

# Resources Committee

Tue 23 May 2023, 17:00 - 18:30

MS Teams



## Attendees

**Present:** Ann Harrison (Independent Governor, Vice Chair of the Committee and Chair for this meeting), Nazia Rehman (Independent Governor), Alison McKenzie-Folan (Independent Governor).

**In attendance:** Joanne Platt (Director of Governance), Steve Scott (Finance Director), Louise Brown (VP Corporate Services), Dave Harrison (VP Data and Funding)

The Director of Governance confirmed that the meeting was quorate.

## Meeting minutes

### 1. Apologies for absence

RES-23-05-01

Apologies for absence had been received from Tom Mooney, Susan Spibey and Anna Dawe.

### 2. Declarations of Interests

RES-23-05-02

There were no declarations of interests.

### 3. Minutes of the previous meeting and matters arising

RES-23-05-03

The Committee reviewed the minutes of the meeting held on 14 February 2023 and agreed they were an accurate record of the meeting. There were no actions arising from the meeting.

**Resolved:** The Committee approved the minutes of the meeting held on 14 February 2023 for signature by the Chair.



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The Committee reviewed the Management Accounts to the end of April 2023, which show actual spend and variances compared to the budget outturn position.

The accounts show a year to date operating surplus (before FRS102 adjustments) of £442k against a budgeted surplus of £167k which is a positive variance of £274k.

Cash balances at the end of the period were £13.37M (136 days). This is higher than the originally budgeted £10.8M (110 days) and remains within the 30 day threshold adopted by the College and reported in the annual financial statements.

It was noted that the College's original income budgets were profiled using the standard ESFA allocation model which has always resulted in reduced income for February and March and caused issues for some colleges with low cash reserves. To help colleges manage their cashflow, the ONS addressed this historical issue of uneven monthly allocations and agreed to make advance payments to each college. This money is a change in payment profile and not extra income in-year and the Committee noted that for the purposes of the management accounts, the College has therefore continued to provide figures based on the original profile, whilst allowing the advanced and actual income to catch up during the year.

Governors questioned whether it would be more appropriate to show actual income rather than to report against the original profiled income. It was agreed that this will be reviewed in future years management accounts, as it only currently applies in Feb / March annually and it is not yet certain if this approach will be repeated in 2023-24.

It was noted that the ESFA key performance indicators showed the College's financial health will remain at a minimum of 'good' and all bank covenants are compliant with the terms of the facility agreements.

Despite the positive position, the Committee noted that the financial position requires continuous management to ensure the College remains financially secure. In particular, on-going concerns remain in relation to energy prices and general cost of living inflationary costs, which are reviewed on a monthly basis to ensure the College keeps within the budget parameters in 2022-23.

As previously discussed by the Committee, it was also noted that HE income is predicted to be approximately £400k lower than anticipated for the year, which is an issue experienced by many colleges in the current climate.

In response to a question from a Governor, it was confirmed that increased income and efficiency savings are offsetting increased costs and that the College had not therefore had to make any cuts in provision. For example, steps have been taken to rationalise the way the College estate is used and some buildings have been closed in the evenings and during holidays, which has reduced energy costs.

Governors asked how certain the College was in relation to energy costs and it was confirmed that there is no certainty, and that the budgeted figure is a prudent one to protect the College's position. However, there is evidence that costs are starting to fall. A Governor also asked if it was possible to quantify the savings being made through purchasing through the Yorkshire Purchasing Organisation and it was confirmed the College receives monthly market reports from NPower (electric) and Corona (gas) which show the actual pricing and forecast for future months and these reports highlight the reduction in energy costs that will materialise in future months.

In response to a question from a Governor, it was confirmed that the underspend on staff costs is not impacting on the levels and standards of teaching. Savings have been achieved on agency costs, business services have been engaged on different type of contracts to realise savings and staff utilisation has increased to ensure that quality remains high, although this is reliant upon the goodwill of staff.

A Governor asked how the target for borrowing as a percentage of income was derived and it was confirmed that it was based on the year end forecast position and that the target is expected to be met by year end.

**Resolved:** The Committee approved the Management Accounts to the end of April 2023.



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## 5. Budget and Financial Plan 2023-24

RES-23-05-05

The Committee considered a report on the proposed College budget for 2023-24 and the financial plan up to 2025, noting that the College expects to deliver an operating surplus before FRS102 adjustments of £764k in 2023-24 and an operating surplus of £611k in 2024-25.

The Budget includes capital investment of £1.25M for estate improvements in 2023-24 and £1M in 2024-25. Cash balances are forecast to remain strong with a year-end budget position of £11.243M at the end of 2023-24 and £11.426M in 2024-25

This forecast reporting surplus will ensure that the College maintains a minimum financial health grade of 'good' and will continue to operate within the terms of its bank loan covenants.

The final outturn forecast for 2022-23 and the proposed Budget will form the basis of the ESFA's three year financial plan, which has to be submitted to the ESFA by 31 July 2023.

In reviewing the budget and financial plan, it was noted that external factors still give rise to uncertainties. Inflation is a global concern and CPI has remained above the 10% mark for seven consecutive months to February 2023. For the purposes of the plan, the College has included an increase in general curriculum budgets by 10% which has been increased further for areas with high volumes of raw materials on an individual basis.

The latest intelligence on energy costs from the College's energy brokers suggests that prices will begin to fall during 2023-25 however this is still an area of concern and the College has therefore been prudent in its forecasting.

Pay costs is also a national issue, and it was noted that although the Association of Colleges does not intend to make a recommendation on pay rises for 2023-24, the budget includes provision for a 4% pay rise in September 2023 and further 4% from January 2025.

In response to a question from a Governor, it was confirmed that although there are no separate income and expenditure lines in the budget model for the Institute of Technology (IoT), these are included under general headings. It was noted that some of the College's existing staff will be used to deliver programmes and other existing courses will be transferred to the IoT.

In relation to T-Levels it was confirmed that it is difficult to predict numbers as there isn't any historic data, but that the programmes already running are very popular and some other programmes have been deferred as they aren't ready yet. The College will get less funding if recruitment is more than 20% below that predicted and it was also noted that T-Levels will be impacted by the de-funding of Level 3s and BTECs.

The Committee commended the Finance Director and his team for a doing a good job on the budget in very difficult times.

**Resolved:** The Committee agreed to recommend the Budget and Financial Plan for 2023-24 to the Governing Board for approval

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## 6. Sub-Contracting Strategy and Values

RES-23-05-06

The Committee considered the College's proposed Sub-Contracting Strategy and Values for the forthcoming year, noting that it has strategically reduced the level of subcontracted provision year on year, to a level that will now be maintained. The College only subcontracts with two key strategic partners, and has a clear strategic rationale for sub-contracting.

Sub-contracting provision amounts to 2% of funded income and the quality of that provision is high.

In response to a question from a Governor, it was confirmed that the numbers of students on sub-contracted programmes has been static for some time and is therefore unlikely to increase.

**Resolved:** The Committee agreed to recommend the Sub-Contracting Strategy and values for 2023-24 to the Governing Board for approval

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## 7. Sub-Contracting Report and Fees / Charging Policy

RES-23-05-07

The Committee considered the Sub-Contracting Report and Fees and Charges Policy for 2023-24, noting that the College is continuing with its risk banding framework approach to setting fees and charges and accordingly, there are only minor presentational changes from the previous Policy.

**Resolved:** The Committee agreed to recommend the report and Fees / Charging Policy to the Governing Board for approval

## 8. Financial Regulations

RES-23-05-08

The Committee considered the revised Financial Regulations for 2023-25 which include the Public Interest Disclosure Act 1998, the Procurement Policy, the Treasury Management Policy, the Anti-Bribery Policies, the Criminal Facilitation of Tax Evasion Statement and Managing Public Money.

The regulations have been reviewed and updated in line with current legislation and financial control protocols and in particular now include updated sections in respect of the Managing Public Money legislation which colleges are now required to adhere to as a result of the ONS college reclassification which came into effect in November 2022.

In relation to Managing Public Money requirements, it was noted that the College had submitted a Nil return for the current year and has now been selected for an audit. The audit is a remote, desk top exercise and the College has submitted the required documents to enable this to take place.

In response to a question from a Governor about the audit, it was confirmed that Government is looking for assurance that relevant permissions have been sought for things such as write offs, borrowing, severance payments and senior pay above certain amounts which are new requirements arising from the reclassification of colleges to the public sector. The Committee noted that the College hasn't needed to seek any permissions yet, but it was noted that it would need to do so in the event that it a situation requiring permission arose in the future.

**Resolved:** The Committee approved the revised Financial Regulations for 2023-25

## 9. ESFA Dashboard

RES-23-05-09

The Committee considered a report on the ESFA Financial Health Dashboard, noting that following the review of the College's financial forecasting return submitted in July 2022 the ESFA had concluded that the College's financial health grade for 2021-22, based on the outturn forecast, was 'outstanding' and after a review of the College's audited financial statements and finance record, has now confirmed this 'outstanding' grade for 2021-22.

The financial dashboard incorporates various key performance indicators and measures these against both target benchmarks and benchmarks achieved in the sector.

The Committee noted the report.

## 10. Finance KPI Dashboard

RES-23-05-10

The Committee reviewed the Finance KPI dashboard and noted that 23 of 32 KPIs are currently rated as green, with nine rated as amber and one rated as red.

It is anticipated that most KPIs will meet target (green) by year end. However, delivery against the national Adult Education Budget is expected to remain below target as is HE income, and it was noted that the target for HE income in next years budget has been reduced.

The Committee noted the report and agreed to highlight the amber and red KPIs in the Committee Chair's report to the Governing Board.



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The Committee considered the HR KPI Dashboard, noting that all but one of the KPIs are on target. The one 'amber' KPI not meeting target was the gender pay gap.

It was noted that the staff absence rate is currently 3.43% which has decreased significantly from 5% during the last reporting period and it is anticipated that the target will be met by year end. This reflects the decrease in COVID and seasonal illnesses and also the work undertaken by the HR Team working with managers to manage staff absence and support staff back to work.

On-going challenges in recruiting and retaining staff continues, particularly in specialist and skill shortage areas. The turnover rates currently stand at 15.3% for overall turnover and 15.78% for leavers within the first year. However, both have reduced during the last reporting period.

Challenges relating to the cost of living crisis remain prevalent with many strategies in place across the College to try and support staff, including a programme of benefits and savings available to staff through the benefits platform with a particular current focus on seasonal holiday discounts and deals on days out and a medical cashback scheme.

The Committee noted the success of the College's first ever 'Green Week', which raised awareness and promoted ideas on sustainability and the link to wellbeing through activity and encouragement to cycle or walk to work, crafting activities and community involvement. Other colleges in the GM area have expressed an interest in a similar event and plans are underway to develop this on a GM basis in future years.

The College recently attended the GM Good Employment Charter Awards in Manchester where the College was awarded Highly Commended for Health and Wellbeing and in addition, it was noted that the Vice Principal Corporate Services had been awarded the Greater Manchester Good Employment Charter Leader of the Year. These Awards are in recognition of the work that the College does to be recognised as an Employer of Choice and the Committee congratulated the Vice Principal Corporate Services on her well deserved award.

Attracting and retaining the skills in specialist areas including engineering, the construction trades, food and drink manufacturing and professional business areas remains a challenge, as do attrition rates arising from highly competitive private sector salaries, which is a national issue impacting on all colleges. However, the College's recent recruitment event had proved a success and was well attended.

Governors thanked the Vice Principal and her team for their great work.

The Committee noted the report and agreed to highlight the amber KPIs in the Committee Chair's report to the Governing Board.



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## 12. Estates and Sustainability Report and KPI Dashboard

RES-23-05-12

The Committee reviewed the Estates and Sustainability KPI Dashboard, noting that all but three KPIs are on target (green) with three KPIs all relating to space utilisation remaining amber. It was noted that the capital works projects will address these areas and as such, they are not of concern.

Progress has been made with the DfE Transformation Project for the Parsons Walk Campus and a full update will be provided to the Governing Board at its meeting in July. However, work is underway to refurbish the University Centre transforming this into a permanent Centre for Performing Arts ready to open for the new academic year, and the Committee considered the detailed plans for this.

Further temporary refurbishment of the accommodation to house the remainder of the existing School for the Arts is underway, which will enable the site to be fully handed to the contractor during the autumn term. The College also has in place an ambitious capital project programme scheduled for summer 2023, with work underway to deliver the IoT capital works and the OFS funded capital projects. In addition further remodelling of some classrooms and the Brick / Plastering space is planned for the Pagefield Campus over the summer.

As discussed under the previous item, 'Green Week' has recently taken place across all campuses to raise awareness amongst both staff and students on climate change and how they can reduce their carbon footprint and support the College in doing so. The event was a huge success and has been scheduled in again for 2024 and will align with similar activities being planned across all the Greater Manchester Colleges Group.

Decarbonising the College's buildings remains a key focus, and meetings have taken place with external providers to consider options to fit out a number photovoltaics (PV) panels. The College has recently submitted a funding bid application to the Public Sector Low Carbon Skills Fund for a 100% government funded grant that will allow the College to further develop the heat decarbonisation plan for the LALC and Leigh College.

In addition, a comprehensive annual schedule is in place for planned and programmed maintenance and statutory compliance, which is reviewed monthly to determine inspections completed and / or due, and any remedial actions. To further build on the community wealth building initiative, the College has also engaged with Wigan Council on services where they have a synergy with college services, including CCTV and Grounds Maintenance.

The Committee thanked and commended the Vice Principal Corporate Services for her tenacity in negotiating a successful solution to address the challenges arising from the Transformation Project.

The Committee noted the report and agreed to highlight the amber KPIs in the Committee Chair's report to the Governing Board.

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## 13. Capital Projects - verbal update

RES-23-05-13

This item was considered by the Committee under Item 12 above and it was noted that a full report would be brought to the meeting of the Governing Board in July.  
The Committee noted the report.

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## 14. Items for inclusion in Committee Chair's Report to the Governing Board including KPIs to draw to the attention of the Board as necessary

RES-23-05-14

**Resolved:** The Committee agreed the items to be included in the Committee Chair's report to the Governing Board

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## 15. Any other business

RES-23-05-15

There were no items of other business.

The Chair thanked everyone for their attendance and contributions to the meeting.

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## 16. Date and time of next meeting: TBC

RES-23-05-16

The meeting ended at 6.16pm.



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