**WIGAN AND LEIGH COLLEGE: GOVERNING BOARD**

**MEETING OF** **RESOURCES COMMITTEE**

**TIME/DATE** **5.00pm Thursday 5th March 2020**
**VENUE** **Gateway Boardroom, Parson's Walk, Wigan**

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

***Italics denotes absence***

# MINUTES

| No | Item | The meeting opened at 5.00pm and was quorate with at least 3 members present. |
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| 1 | R/20/03/01 | **APOLOGIES**<br><br>There were no apologies for absence and all committee members were present. |
| 2 | R/20/03/02 | **DECLARATIONS OF INTEREST**<br><br>There were no declarations of interest. |
| 3 | R/20/03/03 | **MINUTES OF THE MEETING HELD ON 21st NOVEMBER 2019**<br><br>The minutes were approved as a correct record for signature by the Chair. |
| 4 | R/20/03/04 | **MATTERS ARISING**<br><br>The Clerk advised that two of the matters on the committee's Action Sheet were now complete. In relation to third item on the Action Sheet, the Finance Director provided an update. He explained that the missing data relating to Bursary & Learner Support payments for 2015/16 on the four-year data trend reported at the previous meeting was due to the fact that it was a very small budget of around £42K and had been included in a different budget line. |
| 5 | R/20/03/05 | **HUMAN RESOURCES**<br><br>Human Resources KPI Dashboard & Report<br><br>The Vice Principal outlined the key data within the Human Resources KPI Dashboard and members noted that sickness absence stood at 2.47%, which was slightly higher than target but remained below the 3% AoC benchmark. She explained that absences traditionally increased at the current time of year and then balanced out again by year-end. However, members recognised that this may be affected by the recent coronavirus (COVID 19) outbreak which meant that potential absence rates over the coming months were uncertain.<br><br>The Vice Principal was pleased to report that the college's first application to the Sunday Times Best Companies survey had resulted in its inclusion in the Best Not For Profit Organisations list at number 71. Members recognised that this was a significant external recognition of the college's success in developing its employee satisfaction and wellbeing |

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| | | arrangements. It was noted that the success had been celebrated during an activities day for staff. It was also noted that the college had presented all members of staff with a college-labelled drinks bottle, which would also support sustainability efforts through the reduction of single use plastic bottles. Members commented that inclusion in the Sunday Times list would also have the potential to improve recruitment of high quality and specialist staff. The Principal commented that the college now had a clear strategy to develop its culture, environment and reputation to make it an attractive employer and able to recruit the best staff. However, it was also noted that the college's investment in training and development and its improving student outcomes meant that staff were now increasingly attractive to other colleges, resulting in good staff leaving to secure further promotion.<br><br>The Vice Principal updated members on the use of college focus groups and outlined recent wellbeing activity. This included the provision of health checks by Inspiring Healthy Lifestyles, promotion of healthy recipes, staff lunchtime walks and a "Time to Talk Day" focused on mental wellbeing. The Vice Principal also reported that the college continued to provide free breakfasts for staff on Friday mornings before staff development activities. Members were pleased to learn that the free breakfasts were very popular with staff and gave teams a further opportunity to sit and talk together outside of normal working activities.<br><br>Members discussed recruitment challenges and noted that, despite the use of new and innovative approaches, it was still difficult to recruit to some specialist areas. The Chair asked whether plans for the digital curriculum would be affected by these challenges. The Principal responded that the college was able to meet its current curriculum plans for this activity but acknowledged that plans to expand further would need to be gradual due to recruitment difficulties. The Chair also highlighted the proportion of support staff sickness absence at 52% when they accounted for only 40% of the workforce. The Vice Principal explained that there were no specific concerns relating to absence in particular groups of staff but confirmed that this would continue to be monitored.<br><br>Members were pleased to learn that staff turnover rates had improved year-on-year and reviewed the stated reasons for leaving. They also discussed staff utilisation rates and were pleased to note that this was now close to the 98% target at 97.5% after a long period of rates nearer 100%. Members recognised that this would both reduce pressure on staff and provide a greater opportunity to focus on supporting students.<br><br>The Vice Principal provided an update on the college's emergency planning for the COVID 19 outbreak. She explained that emergency planning arrangements had been amended and changes put in place, such as increased cleaning of higher risk areas, availability of hand cleaning gel, planning relating to possible food shortages and the development of plans for running systems off-site (including payroll and finance functions) should this become necessary. She also explained that the college was making provisional arrangements to enable staff to work from home where possible. Members noted that several UK and international trips had also been cancelled, either due to perceived risks or trip venues being closed. The Vice Principal explained that staff remained positive and had a good understanding of their role in supporting students in terms of following public health advice. However, it was also noted that the college was addressing some individual staff concerns, particularly where staff members had underlying health conditions. |
| **6** | **R/20/03/06**<br><br>6.1 | **FINANCE**<br><br><u>Management Accounts</u><br><br>The Finance Director drew members' attention to the management accounts and highlighted an increase in the year-to-date operating surplus to £1.864M against a |

budget of £813K, a positive variance of £1.051M. Members noted that this was largely due to savings against pay costs, although also included savings on some non-pay budget lines. The Finance Director confirmed that the college's cash position was better than budget and that the Education & Skills Funding Agency (ESFA) 'good financial health status had been maintained. He also confirmed that the college remained in compliance with its banking covenants.

The key variances were discussed and members sought further clarification in relation to the negative variances for exam fees and subcontracting expenditure. The Principal responded that a number of courses had been changed from continuous assessment to exams-based, thereby increasing use of exams. She also explained that some exam costs were higher than expected and that there had been an increase in the total number of students and in the number re-sitting exams, despite the fact that the 'pass first time' initiative had seen an increase in first time passes. The Principal added that further increases in exam costs were expected in 2020/21 as the new examined curriculum would be effective across both years at Level 3 and there would be an increase at Level 2 in the number of students undertaking the new curriculum. It was noted that this would be reflected in the college's budget. In relation to subcontracting expenditure, the Assistant Principal advised that end point assessment costs were unknown when the original budget had been set and that these had turned out to be higher than expected. He also advised that some of the subcontracting costs related to payments for specialist apprenticeship training not available at the college or external payments for end point assessment. The Chair acknowledged that these costs did not represent traditional subcontracting expenditure and asked whether it would be possible to provide further analysis of subcontracting expenditure within the management accounts. It was noted that this would both improve governors' understanding and help in monitoring of the college's strategy of reducing subcontracting.

**Action: Finance Director**

**RESOLVED:**
That the Management Accounts for January 2020 be approved.

6.2 Mid-Year Budget Update

The Finance Director explained that this report provided an updated position of the expected financial outturn for 2019/20. He highlighted the main budget changes within the report and that the expected reporting surplus had reduced to £101K. It was noted that 16-18 apprenticeship income was now expected to reduce by £293K, whilst 19+ apprenticeship income was expected to increase by £325K. Other income adjustments were discussed and the Finance Director advised that overall income was expected to increase by £115K. However, it was also noted that several expenditure lines were expected to increase, including central computer costs, equipment and services, exam fees and the subcontracting costs discussed previously. The Finance Director also highlighted an increase in provision for FRS102 pension adjustment of £258K. Members recognised that, despite expected increases in income, these would be outweighed by increased expenditure, leading to the decrease in expected surplus.

The Chair commented on the continued uncertainty in relation to the FRS102 adjustment and sought clarification as to whether a further significant increase in the adjustment would impact on the college's financial health. The Finance Director responded that the FRS102 adjustment value would not affect the financial health judgment and would not impact on the college's compliance with banking covenants.

Members commented on the current staff cost savings and noted the changes in the mid-year budget reflecting investment across the curriculum. The Finance Director acknowledged that the Governing Board had previously indicated support for this approach and the mid-year budget now clearly identified where investments had been made. The Chair also commented on the staff cost savings and asked whether the

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| | | original budget was a true reflection of expected costs. The Principal responded that the pay cost budget was the result of calculating the cost of the college's full staffing requirements based on the Curriculum Plan. However, she acknowledged that delays in recruitment and general vacancies would inevitably result in savings if full recruitment is not achieved. She also explained that certain over-estimates existed within the planning process, including the likely pay scale point for recruited staff being higher than necessary. It was noted that the planning methodology would be reviewed for the next budget cycle to make pay cost budgets more realistic. Nevertheless, members recognised that failure to fully recruit to the Curriculum Plan was like to continue to produce increased surpluses and that these would be used to counter any adverse variances in expenditure resulting from under-recruitment, changes to funding arrangements or unforeseen changes in expenditure.<br><br><u>Finance KPI Dashboard</u> |
| | 6.3 | The Finance Director outlined the financial dashboard data, including financial health score, financial objectives, bank covenants and liquidity. It was noted that most measures were rated 'green' under the RAG rating system and the Finance Director highlighted the five exceptions rated as 'amber'. He explained that three of the five exceptions related to current ratio KPIs and that these had been impacted by the ESFA funding pattern, where income levels reduced in the mid-part of the year before increasing again from March onwards. A further amber indicator related to the reduced 16-18 apprenticeship income discussed earlier in the meeting and the final indicator related to FE direct funding income. The Finance Director confirmed that neither of these budget lines were expected to increase to budgeted level by year-end. |
| **7** | **R/20/03/07** | **STRATEGIC PRIORITIES: MID-YEAR UPDATE (SUSTAINABILITY)**<br><br>The Vice Principal presented an update on the college's progress in achieving its strategic sustainability priorities. She explained that the college's estates strategy was progressing as expected and outlined key objectives for the next 5 to 10 years. The Vice Principal reminded governors of the funding challenges associated with redevelopment of the School for the Arts building and it was noted that further updates would be provided as matters progressed. Members noted that all funding for the Pagefield project had now been drawn down and that funding had been formally agreed for the Leigh Digital Academy project, with the first claim now submitted. The Principal reported that a full update on potential use of the Rushton Building and the status of the expression of interest would be provided to the Governing Board on 24th March.<br><br>The current use of the Leigh Adult Learning Centre was discussed and it was noted that usage would expand further as demand increased. It was also noted that discussions were taking place with a potential partner, which may result in extending use of the building and securing further capital investment.<br><br>The Vice Principal outlined strategies for recruitment and retention of staff and confirmed that these had been effective in terms of meeting the requirements within the Curriculum Plan. She also outlined key activity in relation to vocational updating and continuing professional development, as well as progress of staff wellbeing, engagement and enrichment strategies.<br><br>The Finance Director also explained that the college would need to keep under review current plans in relation to loan repayment, potential changes to the estates strategy and to continue to maximise capital funding opportunities. He advised that the recent audit of key financial controls had been reported to the Audit Committee |

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| | | The Finance Director outlined progress in achieving the financial elements of the college's strategic sustainability priorities, including good financial health, banking covenant compliance and cash-flow controls. It was noted that these had also been covered under a previous agenda item. He also confirmed that the Pagefield project had now been completed and all GMCA funding received. Members discussed the key financial challenges facing the college, including funding pressures, development of a contribution reporting model to drive efficiency and improvement of current procurement practices. The Finance Director also explained that the college would need to keep under review current plans in relation to loan repayment, potential changes to the estates strategy and to continue to maximise capital funding opportunities. He advised that the recent audit of key financial controls had been reported to the Audit Committee on the previous day and that a number of actions had been agreed to improve the college's financial processes and systems in order to free up staff availability to support budget holders in planning and monitoring of expenditure.<br><br>The Principal advised that further changes to the funding of apprenticeship activity were due to commence in November as funding moved to an employer-led system. This would once again affect that accuracy of income planning in relation to apprenticeship activity. She confirmed that she would keep the Governing Board informed as this matter progressed. |
| **8** | **R/20/03/08** | **FEES POLICY**<br><br>The Finance Director outlined proposed changes to the Fees Policy and members acknowledged that none of the changes were significant in nature. It was noted that some further changes to the policy may be required once the ESFA issued its updated funding rules for 2020/21.<br><br>**RESOLVED:**<br>That the Board be recommended to approve the proposed Fees Policy. |
| **9** | **R/20/03/09** | **CAPITAL PROJECTS UPDATE**<br><br>It was noted that this matter had been covered under an earlier agenda item. |
| **10** | **R/20/03/10** | **ANY OTHER BUSINESS**<br><br>There was no further business. |
| **11** | | **DATE AND TIME OF NEXT MEETING:** 5.00pm Thursday 11th June 2020 |
| | | **The meeting closed at 6.45pm** |



Robert Smith
Clerk