation had been spent to date, with the remaining monies to be disbursed by 31st March 2025.

ITEMS TO BE REPORTED TO THE BOARD

- 104 The Chair summarised the main points of the meeting which would be reported to the Board on 18th December 2024:
- Presentation on outline Estates Strategy – College will need to ensure that this aligns with Government priorities in terms of decarbonisation and the College's business objectives.
 - Energy Efficient Strategy is being prepared and may require Board approval
 - Update received on Financial Statements for 2023/2024 recommended for approval by the Board, subject to resolution of a small number of legacy issues on procurement. This would be added to the risk register.
 - HR report was received on performance against key indicators, which now included benchmarking data and provided greater context. Outcomes of staff survey would be presented to March Committee meeting. A number of initiatives had been implemented to improve efficiency levels, such as a review of the payroll system and a new People Strategy, which would form one of the objectives of the new Director of People.
 - September 2024 Management Accounts received for information. Forecast indicated a reduction in the estimated full-year surplus mainly due to an adjustment of the depreciation calculation since the approval of the Budget in July 2024.
 - Detailed report received on health & safety issues. The Committee noted that some concerns had been identified about obstacles blocking fire exits at the Hamilton Campus, which had now been rectified. The number of planned fire drills for the Autumn Term had been increased.
 - A list of estates projects would be prepared for the next meeting, including the purpose, costs and a brief update, with progress RAG-rated
 - Towns Fund progress report was received – all spokes have signed legal agreements, with one still outstanding but due to be completed by the extended deadline mid-January 2025

DATE OF NEXT MEETING

12th March 2025, 4.30 p.m.

A rectangular box containing a handwritten signature in black ink. The signature appears to read "Paul Cullen".

Signed: _____
Chair

Dated: 2nd July 2025