

Minutes

Meeting of the SEG Resources Committee

Governor Meetings

Date 28/01/2025
 Time 17:00 - 19:00 (closed at 19.07)
 Location Board Room Southport College Campus (Morningson Road, Southport, Merseyside, PR9 0TT)

Governors Present Margaret Boneham (Committee Chair - Independent Member)
 Michelle Brabner - Principal – (Ex-Officio Member)
 Colin Davies (Independent Member)
 Rob Firth (Associate Member)

Invited Attendees Paris Bonwick (Vice Principal - Business Services)
 Lisa Farnhill (Dir. Governance and Compliance)
 Stephen Musa (Vice Principal Curriculum and Support)
 Paula Smith (Dir. Finance)

Apologies Rebecca Matchett (Independent Member)
 Claire Moffat-Lonsdale (Independent Member)
 Paul Walker (Independent Member - Corporation Chair)

Absent

*Highlights are proposed redactions

Minutes

1 - Welcome & Apologies for Absence

The meeting commenced with the Chair inviting all members and attendees to make introductions, for the benefit of Colin Davies, attending his first meeting of the College Board.

Apologies for absence were detailed and accepted. The discussion highlighted the implications of accepting apologies, highlighting the statutory requirements and implications of accepting and rejecting apologies, including what this meant in terms of the college's ability to take action over non-attendance. The committee expressed a preference for discussing attendance issues directly with members before considering any formal procedures.

Quoracy concerns were discussed, with assurances provided that the meeting was quorate, with a need for 3 members, a majority of which were independent. It was clarified that for the purposes of quoracy, 'independent' includes associate members, but excluded other types that were appointed due to their position in the college, including staff governors, the Principal, and student governors.

Members attention was drawn to the KPI scorecard as annexed for information, with members reminded this was to support and direct discussions. The scorecard highlighted red flags in advanced learner loans and apprenticeships, with the Committee advised this would be discussed within the financial reporting.

Item 1 – Approved: The Committee accepted the apologies detailed

2 - Declaration of Interests

The Chair prompted members to declare any interests that might affect their impartiality in the discussions. There were no declarations of interest relevant to the agenda items. It was noted that Lisa is the Data Protection Officer (DPO) and that Colin Davies was a Trustee of the Southport Learning Trust.

Item 2 – Noted

3 - Appointment of a Committee Vice Chair

The committee discussed the appointment of a new Vice Chair. Colin Davies was proposed for the role. Although a new member, it was agreed that this did not preclude him from undertaking additional responsibilities, with the Dir. Governance and Compliance confirming the Terms of Reference did not prevent the Committee appointing a new member and reminding them that the Corporation had made appointments directly to the Chair position in the past, with wider knowledge and experience as beneficial as having served on the Committee.

It was agreed that Colin's CV demonstrated his skills and background meant he was suitably skilled to undertake the role, which provides essential support to the Chair and ensures continuity in case of the Chair's absence. The committee formally accepted Colin Davies' appointment as Vice Chair.

Item 3 - Approved: The committee approved the appointment of Colin Davies's as Vice Chair for 2024/2025.

4 - Minutes

The minutes of the previous meeting held on 20th November 2024 were reviewed and approved. It was confirmed that the former Committee Chair, Rob Firth had reviewed the minutes and made necessary corrections directly with the Dir. Governance and Compliance ahead of circulation. There was a query about sections highlighted in yellow, which were explained as parts recommended for redaction due to commercial sensitivity or the mention of individuals. The committee agreed to these redactions and approved the minutes as a correct record.

Item 4 - Approved: The minutes of the previous meeting held on 20th November 2024 were reviewed and approved with necessary corrections and redactions.

5 - Review of Impact Statements, Actions and Matters Arising

The Committee received an update on actions undertaken since the last meeting and reviewed the impact statements. The Chair highlighted where reports would address the actions and follow up matters.

The Dir. Governance and Compliance explained that the staff development report was noted as an ongoing action, with updates to be presented within the next report, which was only due annually, with notes added to the reporting calendar as a reminder to refer to the minutes to ensure the additional requirements are included.

Members were advised the HR Link Governor would look in more detail at the revisions to the literature used by HR when advertising posts, noting this linked to an action agreed by the Remuneration Committee to also consider how literature could be updated to attract a more diverse pool of candidates.

The committee discussed the use of AI-generated impact statements and action logs, comparing outputs from Co-Pilot and Decisions tools. Members appreciated the efficiency of these tools but highlighted the need for accuracy and pre-checks. It was agreed to continue piloting these tools alongside traditional methods to evaluate their effectiveness. The Committee expressed confidence in the system and agreed to trial and experiment with the new methods.

When confirming the Pay Award action had been closed as a result of directly presenting the follow up information to the Corporation for approval, there was an overview of the implementation timeline. The Committee was advised of the work needed to update contracts to 35-hours, with staff due to receive letters explaining the changes, particularly important for those with fractional roles and annualised hours, with backpay to be processed in February. The Committee commended the work of all involved for their commitment to finding a solution that ensured staff were fairly remunerated within the financial constraints of the budget.

Item 5 – noted

Action: The committee agreed to continue piloting AI-generated impact statements and action logs alongside traditional methods to evaluate their effectiveness.

6 - Confidential Business

The committee reviewed and confirmed which items from the minutes should be held as confidential. In addition to the sections highlighted by the Dir. Governance and Compliance, one additional section with references to contracts was proposed for redaction.

The committee also determined that no additional items on the current agenda needed to be marked as confidential and reviewed without the presence of staff, emphasising the importance of maintaining confidentiality in sensitive matters.

Item 6 – approved: The committee confirmed which items from the minutes should be held as confidential and determined that no additional items on the current agenda needed to be marked as confidential.

7 - Risk Movements

The Dir. Finance provided a summary of the report, reminding the Committee these changes had been made ahead of the last meeting, however, had only been reported verbally due to the timing of the risk review meeting.

In presenting an overview of changes to the risk register, the six changes since the last review were detailed. The Committee discussed the rationale behind these changes, including the merging of risks and the closure of one risk, reducing the total number from 27 to 24.

The Committee discussed the increase in risk scores, particularly for significant incidents and the implementation of government policies. The importance of reviewing mitigation measures was emphasised, and in response to a question, it was confirmed that external audits and reviews of the internal audit service were conducted regularly to test the assurances and robustness of the register and documented mitigations.

Key risks such as the preparation and implementation of government policies and the potential for critical incidents were highlighted, with their pre-mitigation risk levels increased based on a reassessment of likelihood and impact without mitigation, rather than due to any increased risk or cause for concern. In response to questions about the risk ratings, the Principal explained the approach to risk management had been updated based on feedback from Board members across the Committees. Members noted this resulted in an increased focus on ensuring the pre mitigation scores accurately reflected the impact and likelihood and risks from non-action, with the post mitigation scores demonstrating the effectiveness of the mitigation measures in place. Members indicated they felt assured by the additional scrutiny, with it evident that the College was controlling what it could and demonstrating an awareness of external factors beyond the colleges control.

Members asked about the impact of the pay award, and if the events in the town in summer had resulted in changes to the risk ratings, with assurances provided as to how these were considered and applied to the updated scores.

Item 7 – noted: The Committee noted the assurances and explanations provided.

8 - Estates Matters

8.1 - Termly Estates Update

The Vice Principal Business Services summarised the termly estates update, highlighting the updates to CCTV, reinforced glazing, and fencing at KGV, confirming this was following a break-in. In response to questions, members were advised the quality and positioning of the CCTV had supported the apprehension of the perpetrator, who had been apprehended, charged and sentenced, with an action noted for further details to be circulated.

Other updates highlighted included a focus on the strategy to maintain and improve the estates, with a current focus on the creation of larger classrooms, ongoing LED upgrades, and maintenance projects. The Committee was advised that following a tendering exercise for two projects, a decision had been taken to appoint staff on a fixed term contract to carry out the works as this would be more cost effective than using an external contractor.

Item 8.1 – Noted: The Committee noted the update.
Action: Committee to be advised of the sentencing details.

8.2 - Capital Projects and Grants Update

8.2a: T Level Project

The capital projects update highlighted that while the T Level projects had been completed on budget, there were quality issues within the Pennington project. In response to questions about the issues, the Committee established that this was due to poor execution, not issues at the design stage. Issues with project management and communication of timelines and issues were presented to the Committee, with members asking about the tender, costing, design and oversight.

The Committee discussed the importance of post-project evaluations to learn from these experiences, with it agreed a post-project evaluation for the T-level projects should be conducted to document lessons learned and improve future project management. A member indicated that recommended good practice was to then revisit this in twelve months, incorporating stakeholder feedback to establish the views of those using the spaces, to see how it has improved student experience, and what changes staff or students would have made to the design.

8.2b: LSIP Project

The Vice Principal Business Services updated the Committee on the progress of the eco hub and the remaining equipment to be purchased. The Committee members were informed that the project is nearly complete, with the VR welding left to procure, with the marketing team supporting the promotion of the project.

8.3c: Decarbonisation Grant Application

In drawing attention to the recommendation in the report, to now withdraw the application, the Vice Principal Business Services provided the rationale, which highlighted the impact of the staff pay-award on the mid-year review of the financial forecasts.

In discussing the implications of the withdrawal, members were reminded the total project value was £3.8 million, with a grant request of £2.7 million and a college contribution of £1.1 million, with the applications open to all public sector organisations. Members were informed the competitive nature of the funding stream meant the application was not likely to have been successful, minimising any reputational impact of withdrawing at this stage.

Whilst acknowledging alternative funding streams to reserve utilisation continued to be a possibility, it was agreed continuing with the application following the reforecast and without having a secure option for funding would be unadvisable, noting that withdrawal now would prevent any potential reputational damage that may come as a result of withdrawing at a later stage. In clarifying the financial implications, members were advised the costs of preparing the application were in the region of £7,800, with the information gathered now available to be utilised to make any future funding bids.

Item 8.1 – Approved: The committee agreed to withdraw the application for the public sector decarbonisation fund due to the unviability of the project post-pay award.

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9 - Enrolment Update & Progress Report

The enrolment update opened with the Vice Principal Curriculum and Support addressing the follow up action for attrition data, with an explanation of how this is calculated and advising of the difference to retention data.

The Committee noted that the attrition rate had been decreasing, indicating an improvement in student retention. The current attrition rate was 4.5%, based on headcount, while the rate based on the number of aims was 2%.

The Committee reviewed the college's attrition rate against other colleges in the Northwest and nationally, being advised the college's attrition rate of 2% was better than the Northwest average of 2.1% and the national GFE average of 3.2%, indicating strong performance in retaining students.

The Committee asked if the College tracked reasons for student attrition, being advised the most common reasons being either students returning to their school sixth forms, enrolling in multiple colleges, or discovering that their chosen course was not a good fit, with specific examples given, including courses where the rates were

always higher. The Committee noted that efforts to reduce attrition were showing positive results, and although there was always an expectation of fluctuations with some students leaving and others joining us from elsewhere in the first few weeks. However, the college was performing well compared to regional and national averages, with plans to market this positive student experience information.

Application data was summarised, with members asking about the availability and accuracy of conversation data, noting this was in line with national averages and impacted by the careers advice given to students. The discussion then highlighted the overall increase in applications for the 2025-2026 academic year, with applications up by 10% compared to the previous year, with Southport College seeing a 3% rise and KGV experiencing a significant 19% increase. It was explained that this translates to over 100 additional applications at KGV and about 40 more at Southport College. The Committee acknowledged the substantial growth at Southport College last year and noted the strategic adjustments made to the curriculum at KGV, including the introduction of A-level Economics, which had received 45 applications to date, and enrichment and the school of medicine thought to have driven up applications to science courses. The Committee commended the work done by marketing and school liaison teams, being advised the growth seen was the second highest in student numbers in the northwest.

In response to member questions, the demographic trends were presented and discussed, with the Committee advised the national peak in the number of 16-year-olds was in the 2024-2025 academic year, followed by a decline, however, were advised that locally, data suggested the peak for their area would be in 2025/26, maintained for a few years, before a dip. The Committee asked about the impact of residential developments in the area, asking if this had the potential to increase the number of available students, however, were advised that meetings with the local authority and housing developers had provided insight into trends, which indicated new housing does not necessarily equate to an increase in school-age population due to internal relocations within the area.

Concerns regarding the financial implications of sustained growth were considered, with the need to balance the costs of new teachers and facilities against the benefits of increased enrolments, with the possibility of capping enrolments for certain courses to manage these costs effectively being considered.

The item concluded with the Chair reminding members that the enrolment report included details of governor invitations to attend open events to engage with prospective students, with a member highlighting how insightful these events had been from a governor's perspective.

Item 9 - Noted: The committee receive and accepted the enrolment report, commending the work done to improve applications and attrition.

Action: Attend open events to engage with prospective students. @Resources Committee Members

10 - Internal Audit Reports Relevant to Resources

The Dir. Finance confirmed the report was the latest internal audit and had covered financial planning and budgetary control. Members were informed this had been conducted in October with the report now finalised and having been reviewed by the Audit Committee, was presented to the Resources Committee for information and assurance

Members attention was drawn to the review outcome, which provided 'substantial assurance' with no recommendations. Areas of good practice identified included segregation of duties, training for budget holders, and a comprehensive induction pack for new budget holders. There was a minor error by the auditors, who reported an excess of £2.5 million by Clouds, which was actually £2,500. The committee was informed about the refurbishment project in Clouds, which was set to launch the following day, with members advised of positive feedback from those who had seen the renovations.

Item 10 - Noted: The committee acknowledged the substantial assurance provided by the internal audit.

11 - Financial Reports

11.1 - Investment Policy & Performance, including Treasury Management

The committee received a report on the performance of the College's investments. The report included details on the balances in various investment products and their performance. It was highlighted that no changes were made to the Investment Policy (Annex 1), with the policy approved by the Committee.

The short-term rating scale (Annex 2) and the balances in products and performance (Annex 3) were also reviewed, noting higher returns as a result of higher interest rates. A member sought clarification on the last point under cash balances, with it explained that this was an initiative to move surplus funds overnight and over the weekend, which had brought in around £10,000 additional income. This initiative was noted as important for generating income to be used for small improvements and renovations, with members highlighting how these investments and updates can make a significant difference to the student experience.

Members were informed that higher returns could have been yielded, however, a decision was taken to keep money liquid due to large bills relating to the capital projects.

Item 11.1 - Approved: The Investment Policy was approved.

11.2 - Management Accounts

The Committee reviewed the management accounts for November and December 2024, focusing on the December position. The Dir. Finance summarised the information, confirming the accounts showed an operating deficit of £226,000 against a budgeted deficit of £137,000, resulting in an adverse variance of £89,000 for December.

Income was £61,000 behind budget, primarily due to lower-than-expected apprenticeship income, with this discussed at length, including the review of the offer, focus on quality and targets for individuals.

Pay costs were fully reviewed and revised, with no variances to date and year-to-date savings noted. Non-pay costs were adverse, particularly premises costs, which are being closely monitored through regular meetings with the head of estates. Members were informed that profiling needs to be adjusted to ensure targets are met for the rest of the year. Members noted interest payable was lower than forecast due to decreasing rates, and pension costs were as expected.

Financial health was reviewed in the mid-year paper, with challenges anticipated, especially after April due to increasing costs and apprenticeship income. Members were assured apprenticeship recruitment is being closely monitored, with discussions held about the impact on the anticipated Ofsted inspection.

The Committee discussed at length the potential timeframe for an Ofsted visit, and the preparedness of the team. Members were assured the absence of the nominee would be covered, either by the Principal or Vice Principal Curriculum and Support. Wellbeing and support for staff during and preparing for an inspection was considered, with reassurances that the robust action plan and oversight of this was providing focus and supporting staff to feel prepared and positive ahead of the inspection.

Item 11.2 - Approved: The committee approved the management accounts for November and December 2024.

Matters arising: Adjust profiling to ensure premises cost targets are met for the rest of the year. @Paula Smith

Matters arising: Closely monitor apprenticeship recruitment and its impact on the budget. @ Paula Smith

11.3 - Financial Forecasts.

The Dir Finance summarised the key movements in the updated financial forecast, confirming this had been run through the CFFR, including actuals up to 30th November 2024.

Key movements from the original budget as highlighted to the Committee included:

- **Income:** This includes capital grants, high needs funds, growth in adult skills budget, advanced learner loans, additional grants, additional NIC funding, and estimated expenditure in payroll. Income has been released from the balance sheet.
- **Pay Costs:** £83,000 for NIC from April, including a 3.25% pay increase and new staffing.
- **Budget Line Adjustments:** Virements between budget lines, additional grant expenditure based on received income, and spending released from the balance sheet regarding the restaurant.

- **Deficit Changes:** The deficit has changed to £893k, with a revised deficit of £1.035 million, reflecting a £143k movement.
- **Monthly Cash Balances:** Monthly cash balances and cash days include income, expenditure, balance sheet details, cash flow, and information relating to solvency performance and borrowing.
- **Financial health:** remains 'good'.

Members reiterated earlier concerns raised in relation to apprenticeship income, with members informed this and the Test and Learn shortfall had been discussed in detail at the SLT meeting, with the Committee advised there may be a need to complete a further reforecast at the end of January. The Dir. Finance confirmed the revision was expected to be in the region of £100,000.

In discussing risks, mitigations and action planning, members discussed the details of apprenticeship provision, including duration, income, recruitment projections, achievement rates, targets, re-profiling, and outturn plans for current and future years. Members were assured the strategic plan and associated actions and targets were filtered through to teams and individuals, as outlined in the December management accounts.

Members concerns were alleviated following details of expected funding due to be announced by the DfE on 13th February. Members noted this related to funds due in April that would cover April 2025 through to July 2025 as announced in the autumn budget. In response to questions, members were informed the amount could not be calculated yet, however was expected to exceed the £100,000 shortfall. Members discussed this at length, noting that whilst the exact figures and formula were unavailable, were assured this would offset the shortfall and prevent any potential issues. It was clarified that this was not yet incorporated into the forecast, and noted that in the same way the uplifted base rate a few years earlier had prevented the college's financial health deteriorating, this was externally generated and had not been as a result of college activity. Members did however highlight and accept that the improved student headcount and low attrition will positively impact income, offsetting other losses, however, the lagged funding methodology meant that the benefit of this would not be seen until the next academic year.

Members noted this would only be a three-month grant, therefore Unions were advised against considering this within pay award negotiations, with further announcements imminent relating to the distribution and allocation of the remaining £250m announced in the autumn budget, with it expected this would be used to address growth requests and base rate increases to cover NIC costs. Members were advised that these assumptions were based on the SFCA announcement, which confirmed they had withdrawn judicial review due to securing a commitment for a 3.25% pay award from 2025-26, offsetting reductions and accounting for base rate uplifts.

Item 11.3 – Resolved: The Committee resolved to accept the update, recommending this be presented to the Corporation as essential information.

12 - Meeting Reflection

12.1 - Risk Review and Reflection

The committee was advised that the Dir. Finance had included a full list of the risks relevant to the Committee's Terms of Reference alongside their current risk ratings, to allow for reflection on meeting discussion and reports, and make any recommendations for any potential risk areas to be reconsidered.

The Committee proposed risks relating to apprenticeship income should be looked at in detail and consideration given to whether this needs to be increased given the impact on the college's financial position.

Item 12.1 - Resolved: The committee asked the SLT to consider within their next review if the risk rating for apprenticeships remains accurate.

12.2 - Items to be reported to the Corporation:

The Committee reviewed the decisions made during the meeting and agreed on the items that need to be presented to the Corporation for information and approval. The key decisions and action items identified during the meeting were discussed, with it agreed that the Corporation should be presented with the updated

financial forecasts, with attention drawn to concerns over apprenticeship and Test and Learn income, as well as receiving the estates reporting, with this refined into a single summary paper.

In agreeing that this was the key information needed, members reiterated the importance of communicating these effectively to the Corporation.

Item 12.2 – approved: The committee resolved to recommend the financial forecasts and a summary of estates information is presented to the Corporation for approval.

13 - Date of Next Meeting and Closing Comments

The date of the next meeting was confirmed as 18th March 2025. The Chair thanked the members for their contributions and the reports provided, with authors complimented for the quality of the reports presented.

The meeting closed at 7.07pm