

Minutes of the Southport Education Group Resources Committee
Meeting held in the Innovation Centre Tuesday 30th January 2024 at 5pm

Present: Margaret Boneham (independent member)
 Rob Firth (Committee Chair - independent member)
 Rebecca Matchett (independent member)
 Alex Gamil (Committee Vice Chair- independent member) (from item 5)
 Paul Walker (Corporation Chair) (from item 10)

In Attendance: Paris Bonwick – Vice Principal - Business Services
 Lisa Farnhill – Clerk
 Alison McDowell (HR Dir) (up to and including item 7)
 Paula Smith – Dir. Finance

Apologies: Michelle Brabner - Principal – (member)
 Mark Burrows - Deputy Principal – (attendee)
 Stephen Musa - Vice Principal Curriculum and Support (attendee)

Minute No.	Minutes	Action
R.24.41	<p>Welcome and Apologies</p> <p>The Chair opened the meeting, welcoming new member, Rebecca Matchett, to her first Committee meeting, with brief introductions given.</p> <p>Members were reminded of the additional inspection work being undertaken, which had prevented the Principal, Deputy Principal and Vice Principal Curriculum and Support, from attending.</p> <p><u>Item 1 - Accepted:</u> <i>The Committee resolved to accept the apologies of members and attendees as detailed.</i></p>	
R.24.42	<p>Item 2: Declarations of Interest</p> <p>Members noted the standing interests, with no interests declared relating to agenda items.</p> <p><u>Item 2 - Noted:</u></p>	
R.24.43	<p>Item 3: Approval of the Minutes of the Meeting Held on 28th November 2023</p> <p>The Committee Chair invited members to raise any points of inaccuracy. With none raised, the Committee offered unanimous approval for the minutes.</p>	

Item 3 - Approved: *The Committee resolved to approve the minutes as a true record for the meeting held on 28th November 2023.*

R.24.44 Item 4: Review of Impact Statements, Actions and Matters Arising

The Committee noted the progress made, with it highlighted where carry forward items were now included within reports for review.

A member highlighted discussions at the previous meeting relating to the recruitment of finance staff, with an update provided of the appointment made.

The Committee members endorsed the impact statements as detailed.

Item 4 – Resolved: *The Committee resolved to note the details of the actions report and approved the impact statements.*

R.24.45 Item 5: Confidential Business

5.1 - Identify any minutes that need to be regarded confidential

Members confirmed the fourth paragraph of minute R.24.32 from the meeting of 28th November 2023, as highlighted within the copy circulated, was considered to be confidential and to be redacted from the public copy. Members proposed this was commercially sensitive, with publication ahead of formal consultation on the matter being potentially detrimental to the consultation, should the proposal be taken forwards.

Members noted that the staff pay award discussion had been held without the presence of staff, as a confidential item, however, agreed that the discussions minuted did not require redacting.

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 nothing on the agenda needed to be discussed without the presence of staff, with the minutes to be reviewed at the next meeting to consider if any aspects needed redacting for confidentiality.

Item 5 - Resolved: *The Committee resolved to redact paragraph four from minute R.24.32 (item 10.2) from the record of the meeting of 28th November 2023.*

R.24.46 Item 6: KPI Scorecard

The Committee members were given an overview of the data, which was intended to support and direct discussion, and highlight progress and risks when reviewing agenda items.

Members asked for more clarification around the challenges relating to the tuition fund, with the restrictions on use highlighted, noting this was sector wide. Members were informed of a recent article highlighting issues with the strict conditions of use in 'FE Week', an online sector-based magazine, with colleges campaigning for the money to be embedded into the main student funding rates to reduce the restrictions.

Members asked about the clawback, including how this compared to previous years, questioning whether this could have been foreseen or avoided, noting

the fund, as a COVID relief fund, would not continue in the next academic year.

Members asked if the support provided with the funds would still be offered by the college in the next academic year, with it confirmed if the support continued, it would be at a cost to the college. Members asked about staffing allocated and were advised they were not on a fixed term contract but did include redeployed and underutilised staff. Members were informed of close monitoring through the KPI score card and risk register.

Item 6 - Resolved: *The Committee resolved to use the information to support and direct discussions.*

R.24.47 **Item 7: Termly HR Report**

The Dir HR confirmed this report, provided for the first time to the last meeting ensured oversight of key data relating to the college's HR function. In response to the matter arising relating to the potential introduction of an incentive-based staff referral scheme, members were advised that there had not yet been any progress due to the Christmas period and Ofsted inspection, with it agreed this would be carried forward.

Dir. HR

The data was summarised, with additional detail relating to recruitment provided, noting some key appointments had been made, with some adverts remaining open. In response to questions, members were informed the posts still to be filled were likely to be unfilled due to rates of pay offered, however, were part of sector-wide concerns to recruit to key industry related posts, not linked to the pay offered within Southport Education Group. Members were informed a supplement had already been applied, however, pay remained below industry earnings, with additional issues as a result of the smaller candidate pool due to being a seaside town. Members agreed that the location prevented pulling candidates from a 360-degree location, however, added that there were benefits to the seaside location, having less congestion, easy access, reasonable commutes to many areas and being a nice place to work.

Members asked about the ongoing disciplinary matters, and were informed one had since closed, resulting in a verbal warning, and the other could not progress **REDACTED**. Members asked if the issue would impact the inspection and were advised that due process had been followed throughout, therefore it would not jeopardise the inspection in any way.

Members were advised the Staff Committee were due to meet the following week to review the feedback obtained through the new staff survey process. Members recalled the limited response rates when using the previous survey format, with it hoped this would provide more responses and more meaningful information.

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

The HR Director left after this item.

R.24.48 **Item 8: Employer Engagement Strategy Update**

The Vice Principal Business Support advised the Committee that although this had previously been within his remit, following the restructure, this now sat under the Deputy Principal, however he would deliver it on his behalf.

Members noted the intention to redraft the strategy to align with local schools, which remained in progress, with an update on progress outlined. Members were reminded the Education Group's own strategy and KPI's remained in place until the new version is agreed with local partner schools.

Members discussed at length the lack of updates to the feedback on the 'find an apprenticeship service' as collated by the DfE. It was confirmed that employers and apprentices had been contacted to provide feedback, with the reminders automatically sent weekly until completion, with it therefore likely the issue was that the DfE was not publishing updated responses as opposed to having not received any.

Members insisted that based on the sensitivities around and focus on apprenticeships, this feedback was vital in understanding and responding to stakeholder perspectives, challenging the return rate. It was explained that the return rate was unclear as the DfE updates were so infrequent, with only one additional response in over a year.

Members agreed that to duplicate requests, particularly if the feedback requested was similar, would be detrimental to the relationship with employers. The Vice Principal Business Services proposed the best course of action would be to press the DfE for an update.

VP Bus.
Serv.

Members expressed concern over the KPI for apprenticeship starts, whilst acknowledging that the financial impact was dependent on the type of apprenticeship, asked for clarification on the application process and proposed start dates. Members were advised of the decision to pause recruitment in areas where quality or staff recruitment had been an issue, and reduce the offer.

To support with oversight and risk management, members asked for additional data to be presented, to incorporate monthly start data, with comparisons to the previous year, to enable the Committee to gain a deeper understanding of the trends and barriers to recruitment. When clarifying if this needed to be broken down by curriculum area, members asked the Vice Principal Business Services to look at how easily the information could be extracted ahead of committing to the additional detail.

VP Bus.
Serv.

Item 8 - Resolved: *The Committee resolved to accept the update subject to the provision of additional detail around starts and further checks with the DfE relating to feedback updates.*

R.24.49 **Item 9: Marketing Strategy 2023/2024 – Enrolment Update & Progress Report**

The VP Business Services confirmed he was delivering the update on behalf of the VP Curriculum and Support. The data was summarised, with attention drawn to the significant increase in applications for some partner high schools, whilst noting the reduction from others. Members asked if there was any cause for concern and were assured it was likely to be as a result of the timing of that school's push for applications, however, would be closely monitored.

Members asked if any courses or curriculum areas had seen significant increase or decline in applications and discussed the potential reasons for changes in demand. Members highlighted the difference between applications to date and the applications target and were assured that this was not a cause for concern, with internal progression applications due in February.

The financial benefit of additional recruitment for 23/24 was indicated to be in the region of £600,000, with the funding allocation notification from the ESFA due in the coming weeks. Members asked if the increased applications as seen this year were reflected in the budget for the following year, and were advised they were not, therefore maintaining the increase, or any further increase, would result in an uplift to income within future budgets.

Item 9 - Resolved: *The Committee resolved to accept the update.*

R.24.50 Item 10: Curriculum Efficiency and Financial Sustainability Report

Members were reminded that the former VP Finance and Facilities had advised the Committee of his intention to provide the Audit Committee with a report on the outcome of the review, with the Resources Committee having resolved to review the report and respond based on the advice of the Audit Committee, with the intention having been for it to be a 'between meeting circulation'. The Clerk reminded members of the request outlined within the Corporation meeting in December, by the Audit Committee, who had discussed this report at length and considered it to be a key source of information and assurance, asking for progress against the recommendations to be overseen by the relevant Committee's, therefore, it was considered to need to be formally reported within a meeting, and added to the agenda.

The VP Business Services summarised the review process, the outcome, recommendations, and progress to date against the potential savings.

Members considered whether the section in the executive summary relating to financial implications was accurate, with it explained the presentation of this report did not have any financial implications, as no spending or savings were incurred as a result of this update, with members being notified of progress to date rather than making decisions or taking action based on the information. Members were informed the Clerk and Chair of the Corporation had already begun reviewing the sections of the executive summary, acknowledging the need to make it clearer to the SLT and members what each section of the executive summary needed to be used for to ensure there was consistency and impact.

Extensive discussions were held relating to the monitoring of progress, highlighting the value of the report, which would be enhanced through effective monitoring of progress. A member suggested this needed to link to the College's strategic priorities, particularly around quality of experience and outcomes. Members acknowledged the difficulty in benchmarking internally and externally, with challenges relating to comparing datasets due to shifts in the staff and student population, course offerings, staff restructures, as well as changes to income streams, with lagged funding for some programmes. Members highlighted there were some metrics that could be reviewed and actions to address the recommendations could be monitored, which could be embedded into the existing reporting cycle. The Clerk confirmed their discussions reflected those of the Audit Committee, that the information was valuable, and should be used, however, needed to be built into existing strategies and reporting streams.

Members discussed the software that provided insight into profitability of courses, accepting the link between class size and profitability was not clearly aligned, asking if there was any data to suggest any link between class size and outcomes, with this not considered to have been evident. The impact of class size on student experience was also considered to vary, with this being

dependent on the needs of the learners and practical elements, with members highlighting the importance of maintaining sight of quality, whilst considering profitability.

Members proposed the benefits of repeating the review annually, using the same metrics, asking if this could be completed by the college, or would require external support. Following discussion, members agreed the priority was to oversee the implementation of the recommendations, focusing on the metrics available, including staff utilisation, retention, and class sizes, using any available sector benchmarking information. Members asked staff to lead on the format, source and presentation of the information, providing they ensured it could be linked to the recommendations to demonstrate impact to governors, with an update to be provided in April, with the Committee Chair offering to support by reviewing the report ahead of circulation.

VP Bus.
Sup & Dir.
Fin

VP/Chair

Item 10 - Resolved: *The Committee resolved to acknowledge the value of the report by overseeing the implementation of recommendations.*

R.24.51 Item 11: Estates Matters

Item 11.1 - Estates Update

The VP Business Services summarised the report, highlighting progress in relation to Net Zero and the appointment of a health and safety officer.

Members discussed the condition improvement report, asking if there was a planned programme of maintenance, and the financial implications of meeting the highest risk areas, suggesting additional information was necessary to allow governors to make informed decisions. Members highlighted the benefits of planned work and investment in addition to maintenance and reactive repairs, proposing consideration should be given to increasing the maintenance budget, acknowledging this may result in lower financial health, conceding this may be necessary to reduce risks relating to health and safety, and to improve quality of education.

REDACTED.

Item 11.1 - Resolved: *The Committee resolved to note the update, REDACTED.*

R.24.52 Item 11.2 – Capital Project Update

The VP Business Services confirmed the style of the reports had been updated to take into account the requirements laid out within the financial regulations, alongside the feedback of members with the support of the Clerk.

Members were provided with a progress report for each of the funding streams, noting that all were on target and on budget, with no concerns relating to the quality, with members asking if there were any risks to any areas slipping. Members were advised the biggest risk was in relation to the time frame for completion for the T Level projects, with this to be closely monitored and reported regularly to the Committee.

Item 11.2 - Resolved: *The Committee resolved to note the update.*

R.24.53 Item 11.3 – Gas and Electric Contract Approval

The Dir. Finance informed the Committee that the contract, as part of the LCR consortium required a tariff selection by the following day.

Members clarified the amount would be within the remit of the Committee, and were advised this would depend on usage, with the budget ahead of mid-year adjustments indicating it would be, however, an uplift in line with the prior year's usage, indicated this would now be over the Committee's delegated authority for approval and would require Corporation approval. Members agreed that as a result of the consortium, the pricing was fair and offered VFM. It was clarified that no quotes or additional tenders were required when using the consortium, however, for further reassurances relating to the competitiveness of pricing, the Dir Finance had engaged an energy consultant to ascertain cost comparison information, however, this had not concluded ahead of needing to select the tariff.

In response to questions, the Dir. Finance confirmed that 99% of local education providers used the consortium with the College having joined following incorporation in 1992. Members debated if this was approval of a contract or the continued use of the consortium, with the Dir Finance advising she had clarified when and how the College could withdraw following written notice. The Committee agreed the tariff selection was not a new contract, therefore did not require approval, however, the Corporation should be informed of the Committee's ongoing scrutiny of the contract in meeting their obligations for seeking value for money.

Item 11.3 - Resolved: *The Committee resolved to endorse the recommended tariff selection for energy, recommending the Corporation are notified of the new contract details and steps taken to ensure VFM.*

R.24.54 Item 12: Internal Audit Reports Relevant to Resources

The Dir. Finance summarised the process and outcome of the two internal audit reviews undertaken since the last meeting of the Committee, one for HR and one for Risk Management.

Members discussed the HR recommendation relating to purchase orders for agency staff and were advised of tighter controls and increased awareness of the processes was in place to ensure accurate audit trails, with this having been evident to be effective since the recommendation was made.

Members were advised of the delay in receiving the report for the Risk Management review due to the staff changes, however, management comments had been made by the former VP Finance and Facilities, who was commended for his work on the risk appetite statement, with the only recommendation being to feed these into the register.

Item 12 - Resolved: *The Committee resolved to note the update.*

R.24.55 Item 13: Risks related to the Resources Committee

The Dir. Finance provided a summary of the updated risks that related to the work of the Committee, highlighting earlier discussions relating to the Tuition Fund and apprenticeship numbers.

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

Item 14: Financial Reports

R.24.56 Item 14.1: Annual Review of Tuition Fees

The Dir. Finance summarised the report and confirmed references to Higher Education had been removed, with no proposed changes to the fee structure. Members were informed additional ESFA guidance was due in May, which would result in additional amendments, noting how this report had been timed to align with HE requirements, with it proposed the timing now aligned with the ESFA requirements, to be moved to June annually.

Clerk

Item 14.1 - resolved: The Committee resolved to recommend the Corporation approve the Tuition Fees for 2024/2025, subject to making any necessary amendments in line with ESFA requirements in June 2024.

R.24.57 Item 14.2: Investment Policy & Performance, including Treasury Management

The Dir. of Finance summarised the investment performance over the last 12 months and highlighted key aspects of the policy and returns, with the higher interest rates resulting in returns having quadrupled when compared with the previous year.

The Chair asked the Dir Finance to detail the new process put in place to maximise interest generation, noting his link meetings had indicated closer monitoring of the cashflow, resulting in additional interest generated by moving excess funds into deposit accounts over the weekends, with this being a short-term deposit, which can be immediately brought back should the funds be needed.

Members were informed that the restrictions on amount per institution prevented the maximum interest being generated, however, ensured that the risks associated with the failure of any financial institutions were minimised.

Item 14.2 - approved: The Committee resolved to approve the policy and noted the update.

R.24.58 Item 14.3: Management Accounts November and December

The Dir. of Finance confirmed that the presentation and approval of the management accounts was closely linked to the updated budget to be presented under item 14.4. Members agreed to approve the November management accounts, as superseded by the December position, to be presented within the meeting.

Members attention was drawn to the positive variance in the YTD deficit, which had been adjusted to £130,000 against a budgeted deficit of £180,000.

The Dir Finance informed members income had reduced due to lower than expected apprenticeship starts and the devolved AEB budget, with timing and profiling clarified.

Additional expenditure relating to the LSIF and teachers' pension contributions were noted, with members asking about the cost implications and timing. Members were advised non-pay costs had a favourable variance of £40,000, despite the increase in interest costs to the ESFA for the loan.

Members were informed the half year review had been run through the CFFR template and resulted in a financial health rating of 'good', noting a slight reduction in the staff pay to income ratio, with a member commenting that it was still high at 69.89%.

The cash balance was highlighted, along with final student numbers, with members asking if the reforecast presented the worst possible position in relation to apprenticeship income, asking whether there was any possibility this may improve, and were advised this could improve, but was unlikely.

Members commended the introduction of additional checks and safeguards, noting this resulted in variances being identified quickly, asking what the variance was between the actuals and forecast, with it clarified the budget had been sufficient overall, however, profiling had been required to ensure the individual budget streams were accurate.

Members asked the Dir. Finance if she had any concerns relating to the reduced income, highlighting mid-year savings targets were more difficult to achieve with less time for implementation, with it clarified the budget was fixed, noting only the forecast had been amended.

Members discussed plans for the implementation of new budgeting software and commended the work of the finance team, highlighting the operating deficit, when seen in context of the overall budget was minimal.

Members were informed the revised budget and forecast had been aligned, with the Dir Finance asked if she felt the college was in control of the budget. The Committee was assured that non-pay was particularly well controlled, with tight processes in place that prevented budget holders from exceeding their budgets, with the only area that had been identified as a risk, being agency staff pay, which had been resolved with additional measures now in place.

Members asked about cash flow risks, noting the updated cash flow covered the period to June 2025, highlighting the impact of the loan payments which had commenced. Members were informed an updated cash flow would be presented in April, projecting through to 2026.

Dir
Finance

Item 14.3 - approved: The Committee resolved to approve the November and December 2023 Management Accounts, with December to be circulated to all members as essential information.

R.24.59 Item 14.4: Financial Forecasts and MOT Returns

The Dir. Finance clarified this was a revised forecast and mid-year review of the original budget, taking into account insights from commencing the role in August, and from information from the SLT.

Key movements were highlighted including additional ESFA funding as a result of the increased funding rate, which had been offset by the Tuition Fund, as discussed earlier, a reduction in the Capacity and Delivery Fund, and T Level clawback.

Members attention was drawn to the reduced apprenticeship income, with members again asking if this position could improve once quality and staff issues are resolved, with it clarified it was unlikely due to the profiling of payments, and already being January, however, prudence had been applied, therefore it was unlikely the position would worsen. Members were informed lower starts this year impacted future income, with a need to remodel income for 2024/2025 and beyond, as well as revising down the target numbers and income for future years.

Members were informed the LSIF grant funds had been included, which needed to be spent by the end of March, with a corresponding entry in costs.

Members were informed the OfS teaching grant had been taken out and were notified of the increase from the LCR to take account of the cost of living impact, growth and over delivery, with members asking how this is calculated and applied, and which years are impacted, as well as how and when this is built into the budget.

Members noted the increased bank interest receivable, reduction in tuition fees and education contracts in line with actuals from the previous year as well as the incorporation of the agreed pay award and LSIF revenue.

Members attention was drawn to the redistribution of non-pay costs from departmental costs into other lines including rates and maintenance, in line with actual spend from the previous year.

In concluding, members discussed the financial health grade of 'good', questioning the margins and potential risks related to a drop in grade, as well as the opportunities associated with improving to outstanding, noting which lines were most sensitive and likely to cause fluctuations in the grade.

Item 14.4 - resolved: The Committee resolved to accept the update and present it to the Corporation as essential information.

R.24.60 Item 15: 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 investment policy
- Provide an update on capital projects within the remit of the Corporation
- Advise the Corporation of the ongoing use of the consortium for the Gas and Electricity Contract
- Present the Annual Review of Tuition Fees (for approval)
- Circulate the latest set of Management Accounts as essential information and oversight
- Present the Financial Forecast Update (as essential information)

Item 15 - Resolved: The Committee resolved to present the information to the Corporation as detailed above.

R.24.61 Item 16: Date Of Next Meeting (and Closing Comments)

The next scheduled meeting was confirmed as Tuesday 23rd April 2024

Item 16 - Noted:

The meeting closed at 7.30 pm