WIGAN AND LEIGH COLLEGE: GOVERNING BOARD

MEETING OF **RESOURCES COMMITTEE**

TIME/DATE **5.00pm Thursday 10th June 2021**
VENUE **VIRTUAL – Microsoft Teams**

Committee Members	Diane Brennan (Chair) Michael Ferraby Susan Spibey Alison Chambers Paul Howard
Principal	*Anna Dawe*
Clerk	Robert Smith
Finance Director	Steve Scott
Vice Principal, Corporate Services	Louise Brown
Assistant Principal IT, MIS and Subcontracting	Dave Harrison
Head of Estates	Ian Softley

Italics denotes absence

MINUTES

No	Item	The meeting opened at 5.05pm and was quorate with at least 3 members present.
1	R/21/06/01	**APOLOGIES** An apology for absence were received from Anna Dawe. It was also noted that Paul Howard's arrival would be delayed.
2	R/21/06/02	**DECLARATIONS OF INTEREST** There were no declarations of interest.
3	R/21/06/03	**MINUTES OF THE MEETING HELD ON 4TH MARCH 2021** The minutes were approved as a correct record for signature by the Chair.
4	R/21/06/04	**MATTERS ARISING** The Clerk advised that all matters on the committee's Action Sheet were now complete.
5	R/21/06/05	**CLIMATE ACTION ROADMAP** The Chair welcomed the Head of Estates to the meeting. The Vice Principal outlined the work of the college's Sustainability Group and advised that the group had developed a Climate Action Roadmap for the college. She explained that staff in relevant roles were part of the group but that staff interested in the topic had also been brought in so that a cross section of views could be heard. Members were pleased to learn that a separate student group had also been established, which sometimes attended the main group to provide feedback and suggestions. The Vice Principal provided a summary of recent changes at the college aimed at promoting sustainability, including the diversion of 100% of general waste from landfill, the reduction of single use plastics through re-usable drinks bottles, compostable cutlery and other initiatives, and phased installation of LED lighting across the estate. It was also noted that other changes included the installation of hydration stations, use of building management systems to reduce energy consumption, travel management plans and increased sustainability in capital projects.

		The Head of Estates outlined the partnership working with GMCA, Wigan Council and the Association of Colleges (AoC). He explained that the college had aligned its approach to these key partners' approaches. Members noted that all three partners had published climate strategy documents, including setting clear targets for reducing carbon footprint. The Head of Estates explained that the AoC's roadmap document was particularly helpful as it took into account challenges and opportunities specific to the FE sector. It was noted that the AoC strategy was for college to move through three stages in terms of climate change activity. The first was to be an "emerging" college which would involve several steps including measuring its carbon footprint, establishing a Sustainability Group and agreeing sustainability targets. The Head of Estates explained that the college was already a long way along the journey to meeting the "emerging" college expectations. The second was to be an "established" college, which would involve further steps, including more training and development, embedding climate responsibility across the organisation, transfer to renewable energy and incorporating sustainability into governance arrangements. The final stage was to be a "leading" college, which would take the college into a position where it would have world class climate change policies and practices. The Vice Principal commented that governors would need to be aware that, whilst these ambitions were undoubtedly a positive change, the further along this roadmap a college went the greater value of resources would need to be expended to achieve it. She suggested that, whilst it may only cost around £20K to £30K to become an "emerging" college, becoming a "leading" college could cost many hundreds of thousands of pounds. Members acknowledged that they would need to bear this in mind and start to plan for these ambitions to be supported by an appropriate budget. **Paul Howard joined the meeting at 5.25pm** The Head of Estates outlined next steps and explained that the college would establish zero carbon targets in line with Wigan Council at 2038, rather than the later central government target of 2050. He also provided further detail of activities by area that would be required to move from one stage of the roadmap to the next. It was noted that overall targets were to meet "emerging" college expectations by the end of 2021, meet the "established" college expectations by July 2024 and meet the "leading" college expectations by July 2026. Members asked whether there was a central fund that would help to cover the expected costs. The Vice Principal responded that there was no central fund at this time, although occasional opportunities to attract funding for specific initiatives may emerge over time. She reminded members that the college's covered cycle rack was funded under such an initiative. Members also suggested that the college would need to establish appropriate budgets as soon as possible in order to ensure that development activity was not delayed. It was noted that the UK would be hosting COP26 in 2021 and members commented that this may prove to be a catalyst through which further funding may become available for education institutions to make positive sustainability changes. **The Head of Estates left the meeting at 5.40pm**
6	**R/21/06/06**	**HUMAN RESOURCES** <u>Human Resources KPI Dashboard & Report</u> The Vice Principal, Corporate Services outlined recent HR activity and highlighted staff engagement as a key area of focus. She reported that the college had recently achieved Best Companies accreditation as a 3 star World Class organisation for Workforce Engagement. Members were pleased to learn that the college was rated in 8th position in the National Top 25 Education and Training Organisations To Work For, 38th in the Top 100 North West Organisations to Work For, and 52nd in the National Top

		100 Large Organisations To Work For. The Vice Principal also provided an update on the Good Employment Charter Pilot Project with GM and Stribe. It was noted that the college was now being cited as an example of good practice. The Vice Principal advised that sickness absence rates were slightly above target but added that this could be explained by seasonal illness over the winter period. It was noted that the overall position was still likely to return to within target by year-end. The Vice Principal also advised that feedback from focus groups and via Stribe had indicated that staff would like to see counselling services available at the college. She reported that this had now been implemented with support from Wigan Family Welfare. Members commented that the college's achievements were particularly impressive, given that they had been secured during the Covid-19 pandemic.
7	**R/21/06/07** 7.1	**FINANCE** <u>Management Accounts</u> The Finance Director drew members' attention to the April 2021 management accounts and reported that the year-to-date operating surplus (before FRS102 adjustments) stood at £1.95M against the budget re-forecast of £1.324M, which was a positive variance of £626K. He reported that the college had received increased cash from grants and additional funding allocations. It was noted that plans were again in place to utilise the additional surplus through reinvestment in the estate, curriculum and IT infrastructure. The Finance Director provided a summary of key positive and negative variances within the accounts, including better than expected apprenticeship income, pay cost savings and higher than expected professional fees. He reported that he expected the FRS102 pension adjustment for 2020/21 to be around £1.8M but cautioned that this could vary significantly in either direction as this was a notoriously difficult figure to estimate. He also advised that cash balances at the end of April stood at £10.6M or 114 days, which was significantly higher than the originally budgeted cash position of £5.2M or 64 days. It was noted that this kept the college within target. It was also noted that the current position would achieve an ESFA financial health rating of at least 'good' and that compliance with banking covenants would be maintained. The Chair asked where in the management accounts additional grants were shown. The Finance Director explained that the £1.23 FECA grant was being held in the balance sheet and then released as spend against projects was required. It was noted that this meant that income and expenditure would always be matched within the accounts. The Finance Director also explained that all other grants were treated on the same basis. The Chair also asked why accruals appeared unusually high at £3.58M. The Finance Director explained that the FRS102 pension accrual of £1.4M was being held in accruals, although this would be removed once the college received the final valuation statement from the actuaries, at which time the accrual would move to pension reserves. It was also noted that this temporary arrangement impacted on current ratio calculations, making it appear lower than actual. The Finance Director advised that in future the coding would be changed and the long term pension reserve would be used for these entries, thereby reducing the accruals value. It was also noted that the accruals value included £850K of purchase order accruals where invoices had not yet been received and further accruals for utilities and other running costs. The Chair commented that the accounts narrative suggested that the pension adjustment position had the potential to affect the college's compliance with banking covenants. The Finance Director responded that was not intended and agreed to alter the text to clarify this. Members commented on the value of pay expenditure to date and asked whether the college was on target to be able to utilise increased surplus for reinvestment

		purposes. The Finance Director responded that projects were underway at the Rushton Building and in IoT development, as well as normal additional investments in the curriculum and IT infrastructure. He confirmed that the college was confident that it would be able to reinvest as expected. **RESOLVED:** That the Management Accounts for April 2021 be approved.
	7.2	Finance KPI Dashboard The Finance Director outlined the financial dashboard data, including financial health rating and financial objectives. It was noted that most measures were rated 'green' under the RAG rating system, although the Finance Director highlighted the exceptions rated as 'amber'. He explained that the current ratio measures were expected to meet target by year-end but currently were impacted by accrual arrangements as discussed under the previous agenda item. He also advised that he expected to be able to manage the EBITDA as a percentage of income measure by year-end. However, he explained that AEB expenditure was unlikely to fully meet target as it was more challenging to deliver some elements of adult provision during Covid-19 restrictions. The Chair stressed the importance of taking account of income shortfalls of this nature when planning addition investment expenditure. The Finance Director confirmed that this would be taken into account. The Chair also highlighted an error in the figures shown on the dashboard and the Finance Director agreed to correct this.
	7.3	ESFA Financial Dashboard Members were pleased to note that the ESFA Financial Dashboard portrayed a very positive position in terms of the college's financial performance. This included an overall financial rating of 'outstanding' at the end of 2019/20. However, members also noted that the circumstances surrounding the pandemic had made it more difficult to reinvest surplus funds, which had contributed to the increased rating.
	7.4	Budget 2021/22 & Financial Plan to 2022/23 The Finance Director outlined the proposed budget for 2021/22 and the financial plan up to 2023. He advised that total income for 2021/22 was forecast to be £33.8M. He also advised that expenditure (before release of revaluation reserve and FRS102 charges) was forecast to be £32.7M. It was noted that this would lead to an expected surplus of £1.1M before FRS102 adjustments and an operating deficit of £431K. The Finance Director advised that the budget included capital investment of £1M for estate improvements. He also advised that it was reasonable to assume that income could further improve as activity started to revert to normal when pandemic restrictions were removed. Members were pleased to learn that the budget for 2021/22 and the financial plan to 2022/23 would ensure that the college retained an ESFA financial rating of at least 'good' and would maintain compliance with banking covenants. Members asked whether assumptions on student numbers were realistic and whether pay costs were in line with student number expectations. The Finance Director confirmed that recruitment assumptions were reasonably cautious and that pay costs had been calculated on the basis of these assumptions. The Chair asked whether there was likely to be significant underspend on pay costs as had been the case in earlier years. The Finance Director responded that pay calculations were based on curriculum planning. The Vice Principal added that pay calculations had been further refined for the current budget by matching incremental pay increases with actual increases expected by staff. She explained that this change and other changes introduced in the previous year would help to ensure that budgeted pay costs were closer to actuals. The Vice Principal acknowledged that there had been additional pay cost savings due to Covid-

		19, such as the reduced requirement to replace catering and other staff who had left and whose role was focused on students being based in college **RESOLVED:** That the Governing Board be recommended to approve the Budget for 2021/22 and the Financial Plan to 2022/23.
8	**R/21/06/08**	**STRATEGIC PRIORITIES – END OF YEAR UPDATE (SUSTAINABILITY)** The Vice Principal explained that her report provided a further update following the mid-year review presented at the previous meeting. It was also noted that many of the updates had been covered under other reports. As a result, members were simply asked if they had any questions on the report. The Chair asked whether the committee needed new timescales for those targets that had not yet been fully completed. The Vice Principal responded that most incomplete targets would be included in the replacement priorities for 2021/22, including revised timescales. The Chair sought further information on the employer engagement targets relating to widening the employer base and developing further standards for degree apprenticeships. The Vice Principal responded that some of this activity had been impacted by Covid-19 lockdowns, but added that it would now have an increased focus as the college had appointed a Vice Principal for Employment & Skills. The Chair asked whether the new Vice Principal could be invited to the next meeting of the committee to provide an update on this activity. **Action: Clerk**
9	**R/21/06/09**	**SUBCONTRACTING FEES / CHARGING POLICY 2021/22** The Assistant Principal drew members' attention to a number of minor changes to the Fees / Charging Policy. It was noted that the key purpose of the policy was to set out the rationale for differing charges to different partners from 10% to 25%. The Assistant Principal explained that this was risk based and generally indicated the amount of time that college staff would need to be involved in the activity to manage each specific partnership. **RESOLVED:** That the Governing Board be recommended to approve the Subcontracting Fees / Charging Policy for 2021/22.
10	**R/21/06/10**	**SUBCONTRACTING STRATEGY 2021/22** The Assistant Principal reminded members of the Governing Board's aim to reduce subcontracted activity and confirmed that the percentage of subcontracting activity as a proportion of total provision had further reduced from 13% to just 2% and now with only three subcontracting partners. He explained the rationale behind the selection of each partner, including local provision, specialisms not offered by the college and high quality provision. Members noted the proposed values to be allocated to each partner. They also noted that the ESFA was introducing restrictions on subcontracting activity at no more than 30% of total activity. It was acknowledged that the college's position was well within those expectations. **RESOLVED:** That the Governing Board be recommended to approve the Subcontracting Strategy for 2021/22.

11	**R/21/06/11**	**CAPITAL PROJECTS UPDATE** The Vice Principal, Corporate Services provided a brief update on the Learning Resource Centre refurbishment project and reminded members that a full report would be provided to the Governing Board at its next meeting. The Vice Principal confirmed that the college had completed the work in line with the schedule and the finished project was very impressive. She added that both staff and students had commented on the improvements and students had even written to the developer / designer to provide positive feedback. The Vice Principal also provided an update on the Rushton Building. It was noted that the ground floor works were nearly complete and good progress had been made on the first floor. The Vice Principal confirmed that, despite some challenges on materials and lead times, the project remained on target. She also confirmed that improvements to the courtyard had been implemented. Members noted that discussions with the Department for Education were continuing in relation to proposals to redevelop the Wigan School for the Arts and that plans appeared to be progressing well. The Vice Principal added that the very significant improvements to the estate in recent years had led to positive feedback from staff and students who had commented that the improved environment made them feel more valued.
12	**R/21/06/12**	**ANY OTHER BUSINESS** The Clerk advised members that this would be Mike Ferraby's final meeting as he would not be renewing his period of office when it concluded at the end of the academic year. The Chair thanked Mr Ferraby for all his support and his valued contributions to the work of the committee. The Vice Principal echoed these comments on behalf of the Executive Team.
11		**DATE AND TIME OF NEXT MEETING:** To be confirmed by the Governing Board on 7th July 2020.
		The meeting closed at 6.45pm

Robert Smith
Clerk