

MEETING OF RESOURCES COMMITTEE

TIME/DATE 5.00pm, Thursday 21st June 2018

VENUE Conference Room (PS108) Professional Studies Building, Parson's Walk, Wigan Campus

Committee Members:

Kathryn Causey (Chair)
 Diane Brennan
 Susan Spibey
 Michael Ferraby
 Anna Dawe

Clerk

Robert Smith

Finance Director
 Vice Principal, College Services
 Assistant Principal, IT, Subcontracting and MIS

Steve Scott
 Louise Brown
 Dave Harrison

Minutes

Item		The meeting opened at 5.03pm and was quorate with at least 3 members present.
1 R/18/06/34		<p>APOLOGIES</p> <p>An apology for absence was received from Diane Brennan.</p>
2 R/18/06/35		<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>
3 R/18/06/36		<p>MINUTES OF THE MEETING HELD ON 15TH MARCH 2018</p> <p>The minutes were approved as a correct record for signature by the Chair.</p>
4 R/18/06/37		<p>MATTERS ARISING</p> <p>The Clerk advised that all matters on the committee's Action Sheet were either complete or to be discussed under later agenda items. The Chair sought confirmation that, where matters within the Action Sheet were marked as to be referred to the Board and the Search & Governance Committee, this had been actioned. The Clerk confirmed this had been done. She also asked for confirmation that a further report would be prepared on the progress made in terms of implementing General Data Protection Regulations (GDPR) requirements. The Assistant Principal confirmed that a report would be produced and presented to the Audit Committee in the Autumn Term. The Vice Principal, College Services also confirmed that the Gender Pay Gap Report for the college had been published and that this would be repeated annually as required.</p>
5 R/18/06/38		<p>HUMAN RESOURCES</p> <p><u>People Performance Scorecard</u></p> <p>The Vice Principal College Services outlined the key data within the People Performance Scorecard and members were pleased to note that sickness absence levels remained low. The Chair recognised the work of managers at the college to keep levels of absence at a reasonable level and acknowledged that this demonstrated strong controls in this area of activity.</p>

		<p>Members discussed the college's approaches to promoting health and wellbeing and the Vice Principal explained that staff had shown good levels of interest in the promoted activities and that students had also been keen to get involved in a number of wellbeing events. Members also discussed staff turnover data and recognised the challenges that colleges face in terms of retaining high quality staff. They were pleased to note that a number of strategies were in place to promote good staff retention and to monitor reasons for leaving when staff left the college. Members welcomed the colleges approach to staff engagement and commented that the level of activity demonstrated a clear commitment to maintaining staff morale and improving staff retention. The Principal commented that the current staff at the college showed exceptional levels of commitment and considerable support to students to ensure that they achieved a successful outcome in their courses.</p> <p>The Vice Principal outlined key training and development activity, including a recent survey of support staff used to identify additional training needs.</p>
6		<p>FINANCE</p>
R/18/06/39	6.1	<p><u>KPI Dashboard (Finance)</u></p> <p>The Finance Director outlined the financial dashboard data, including operating performance, levels of debt compared to turnover and cash liquidity. He advised that the college was currently ahead of its own targets for these measures and ahead of Education & Skills Funding Agency (ESFA) requirements. Members were pleased to note that all targets were categorised as 'green' under the report's RAG rating, indicating that all were on target. They acknowledged that this was a useful indication of the college's good financial health. The Chair commented that she had discussed the Dashboard Report with the Director and agreed that the column highlighted in blue that provided additional commentary would be enhanced for future reports to make it clear from where relevant information was sourced if this was applicable.</p> <p style="text-align: right;">Action: Finance Director</p>
R/18/06/40	6.2	<p><u>Monthly Financial Report and Management Accounts</u></p> <p>The Finance Director reported that the college remained on target to produce its revised surplus target of £348k and very close to target in respect of its expected cash balances. He advised that some expenditure lines were higher than expected but others were lower than expected. It was noted that the net effect of this meant that the overall expenditure expectations were on target. Members discussed the data on cash balances and noted that these varied on a monthly basis. However, they recognised that this was common across the sector and reflected significant monthly variances in relation to funding receipts. The Director also reported that the college remained in compliance with its banking covenants and its ESFA categorisation of 'good' financial health.</p> <p>Members sought clarification that the data presented for Quarter 3 represented actuals to date, rather than the latest year-end forecast position. The Director confirmed that the former was the case and invited members to comment on the data used and whether it would be useful to provide additional information. It was agreed that it would be useful to add an extra column showing the latest forecast for the year-end position.</p> <p style="text-align: right;">Action: Finance Director</p> <p>Members asked how confident the college was in terms of meeting its year-end forecasts, particularly in relation to potential variances in actuarial valuations associated with pension scheme obligations. The Director explained that these valuations were out of the college's control and that the key focus needed to be on operational performance and operational surplus. He reported that the college was confident in relation to its</p>

forecasts for operational performance. Members were pleased to learn that the banking covenants also disregarded the impact of actuarial valuations and focused on operational outcomes following a request made by the College that 'service costs' be excluded from the calculation. It was noted that the bank had agreed to this for closer neutrality. The Finance Director also confirmed that the revised reporting surplus target would reduce from £348k to reinstate expenditure in IT and estates that had previously been held back in response to the identified drop in apprenticeship income.

Members also asked for an update on current expectations relating to Apprenticeship income. The Assistant Principal responded that the college remained on target to reach its revised income budget, although it was noted that 16-18 recruitment was above target and 19+ recruitment was below target. Members acknowledged that the recruitment of adult apprentices had proved to be challenging across the sector since the recent introduction of funding changes under the Apprenticeship Levy arrangements.

The Chair asked for additional information relating to the pay cost savings identified in the report, and whether more specific information could be provided. The Principal responded that it was not straightforward to provide specific information on pay savings as the process of pay management was complex and often involved reducing costs by simply delaying recruitment to posts when they became vacant, or replacing vacant full-time posts with part-time alternatives. She explained that the Executive Team looked at every vacancy to identify opportunities to make small additional savings. However, the Principal was able to give examples of a number of key areas where savings had been made and those areas of activity where fewer posts were recruited due to lower than expected curriculum activity. This included decisions not to replace two senior manager posts and the appointment of fewer apprenticeship assessors based on the shortfall in apprenticeship income reported early in the academic year. The Chair acknowledged that pay costs were strategically managed on an ongoing basis and savings were not the result of the initial budgets including a large 'contingency' value.

The Chair asked for confirmation that cashflow and advanced debtor receipts would not be re-payable and the Director confirmed this to be the case.

RESOLVED:

To recommend the management accounts for April 2018 to the Board for approval.

R/18/06/41

6.3

Budget & Financial Plan

It was noted that a 5-year Financial Plan had been presented to the Board at the recent Strategic Workshop and that the current report represented the first three years of this, in line with ESFA requirements. It was also noted that the 3-year Financial Plan was in a mandatory format and did not therefore provide the commentary required by governors. The Finance Director explained that the Budget Report provided additional commentary to support the Financial Plan. It was noted that there was a statutory requirement that the Board formally approves the Financial Plan prior to its submission to the ESFA. Members noted that the Financial Plan included a number of amendments since presented to the Strategic Workshop and that the overall effect of this was to reduce the forecast surplus from £381k to £179k. The Director explained that this was the result of more accurate assumptions surrounding several income and expenditure lines, namely changes in income relating to increases in HEFCE direct funding (£35k) and High Needs Funding (£25k), and a decrease in School Link Funding (£75K) and Managing Agents (£30k). It was noted that there had also been provision made for the inclusion of a partner provider (Wigan Warriors) and provision made for any necessary refurbishment to the Image Centre following the vacation of the Hair and Beauty curriculum.

The Chair asked for confirmation that the narrative in the report was correct to say that the financial framework "included" specified control criteria, rather than saying it

		<p>“includes” those criteria. The Director confirmed that this was correct. She also asked whether the statement that the “majority” of Strategic Plan objectives had been met should be changed to indicate achievements in a more precise manner. The Principal responded that she would expect the ESFA to be satisfied with this terminology as long as the financial data met their requirements in terms of producing a financial health evaluation. Members also asked whether the financial objectives specified in the report would be the same as governors could expect to see in the management accounts. The Director confirmed that this would be the case. It was noted that the Budget Report contained the same financial figures as the Financial Plan Report, although the Budget Report included additional commentary.</p> <p>RESOLVED: To recommend the Budget and Financial Plan for 2018/19 to the Board for approval.</p>
R/18/06/42	6.4	<p><u>Treasury Management Report</u></p> <p>It was noted that, now that the college was able to produce a financial surplus, this would result in investment values accruing interest. The Finance Director explained that this rate was currently only 0.2% and that he was in discussions with Barclays Bank regarding how this return could be improved. He stressed that an investment decision would be in accordance with the low risk expectations of the Treasury Management Policy. Members recognised that any interest value would remain quite low due to the level of investment values and the current interest rates available in the banking sector.</p>
R/18/06/43	6.5	<p><u>Tenet Procurement Services</u></p> <p>Members noted the cost of procurement services and the value of savings identified to date. They also noted that the contract was based on a fixed cost which was subject to reduction if the savings values were less than the fixed cost value. The Finance Director explained that the Executive Team was currently reviewing the effectiveness of these services.</p>
R/18/06/44	6.6	<p><u>Financial Regulations Review</u></p> <p>Members discussed the proposed changes to the Financial Regulations as detailed in the Finance Director’s report. It was acknowledged that the proposed changes related primarily to role changes, legislative changes and references to the “Skills Funding Agency” (SFA) being amended to the “Education & Skills Funding Agency” (ESFA). It was also noted that a Criminal Facilitation of Tax Evasion Statement had been added as an additional appendix.</p> <p>RESOLVED: To recommend the revised Financial Regulations to the Board for approval.</p>
R/18/06/45	6.7	<p><u>Revised Facilities Agreement – Barclays Bank</u></p> <p>The Finance Director reported that the amendment letters from Barclays Bank had not arrived in time for presentation to the committee. It was noted that this item would be referred directly to the Board at its meeting on 3rd July 2018.</p>
7		<p>ESTATES UPDATE</p>
R/18/06/46	7.1	<p><u>Capital Projects Update</u></p> <p>The Vice Principal, College Services reported that a further detailed update on proposed capital projects would be provided to the Board at its meeting on 3rd July 2018.</p>

R/18/06/47	7.2	<p><u>Image Centre Update: Financial Options</u></p> <p>The Finance Director explained that a potential lessee had now confirmed that it would not be taking out a lease on the Image Centre and he outlined the current options for Centre. It was noted that leaving the premises empty was not an option due to the accounting management of a moth-balled asset and the loss of charitable relief for business rates. There was also the potential for it to lead to reputational issues as well as ongoing running costs. It was also noted that leasing the premises may lead to the re-classification of the building as an investment property though this was unlikely given the 'one public estate agenda' that the College was pursuing. Members discussed the options available and concurred with the Director's advice. The Director advised that negotiations were taking place to secure nominal rental arrangements for the premises to be used for public benefit and that this would be reported in more detail to the Board.</p> <p>The Principal left the meeting at 6.35pm to attend a Student Awards Presentation.</p>
8 R/18/06/48		<p>SUB-CONTRACTING STRATEGY 2018/19</p> <p>The Assistant Principal outlined the Sub-contracting Strategy for 2018/19 and drew members' attention to the proposed contract values with the providers included within the Strategy. Members were pleased to note that the college had been able to further reduce these values by £900k since the previous year, in accordance with the overall strategy to reduce reliance on sub-contracting. They were also pleased to note that sub-contracted activity had a more local focus.</p> <p>RESOLVED: That the proposed Sub-contracting Strategy for 2018/19 be recommended to the Board for approval.</p>
9 R/18/06/49	9.1	<p>POLICIES FOR APPROVAL</p> <p><u>Staff Disciplinary & Grievance Procedures</u></p> <p>The Vice Principal, College Services summarised proposed changes to the Staff Disciplinary and Grievance Procedures and advised that no significant changes had been recommended. Members noted that the procedures had been reviewed for compliance with GDPR requirements.</p> <p>RESOLVED: That the proposed Staff Disciplinary and Grievance Procedures be recommended to the Board for approval.</p>
R/18/06/50	9.2	<p><u>Environmental & Sustainability Policy</u></p> <p>The Vice Principal, College Services again advised that no significant changes had been recommended for this policy. Members discussed the college Environmental and Sustainability activity. The Vice Principal outlined actions relating to recycling and the college's increased focus on reducing levels of plastic waste. Members asked whether students were involved in this activity and the Vice Principal confirmed this to be the case. She commented that students demonstrated a strong commitment to environmental improvements.</p> <p>RESOLVED: That the proposed Environmental & Sustainability Policy be recommended to the Board for approval.</p>
10 R/18/06/51		<p>ANY OTHER BUSINESS</p>

		The Assistant Principal provided an update in relation to recent debates concerning the treatment of management fees for subcontracted provision. The Assistant Principal confirmed that the partnership contracts had been reviewed by Deloittes and that contracts for 2018/19 reflected accurately the services undertaken by the College. Members acknowledged that this would not raise concerns in relation to VAT liability. It was noted that contracts from the last 4 years had also been reviewed and Deloittes had advised that there was no VAT liability.
11		DATE AND TIME OF NEXT SCHEDULED MEETING: Schedule of Meetings to be approved by the Board
		The meeting closed at 7.05pm