

**Minutes of the Resources Committee Meeting held via Microsoft Teams on
Wednesday 12th May 2021 at 10am**

Present: Margaret Boneham
Michelle Brabner (Principal)
John Fell
Rob Firth (Vice Chair)
Alex Kenny (Arrived during item 3.1)
Kathy Passant (Corporation Chair)
Paul Walker (Chair (arrived during item 1))

In Attendance: Kevin Williams - Director of Facilities and Finance
Andy Winrow - Head of Finance (Items 6.1 and 6.4 only)
Lisa Farnhill - Clerk

Apologies: Rik Simms

Minute No.	Minutes	Action
	<p>Open and Welcome</p> <p>Former Chair John Fell welcomed members to the meeting and opened the meeting whilst waiting for the new Chair to join.</p>	
R.21.68	<p>Item 1: Apologies for Absence</p> <p>The apologies of Rik Simms were provided and accepted by the Committee with the Committee being notified that member Alex Kenny would be joining later. The Chair arrived during item 1, providing details for his late arrival which were accepted by the Committee</p> <p><u>Item 1 - Noted:</u> The Committee noted and accepted the apologies detailed above.</p>	
R.21.69	<p>Item 2: Declarations of Interest</p> <p>The Clerk declared that she was the Clerk to the Governing Board for St Mary's College in Blackburn.</p> <p><u>Item 2 - Noted:</u> The Committee noted the declaration made.</p>	
R.21.70	<p>ITEM 3: REPORTS TO BE CONSIDERED</p>	

Item 3.1 - Management Accounts

The Dir. Of Finance and Facilities informed the Committee that there was no movement from March Management account and highlighted the following key points:

- KPI scores and financial health remained consistent with the previous few months
- In line with expectations, some risk ratings had been lowered
- Although not declared within these set of accounts, financial modelling suggest that there could be c£100,000 staff savings would be made which will be declared if April payroll remains consistent to year-end
- The Head of Department for adult education had provided a positive update regarding delivery, with an income value still to be assigned to recent enrolments, reducing the likelihood of the £300,000 AEB clawback
- Following a recent conference, it looked likely the ESFA will hold firm on their tolerance levels relating to AEB
- Funds were allocated for the potential clawback in the budget, highlighting the table in the report outlining the implications if it is not utilised, demonstrating improvements however the financial health score will not alter
- Extended cash flow projections as requested at the April meeting were included with strides towards creating a concise summative narrative in line with the AOC template
- Following the maturity of some fixed rate bonds, reinvestment into fixed term savings would be strategically allocated to ensure funds are available when necessary to cover for the low month of March and following the review of enrolment figures in October

A member asked if the College would be impacted by the decision of the ESFA to maintain a tolerance level of 90%. The Dir. of Finance and Facilities explained that due to being in the LCR, as a devolved authority, the impact for the college was minimal. The Committee was informed approximately £15,000 of the £300,000 allocated for potential clawback was linked to the ESFA funding and higher tolerance of 90%.

A member noted the value of the summary and graphics provided in the reports, highlighting the importance for the Committee to maintain oversight of critical information including applications.

The Committee Chair advised that recent training had provided information and guidance including examples of good practice on the use of visual representations in financial reporting, offering to meet with the Dir. of Finance and Facilities to work together on the content of future governor reports.

Chair/Dir
F&F

In response to a question about the progress against the £1m staffing savings, the Committee was informed that the next stage of the process was underway with individual consultations taking place, providing details of key dates for forthcoming decisions. The Committee was advised that the voluntary redundancy programme realised savings in the region of £300,000 to £400,000 with a paper presented to the ESFA on the progress to date with the Dir. of Finance and Facilities agreeing to circulate the report to members of the Committee.

Dir. F&F

The Principal confirmed that progress was on track, with the modelling projecting that the savings target would be reached, with plans in place to consider alternatives if this was not achieved. **In response to a governor question** the Principal confirmed that all plans were efficiency savings, to maximise delivery and maintain the curriculum, focusing on the needs of the local area. It was highlighted that income and curriculum would not be impacted. It was confirmed that the only course changes would be those as a result of low student demand, reviewed as part of the annual curriculum review and not due to the savings target.

A member asked if the savings took into account the redundancy costs, with the Principal confirming that £500,000 had been budgeted in the current financial year to cover the redundancy costs. The Principal clarified with the Dir. Finance and Facilities that the salary savings would be realised in full in the next financial year. It was confirmed that termination payments would be finalised in July and be within the current financial year, however, some may fall into August. The Committee was informed that the allocated £500,000 was sufficient to cover all termination costs, with budget adjustments to be made for any that fall into the next financial year.

In response to further questions the Dir. Finance and Facilities confirmed that this year's budget included allocated amounts for the termination payments (to include pensions costs) with the £1m salary saving to be realised in the next financial year.

A member noted that the AEB clawback was going to have a significant impact on the financial position of colleges across the sector, with many likely to be looking to make efficiency savings and enter into consultations on redundancy, noting the benefits for Southport of having already concluded their efficiency review. The Dir. Finance and Facilities confirmed that it had been a source of great concern at the AOC's Conference for Finance Directors, advising that a college with outstanding financial health risked breaching their loan covenant as a result of the AEB clawback.

A member asked for a formal update following the communication circulated regarding the Pennington prolongation claim, with the Dir. Finance and Facilities notifying the Committee that negotiations had resulted in a reduction to £20,000 from the quoted claim of £30,000. The Committee were advised that a review of contractual obligations and discussions with the former VP Services indicated increased hours were permissible, resulting in the negotiated outcome bringing the matter to a successful conclusion agreeable by all parties.

The Committee were informed that the building was occupied and operational although some snagging issues were still to be resolved. The Principal provided details of the plans for the formal opening to be scheduled once the social distancing restrictions lift, with further details to be circulated once a date is secured.

Principal

Item 3.1 - Approved: *The Committee resolved to approve the management accounts for April.*

R.21.71 Item 3.2 - Market Oversight Team Return

The Dir. Finance and Facilities informed the Committee that returns to the Market Oversight Team were submitted to the ESFA at regular intervals throughout the year, with the Annex's attached as directed and requested by the ESFA. The Committee were informed that there was not considered to be any cause for concern by the content of the report or annex's.

The Committee were informed that one additional return, a risk based cash flow was required which would be circulated for review and approval ahead of the deadline of 28th May.

Dir. F&F

The Committee were notified of updates necessary to the COVID-19 return, with 33 additional cases over the last 3 months to be included.

The Committee were provided with details of the outstanding capital expenditure relating to the rear quad at KGV, removal of asbestos and the water tank replacement, noting tenders were in place, however, some works needed to be completed when the sites were quiet for health and safety reasons.

A member asked if the College would receive feedback from the ESFA following submission, with the Committee informed that only if information was missing or if there were any concerns noted by the ESFA following their review would there be any response following submission. The Dir. Finance and Facilities advised that there was sector wide concern regarding the amount of technical information that needed to be submitted without receiving feedback.

In response to a question, regarding the risk of anything being flagged as concerning, the Principal confirmed that the data would be analysed to assess the need for early intervention, with the most recent routine meeting having not given the ESFA any cause for concern. The Principal reassured the Committee that the ESFA were happy with what had been shared, with the expectation that the returns would not initiate any further contact from the ESFA.

Item 3.2 – Recommended for Approval: *The Committee resolved to recommend the Market Oversight Team Report and associated Annex reports to the Corporation for approval.*

R.21.72 ITEM 4: ANY OTHER BUSINESS AND CLOSING COMMENTS

Under AOB, the Dir. Finance and Facilities informed the Committee that the previously deferred Financial Dashboard, usually provided by the ESFA in February, was still unavailable and the latest information indicated that this would now not be available until the end of May or into early June.

In response to a question regarding the impact of this delay, the Dir. Of Finance and Facilities informed the Committee that the report is a benchmarking tool that allows colleges to gain a sense of their position against national averages, assisting with budgeting and efficiency decisions.

A governor asked what data was used in the dashboard, with the Committee informed that this would be data from the previous financial year, now making

the information less relevant with the end of the current financial year approaching.

In response to a member question, the Dir. Of Finance and Facilities advised staffing cost savings would have a positive impact on key financial performance indicators, with the pay as a percentage of income improving to around 70%. **Further questions** related to the implications of the salary savings on the forecast, with the Committee informed that once the MOT return was submitted, the budget for 21/22 and following two years would be drafted and would provide the Committee with an indicative 3 year rolling budget including cash flow and KPI's.

The Committee were informed that at the point of merger, financial targets were set which included long ranging targets and forecasting which did not account for the impact of COVID-19, however, the College continued to work towards the targets, which included the achievement of a 'good' financial health rating by next year. The Committee noted that this would not have been possible without the efficiency savings currently being made, which were being undertaken as they were considered right for the college, not due to external pressure.

Governors noted the details of recent debates in training events, focusing on performing as outstanding either financially or educationally, with it noted that both could be achieved with the right staff in place.

The meeting concluded with the heartfelt gratitude of the Committee for the support given by former Committee Chair, John Fell, as both the Chair of the Committee and for his work with the College as a governor over the years. This was echoed by all members, with best wishes passed by John to Paul as he began his role as the Committee Chair.

The next meeting was confirmed as 5pm on 30th June 2021.

Item 4 - noted: *The Committee noted the details of the update*

The meeting closed at 10.40am.