

# Resources Committee

Tue 08 November 2022, 17:00 - 18:30

MS Teams



## Attendees

**Present:** Ann Harrison (Independent Governor - Chair), Tom Mooney (Independent Governor), Nazia Rehman (Independent Governor), Anna Dawe (Principal)

**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-22-11-01

Apologies for absence had been received from Diane Brennan and Alison McKenzie-Folan

### 2. Declarations of Interests

RES-22-11-02

There were no declarations of interests.

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

RES-22-11-03

The minutes of the meeting held on 9 June 2022 were agreed as an accurate record. All actions are complete. It was noted that the Pensions Training is scheduled to take place before the March 2023 Governing Board meeting.

**Resolved:** The Committee approved the minutes of the meeting held on 9 June 2022.



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The Committee reviewed the draft Annual Report and Financial Statements for the year ending 31 July 2022, noting that these are to be considered by the Audit Committee at its meeting on 9 November and will be submitted to Governing Board for approval at its meeting on 6 December.

It was noted that the draft report of the external auditors, Wylie & Bisset, indicates that the audit opinions for both financial statements and regularity, will be unqualified. The report of the auditors also includes drafts of the letters of representation for external audit and regularity that the Board are required to sign alongside the financial statements.

The Committee noted the reconciliation between the July 2022 Management Accounts (as presented to the Governing Board in October 2022), and the Financial Statements for 2021-22, shows movement in surplus between the two sets of accounts relating to FRS102 pension charges which are split between pay (current service costs) and non-pay (interest) lines. The FRS102 pension adjustment is a non-cash entry and is not taken into account as part of the ESFA's Financial Health assessment or as part of the calculation of the College's banking covenants. There is also movement in the amortisation of the revaluation reserve. However, it was noted that the net impact of the changes has resulted in no differences in the forecast surplus reported to the Governing Board in October 2022. There is no impact on cash balances and these results are not subject to any additional audit adjustments. The statements show a total operating deficit for the year of £570k. The College's Financial Health will continue as Outstanding based on these results for 2021-22 and the College will remain compliant with its banking covenants.

It was noted that the Annual Report follows the same structure as in previous years and includes the strategic report and governance statement. It requires signature by the Chair and Wylie and Bisset following approval by the Governing Board and prior to submission to the ESFA by the 31 December 2022 deadline.

In response to questions from Governors, it was confirmed that any potential clawback on AEB funding has been budgeted for in the accounts and that no delays in confirming this are anticipated this year.

Governors asked what the minimum cash value is to maintain the College as a going concern and it was confirmed that the College's financial objective is to not fall below £2m or 30-days of spend. The College's cash position is far stronger than this and maintaining compliance with banking covenants ensures that the College does not fall below the minimum limits.

In response to a question from a Governor, it was confirmed that an additional financial KPI in relation to debt payments is to be added.

The Committee noted that any issues on the report raised by the Audit Committee will be fed back to the Governing Board when the report is presented to it for approval on 6 December.

The Committee noted the report.



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The Committee reviewed the Management Accounts, noting that these are the first set of accounts for the new academic year and reflect budgets and actuals to 30 September 2022. It was noted that in line with common practice within the FE sector, that the first set of management accounts for the new academic year are drafted in September and include consolidated figures incorporating both August and September actuals and budgets. Whilst this practice slightly distorts the month figures, reliance can be placed on the year to date figures within the College's Income and Expenditure lines.

The accounts show a year to date operating surplus (before FRS102 adjustments) of £2.073M against a re- budget £1.696M (a positive variance of £376k).

Cash balances at the end of the period were £12.772M (129 days). This is higher than the originally budgeted £12.492MM (122 days) and remains within the 30 day threshold adopted by the College and reported in the annual financial statements.

ESFA key performance indicators showed the College's financial health will remain outstanding at year-end and all bank covenants are compliant with the terms of the facility agreements.

It was noted that although the management accounts show the College in a strong financial position, it is not a guarantee of long term financial stability and the financial position requires continuous management to ensure the College remains financially secure. In particular, the on-going concerns in relation to energy prices and general cost of living inflationary costs will be reviewed on a monthly basis to ensure the College keeps within the budget parameters in 2022-23.

Governors discussed predicted changes in budgeted income (some higher and some lower than anticipated) which is impacting the sector generally. Although it is anticipated that any changes will balance out over the year, Governors will be kept informed.

It was noted that the College is currently on a fixed rate for its energy so the impact of any further increases will not impact until April 2023. It was agreed that a separate section showing energy costs will be added to provide more visibility on this for Governors, before the accounts are made available to Governors on the Board Portal.

Governors discussed the impact of the rise in interest rates, noting that increases in loan repayments will be offset by increased income on investments.

Governors were reassured that the College remains in a strong financial position.

**Tom Mooney left the meeting at 5.43pm**

**Resolved:** The Committee approved the Management Accounts to the end of September 2022.

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## 6. ESFA Dashboard

The Committee reviewed the ESFA financial dashboard, noting that this hasn't yet been updated by the ESFA since it was last reported to the Committee. The College's financial health grade for 2021-22 therefore remains as Outstanding. It was noted that following a review of the college's audited financial statements and finance record the College is expected to return a financial health grade of outstanding for the 2021-22 year.

The Committee noted that there has been a general upturn nationally in the number of colleges with good or outstanding financial health grades. This is likely due to the reluctance of banks to loan money, leading to a lower ratio of debt. It was noted that the ESFA is currently reviewing the indicators to be included in the dashboard, although it is as yet unknown when a revised dashboard will be in use.

Governors were assured that everything at the College currently looks healthy.

The Committee noted the report



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The Committee reviewed a draft report outlining the activities of the Resources Committee during 2021-22. The report is to provide assurance that the Committee's expected functions have been discharged and that the Committee has operated in accordance with its Terms of Reference and it was concluded that the Instrument & Articles of Government and Committee's terms of reference have been appropriately discharged during 2021-22.

**Resolved:** The Committee approved the Committee's Annual Report for 2021-22

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## 8. Health and Safety Policy

RES-22-11-08

The Committee considered the College's revised Health and Safety Policy, which has been reviewed by CNS Consultants, the College's retained Health & Safety Consultants. It was noted that there has been no legislative changes requiring significant amendment to the Health and Safety Policy. COVID requirements are now an embedded part of the policy and practice at the College and are therefore covered under the references to pandemic within the document.

**Resolved:** The Committee agreed to recommend the Health and Safety Policy to the Governing Board for approval.

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## 9. Finance KPI Dashboard

RES-22-11-09

The Committee considered the Finance KPI dashboard, noting that whilst all KPIs contained within are currently green, some KPIs may turn amber as the year progresses.

Governors discussed the KPIs within the dashboard, which largely mirror the Management Accounts. It was agreed that it would be a more useful document if additional indicators and projections highlighting some potential risk areas were included in the dashboard, to give Governors early sight of areas of concern.

The income targets at the bottom of dashboard should reflect assessment and projection of meeting income targets across the full year. This would highlight the shortfall expected in HE fee income by the end of the year, and by adding the target income figure the extent of expected gains could also be reviewed.

It was agreed that the Finance Director will review the dashboard for future meetings and will also add a commentary to the dashboard for future reports.

The Committee noted the report.

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The Committee considered a report and KPI dashboard in relation to HR, which included data to the end of September 2022. It was noted that the current absence rate is gradually reducing from the previous year, but remains above the benchmark. This currently reflects the seasonal respiratory infections and sickness bugs which have been prevalent during this period due to more general circulation, along with some absences due to Covid infections. However, indicative figures from early October 2022 show that sickness has increased during October and this will be reflected in the next reporting period.

The Committee discussed the ongoing challenges in recruiting and retaining staff particularly in specialist and skill shortage areas, the strategies in place to try and address this and the strategies put in place to respond to the current cost of living crisis.

The Committee noted the range of wellbeing and benefits initiatives in place to support staff and to aid the recruitment and retention of staff.

Governors queried the ratio of academic staff to support staff. It was noted that there had been an increase in the numbers of support staff in some areas of the College such as T-Levels, to support work placements and checks and careers advice to students. The data also includes casual staff such as exam invigilators. However, the Committee was advised that colleges use different criteria to categorise staff with some including learning support staff in the count of academic staff, which makes comparisons between colleges difficult.

It was agreed that the numbers of support and academic staff would be cross checked against those shown in the Annual Report, although it was explained to the Committee that the differences in figures was likely to be due to one methodology being based on head count and the other on full time equivalents.

The Committee noted the report.

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## 11. Estates and Sustainability Report and KPI Dashboard including Health and Safety Annual Report 2021-22

RES-22-11-11

The Committee reviewed the Estates and Sustainability Report and KPI dashboard, noting that the full programme of planned and preventative maintenance (PPM) is underway and scheduled throughout the year and which now includes additional PPM relating to the vacated section of the School for the Arts Building.

It was noted that an updated fire strategy has been completed for all sites and that the programme of Health and safety audits and assessments is underway through CNS Health and Safety consultants.

The Committee noted the progress being made relating to the strategy for sustainability and net zero carbon reduction plan aligned with the FE Climate Roadmap and the College now has baseline data for carbon emissions. The College continues to work with the DfE on the preparation and planning for the transformation programme rebuilding the Parsons Walk campus which will have a positive impact on the net zero carbon reduction plan. It was also noted that the VP Corporate Services is now chairing the GM Colleges Group Sustainability Group.

It was noted that the College has been successful in the OfS funding bid for HE capital works at Pagefield and CATS which will see a refurbishment of the Learning Resource Centre at Pagefield and the development of the CAVE in the lower ground floor of the CATS building.

The Committee noted the support of Wigan Council in the swift removal of travellers occupying the car park at Leigh Adult Learning Centre, causing disruption and damage. A full review of car park security has now been commissioned to identify any vulnerabilities and to put in place measures to prevent issues occurring in the future.

The Committee asked for the College's Sustainability Consultants to make a presentation at the Governor's Strategic Workshop in January 2023.

**Resolved:** The Committee noted the report and agreed to recommend approval of the Health and Safety Annual Report 2021-22 to the Governing Board.



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## 12. Capital Projects - verbal update

RES-22-11-12

The VP Corporate Services updated the Committee in relation to the DfE Transformation Project. It was noted that procurement of the contractor is underway although the Memorandum of Understanding between the DfE and the College has yet to be signed.

The Committee noted the update

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## 13. Items for inclusion in the Committee Chair's Report to the Governing Board

RES-22-11-13

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

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## 14. Any other business

RES-22-11-14

There were no items of other business. The Chair thanked the Executive Team for the reports presented to the meeting.

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## 15. Date and time of next meeting: 14 February 2023 at 5pm

RES-22-11-15

The meeting closed at 6.20pm.

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## 16. Actions

RES-22-11-05

**Action:** Add section showing energy costs separately before publishing the management accounts to all Governors

**Action by:** Finance Director

RES-22-11-09

**Action:** Review Finance Dashboard and include a commentary in future reports.

RES-22-11-10

**Action:** Cross check numbers of staff shown in the HR dashboard against those shown in the Annual Report

**Action by:** VP Corporate Services and Finance Director

RES-22-11-11

**Action:** Invite Hillside Consulting to the Governors Strategic Workshop in January 2023.

**Action by:** VP Corporate Services



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