

Empowering Success, Enriching Communities, Supporting Industry

MINUTES OF THE FINANCE & RESOURCES COMMITTEE MEETING

HELD REMOTELY ON WEDNESDAY 9TH OCTOBER 2024

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

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

APOLOGIES FOR ABSENCE

- 1 Apologies for absence were received from Joanne Henney (external governor).

DECLARATIONS OF INTEREST

- 2 A standing declaration of interest was received from Paul Smith in respect of his employment by Wirral Borough Council and his spouse working in the College's employer engagement department.

APPOINTMENT OF CHAIR

- 3 **Resolved -** That Paul Gaskell be appointed as the Committee Chair until the first meeting of the 2025/2026 academic year

MINUTES

- 4 **Resolved -** That the minutes of the meeting held on 20th June 2024 be approved as a correct record and signed by the Chair

MATTERS ARISING

- 5 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.
- 6 The Vice-Principal Finance & Resources reported that a number of dates relating to property issues had been amended to March 2025, as the issues involves in setting a baseline (such as data on room utilisation) meant that the original date of December 2024 was unrealistic for drafting the Estates Strategy. An update on estates was provided under a separate agenda item, with a final draft of the Strategy to be submitted to the Committee for recommendation to the Board for approval in March 2025. A draft Climate Change Strategy would be prepared at the same time as the Estates Strategy.
- 7 The Principal commented that the Senior Leadership Team could not have predicted the challenges in relation to estates and facilities. There had been a lack of investment, minimal progress on plans to spend the Capital Transformation funding allocated by the Department for Education, a legal dispute with a former contractor that had now

been resolved and environmental health issues in the kitchens. A Deputy Director of Estates was currently being recruited to provide additional capacity and address some of the basic items that were required to operate effectively, such as detailed floor plans of each site and room utilisation figures.

- 8 In relation to minute 70 the Vice-Principal reported that the College was currently liaising with 3 companies that specialised in monitoring energy consumption and identifying the best supply options. The Crescent Purchasing Consortium was drafting a scoring matrix for the tender process to provide a level of transparency.
- 9 The Committee was advised that no further benchmarks on the gender pay gap were available, but would be included if these were published in future (minutes 82 to 83 refers).

MANAGEMENT ACCOUNTS TO 30TH SEPTEMBER 2024

- 10 Governors received for information the management accounts to 30th September 2024.
- 11 The Director of Finance reported that the audit of the Financial Statements was currently underway, with no material issues identified.
- 12 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.
- 13 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.
- 14 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.
- 15 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.
- 16 The College's financial health rating continued to be graded as 'outstanding'.
- 17 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.
- 18 A governor asked whether the cash the College held on deposit was relatively risk free and was advised that this was invested with Barclays on a one-month basis. The arrangement would be reviewed to determine if a higher rate of interest could be gained from extending the deposit term.

BAD DEBT WRITE-OFF

- 19 The Director of Finance presented a report on the Bad Debt Write-off in 2023/2024, which was for a total of £82.5K.
- 20 Governors were advised that this was within the authority limits set out in the College's Financial Regulations and under the threshold for seeking approval from the Department for Education (which had been introduced following the reclassification of FE colleges as 'public' sector organisations and contained in the new College Financial Handbook).
- 21 The majority of the bad debts related to laptops that had been loaned to students at the start of their programmes and had not been returned to the College, partly because there had been no systematic centralised records in previous years.
- 22 Remedial measures were now in place with a robust formal agreement and follow-up process to ensure compliance. Students would also receive more timely reminders of the need to return their laptops, together with more appropriate communication. Curriculum managers would also be made more accountable for the equipment provided from their respective budgets.
- 23 The Vice-Principal advised that the College had to ensure that it did not disadvantage any learners by removing their electronic devices and preventing them from pursuing their studies. Greater consistency in the take-up of the bursary funds by students would assist this process.

ESTATES UPDATE

- 24 The Vice-Principal Finance & Resources presented a report on current and future estates issues.

Miscellaneous Capital Grants

- 25 There was currently a shortfall of £240K for expenditure on the FE Capital Reclassification Grant (total allocation £628,103). Similarly, the FE Capital Efficiency Grant (total allocation £251K) had an underspend of £137K. Both of these needed to be spent by 31st March 2025. The College's allocations under the LSIF Capital grant were £264K for 2023/2024, £15.3K of which had not been spent and would be clawed back and £221K for 2024/2025, none of which had been used and had to be completed by 31st March 2025.

Capital Transformation Fund Allocation

- 26 Governors were reminded that the College had received £7.7m from the ESFA's Capital Transformation Fund for improving the condition of its estate, based on previous surveys. The deadline for all grant funding to be spent was March 2026.
- 27 A centralised design team had been established, comprising individual specialisms (architects, project and cost consultancy, building control and surveying). All projects were either at or working towards RIBA stage 1 and 2 with priority given to projects of significant value, engineering complexity and planning requirements.

- 28 All identified projects (11 in total) would run simultaneously, both within term time and during College holidays periods, with a projected completion date of March 2026. As outlined at the previous Committee meeting these included the relocation of the entrance and widening the footprint of the Twelve Quays Campus, improving the elevation of the Hamilton Square building and enhancing the Prep4Life facilities at the Conway Park Campus.
- 29 The College was shortly due to issue invitations to tender for one of the 5 major projects within the Capital Transformation Fund envelope.

Capital Transformation Working Group

- 30 The Governance Professional presented draft terms of reference for a Capital Transformation Working Group, the purpose of which was to provide oversight by governors of the significant capital projects due to commence shortly.
- 31 It was proposed that the Working Group should have delegated authority to progress urgent issues on behalf of the Board in relation to the Capital Transformation Fund. Governors asked that a further sentence be added to the terms of reference to ensure that any approvals were “within the overall expenditure limit set by the Board”.
- 32 The membership would include the Chair of the Finance & Resources Committee to ensure that there was a link to the financial aspects of the project.
- 33 The Committee agreed that management needed to be clear about the level of expenditure that the Board would be asked to approve and that a summary of the overall position on the Capital Transformation Grant should be circulated to the Board.
- 34 **Resolved – 1 That the Board be RECOMMENDED to approve the draft terms of reference for the Capital Transformation Working Group, subject to the amended set out above**

2 That a position statement on the Capital Transformation Grant be submitted to the Board for information

Safety & Security

- 35 There had recently been a number of minor security incidents at the Twelve Quays and Wirral Waters Campuses, due to poor levels of behaviour by a minority of students, which had now been resolved. The staff governor confirmed that there had been a positive change in behaviour over the past week.
- 36 However, the situation had highlighted the necessity of upgrading the current CCTV facilities on each site. It was proposed that this would be funded using monies originally allocated for the creation of a garden for the Prep4Life students at the Conway Park Campus, as this aligned more closely to the conditions of the grant. The garden would be funded from the College’s own resources. The College was also considering the use of electronic entry cards.
- 37 Work would be required on setting a ‘blueprint’ for future classroom design and the content of each space.

- 38 The Committee was advised that fire drills would be undertaken at each campus prior to the Christmas break.

HR & WELL-BEING UPDATE

- 39 The Committee received a report on performance against key HR indicators for 2023/2024, together with information on current HR issues. The Committee asked that sector averages should be added to the KPI information, where available.
- 39 Absence levels for 2023/2024 were 5.92% compared to 4.72% in 2022/2023. Turnover had increased from 17.62% in 2022/2023 to 19.4%, with some staff in areas such as Engineering, Computing and Construction choosing to return to industry for much higher salaries.
- 40 The Principal added that, although the College's pay rates were now more competitive, the FE sector faced significant challenges in the attraction and retention of staff. This was exacerbated by the difference in pay levels for teachers in schools, which could be £9K higher. The College may need to make some tough decisions in the future to enable it to deliver the skills needs of employers.
- 41 As reported under an earlier agenda item, it was unclear as to whether any pay rise for staff in 2024/2025 would be underwritten by additional Government funding. There were still a number of 'legacy' pay issues that had yet to be resolved.
- 42 The College was currently advertising for a new Director of People & Organisational Development. Staff contracts would in future include a 6 month probation period and 3 months' notice.
- 43 An action plan was required to address the issues identified in the most recent gender pay gap report and would be attached to the HR report in future. It was hoped that benchmarking information would be available from a non-competitor college in the North West.
- 44 The Principal reported that future recruitment decisions needed to be properly informed, with the expenditure involved justified and job grades reviewed as part of the process. A greater degree of consistency should result from this, which could impact positively on the gender pay gap.
- 45 There were a large number of highly skilled areas within the College that traditionally were staffed by males, with many lower-paid roles filled by females. This may change in the future.
- 46 Business support staff would be undergoing termly performance reviews in 2024/2025.

TOWNS FUND PROJECT UPDATE

- 47 The Vice-Principal (Finance & Resources) presented an update on the Towns Fund Project, which was part of the Government's Levelling-Up Strategy.

- 48 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 the end of November 2024. Governors noted that 39% of the grant allocation had been spent to date, with the remaining monies to be disbursed by 31st March 2025.

COMMITTEE SELF-ASSESSMENT 2023/2024

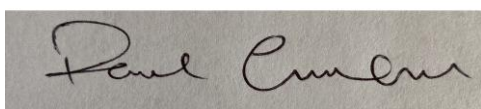
- 49 The Governance Professional presented a draft of the Committee's Self-Assessment for 2023/2024. This assessed performance against a number of indicators, such as attendance, membership, business discussed and areas for improvement.
- 50 **Resolved** – That the Committee Self-Assessment for 2023/2024 be approved

ITEMS TO BE REPORTED TO THE BOARD

- 51 The Chair summarised the main points of the meeting which would be reported to the Board on 23rd October 2024:
- Report on Capital Projects and recommendation of Terms of Reference for Capital Transformation Working Group by the Board
 - HR report was received on performance against key indicators
 - September 2024 Management Accounts received for information
 - 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 of 30th November 2024
 - Committee Self-Assessment for 2023/2024 approved

DATE OF NEXT MEETING

27th November 2024, 4.30 p.m.



Signed: _____
Chair

Dated: 5th December 2024