

**Minutes of the Resources Committee Meeting held via Microsoft Teams on
Wednesday 28th April 2021 at 5pm**

Present: Margaret Boneham (to Item 8)
Michelle Brabner (Principal)
John Fell (Acting Chair)
Rob Firth (Vice Chair)
Alex Kenny
Kathy Passant (Corporation Chair)
Rik Simms
Paul Walker (Chair)

In Attendance: Kevin Williams - Director of Facilities and Finance
Andy Winrow - Head of Finance (Items 6.1 and 6.4 only)
Jesamine Kelly - Assistant Principal Curriculum and Performance (item 10 only)
Stephen Musa - Assistant Principal Student Experience and Welfare (item 8 only)
Lisa Farnhill - Clerk

Apologies: None

Minute No.	Minutes	Action
	<p>Open and Welcome</p> <p>Acting Committee Chair, John Fell (JF) welcomed members and attendees to the meeting, with an extended welcome to Kevin, attending his first meeting of the Committee and to Paul Walker, attending his first meeting since his appointment to the role of Governor and Chair of the Committee. JF confirmed that he had offered to Chair the meeting ahead of Paul resuming the responsibility for May 12th.</p>	
R.21.53	<p>Item 1: Apologies for Absence</p> <p>No apologies were received, however, Margaret Boneham confirmed that she needed to leave to attend another meeting at 6pm.</p> <p><u>Item 1 - Noted:</u> The Committee noted and accepted the apologies</p>	
R.21.54	<p>Item 2: Declarations of Interest</p>	

The Clerk declared that she was the Clerk to the Governing Board for St Mary's College in Blackburn.

Item 2 - Noted: The Committee noted the declaration made.

R.21.55 Item 3: Minutes of the Previous Meeting of 23 February 2021

The Acting Chair invited members to raise any points of inaccuracy in the minutes circulated. The Acting Chair invited members to note any actions or matters arising that were not detailed in the circulated report. None were raised and the minutes were accepted as a true record.

Item 3 - Approved: The Committee resolved to approve the minutes of 23rd February 2021 as an accurate record.

R.21.56 ITEM 4 ACTIONS SUMMARY

The Clerk provided a summary of the actions report, inviting The Dir. Of Finance and Facilities to provide an update on the clawback following the ESFA Funding Audit. It was confirmed that there had still not been any clarification relating to the claw back. **A member asked** if money was allocated in the budget for the potential reclaim of funding, with the Dir. Finance and Facilities confirming it was included in the budget, however, with a proportion relating to 16-18 lagged funding not yet received, it was hoped that this would not be recalled, whilst providing reassurance to the Committee that the money remained allocated in the budget for the potential claw back.

All other actions were summarised by the Clerk, including the ongoing deferral of the finance dashboard, due to be circulated by the ESFA in May; training scheduled for Governors in relation to IT and staff for critical incidents; and the need to reconsider the use of and training in OneNote following a review of its functions. The Clerk confirmed alternatives considered included the use of live documents via MS Teams and OneDrive as possibly more appropriate than OneNote and this would be incorporated into the Governor IT training and trialled over the coming months.

Item 4 – noted: The Committee noted the updates provided and noted that the Finance Dash Board would be circulated in May

Dir. F&F

R.21.57 Item 5: Confidential Business

It was confirmed that the approved minutes did not contain any information considered to be confidential. Members were asked to identify any agenda items within the agenda as confidential, with the acting Chair suggesting that care should be taken over commercially sensitive information within the marketing report.

The Principal confirmed that the minutes would need to be reviewed and redacted to prevent sensitive information being published but felt that the item did not need to be declared as confidential, and asked for the same care to be taken with the minuting of item 9, the HR report including 9.2, the Union Management Forum and associated conversations relating to the staff consultation.

Item 5 - noted: The Committee agreed to publish all items subject to suitable revision of the minutes for items 8 and 9.2.

**Clerk/
Resources
SLT Link**

ITEM 6: FINANCIAL REPORTS

The Acting Chair invited the delivery of item 6.2 whilst awaiting the entry of the Head of Finance for item 6.1.

R.21.58 Item 6.2 – Adult Education Budget (AEB) Clawback update

The Dir. Finance and Facilities provided the Committee with a summary of the position in relation to the clawback of the AEB, with the Liverpool City Region (LCR) operating a lower tolerance level of 68% compared to the ESFA with a tolerance level of 90%, advising the Committee of the concerns raised across the sector due to the impact of the clawback, with considerable political interest in the issue.

The Committee was advised that the College anticipated to be within the tolerance for both funding streams, with pipeline work including accredited AEB courses, highlighting the importance of continuing to pursue additional courses to prevent the impact of the clawback. The Committee was informed that expected targets result in a performance ratio of 72% for LCR funding and 95% for the ESFA, preventing any clawback.

The Dir. Of Finance and Facilities confirmed that the final accounts incorporated £300,000 for potential clawback, which if not utilised, would result in improved financial health.

A governor asked if it there was any phasing to the clawback with the Dir. Of Finance and Facilities advising that the £300,000 would be clawed back if the targets were not met.

A governor asked if this was done annually, with the Dir. of Finance and Facilities advising that the tolerance was usually 97%, with the ESFA making a slight adjustment to 90% due to the pandemic, and the LCR making more significant alterations in light of the availability to deliver adult education.

A governor asked if the shortfall could be more than £300,000 with it being confirmed that if no further delivery took place there would be a £350,000 shortfall, however, additional courses were being pursued.

A governor asked if there was a danger that the ESFA could overrule the LCR and impose their tolerance levels. The Dir of Finance and Facilities indicated that he expected this to be unlikely as the LCR was a devolved administration with its own budget. The Principal noted the political pressure being put on the ESFA to lower their levels. The Committee were advised that the College was in a fortunate position with funding allocated to cover the clawback if necessary, however, in support of the College's across the sector that were severely impacted by this decision, the College had written to and met with their local MP to raise their concerns over the impact on the sector. It was noted that the letter was carefully worded to reflect the benefit of being within the LCR. The Committee were informed that the issue would be raised in parliament, noting that the decision was at odds with the FE White Paper findings and recommendations

A governor asked if the College was confident on the delivery of the additional £67,000 of courses with the Principal confirming that they could

deliver them, but maintained some hesitancy over the number of adults wanting to engage in learning in the current climate.

The Principal provided details of the rapid reinvention and response of the team to secure the necessary enrolments.

Item 6.2: Noted – The Committee noted the details of the update

R.21.59

6.1 Management Accounts

The Head of Finance provided a summary of the Management Accounts for February and March highlighting:

February:

- 2 adjustments made relating to income totalling £48,000 to include £7000 teachers' pension scheme (TPS) to support the additional employer contribution and £41,000 for high value courses
- Deficit reduced by £48,000
- Cash days increased to 90
- Noted that an additional sum for the TPS would also be received in 21/22

March:

- 2 adjustments, with a decrease in HE income of £35,000 and a saving in teaching salaries of £100,000 (net effect)
- HE decrease was due to retention and is reflected the expected outturn
- The operating deficit is reduced by £65,000
- Pay as a % income decreased, cash days increased to 92
- Cash levels remain above the value set by the MOT
- Apprenticeship income has dipped
- £300,000 allocated for potential AEB clawback, if not needed, will improve the year-end deficit

A governor asked what impact the AEB clawback saving would have on the EBITDA. The Head of Finance advised it would improve but was not able to access the figures to calculate this.

A governor commented on the improvement in the financial position shown in both sets of management accounts, thanking staff for their work towards this.

A governor noted the declining trend for the rolling cash-flow forecast from September onwards, asking if this projection continued and if this information was available for the coming two years. The Dir. Of Finance and Facilities advised that the reduction was predominantly due to the number of capital projects that had been undertaken in 20/21.

A governor noted the benefit of using the graph to highlight the trends, asking if the position takes into account the £300,000 potential saving if there is no AEB clawback, asking for cash balance forecasts to be included on future reports. The Dir. Of Finance and Facilities advised that the budget assumes £1m staff savings, with significant consequences on the cash balances if these savings are not realised. He confirmed that cash flow predictions would be included in future reports, with plans to improve the

Dir. F&F

diagram for April, with both longer term forecasts and a 3rd line to show pre-merger transaction unit plan and how far the College deviates from it.

The Head of Finance confirmed that there was a rolling cash flow forecast going through to July 23 with a **member asking** for a copy to be circulated.

Head of
Finance

A member asked if the College would fall below the pre-merger minimum cash balance in the foreseeable future, with the Dir. of Finance and Facilities confirming this was not expected to happen, however wanted to highlight that within the April management accounts the bank high interest deposit would end. Plans were outlined to only reinvest £1m to provide more comfortable operating margins, noting that the end of month forecasting does not take into account the mid-month payment date for support staff.

A governor asked if the £100,000 saving on staffing costs outlined were part of the £1m required or if an additional £1m savings were still necessary.

The Dir. Finance and Facilities advised that this needed to be confirmed, however, it was expected that a further £1m was still needed. The Principal advised that the detail relating to the staffing savings made would likely demonstrate the savings resulted from the different working practices during the lockdown period, including fewer claims for additional hours and general changes to how the college was run throughout the pandemic. The Principal confirmed the intention to secure additional savings in the region of £1m across curriculum delivery and any additional savings identified throughout the process would create a more comfortable financial position.

Item 6.1 – Approved: *The Committee approved the management accounts for February and March.*

Item 6.3 Market Oversight Team Report

R.21.60

The Clerk confirmed that due to the need to include April actuals within the report, this could not be presented for approval, asking members to confirm their availability for a short extraordinary meeting on 12th may at 10am.

Item 6.3 – Deferred: *Members agreed to defer the MOT report to an extraordinary meeting at 10am on 12th May.*

Item 6.4 Financial Regulations

R.21.61

The Dir. Of Finance and Facilities advised that the main changes within the document included the updating of roles and responsibilities and administrative changes relating to the UK's exit from the EU, thanking the Clerk for her support in identifying the new regulations.

The Committee were notified that discussions had been held with the former VP Services regarding the limits and a decision was made to maintain the present limits which were located on page 37 of the document (page 69 in the document binder).

A member noted that the College and Committee needed to ensure there was caution around the limits and that funds were not spent without the relevant authority.

The Committee accepted the changes and were unanimous in their support in recommending them to the Corporation for approval.

R.21.62 ITEM 7 ACCOMMODATION REPORT

The Dir. Of Finance and Funding summarised the report highlighting the following areas:

Pennington Refurbishment:

- This is now back in operational use, although snagging issues including, rendering, locks and glass are outstanding
- Final payment to the contractors have been made with some retained until the final issues are addressed
- Issues as identified in the report relating to additional costs for E3 Cube prolongation claim were discussed to include:
 - issue complicated by two different contracts signed
 - the College disputed additional costs incurred as a result of extended time frames due to inefficient project management
 - issues had been raised and addressed previously by the VP Services without further response from E3 Cube Ltd.
 - The initial response included irregularities indicating this was commonplace for the company
 - The intention was to continue dialogue for a negotiated outcome without incurring legal costs

Governors discussed the issue, noting concern over the dual contracts, signed in April then September, with it unclear what variations there were across the two, noting the difficulty in entering negotiations without reviewing the contract content ahead of discussions.

It was agreed that the Dir. of Finance and Facilities would meet with E3 Cube Ltd and open discussions with the outcome to be fed back to the Committee.

Dir. F&F

Low Carbon Fund

The Dir. of Finance and Facilities noted the benefits of negotiations by the VP Services, allowing funds to be transferred from strand 5 to strand 1. Attention was drawn to the detail in the report that highlighted how the revised targets had been met, with a spending commitment of £2.6m across the three streams, with the agreement for the College's allocated spend to be carried forward to conclude by September.

It was noted that the LCR were pleased that there was no material change, with the funds still being spent on the windows and thermal insulation. The Committee was advised that window quotes had been received, at £90,000 and £63,000 against a budget of £70,000, with agreement to pursue the lower quote with works to be completed during the summer.

FE Capital Allocation

The Dir. Finance and Facilities raised the following points in relation to the Condition Fund Grant:

- The allocation is £600,000 including the College contribution
- IT specification was not approved resulting in a decrease in the project value for IT

- £100,000 was set aside for the KGV rear quad improvements, however works have been quoted at £75,000. Attempts were made to complete ahead of the planned open day but this is not possible
- Asbestos removal will cost in the region of £150,000, with the best quote presently £110,000 to be reviewed by SLT. Works need to be completed when least people are on site, with plans for this to be completed in mid-June to mid-July for safety, ahead of the return of staff in August

Credit was paid to the team that had managed the capital programmes ahead of the Dir. Of Finance and Facilities commencing his role, noting the projects had been well managed.

Item 7 – Noted: The Committee noted the details of the update.

R.21.63 ITEM 8 - ENROLMENT UPDATE

The AP Student Experience and Welfare was welcomed to his first meeting of the Committee and asked to provide a summary of the report.

The following points were highlighted to the Committee:

- The overall picture compared to the previous year and comparative to the previous 4 years was positive
- Applications to KGV had significantly increased with 639 compared to 430 at the same point in 2020
- a further 19 had been received to KGV since the report was written and an additional 44 to Southport, with 101 received in 2 weeks
- KGV had seen a 49% increase in applications, the highest since the merger
- low applications earlier in the year were considered to be as a result of students wanting to apply in school with support

A governor asked if the targets noted were for budgeted numbers of students. The AP Student Exp. And Welfare confirmed that the target linked to the strategic plan and budget but would be reviewed to ensure it remained challenging and was underpinned by methodology, confirming that this fed into the financial targets.

A governor raised concern over focusing on targets for applications without consideration for conversion and retention, noting how the October funding targets were more crucial. The **member expressed concern** at relying upon September enrolment figures for budgets and recognition of target achievement, when previous years had then seen targets subsequently missed when students leave prior to the census date, asking for dual targets to be implemented to reflect the need for enrolment and retention.

**AP Student
Exp. &
Welfare**

The AP Student Exp. And Welfare agreed that there should be two targets to include pre and post census figures and work on accurate conversions rates was being undertaken. The Committee were advised that this was being supported by increased engagement activities, with plans for face to face open events and options for enrolment to be in person or online to support higher conversion.

Governors commented on the positive impact seen to date by the new AP, with the AP extending the credit to the team and to those who had already laid the foundations ahead him taking up the post.

A governor asked the AP if there was anything notable that could be changed in the enrolment and recruitment strategies. The AP Student Exp. And Welfare suggested that the timing of activities could be adjusted to have more impact including careers advice being earlier in the academic year and suggested that the Sixth Form element of KGV should be more widely promoted as this was an important aspect, particularly for parents.

Governors discussed marketing and the funding allocated for marketing, with the Principal advising the Committee that a review of the marketing budget had been a recommendation of the FEC. The Principal expressed her gratitude to the AP Student Exp. And Welfare for the pace of change implemented over the four weeks since appointment.

Item 8 – Noted: The Committee noted the details of the update.

ITEM 9 HUMAN RESOURCES REPORTS

R.21.64 Item 9.1 – Human Resources Objectives Update 2020/21

Head of Personal and Payroll provided a summary of the report which outlined on progress against the HR objectives that had been agreed in July 2020.

Rationale for areas that had not progressed as planned was given, including the ongoing impact of the pandemic and the increased work necessary for the staffing reviews, with it noted that this was outlined under Annex A, additional duties and responsibilities.

High rates of sickness were noted and actions in place to support its reduction.

In response to a **governor** question relating to staffing reduction consultations, the Head of Personnel and Payroll explained that there had been over 70 enquiries by staff requesting figures for the voluntary redundancy package, which had been open to staff across the college on a no obligation basis providing details of the number and areas of the subsequent applications.

The Committee was informed that the applications were being reviewed with decisions on acceptance to be provided to staff by the end of the week.

In response to a question the Principal advised that it was difficult to confirm how many staff were at risk as it was FTE equivalents, with a staffing review undertaken with the unions indicating that it would likely be in the region of 26.

The Committee were provided with a detailed summary of the process to date and next steps of the consultation process, with care being taken to ensure that enough time was provided for meaningful consultations whilst ensuring the process was not unnecessarily elongated causing further stress for those at risk.

A member asked if the College were comfortable with the pace of progress, with the Principal highlighting how difficult the process was, not just for those

at risk but also those managing the process and leading the individual consultations.

The Principal confirmed that they had made good progress, were within the targets for the timeframe and financial savings and noted meetings with the unions had also been mostly positive.

A member asked if there was confidence that the process would deliver the necessary savings. The Principal confirmed that they had not expected the voluntary process to yield the required savings but had offered it as best practice and only applications meeting business needs would be able to proceed. The Principal confirmed that the College was committed to making the necessary savings, with the balance across the SLT of experienced and new staff able to review the situation with renewed objectivity whilst maintaining in-depth knowledge of the College's needs, noting the significance of the saving at 10% of the income.

A governor highlighted the need to maintain income whilst undertaking the cost saving exercise, with the Principal acknowledging student's needs were to be prioritised, taking into account the increased applications and need for the courses to run to ensure conversion to enrolment, with time needed to reflect on decisions made.

A member suggested the College needed to be mindful of taking too long to work through the process due to the elongation of the emotional distress for those at risk, with any early gains eroded by the length of the process, risking the emotional strain impacting the performance of staff.

The Principal confirmed that the process would be concluded ahead of the new academic year, a benefit of education with fixed points to work to. The Principal advised that the unions had discussed extending the process into the new year with the College indicating a desire to ensure that the process was not elongated for staff wellbeing, with them now being in alignment on the time scale considering it to be suitably paced to meet the needs of the College and its staff.

A member asked if the risk register had been updated to reflect the risk of the process, indicating that even those not at risk may be inclined to look at other opportunities as a result of the process. The Principal reassured the Committee that this was noted on the Risk Register with mitigating actions to minimise the impact. These included clear consistent communications and decisions cascaded at the earliest opportunity to prevent the skilled staff not at risk from considering alternatives. The Principal acknowledged the emotional impact extended to those not at risk, in supporting their colleagues through the process and staff were being offered support, reiterating the College's intention to do 'difficult things with real kindness' as had been integral to decisions and discussions every step.

A member noted the courage and resilience of those involved, adding that as this was something the College had not had to do for a number of years, it was more challenging than it might otherwise be, asking for the thanks of the Board and Committee to be passed on to all involved.

Principal**Item 9.2 – Union Management Forum****R.21.65**

The Principal informed the Committee that under the restructure of the management team, she had assumed responsibility for the UMF reports, with the support of Head of Personnel and Payroll.

The Principal indicated that the change had been well received and beneficial, summarising the report and indicating that there were plans to move towards joint communications.

The Principal advised the Committee that regional reps had been brought to support internal reps in earlier meetings. Positive feedback had been received regarding the College's approach to the consultations and communication remained open and honest, with any challenge dealt with appropriately and confidently.

Item 9 – Noted: The Committee noted the detail of the updates relating to HR

R.21.66 ITEM 10 GDPR UPDATE

The AP Curriculum and Performance informed the Committee that GDPR was a new responsibility, allocated under the recent restructure, with the report outlining activities undertaken over the past twelve months and future plans.

The report was summarised, including the review of policies and processes and steps to consider the impact of GDPR when reviewing all policies.

Completion of the Cyber Essentials was highlighted as a key priority to ensure data security with plans to complete a desktop audit towards the end of April and throughout May.

In response to a governor question relating to the accreditation it was confirmed that it was the basic Cyber Essentials accreditation as required by the funding agreement, with achievement needed by July with plans to work towards Cyber Essential Plus the following year.

A governor asked about the desk top exercise, being informed that this was being audited through the management team, looking at how data was processed and stored, with the next stage to undertake a desk top class room and staff room audit.

The SAR's, FOI and breach data from the report were summarised with a **governor asking for** details of the impact of the data breach, asking if lessons had been learned and practices amended as a result. The Principal provided a detailed account of the incident, confirming that access was only to unused file structures with full compliance with the breach procedure, liaising with the ICO who confirmed that this was not a reportable event as there was no evidence of data loss.

The policy as reviewed against the relevant legislation and with only minor amendments was presented for approval, with the Committee confirming that they were happy to support the policy in recommending it to the Corporation for approval.

Item 10 – Recommended for approval: The Committee resolved to note the GDPR report and recommend the data protection policy to the Corporation for approval.

Any Other Business and Closing Comments

R.21.67 The meeting concluded with the Acting Chair thanking everyone for their time confirming that the items for approval would be presented to the meeting of the Corporation the next day.

The next meeting of the Resources Committee was confirmed to be the Extraordinary Meeting on 12h May, when Paul would resume his position as Chair of the Committee.

The meeting closed at 6.45pm