

WIGAN AND LEIGH COLLEGE: GOVERNING BOARD

MEETING OF RESOURCES COMMITTEE

TIME/DATE 5.00pm Thursday 21st November 2019
VENUE Gateway Boardroom, Parson's Walk, Wigan

Committee Members	Diane Brennan (Chair) Michael Ferraby Susan Spibey Alison Chambers Jennifer Cockram
Principal	Anna Dawe
Clerk Finance Director Vice Principal, Corporate Services Assistant Principal IT, MIS and Subcontracting	Robert Smith Steve Scott Louise Brown Dave Harrison

Italics denotes absence

MINUTES

No	Item	The meeting opened at 5.00pm and was quorate with at least 3 members present.
1	R/21/11/01	APOLOGIES & CHAIR'S WELCOME There were no apologies for absence. The Chair welcomed Alison Chambers to her first meeting of the Resources Committee.
2	R/21/11/02	DECLARATIONS OF INTEREST There were no declarations of interest.
3	R/21/11/03	MINUTES OF THE MEETING HELD ON 13TH JUNE 2019 The minutes were approved as a correct record for signature by the Chair.
4	R/21/11/04	MATTERS ARISING The Clerk advised that all matters on the committee's Action Sheet were now complete.
5	R/21/11/05	HUMAN RESOURCES <u>Human Resources KPI Dashboard & Report</u> The Vice Principal, Corporate Services reported that sickness absence at the college remained below the 3% sector benchmark and currently stood at 2.6%. However, it was noted that there had been a recent increase in absence that was likely to be reflected in the March 2020 report. She also drew members' attention to the summary of staff survey results within her report and members acknowledged that these were very positive and above the benchmark levels of the York College Group. The Vice Principal provided an update on two award nominations recently reported to the Governing Board. Members were pleased to learn that the college reached the shortlist for the Engage Awards for best use of employee voice and was runner up in the Greater Manchester Sports Awards for active workplace of the year. Members discussed previously reported challenges in recruiting staff in specialist areas, such as mechanical engineering and electrical engineering, and noted that these challenges continued. However, the Vice Principal explained that there had been some success in recruitment in these areas through the use of specific strategies and the development of strong working relationships with specialist agencies. Members asked

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		<p>whether these recruitment challenges could put specialist delivery at risk. The Principal responded that, whilst the college continued to find solutions to these issues, some risk was inevitable and the situation was therefore regularly monitored. The Principal explained that the government's Teaching First funding had been utilised to help secure two or three additional staff but that this funding could only be used to pay for the necessary training period and could not be used as an uplift to increase salaries for specialist staff to make teaching roles more financially attractive.</p> <p>The HR Dashboard was reviewed and members acknowledged that the KPI performance demonstrated that the HR area was operating well. Members commented that the staff survey results were extremely positive and acknowledged the significant increase in the response rate in recent years, with 76% of staff now completing the survey. It was noted that 96% of staff had responded the "the college has a good future" and 93% had said that they "would recommend the college as a good place to work". Staff reasons for leaving were discussed and members asked whether salary levels were likely to be the main reason for those staff moving to another FE provider. The Principal responded that this was likely but mainly because of the college's growing reputation and strong focus on staff development. It was noted that this meant the college's staff were more attractive to other providers and that there were not always progression opportunities available internally. Members acknowledged that this meant that direct salary comparisons between the college and other providers was less likely to be the main reason for leaving but that staff progressing to higher paid and more senior roles with other providers was an inevitable outcome of good staff development and an improving college reputation.</p> <p>The Chair commented on current staff utilisation rates and asked whether they were sustainable at 98.59%. She also asked whether this would fall significantly if the current 14 vacancies were filled. On the latter point, the Vice Principal explained that the rate would not fall significantly when the vacancies were filled as the posts were covered by alternative arrangements, such as agency use or uplifts in part-time hours for other staff. On the former point, the Principal responded that utilisation rates of around 98% were sustainable but that the college would always try to avoid rates of over 99%. It was noted that a 2% difference in utilisation rates equated to around 3,500 teaching hours across the college. Members recognised that this enabled significant additional activity to support students and helped to ensure that teachers could operate effectively. Members also suggested that it would be helpful to include the variance in the number of teaching hours between the target and actual utilisation rates.</p> <p style="text-align: right;">Action: Vice Principal, Corporate Services</p> <p>The Chair sought further information in relation the availability of teaching resources for staff. The Vice Principal explained that the dialogue with staff around teaching resources had been considerably improved, including the use of focus groups to better understand resource needs. The Principal added that teaching departments were also getting better at prioritising and pre-planning their resource requirements. She explained that there was now a much clearer understanding of what was urgent and important, what would be required in future years and what would not be urgent but would enhance teaching.</p>
6	<p>R/21/11/06</p> <p>6.1</p>	<p>FINANCE</p> <p><u>Management Accounts</u></p> <p>The Finance Director drew members' attention to the October 2019 management accounts and reported that the year to date operating surplus was £2.01M against a budget of £1.77M, which indicated a positive variance of £245K. He explained that this was an inflated position because of the Education & Skills Funding Agency (ESFA) funding profile which was higher in the Autumn Term and would reduce in the Spring Term, before increasing again in the Summer Term. The Finance Director also explained that the current financial position remained on target to retain 'good' financial health and remain in compliance with banking covenants. Members were also pleased to note that</p>

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cash balances at the end of the period showed cash days at 75, which was significantly within the 30-day threshold adopted by the Governing Board and reported in the financial statements.

Members highlighted a significant year-on-year reduction in the debt service cover percentage from 234% to 111% and asked whether this presented a risk in terms of covenant compliance. The Finance Director responded that this was largely related to GMCA capital funding but explained that the funding was drawn down at the same time as the incurring of the related expenditure. He added that, whilst the debt service cover percentage was closer to the compliance limit, he did not expect this to result in a breach of covenant.

Members discussed budget variance for income and expenditure and noted that the overall negative income variance stood at £11K as a result of a number of negative variances offset by positive variances in other areas. However, members were also pleased to note that there was a positive expenditure variance of £319K, mainly associated with salary budgets. The Finance Director outlined the guaranteed income lines and reported that guaranteed income for 2019/20 accounted for over 60% of total budgeted income.

Members also discussed the college's current 'good' financial health rating and noted that the key factor required to achieve 'outstanding' financial health would be to significantly increase year-end surpluses. Members recognised that the Governing Board had made it clear that, provided good financial health could be maintained, it was currently more important to reinvest likely surpluses into the college's equipment and estate than it was to leave surpluses unutilised to achieve a formal rating of outstanding financial health.

Members asked whether a revised financial forecast would be presented to take account of known changes since the budget was originally approved in July 2019. The Principal explained that the usual approach to revising forecasts was to carry out a full review in January each year and report this to the committee and the Board in the Spring Term. However, the Principal provided an outline of likely issues to affect this review and explained that the main concern currently was under-recruitment of 16-18 non-levy apprentices. She reminded members that due to reaching the recruitment target very early in the previous financial year, the college had had to stop recruiting in November 2018. Members acknowledged that this had caused a reduction in the carry through of learners between levels. However, the Principal also explained that recruitment was up for 16-18 levy apprentices and 19+ apprentices. The Chair commented that there would be a significant time delay between a forecast review in January and the next committee meeting in March. The Principal confirmed that the re-forecast would be shared with the Chair as soon as it was available, rather than waiting until the committee meeting.

Action: Finance Director

The Principal also provided an update in relation to the expression of interest for use of the Rushton Building and possible financial implications. However, it was noted that this would be discussed in more detail at the Governing Board meeting in December.

The Chair outlined a number of additional enquiries she had raised with the Finance Director in advance of the meeting. She explained that she had asked why there was a negative income figure in relation to direct funded HE fees and other fees. It was noted that the Finance Director had responded that these fees were generally charged on budget profile for the year but the adjustment had not been made in the September accounts, which meant re-adjusting in October had resulted in a negative value for the period. The Chair also explained that she had asked whether staffing levels increased in October as salary costs were closer to budget than in August and September. It was noted that the Finance Director had provided a summary of starters, leavers and other changes, and that the Chair was satisfied with the explanation for the increase.

	<p>6.2</p> <p>6.3</p>	<p>It was noted that the Chair had also asked why exam fees expenditure in October was significantly higher than budget and the Finance Director had responded that this was due to the phasing of monthly budget expenditure and that the overall annual budget was not expected to be exceeded. Similarly, it was noted that the Chair had asked why catering expenditure was more than budgeted in October. The Finance Director had responded that many of the associated purchases were expected to be held as inventory and would be used in November and later months in the normal course of catering arrangements. However, the Finance Director reported that the overall budget for catering expenditure was expected to exceed budget, but it was also expected that there would be a corresponding increase in catering income. Finally, the Chair reported that she had asked for the cash days information for months 26 to 30 as they were not showing in the report. It was noted that these were 58, 66, 69 and 63 days respectively.</p> <p>RESOLVED: That the Management Accounts for October 2019 be approved.</p> <p><u>Finance KPI Dashboard</u></p> <p>The Finance Director outlined the financial dashboard data, including financial health, liquidity and learner recruitment. It was noted that most measures were rated ‘green’ under the RAG rating system, with the exception of an ‘amber’ rating for current ratio and adjusted current ratio. The Finance Director explained that the management of cash balances at year-end would help to ensure that both of these measures would meet KPI targets by year-end.</p> <p><u>4-Year Data Trend</u></p> <p>The Finance Director explained that the purpose of this report was to provide members with an overview of key changes in the college’s financial position over a 4-year period. It was noted that not all data was directly comparable as some recording categories had changed over time with income and expenditure categories being combined in some case and split in others.</p> <p>Members were pleased to note an increase in overall income over the period of £3.4M and an improvement in pay as a percentage of income. Members commented that, as the latter was the highest expenditure value within the budget, the improvement was very encouraging. The Finance Director highlighted the trend in operating surplus delivery as an indication of the overall budget position meeting college strategy over the 4-year period. The Chair commented that there was no data relating to Bursary and Learner Support payments in 2015/16 and asked whether these were included in other expenditure lines at that time. The Finance Director responded that this was likely to be the case but agreed to confirm this at the next meeting.</p> <p style="text-align: right;">Action: Finance Director</p> <p>Members also commented that the consistency in delivering positive operating surpluses was encouraging, especially given the steady increase over the period in investments in the college’s staffing, equipment and estate.</p>
<p>7</p>	<p>R/21/11/07</p>	<p>ANNUAL ESTATES REPORT 2018/19</p> <p>The Vice Principal, Corporate Services reported that 2018/19 had been a very busy year for the Estates Department with significant capital project activity, including over the summer period which had been especially busy. She outlined the capital project activity over the summer period, including refurbishment of the 500 Floor at Parson’s Walk and further works on the Centre of Excellence Project at the Pagefield Centre. Members were pleased to learn that the Pagefield works had been completed with minimal disruption to students and remained on time and on budget. Members also discussed progress relating</p>

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		<p>to the Leigh Digital Academy Project and noted that the college was currently reviewing curriculum provision and planning to deliver the project by Summer 2020.</p> <p>The Vice Principal highlighted the importance of longer-term planning in relation to refurbishment of the estate to avoid the position where required works might increase beyond affordability levels.</p>
8	R/21/11/08	<p>HEALTH & SAFETY ANNUAL REPORT AND POLICY</p> <p>The Vice Principal, Corporate Services outlined the college health and safety activity during 2018/19 and commented that good health and safety practices were now well-embedded into the college's day-to-day activity. She highlighted a number of examples of curriculum areas sharing best practice in order to improve compliance across the whole college.</p> <p>The Vice Principal also reported that the number of accidents, incidents and dangerous occurrences continued to fall (a reduction of 36% since 2015) as a result of the college's drive to improve hazard recognition. She was also pleased to report that there had been a 22% increase in near miss reporting, which was central to the college's strategy in improving risk awareness and putting in place measures to prevent near misses being followed by actual accidents. Members asked whether there were common themes in the nature of reported accidents. The Vice Principal responded that there were few common themes across the whole college but there were common themes in specific parts of the estate. She gave the example of a common theme of minor injuries associated with the use of tools and machinery in the construction areas at Pagefield.</p> <p>The Vice Principal drew members' attention to minor proposed changes to the college's Health & Safety Policy. It was noted that these related to clarifications regarding the extension of the no smoking policy to the use of e-cigarettes and vaping, and the appointment of the new Head of Estates, Health & Safety.</p> <p>RESOLVED: That the Governing Board be recommended to approve the proposed revisions to the college's Health & Safety Policy.</p>
9	R/21/11/09	<p>CAPITAL PROJECTS UPDATE</p> <p>It was noted that the college's capital projects had been partly covered under previous agenda items, although the Vice Principal, Corporate Services provided a brief further update on areas not previously discussed. She also confirmed that there would be a detailed report on these matters at the December Governing Board meeting. There were also further discussions relating to the expression of interest for use of the Rushton Building and again it was noted that this would be discussed in more detail at the forthcoming Board meeting.</p>
10	R/21/11/10	<p>ANY OTHER BUSINESS</p> <p>There was no further business.</p>
11		<p>DATE AND TIME OF NEXT MEETING: 5.00pm Thursday 5th March 2020</p>
		<p>The meeting closed at 6.35pm</p>