

**Minutes of the Resources Committee Meeting held in the Innovation Centre
Wednesday 26th April 2023 at 4.45pm**

Present: Margaret Boneham (independent member)
Michelle Brabner (Principal)
Rob Firth (Committee Chair/independent member)
Alex Kenny (independent member)
Alex Gamil (Committee Vice Chair)/independent member) (up to and including item 11)
Paul Walker (Corporation Chair/independent member) (from item 5)

In Attendance: Lisa Farnhill – Clerk to the Corporation
Stephen Musa – Assistant Principal Student Experience and Welfare (up to and including item 7)
Kevin Williams – Vice Principal Finance and Facilities
Andy Winrow - Head of Finance (up to and including item 9.3)

Apologies:

| Minute No. | Minutes | Action |
|----------------|---|--------|
| R.23.73 | Open and Welcome The Chair welcomed members and attendees. | |
| R.23.74 | Item 1: Apologies for Absence The apology for the late arrival of Paul Walker was noted and accepted. The meeting was confirmed as quorate. <u>Item 1 - Noted:</u> | |
| R.23.75 | Item 2: Declarations of Interest Standing interests were noted. With no interests in relation to agenda items made, it was noted all staff except Senior Post Holders would withdraw for item 9.4, the staff pay award update. <u>Item 2 - Noted:</u> | |
| R.23.76 | Item 3: Approval of the Minutes of the Meeting Held on 31st January 2023 Minutes were approved with minor typing errors noted for correction. It was agreed all actions and matters were either addressed by the agenda or report under item four. | |

Item 3 - Approved: *Subject to the amendment of typing corrections, the Committee resolved to approve the minutes as a true record of the meeting held on 31st January 2023.*

R.23.77 Item 4: Actions Summary

The Clerk asked if clarity was necessary on any points from the report, with the VP Finance and Facilities providing a verbal update on progress with the action noted against minute R.23.28 relating to updating the staff agreement when receiving significant CPD funding. Members noted that this was now being overseen by the Head of Personnel and Payroll, along with the Assistant Principal responsible for CPD. Members discussed the agreement, asking about the periods covered, and were advised of a tiered approach dependant on the type and cost of the qualification and if it was a requirement of the role or self-development and whether it was initiated by the staff or college.

Members noted the funding application process was annual, even for courses that spanned three or four years, therefore any previous losses would have been minimal. Members agreed there was no need to calculate the sum that could have been recalled and were suitably assured the new process and agreement would ensure costs could be recovered should staff resign after receiving funding. Members agreed no further follow up detail would be necessary, thanking the VP and Principal for the update.

Members discussed the benchmarking information provided by the ESFA, included in response to a request for information relating to the breakdown of teaching staff costs against back-office staff costs. The VP Finance and Facilities confirmed since the circulation of the report, the team had the opportunity to undertake further analysis, providing comparative information of the college costs against similar sized colleges, rather than sector wide as per the ESFA benchmarking data circulated.

Members interrogated the data, which reflected the previous two years, with the college having a higher number of teaching staff and comparatively low teaching staff pay. Explanations were provided where there were discrepancies, including the use of contractors for security, curriculum structure, class sizes, curriculum offer and difficulties in comparing staff to student ratios and how this is tracked and measured within the KPI of staff costs as a percentage of income.

The Principal detailed efforts to streamline costs without narrowing the curriculum and provided examples of curriculum efficiency through the introduction of new T Levels.

Under this item, members were provided with details of a tendering exercise for a new catering contract, which needed to be approved, however, noted the report from the tendering management firm was not yet available, preventing the VP from presenting it for approval. Members confirmed the contract would be within the delegated authority of the Committee, with the next meeting too late to allow for the relevant processes to be undertaken. Members agreed this could be presented directly to the whole Corporation at the Extraordinary Meeting on May 10th.

Item 4 – Resolved: *The Committee resolved to note the details of the actions report and to ask the Corporation to review and approve the catering contract to prevent a delay in appointment.*

R.23.78 Item 5: Confidential Business

5.1 - Identify any minutes that need to be regarded confidential

Members confirmed the highlighted part of minute R.23.61 (item 9.2, Management Accounts) from the meeting of 31st January 2023 should be redacted from the public copy of the minutes.

Members considered whether the paragraph ahead of the highlight should be redacted, however, concluded it could remain within the public copy as it did not meet the threshold for redaction.

5.2 - Determine whether any items of business are confidential and should be discussed in a separate part of the agenda

Members reviewed the agenda and confirmed the update in relation to the staff pay award, although implemented, would need to be held without the presence of staff. This was agreed due to the transparent discussions necessary in relation to cost savings required to maintain financial viability and solid financial health following the implementation of the award, therefore only SPH would still be present for these items. Consideration for redaction of these sections of the minutes would be made at the next Committee meeting.

Item 5 - Resolved: *The Committee resolved to redact paragraphs 7 to 12 of minute R.23.39 (item 9.2) from the meeting of 31st January 2023. The Committee agreed to review the cost savings discussions under the Item 9.4 on this agenda in confidence without the presence of staff (except SPH).*

R.23.79 Item 6: Internal Audit Reports Relevant to the Resources Committee

The AP Student Experience and Welfare assured the Committee that all recommendations had been accepted and were being actioned. Clarity around the retention figure and recommendation was outlined, confirming there was no underperformance, with internal progression onto the second year of a course not incorporated into the statistics.

Members discussed at length the proposed scope of the review and lack of detail in relation to the marketing budget. Members indicated they expected more information analysing the impact of the marketing budget in terms of value for money and prospective improvements or recognition of good practice. The AP Student Experience and Welfare confirmed information relating to this had been requested by, and provided to the auditors.

Members were provided with an overview of how marketing spend is evaluated, noting difficulties in attributing spend to enrolment and ascertaining direct correlation, however, this was still monitored, including traffic from paid advertisements, with this becoming easier with digital advertising.

Members concluded the report, and feedback did not meet the standard expected based on the proposed scope of the review. The Committee Chair asked for a further review be undertaken to address the whole scope, without a charge for any remedial works and reports. The VP Finance and Facilities

confirmed it was one of the first reports provided by the new internal audit provider, agreeing to feed back the feelings of the Committee to the audit service lead, and incorporate comments into the annual review of the service. It was also agreed that the VP Finance and Facilities and Clerk should ensure the feedback was highlighted to the Chair of the Audit Committee.

VP F&F,
Clerk

In concluding, members highlighted how the quality of the report had detracted from the successful outcome of the review. Members noted the extensive work of the marketing team, which was evident from the report, with few audit recommendations. Members agreed recognising the achievements of the team should not be overlooked, asking for a formal note to be taken of their gratitude for the marketing team's work in successfully promoting the college.

Item 6 - Resolved: *The Committee resolved to ensure the quality of report is addressed, to include analysis of the marketing spend so that the full scope is incorporated into the documented report, with the updated report to be presented to the Committee.*

R.23.80 Item 7: Enrolment Update

The AP Student Experience and Welfare summarised the report, providing members with updated information on application numbers, which had further increased since the report was drafted.

The data was noted as positive, with members asking if increased applications were general or focused on particular courses and if staff were aware what had driven the increase. The increase in construction applications was attributed to innovation within the curriculum and school link work undertaken by the course lead, with more general correlation between student outcomes, satisfaction, and applications.

Members asked if the course had the capacity for further applications and considered the risks associated with courses becoming oversubscribed, and whilst assured this was unlikely this year, was a possibility in the future, with members asking that this is planned for and mitigated against.

Clarity was provided over the comparative variances and a request made for future reports to include dates alongside the data.

A.P. S.E. &
Welf.

Reduced applications for some courses were attributed to staffing issues in the previous year, expected to be resolved in the coming year.

Members discussed the application, interview and offer process, noting the update to immediate offers. In response to a question, members were advised delayed interviews were not as a result of staff availability, with members assured the delays were only due to the timing of applications from schools.

Item 7 - Resolved: *The Committee resolved to accept the update.*

R.23.81 Item 8: ONS Reclassification Guidance

The Clerk summarised the report, confirming the other guidance usually presented, including the College Accounts Direction and Post 16 Audit Code of Practice, had both been released that day. The Clerk summarised the updates and confirmed the guides, which were intended for governors as well as finance staff, largely reflected the requirements of reclassification.

Members agreed this could be circulated by email and did not need to be incorporated into the next meeting pack.

Clerk

The Vice Principal Finance and Facilities assured the Committee that the reclassification guidance had been taken into account within the relevant procedures, with all statutory responsibilities as a Public Body met, with most of this embedded into the financial regulations as included for approval under item 9.1.

The Vice Principal Finance and Facilities confirmed that the return referred to in the annexed letter had been submitted, explaining this was a declaration by the Principal, confirming the college had met the managing public money statutory requirements for the period from reclassification to 31st March 2023.

Item 8 - Resolved: *The Committee resolved to accept and note the guidance, agreeing the further updates to the ACOP and CAD could be circulated by email.*

Item 9: Financial Reports

R.23.82 Item 9.1: Financial Regulations

The Vice Principal Finance and Facilities summarised the report confirming most changes were in relation to reclassification or role changes, with the requirements summarised as an Annex to the Financial Regulations for clarity and reference.

A member asked if the whole document needed to be circulated, or if instead, a document highlighting changes could be provided. It was explained that this approach was taken through the new process where the full reports are separated out from the pack, confirming the executive summary did include a list of key changes, preventing the need to read the whole document. Members considered whether they still needed to receive the financial regulations annually when changes were minimal, and it was explained that annual circulation was considered good practice, to remind members of key requirements, particularly in relation to budgetary control limits, giving easy access to reference these throughout the year when making approvals and recommendations on behalf of the Governing Board.

Item 9.1 - approved: *The Committee resolved to recommend the Corporation approve the updated Financial Regulations.*

R.23.83 Item 9.2: Management Accounts January, February, and March 2023

The Head of Finance confirmed that the presentation and approval of the management accounts was closely linked to the updated budget to be presented by the VP Finance and Facilities under item 9.3.

Members noted that the position in March superseded that of January and February, noting January had been circulated by email, with February included in the pack. With no questions or comments, the January and February management accounts were approved.

Members were given a detailed summary of the March accounts, highlighting adjustments made, resulting in an operating deficit of £2,421,000, against a budgeted deficit of £1,732,000 with variances outlined. Members clarified that

this took account of the approved pay award and were assured this had now been implemented.

Members noted the EBITDA classification remained unchanged despite the increased deficit, with a financial health rating of 'requires improvement', as discussed, considered and accepted as a consequence of approving the pay award.

The impact on each KPI was outlined, with members expressing concern over the decline in cash days, with it made clear that without action, cash would be depleted by 2025, resulting in difficulties in meeting their obligations in 2025/2026 if action isn't taken. Members discussed the data and implications, acknowledging the declining financial position as a result of the pay award had been considered throughout the pay award negotiations, thanking the Head of Finance and VP Finance and Facilities for the update and their work.

Members clarified that the full impact of the pay award was captured, and were assured that vacancies, agency costs and the pay award were all incorporated, although the redundancy costs could only be estimated at this stage, they were evidence-based, as a result of regular updates from the HR team and were prudently estimated. Members proposed what was presented was the 'worst case scenario' acknowledging the decline had been predicted, and that the challenge was now to ensure that this was managed through the implementation of the savings and growth plans.

The Committee thanked the Head of Finance for his input and approved the management accounts for March.

Item 9.2 - approved: The Committee resolved to approve the January, February and March Management Accounts.

R.23.84 **Item 9.3: Financial Forecasts and MOT Returns**

The VP Finance and Facilities summarised the report, highlighting adjustments as detailed under item 9.2, management accounts, with the Committee informed of further information used to support the forecast, including enrolment assumptions and an assumed staff pay award in line with 16-18 funding rate increase.

The targeted staff agency budget reduction was considered to be challenging but achievable. Increased energy costs and associated budgets were reviewed along with progress towards the savings plan, with it estimated there would be an approximate shortfall of £80,000, noting there would be a senior team meeting to review this in the coming days.

The Committee noted that although the forecast predicted the financial health rating would remain as 'requires improvement' for each of the budgeted years, it was improving each year. The Committee were advised the loan clauses were being carefully reviewed to ensure any proposals to improve the position would be permissible within the loan terms.

The VP Finance and Facilities was thanked for the transparent summary, with members proposing that whilst the picture was pessimistic, factors responsible for the decline were external, and beyond the control of the college management team and this needed to be acknowledged and used to lobby those responsible for funding. The Committee asked for the production

of an updated forecast, that acknowledged and separated out the impact of external factors, including the higher than budgeted pay rise, increased energy costs and other higher than usual costs to highlight the need for increased funding and assure staff that the declining financial position is not as a result of the mismanagement of college funds.

VP F&F

The Principal and VP Finance and Facilities thanked the Committee for their support and recognition of the impact of underfunding, with it agreed this would be a useful exercise, highlighting the impact the pursuit of savings was having on morale and innovation.

Members discussed previous prudence measures which had protected the college and resulted in outstanding financial health, noting repeating these was now unfeasible due to increasing costs and centralised funding not maintaining pace with inflation. Disparity with school funding was discussed and members agreed the problem was related to centralised funding and needed addressing to prevent further decline in the sector, with particular concern around recruitment and retention.

The item concluded with an overview of the joint Union claim for the 2023/2024 pay award and news of a successful bid for a non-consolidated award of £100,000 from LCR as a result of the over delivery of AEB provision, which was not yet factored into the forecast and had no associated costs as it was for provision already delivered.

Item 9.3 - resolved: The Committee resolved to accept the update and present it to the Corporation as essential information.

R.23.85 Item 9.4: Staff Pay Award Update

The Principal summarised the progress including pay ballot information, which had resulted in the implementation of the governor approved pay award. Members were advised there remained a risk of strike action, with Unions indicating they may still ballot to strike, but were clear this is not as a result of dispute with the college, but part of a national action campaign.

Members were assured any action would not impact examinations or assessments, agreeing the position was complex and challenging for all sides, accepting that staff were unable to absorb rising costs and were falling into financial difficulties, however, the underfunding of the sector prevented the sector overall, and, in particular, Southport College, from increasing salaries.

The continued strength of relations between the college and Unions was recognised, evidenced by ACAS comments and a joint communication drafted and circulated regarding the implementation of the award, with members confirming this could be circulated to all Governors by way of an update.

Clerk

REDACTED

In concluding, members expressed their gratitude to the staff involved, noting their considerable effort and commitment had resulted in a positive outcome with an award agreed and implemented whilst retaining strong and positive relationships with the Unions. The length and involvement of the process, whilst considerable, was considered to have been beneficial in terms of

insight and experience for those involved, particularly around areas of focus for negotiations and appropriate communication strategies.

Item 9.8 - noted: The Committee resolved to accept the update.

R.23.86 Item 10: Critical Incident Management Plan

Item 10.1: Report on the Testing and Management of Incidents

The VP Finance and Facilities summarised the report, which provided detail of the testing of the Fire Drill procedures at KGV, advising the Committee the full report was available upon request.

Members had extensive discussions relating to the appointment and communication of the responsible officer, concluding this should be the most senior person at the muster point unless delegated at the time of the event. When considering communicating and displaying this in reception, it was agreed this would not be appropriate. particularly in relation to the KGV site due to the most senior staff changing regularly throughout the day.

Item 10.1 - Resolved: The Committee resolved to accept the update.

R.23.87 Item 10.2: Critical Incident Management Plan

The VP Finance and Facilities summarised the changes, asking the Committee to approve a move to bi-annual approval, with the intention being for the next review to be a full overhaul, with a move towards a more streamlined Business Continuity Plan.

The Clerk confirmed that the IT Disaster Recovery Plan, which had been removed from the overall Plan, was the element requiring annual test and approval, therefore having this as a standalone document enabled the CIMP to move to bi-annual review and approval. This was with the caveat that it would still be subject to review following a major incident or update in legislation', highlighting how the draft Bill of the Protect Duty, also known as Martyn's Law was set to be published imminently, therefore, when passed would require a review of the Plan to meet with the new statutory requirements.

When considering the research of the Vice Principal and Clerk into the approach of other colleges, members agreed critical incident management aligned with risk management and health and safety compliance, and as such, was more closely aligned with the work of the Audit Committee, agreeing for this element of the terms of reference to be reconsidered when schemes of delegation are reviewed for 2023/2024.

Members agreed training and awareness were as important as the plan, with circumstances and human nature heavily impacting the response during a critical incident, with the plan more likely to be referred to once the incident was under control, to be used to confirm appropriate processes have been followed and to guide next steps. Members agreed that this resulted in the plan being more practical and operational, whilst accepting there remained a need for oversight and approval, supporting a move towards streamlining through the removal of the forms and procedural elements from the plan,

creating a more high-level continuity plan of roles, responsibilities and initial actions.

Issues with the GDPR implications of having the plan available in rooms were discussed, along with highlighting some out of date contacts within the plan, asking that these are reviewed.

**VP/
committee**

Lockdown terminology was clarified, with members highlighting the value of feedback following an incident or a test, asking that this becomes a standing item, agreeing this could be done verbally and did not require a report.

VP

In approving the removal of the IT and cyber-security elements, members agreed to a bi-annual review of the Plan, however, a member highlighted concerns over the increased risks in relation to cyber security, noting the benefit of recent training in raising awareness and equipping governors with the questions to ask to provide suitable assurance in relation to protecting the college from cyber risks.

Members were assured by measures to mitigate against cyber security incidents, which included a recent internal audit as well as annual cyber essentials recertification.

Members were informed the IT disaster recovery plan would be reviewed and presented for reapproval once the process for cyber essentials recertification was completed, with a member highlighting that the recertification incorporated reporting and disaster planning, therefore the information would be available as part of the process and would not be putting additional time pressures on the new Head of IT, asking that this is presented when completed.

**VP F&F,
Head of IT**

Members discussed the benefits of working towards Cyber Essentials Plus, which had previously been a college target, however, conceded that the additional cost implications outweighed the benefits, with Cyber Essentials providing the assurance necessary to fulfil funding agreement requirements and assure Governors of the protective measures in place. It was agreed this also related more to compliance than resources and supported the intention to discuss realignment of cyber security to the Audit Committee.

Item 10.2 - Resolved: *The Committee resolved to recommend the Corporation approve the Critical Incident Management Plan subject to contacts and contact details being updated. Members resolved to remove and annually approve of the IT element as a separate plan, with the full Plan moving to bi-annual review unless there are significant updates to relevant legislation.*

The Committee resolved to review the terms of reference for 2023/2024, with a view to removing critical incident management and cyber security, recommending the Corporation consider allocating these to the Audit Committee as risk and compliance issues.

R.23.88 Item 11: Accommodation Update

The Vice Principal Finance and Facilities provided a verbal update, confirming progress with the electric vehicle workshop, with works having been successfully completed on budget and to be independently audited in June.

Members were advised that the outcome of T Level Bids had still not been announced.

Work was being done with the Head of Facilities Management and consultants to formalise plans for the spending of capital bids focusing on energy efficiency, noting that the college had two years to spend the funds, however, needed to outline spending plans by July 31st 2023.

The Vice Principal was thanked for the update.

Item 11 - Resolved: *The Committee resolved to accept the update.*

R.23.89 Item 12: Update of Progress Against the College's sustainability Strategy

The Vice Principal Finance and Facilities advised progress against sustainability strategy targets had not been as significant as hoped for, with the target of becoming net zero by 2030 considered ambitious; however, they had achieved a reduction in the colleges carbon footprint, had increased awareness of sustainability matters and were progressing with plans to embed sustainability into the curriculum.

Members commended the work to date, particularly on energy use, asking that this is marketed and celebrated, advising of online tools that would calculate the equivalent value of the energy saving in terms of trees saved or other comparative measures.

VP F&F

Members noted the dual benefit, of reduced cost and positive benefits for the environment of the reduced energy usage and applauded intentions to broaden the curriculum to embed sustainability into all subjects.

Plans to utilise a Green Tool offered by Lloyds bank to calculate consumption per building to raise awareness and direct efforts for reduced usage were outlined, along with suggestions for improving the college's recycling rate.

Members were advised of the successful installation of electric vehicle charging points, noting this was a further opportunity to demonstrate and promote the college's progress with the Green Agenda, with phone applications mapping and directing people to electric vehicle charging points. The Committee clarified that the chargers were for the use of staff during the week but were available for the public at weekends.

Item 12 - Noted: *The Committee resolved to note the progress made and asked for this to be celebrated and communicated to the wider college community.*

R.23.90 Item 13: Risks Related to The Resources Committee

Members were advised that a full review of the risk register was being undertaken, due to be presented to the Audit Committee on May 22nd.

In response to a question about emerging and changing risks, the Committee was advised the risk of industrial action was expected to be reduced now that the pay award has been settled, although not eliminated due to the national picture.

Risks in relation to outcomes were now considered to be heightened due to the time of year, with recruitment risks also to be reviewed in detail, although

not expected to increase based on the application data as presented to the Committee.

Retention and recruitment of staff was discussed, with this still considered to be a key risk for the college and sector.

Members were advised of consideration for the inclusion of a new risk relating to a key apprenticeship contract, linking the quality of the provision to the risk to loss of income.

Members discussed the impact of Ofsted and current expected outcomes, with the management team honest in their appraisal of the position, progress and actions plans in place. Linking this to resources and income, members were assured apprenticeship enrolment was not impacted by the previous grade.

Item 13 - Noted: The Committee resolved to note the update.

R.23.91 Item 14: Items to be Reported to the Corporation

The Clerk summarised the items as included on the agenda of the Corporation to be presented as follows:

- Advise the Corporation the Committee has approved the management accounts (January, February and March)
- Recommend the Corporation accept and approve updates to the Financial Regulations
- Present the Financial Forecast Update to the Corporation (as essential information)
- Subject to amendments to the contract details, recommend the Corporation accept and approve updates to the Critical Incident Management Plan, including the removal of the IT elements to allow for a bi-annual review
- Ask the Corporation to approve the catering contract on their behalf at their May 10th meeting to prevent a delay in the commencement

Item 14 - Resolved: The Committee resolved to present the information to the Corporation as detailed above.

R.23.92 Item 14: Date Of Next Meeting (and Closing Comments)

Members and attendees were thanked for their time and contributions.

The next scheduled meeting was confirmed as Tuesday 27th June 2023.

Item 14 - Noted:

The meeting closed at 7.15pm