

MEETING OF THE FINANCE, RESOURCES AND COMMERCIAL COMMITTEE

TIME/DATE 10.00AM Wednesday 24 November 2021

VENUE St Helen's Campus Board Room

Mr. P Han (Chair)	External Governor
Mr. S Pierce	Principal
Mr. J Pinsent	External Governor
Dr. D Balsamo(Via Teams)	External Governor
Mr A. Owen	External Governor
Mr. N Shore	External Governor

IN ATTENDANCE

Mr. I Johnson	Head of Finance
Mr. R Garcha	CFO
Mrs. C Duro	Governance Director
Mr J Hays	Director of HR
Mr. W Sullivan (Item 8)	Head of Estates

Italics denotes absence

MINUTES

The meeting opened at 10:02 and was quorate.
1 APOLOGIES FOR ABSENCE Apologies were received and accepted from Mr Shore
2 DECLARATIONS OF INTEREST There were no declarations of interest.
3 NOTIFICATION OF URGENT BUSINESS There was no urgent business.
4 MINUTES OF THE PREVIOUS MEETING HELD ON 6 OCTOBER 2021 Minutes of the previous meeting were approved as a correct record.
5 MATTERS ARISING The outstanding actions were discussed
6 MANAGEMENT ACCOUNTS The Management Accounts were presented and the variances and highlights explained. The Committee were alerted to the impact of the causes of the positive variance. The AoC had shared information that all colleges were presenting a more positive financial position due to difficulties in recruiting but this brought equal challenges to areas which were short and it was important governors retained sight of this triangulation at board level

The Committee was advised that the college was expecting to hit budget this year and that a cautious budget included an allowance for possible clawbacks which may hit in year.

Alan Owen joined the meeting.

The Committee asked what the current key issues is.

Members were informed that the impact on funding from the reduced 16-18 numbers was the most significant issue to manage although, due to the lagged nature of this funding, it would present as an issue in 2022/23. The Committee heard that modelling was underway to consider the impact of the income being lost and for an appropriate level of activities to negate the loss to be planned. All possible actions would be considered. The committee understood that the RO4 return would determine the reduction to be managed. Detail on the funding from the Comprehensive spending review was still awaited which may help fill the gap.

The Committee were updated on the proposed change to the ESFA financial health measure which would be less favourable for the college.

Governors raised a number of challenges, asking how adrift the college was and for details of the plan. The Committee was informed that at the time of meeting this remained uncertain but would be known and modelled before the Christmas break. It was asked how much more income we could realistically hope to bring in, this was also to be modelled. (Action) All agreed that whilst further restructuring and remodelling was not desirable it was too early to discount it.

Average group sizes were scrutinised and the committee advised that 70% of courses had only one group so couldn't be condensed without withdrawing provision. All agreed that maximising apprenticeship provision, diversifying income streams and reviewing subcontracting were key considerations.

It was asked if the issues were common across the sector. The Committee was informed that many colleges had been negatively impacted by the widely perceived GCSE grade inflation which in turn had led to a higher number of students taking A-Levels rather than courses offered by St. Helens College.

The Committee requested a further discussion prior to preparing the budget for 2022/23 on enrolment and mitigating factors, accepting that this may be based on the colleges best estimates rather than known allocations. **(Action)**

7 HR REPORT

The HR report was received and the increasing trends in staff turnover and sickness absence were discussed. The Committee was reassured that although staff turnover was increasing it remained below sector average. The challenges were discussed. The impact of staff with short lengths of service on continuity and recruitment costs was understood and the committee informed of the actions in place to deliver recruitment and selection training and a review of the induction process to begin to address this.

The trends in sickness absence were discussed, there had been a decrease in reporting during home working and now an increase was being seen, not directly covid, but some related anxiety. The Committee was informed that occupational health support was being reviewed.

The Committee was informed that the pay award had been received favourably.

The Committee was advised that the real living wage would compress the grade structure and that this impact was being modelled. The use of market supplement uplifts came with challenges from staff as the longevity was uncertain for the staff involved impacting on their ability to get mortgages etc although they were rarely withdrawn in practice.

The Committee asked for the market uplifts policy to be reviewed and an update brought to the next meeting. **(Action)**

8 HEALTH & SAFETY REPORT

The Committee was assured that; there was a downward trend with nothing significant to report, pressure was being maintained to ensure the completion of an outstanding task, there were no significant, serious or high risks, and the COSHH training was on track.

9 ESTATES WORKING GROUP

A presentation had been received at the recent Strategic Planning day from Broadway Malyan, which all Governors had attended. Further analysis and planning was ongoing and a more detailed proposal would come to a future meeting after this had been completed.

10 MATTERS ARISING UNDER FINANCIAL REGULATIONS

Thanks were given for a clear paper.

All proposals were approved.

11 URGENT ITEMS

None.

12 DATE & TIME OF NEXT MEETING *Wednesday 26th January 10.00am TO BE HELD AT KNOWSLEY*

AUDIT COMMITTEE MEMBERS JOINED THE MEETING TO JOINTLY RECEIVE THE FINANCIAL STATEMENTS & LETTERS OF REPRESENTATION

The External Audit Partner RSM presented the audit finding.

The Committee were please to hear that there was nothing major to discuss and the audit process had ran smoothly with no problems.

The Audit findings report was presented and the committee advised that a clear audit opinion was anticipated.

The impact of pensions changes and accounting adjustments were explained but governors assured that there remained an underlying surplus.

It was explained to governors that funding assurance was no longer provided by the funding body so a detailed audit of learner records had been necessary. RSM reported that there were no issues from the sample taken (of around 100 learners) and the MIS Team had been very co-operative. Some control points were noted for best practice but no risks.

The final funding allowance was awaited from the ESFA at which point auditors would be in a position to conclude.

The Committee was assured there were no issues with the journals where there was potential for human override, or error.

Estimates and forecasts had been tested and there were no issues.

Attention was brought to a potential adjustment that had been identified but agreed not to adjust as it did not breach materiality.

The letters of representation were all reported as standard.

Members gave thanks for a clear and concise report. They were pleased to hear the process had ran smoothly for both sides.

The Accounts were received and reviewed.

There was a lengthy debate around the level of detail and wording used in the presentation of risk. The Risk Register is a forward looking internal document, where intent is articulated rather than reporting fact, but by including sections of the risk report in the financial accounts it could be read differently through the lens of an external reader of the published accounts which are meant to provide a statement of a prior period. It was agreed that wider disclosure and transparency was a positive step but that care was needed with language so as not to mislead an external audience.

The wording of the risks in the accounts would be reviewed and tightened before presenting back to the full board. a couple of further typographical changes were also requested. **(Action – RG)**

Resolved that the accounts be recommended to the Board for sign off subject to the above changes being made.

All Finance and Resources Members left the meeting