

MEETING OF RESOURCES COMMITTEE**TIME/DATE** 5.00pm, Thursday 15th March 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

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

Steve Scott
 Louise Brown

Dave Harrison

Draft Minutes

Item		The meeting opened at 5.01pm and was quorate with at least 3 members present.
1 R/18/03/20		APOLOGIES AND CHAIR'S WELCOME There were no apologies for absence. The Chair welcomed Robert Smith to his first meeting as Interim Clerk and Michael Ferraby to his first meeting following his recent appointment to the Board of Governors.
2 R/18/03/21		DECLARATIONS OF INTEREST There were no declarations of interest.
3 R/18/03/22		MINUTES OF THE MEETING HELD ON 30TH NOVEMBER 2017 These were approved as a correct record for signature by the Chair.
4 R/18/03/23		MATTERS ARISING The Clerk advised that a detailed update had been provided to the Audit Committee on preparations for the introduction of the General Data Protection Regulations (GDPR). It was agreed that it would be useful to receive a brief update, although acknowledged that primary monitoring of the risks associated with GDPR compliance would sit with the Audit Committee on an ongoing basis. Members also noted that the college had commissioned an independent fire safety report to consider risks highlighted after the Grenfell Tower fire. The Vice Principal, College Services advised that this would be discussed under a later agenda item. The Interim Director of Finance confirmed that he had contacted the FE Finance Directors Group to ascertain whether the content of a recent Education & Skills Funding Agency (ESFA) letter was being used as a framework for governor challenge. He explained that responses suggested that this was not the case, although it was recognised as a useful reminder for governors. The Chair commented that one of the agreed actions at the last meeting had been omitted

		<p>from the Actions Sheet. It was agreed that the action relating to payments for procurement services would be added.</p> <p style="text-align: right;">Action: Clerk</p>
<p>5</p> <p>R/18/03/24</p>	<p>5.1</p> <p>5.2</p>	<p>STRATEGIC UPDATE</p> <p>Members received presentations covering strategic progress relating to Human Resources, Estates & Facilities and Finance.</p> <p><u>Human Resources</u></p> <p>The Vice Principal, College Services outlined the key headlines of her presentation, including employee engagement, leadership training, the launch of a new HR & Payroll System, and levels of apprenticeship employment at the college.</p> <p>Members noted that 76% of employees had responded to the recent staff survey and that positivity of responses compared well with national benchmarks. They also noted the college had now launched its Leadership Development Programme in partnership with Hopwood Hall. The Vice Principal confirmed that the first stage roll-out of the new iTrent HR & Payroll System had been successfully implemented. She also advised that the college now employed apprentices to a 3% proportion of the overall workforce, which was above the 2.3% target set by the government.</p> <p>The Vice Principal explained that there was still more to do in terms of HR strategy and outlined remaining priorities to be delivered in 2017/18. She reported that the college would be required to report on its gender pay gap by 30th March 2018, although the required information had been prepared in readiness for the deadline. It was noted that this would be discussed further under a later agenda item. The Vice Principal advised that HR systems had been reviewed in accordance with GDPR requirements.</p> <p>Members discussed recruitment challenges and recognised the difficulties experienced in recruiting some specialist skills and experience. It was noted that students had commented during a recent Links Visit on gaps in teaching and changes in teachers for English and Maths. The Vice Principal responded that there had been good progress in restoring stability in English and Maths teaching during the year, although some other specialist areas remained challenging. The Principal added that the college's Coaching for Success Programme had helped to "grow our own" English and Maths teachers, and that this had helped improve both teaching stability and teaching observations.</p> <p>The Vice Principal outlined the next stages of the iTrent system roll-out, which would focus on placing the Performance Review & Development process online, and facilitating ongoing staff development. She also provided a brief summary of next steps for 2018/19.</p> <p><u>Estates & Facilities</u></p> <p>The Estates Capital Strategy was discussed and the Vice Principal explained that the current primary focus was to "future-proof" the college estate to cater for areas of expected growth in the coming years. It was noted that options appraisals and feasibility studies for a number of areas of the estate had been carried out, which would lead to further development in the near future. It was also noted that the college intended to seek some financial support through Greater Manchester Capital Skills Bids.</p> <p>Plans for rationalisation and efficiencies were discussed, including the use of savings to help develop a number of curriculum areas, including a medical ward, science lab, media suite and the PW Salon.</p> <p>The Vice Principal summarised the college's approach to further improving security and Health & Safety, including emergency evacuation training, increased security presence</p>

		and upgrading the college's CCTV coverage. She also summarised key areas of strategic development still to be addressed.
	5.3	<p><u>Finance</u></p> <p>The Interim Director of Finance confirmed that the college had recorded "good" financial health under the ESFA assessment criteria in 2016/17, and that this was expected to be maintained in 2017/18. He highlighted proactive management of financial forecasting and budgetary control to mitigate where income shortfalls had arisen and confirmed that a surplus was still forecast for the year. He added that the expected level of surplus remained the same as reported to the last meeting of the committee.</p> <p>The college's investment strategy was discussed in detail and Members sought clarification of planned capital investment levels. The Interim Director responded that investment of £600k was planned for 2017/18 and £800k for 2018/19. Members asked whether this would be a sufficient level of investment to meet the college's strategic objectives. The Principal responded that a greater level of investment would be beneficial, but that it had been vital for the college to maintain a relatively cautious financial approach. She added that the priority had been to deliver courses well and to focus on the quality of provision, with limited capital investment and capital planning over a longer period.</p> <p>The Interim Director drew attention to the financial mitigation of the previously reported apprenticeship income shortfall and the challenges of delivering significant volumes of unfunded additional provision, following growth in 16-18 recruitment. The Principal commented that, given that the additional recruitment would be delivered without impacting on the forecast financial surplus, this provided a considerable opportunity from 2018/19 when the lagged funding would be available. It was noted that this was expected to contribute towards the planned increase in capital investment in 2018/19.</p> <p>Members discussed the potential to secure business sponsorship and fundraising support. The Principal advised that the college had successfully secured support from businesses in a number of ways, including the donation of equipment. However, she added that the potential level of support available was unlikely to significantly add to capital investment opportunities. The Interim Director explained that the banks' lending appetite across the sector had reduced significantly, creating a very different financial market-place in terms of planning substantial investments.</p> <p>The Interim Director outlined key priorities still to be delivered in terms of financial strategy, including the further development of reporting to improve transparency and clarity. This included the addition of contributions analyses on a course-by-course basis. He also explained that work continued in terms of developing the longer-term 5 Year Plan. Members discussed the strategic priorities for 2018/19, including planned debt ratio and cash flow volumes. The Chair drew Members' attention to recent improvements in HR reporting and the ways in which key indicators were presented with clarity and in a way that was understandable for all governors. Members were pleased to learn that plans for financial reporting were expected to bring about similar improvements.</p> <p>The Chair also questioned the way in which income shortfalls had been mitigated through underspending on salary and agency costs. Members commented that the way in which budgets were set allowed a pay cost "cushion" that may be better expressed as a contingency budget. The Principal explained that pay budgets were directly calculated through curriculum planning, although pay underspending will often occur if all income volumes within the curriculum plan are not met.</p> <p>It was recognised that it would always be likely that not all planned income volume would materialise, but the Principal highlighted the risks presented if potential income growth is not provided for in terms of associated pay costs. The Chair sought assurance that, where the pay cost cushion was not required to mitigate against specific income shortfalls, the</p>

		<p>value would simply improve the overall surplus position. The Principal confirmed that this would be the case, although the college would then also review its plans for capital and other investments. Members commented that financial reporting may indicate robust management controls when income shortfalls are mitigated and requested clarity in reporting when the mitigation was the result of the existing cushion in pay budgets. The Interim Director agreed that it was important to correctly identify the source of mitigation and agreed that future reporting would make this clear.</p> <p>The Principal made reference to earlier discussions relating to the receipt of lagged funding in 2018/19 enabling increased capital investment. She cautioned that plans to do so would remain contingent on possible increases in costs associated with performance of the pension fund.</p> <p>The Chair concluded that the college appeared to be in a good financial position compared to many colleges across the sector.</p>
6	R/18/03/25	<p>HUMAN RESOURCES SCORECARD</p> <p>The Vice Principal, College Services reported that staff sickness absence had remained on or near the benchmark of 3% over the previous twelve months. She explained that there had been an expected spike in absence levels during the winter months but that overall absence remained in line with the benchmark.</p> <p>The Vice Principal provided a summary of information to be reported in relation to the college's gender pay gap and it was noted that this information was calculated on the basis of set formulae to be used across the sector and wider industry. It was stressed that the information should not be confused with equal pay data, which related to equal pay for equivalent work. The Vice Principal explained that the gender pay gap data did not take account of the nature of the work carried out by either gender. It was acknowledged that most organisations would primarily focus on the mean calculation of gender pay as this would not be impacted by significant differences in the number of each gender employed by an organisation. The Vice Principal reported that the gender pay gap at the college was 6.05% compared to a sector average of around 10% and a national average of around 18%. The median pay gap was discussed and it was noted that this stood at 25.48%. Members suggested that this figure could be very misleading as it failed to take account of higher numbers of women within the workforce. The Vice Principal concurred and suggested that considerable ill feeling had emerged nationally in relation to gender pay gap reporting, but was sometimes the result of misunderstanding the various forms of data and how they relate to each other. The Vice Principal reported that the college had a strong record in the attraction and promotion of women into senior roles and advised that 67% of the College Management Team (CMT) were female.</p> <p>The Chair asked for feedback in relation to the recent trial of remote working for academic staff, which would allow up to ten days a year of working from home. The Vice Principal responded that feedback had been very positive and that there also appeared to be an upward impact on productivity. The Principal commented that it was important to demonstrate trust to employees and that review of the trial arrangements currently indicated that this trust had been well-placed.</p> <p>The Chair also asked whether there was a target for staff turnover. The Vice Principal responded that there was no specific target but 10% turnover was generally viewed as indicating good staff stability. It was noted that this rate would strike a good balance between maintaining staff stability for students and bringing in fresh talent and new ideas.</p> <p>Staff utilisation data was reviewed and it was noted that the college's current staff utilisation rate stood at 97.8% against a target of 98.0%.</p>
7		<p>FIRE SAFETY REPORT</p>

R/18/03/26		The Vice Principal provided a brief summary of the recently commissioned Fire Safety Report. She explained that no cladding panels similar to those used at Grenfell Tower were in use on college buildings. It was noted that the independent report had concluded that cladding used on college buildings represented a low risk of catching fire or of rapidly spreading.
8		FINANCE
R/18/03/27	8.1	<p><u>Finance Scorecard</u></p> <p>The Interim Finance Director outlined the data within his scorecard report and explained that this data related to the position at the end of January 2018. It was noted that financial surplus as a percentage of income stood at 8.86% compared to a target of no less than 3%. It was also noted that the current available cash levels stood at 40 days, against a target of 30 days, although slightly below the budget expectation of 42 days for end of January. The Interim Director summarised data relating to borrowing as a percentage of turnover, which showed performance in line with targets. He explained that the overall financial data had resulted in the conclusion that the college's financial health was "good" on the basis of the ESFA financial health formula.</p>
R/18/03/28	8.2	<p><u>Monthly Financial Report and Management Accounts</u></p> <p>The Interim Finance Director shared the performance reporting within the Management Accounts up to and including January 2018. It was noted that this information had been partly covered under the reporting of the Finance Scorecard. He provided a summary of income and expenditure and outlined those areas that required mitigation because of reduced income values compared to budget. The Interim Director highlighted the fall in cash values held by the college compared to his previous report relating to November 2017. He explained that this was the result of the ESFA funding profile, which had income peaks in the Autumn Term and Summer Term. He confirmed that this funding profile variation was common across the sector. He added that the lowest cash position was expected to be March 2018. The Chair sought confirmation that financial performance was compliant with bank lending covenants. The Interim Director confirmed this to be the case.</p> <p>Governors commented that the summary detail provided was useful, but asked that full detail of the data behind the summaries be provided to the committee. The Interim Director agreed to do this for his next report. It was noted that the full detail would be provided to the committee but would not be required by the Governing Board.</p> <p style="text-align: right;">Action: Interim Finance Director</p> <p>RESOLVED: To recommend the management accounts for January 2018 to the Board for approval.</p>
R/18/03/29	8.3	<p><u>Modelling Scenarios</u></p> <p>The Chair commented that the report on modelling scenarios was self-explanatory and would not require further discussion. It was noted that each of the scenarios presented demonstrated sufficient financial headroom in terms of delivering a year-end financial surplus.</p>

<p>9</p> <p>R/18/03/30</p>		<p>ESFA CHIEF EXECUTIVE'S LETTER</p> <p>Members discussed the risk rating report in relation to the areas of governance scrutiny highlighted in the ESFA letter. They asked the Interim Finance Director to provide further information in relation to those risks highlighted as “amber” within his report. The Interim Director outlined the assurance controls in place for each of these risks.</p> <p>In terms of governance and financial oversight, Members discussed their own previous comments in relation to appointing additional financial skills and experience onto the Governing Board. It was agreed that recent appointments had added to this area of expertise and that the risk rating could now be decreased. They also discussed governor understanding of the role of a trustee and agreed that governor awareness was good and had been supported by a number of training and briefing sessions. However, it was agreed that this matter should be further reviewed by the Search & Governance Committee. It was suggested that the mix of governor experience between private sector and public sector should also be considered.</p> <p style="text-align: right;">Action: Clerk</p> <p>The Interim Director outlined challenges in preparing accurate financial forecasts, including difficulties in terms of predicting the impacts of recent reforms to apprenticeship funding. The Principal concurred with the Interim Director's comments and explained that the key priority was the college's ability to respond to unexpected financial challenges. Members agreed that financial responsiveness was extremely important in those areas where income and expenditure could not be accurately forecast.</p> <p>Commercial income opportunities were discussed and it was suggested that the position on expected commercial income generation and costs should be reported clearly when governors are reviewing curriculum planning, so that the value and extent of commercial income budgets can be clearly understood.</p> <p style="text-align: right;">Action: Interim Finance Director</p>
<p>10</p> <p>R/18/03/31</p>		<p>GENERAL DATA PROTECTION REGULATIONS: IMPLEMENTATION UPDATE</p> <p>The Assistant Principal College IT Services, MIS and Subcontracting reported on preparations for the introduction of the General Data Protection Regulations (GDPR). It was noted that this had also been reported in detail to the Audit Committee.</p> <p>Members asked whether the Assistant Principal was confident that required changes would be in place in time for the regulations coming into force in May 2018. He responded that good progress had been made in relation to technical preparations and the activity had been subject to an independent review by JISC, which had found compliance of new arrangements to be good. It was also noted that relevant documents such as privacy statements and college policies would be subject to legal advice.</p>
<p>11</p> <p>R/18/03/32</p>		<p>ESTATES UPDATE</p> <p>The Vice Principal College Services explained that a full report on Estates Strategy and proposed capital developments would be presented to the Governing Board at its meeting on 27th March 2018. She added that representatives of Fusion would also attend the meeting to provide an update. Key challenges in terms of planned projects were discussed and it was noted that CRBE had been appointed as commercial agents for one</p>

		of the main capital projects and were putting together an options appraisal.
12 R/18/03/33		ANY OTHER BUSINESS There was no further business.
13		DATE AND TIME OF NEXT SCHEDULED MEETING: 5pm Thursday 21st June 2018
		The meeting closed at 7.25pm