## MEETING OF RESOURCES COMMITTEE

**TIME/DATE 5.00pm Thursday 7th March 2019**

**VENUE Gateway Boardroom, Parson’s Walk, Wigan**

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| Committee Members | Kathryn Causey (Chair) |
|  | Diane Brennan |
|  | Susan Spibey |
|  | Michael Ferraby |
|  | Jennifer Cockram |
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| Principal | Anna Dawe |
|  |  |
| Clerk | Robert Smith |
| Finance Director | Steve Scott |
| Vice Principal, Corporate Services | Louise Brown |
| Assistant Principal IT, MIS and Subcontracting | Dave Harrison |
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| ***Italics denotes absence* MINUTES** | | | |

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| **No** | **Item** | **The meeting opened at 5.03pm and was quorate with at least 3 members present.** |
| **1** | **R/19/03/01** | **APOLOGIES**  There were no apologies for absence and all committee members were present. |
| **2** | **R/19/03/02** | **DECLARATIONS OF INTEREST**  There were no declarations of interest. |
| **3** | **R/19/03/03** | **MINUTES OF THE MEETING HELD ON 22ND NOVEMBER 2018**  The minutes were approved as a correct record for signature by the Chair. |
| **4** | **R/19/03/04** | MATTERS ARISING The Clerk advised that all matters on the committee’s Action Sheet were now complete. |
| **5** | **R/19/03/05** | **HUMAN RESOURCES**  Human Resources KPI Dashboard & Report  The Vice Principal, Corporate Services outlined the key data within the Human Resources KPI Dashboard and members noted that sickness absence levels had increased slightly to 2.34% in the year to January 2019 from 2.22% in the previous year. This represented an increase in average absence per person from 5.79 days to 5.87 days. The Chair commented that, despite the slight increase, the sickness absence levels remained low. The Vice Principal advised that most absence related to short-term illness.  The Vice Principal reported that the college was currently undergoing an HR Performance Management audit and that early feedback indicated that there would be no recommendations for improvement actions or advisory points. It was noted that the auditor had commented on improvements brought about by the introduction of online HR systems, which had helped to further improve compliance.  Members discussed staff turnover rates and were pleased to learn that these had reduced further and remained lower than the latest available Association of Colleges benchmarks. Reasons for leaving were also discussed and it was noted that a ‘move outside education’ was the most common response given by staff when they left, representing about 20% of the total responses. Members asked for clarification about the meaning of ‘move outside FE’, given there were additional categories for moving to other education sectors. The Vice Principal agreed to look into the definitions used for reasons for leaving and to provide feedback to the committee at its next meeting.  **Action: Vice Principal, Corporate Services**  The Vice Principal advised that recruitment into some specialist roles remained challenging, including those in construction, engineering and electrical. However, it was noted that progress in recruitment in these areas had been secured through the adoption of new approaches, including an increased use of Linked-In and specialist media. The Vice Principal also advised that the college would be publishing its second set of gender pay gap data in advance of the deadline at the end of March 2019. The college’s employment of apprentices was discussed and it was noted that the proportion of apprentices within the wider workforce was above sector targets. Members sought clarification in relation to whether the college was using its apprenticeship levy to fund this. The Vice Principal confirmed that the levy was used to fund apprenticeships but not to its full value.  Staff utilisation was discussed and members commented that the high utilisation rates demonstrated efficiency but asked whether this also presented challenges. The Principal responded that some areas of activity would benefit from increasing staffing support and that further investment in this area would have taken place except for the uncertainties reported to the Board at the beginning of the year in relation to apprenticeship funding. She added that, as this funding issue had now been largely resolved, the college would address staffing levels in those areas most affected.  The Vice Principal outlined staff development activity and members were pleased to learn that the second cohort of ETF Leadership Development participants had now completed and that the final cohort of college managers would begin their training later in the year. She advised that staff engagement activity had included the use of a number of focus groups, attended by around 80 staff. It was acknowledged that action plans had been produced to take forward suggestions raised by staff.  Members noted that the college had taken part in a national Department for Education college staff survey. The Vice Principal was pleased to report that Wigan & Leigh College scored 10% higher than the average survey responses for overall satisfaction and 19% lower than the average responses indicating whether staff were ‘likely to leave’ their current positions.  Members discussed the college’s approaches to supporting staff when they experienced difficulties, whether with their workload or personal circumstances. The Vice Principal commented that the college placed considerable emphasis on developing a relationship of trust with its staff and that, together with health and well-being strategies, it had been able to further improve the way in which staff are supported. In relation to well-being activity, members asked whether the college had considered providing free flu jabs this year for at risk staff members. The Vice Principal responded that the college had tried to secure funding for this but had not been able to do so. She added that the college would try to secure this funding again for next year. |
| **6** | **R/19/03/06**  6.1  6.2  6.3 | **FINANCE**  Management Accounts  The Finance Director drew members’ attention to the management accounts and highlighted an increase in the expected operating surplus to £1.7M from a budgeted surplus of £423K. He outlined the main variances within the accounts, leading to the change in surplus. However, he also suggested that the position should be read with caution as it was historically inflated at this point of the year due to funding profiles being front-loaded to the early part of the year. Members noted that the expected surplus position would settle back closer to the budget position as the year progressed.  The Finance Director also confirmed that the college’s cash balances were within expectations, the Education & Skills Funding Agency (ESFA) KPIs had been met and that the college remained in compliance with its banking covenants.  The key accounting variances were discussed and it was noted that this included positive income variances of £729K, including improved apprenticeship income, and positive expenditure variances of £618K, mainly associated with staff costs. Members expressed some concern regarding the reporting of variances that were likely to be only temporary in nature, as they related to the timing of income receipts or expenditure outlay, rather than being an actual change in the likely financial performance position. The Finance Director explained that the committee and the Board was provided with a combination of forecast reporting and year-to-date reporting, with the former showing the likely performance position and the latter requiring reflection of the actual financial position at given points in the year. He acknowledged that this may provide a misleading picture of the financial position at certain times of the year but explained that his commentary to the accounts attempted to make the picture clearer. The Chair asked members what might help improve this reporting and it was agreed that a paragraph should be added to the management accounts commentary, expressly relating to the variance position and highlighting those variances that would ‘flow to the bottom line at year-end’ and those which were about timing, rather than financial performance.  **Action: Finance Director**  The FRS102 pension charge for 2017/18 was discussed and it was noted that the college had been advised that this would be £835K, a saving against budget of £97K. The Finance Director commented that this was a statutory accounting entry which had no effect on cash-flows and was not taken into account by the ESFA in assessing the college’s financial health. Members acknowledged that actuarial valuations and the associated FRS102 charge were not provided to the college until after the accounting year was complete, so no plans or reporting relating to the valuation could be put in place in-year. It was also acknowledged that, whilst the FRS102 charge did not affect cash-flows or financial health, a significant swing in valuations from one year to the next could create a highly misleading financial position in terms of the public reporting of the annual accounts.  The Chair asked for clarification of the cash days position and commented on the historical dip in cash availability in the latter part of the spring term each year. The Finance Director responded that, whilst the cash position was lower at this time of the year, the college was well within its performance expectations for cash-flow.   |  | | --- | | **RESOLVED:**  That the Management Accounts for January 2019 be approved.  Mid-Year Budget Update  The Finance Director explained that this report provided an updated position of the expected financial outturn for 2018/19. He highlighted the key data within the report and it was noted that the expected outturn surplus had increased from £179K to £916K, an improvement of £737K. The Finance Director explained that the Executive Team would reconsider further investment opportunities within the college and present these to the committee and the Board, rather than simply producing an additional cash surplus. Members acknowledged that this would provide a good opportunity to increase investment in the college’s estate and curriculum.  It was noted that one of the main reasons for the improved position was the recent decision of the ESFA to fund over-performance for 16-18 apprenticeship provision, with the exception of £160K of provision which was still under review. It was also noted that an improved position on expected pay costs of £317K was a significant factor. The Finance Director highlighted other factors that had contributed to the improvement. This included income improvements under direct funded fees activity and other contracts, and expenditure improvements including reduced sub-contracting costs and reduced higher education accreditation and government agency fees. It was also noted that there had been a number of adverse variances, including lower than expected managing agents’ income and higher than expected bursary and learner support expenditure.  Members discussed the budgetary gain relating to pay costs and noted that this was reflected in the very high staff utilisation rates. The Principal added that pay expenditure savings would become more difficult over the next three years as demographic changes indicated that student numbers were likely to increase over this period. Members acknowledged that, due to the lag funding principle through which each year the ESFA effectively funds the year before, the college would have to provide educational resources for more students without an immediate income increase to reflect this. It was noted that pay costs would be the most affected factor in these circumstances.  Finance KPI Dashboard  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 exceptions rated as ‘amber’. He explained that the adjusted current ratio was expected to improve during the year and that the current position was an issue of timing rather than performance. He also explained that FE loans and self-funded learner recruitment values were below expectations and reflected explanations in his previous reports. Members noted that the impact of these was not significant and overall income targets would be met.  Members asked whether the dashboard should reflect plans to re-invest the additional surplus discussed under the previous report. The Principal explained that the Executive Team would complete a planning exercise for re-investment and that this would then be reflected in future reports. | |
| **7** | **R/19/03/07** | **STRATEGIC PRIORITIES: MID-YEAR UPDATE (SUSTAINABILITY)**  The Vice Principal, Corporate Services presented an update on the college’s progress in achieving its strategic sustainability priorities. She explained that the Estates Strategy was largely influenced by affordability and the availability of capital grants. It was noted that the key priority not covered by existing activity was the School for the Arts building. The Vice Principal commented that necessary works for this building had been delayed by the non-availability of funding for some time, but it was now getting more urgent to carry out repair and improvement works. She advised that Fusion would attend the next Governing Board meeting to tell members more about a feasibility study for a project to improve this building.  The Vice Principal also advised that plans were in place to open part of the Leigh College Adult Centre. She explained that this building would need to be brought into use gradually as demand for its use became clearer. Members noted that this gradual approach would help limit repair and improvement costs to the areas of the building being brought back into use. The Vice Principal also outlined improvement works relating to a new Gas Centre at Pagefield and plans to invest is a new Skills Ward at Leigh College, funded by Wigan Foundation for Technical Education. It was also noted that JISC had carried out a review of the college’s ILT infrastructure and that this would be used to inform ILT investment over the coming years.  The Vice Principal also provided an update in relation to Human Resources priorities and challenges. This included an update on recruitment strategies, skills shortages and the challenge of remaining competitive in the recruitment environment. It was noted that the college had provided a small pay rise to staff this year and many colleges had not provided any pay rise at all. However, it was also noted that pay rate differentials between colleges and other parts of the education sector made offering competitive conditions challenging. Members commended the work of the college in finding new ways to engage and retain staff and new approaches to recruitment. It was acknowledged that, whilst recruitment could still be difficult, the college had been doing everything possible to retain staff and to develop the relationship of trust between the college and its staff.  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 been covered in the Finance Director’s reports under previous agenda items.  The Principal explained that the college’s funding allocations for 2019/20 had been received and that these had been positive and in line with achieving key priorities. It was also noted that the allocations under the Adult Education Budget (AEB) were expected to be unchanged for the next two years. The Principal commented that this was good news as there had been some uncertainties about this funding following devolution of AEB to the Combined Authority. However, it was acknowledged that uncertainties still existed in relation to longer-term apprenticeship funding and that the college would need to plan its activity to meet the allocations of funding each year. Members were pleased to learn that the funding picture was positive and should not prevent the achievement of the college’s strategic priorities. They also noted that the funding position has been helped by the college maximising funding availability through student retention and delivery hours. |
| **8** | **R/19/03/08** | **FEES POLICY**  The Finance Director explained that the draft Fees Policy appended to his report did not take account of revisions to ESFA funding rules as these had not been available at the time the draft was produced. It was noted that approval of the policy was important and could not wait for this publication.  **RESOLVED:**  That the Board be recommended to approve the proposed Fees Policy, subject to the policy being brought back to the Board for further discussion should any significant or contentious changes be required following the publication of the ESFA funding rules. |
| **9** | **R/19/03/09** | **CAPITAL BIDS UPDATE**  The Vice Principal, Corporate Services provided a brief update on capital bids in place for development of the college’s estate. She advised that an offer letter had now been received for the project to improve the Pagefield Centre. It was noted that the letter had only been received in the last two hours and would need to be reviewed in detail before reporting to next Board meeting. It was also noted that Council planning permission for the Pagefield Project had been received.  The Vice Principal provided an update on the bid for capital funding at Leigh College. She explained that the initial project had been expanded to include a Digital Academy for the purpose of the bid. Members were pleased to learn that the college had been advised that the bid was expected to be approved. The Vice Principal advised that, should formal approval be received as expected, the college would plan to complete the works in the summer of 2020. |
| **10** | **R/19/03/10** | **ANY OTHER BUSINESS**  The Chair thanked members of the Executive Team for the quality of reports presented to the meeting and commented that the improved brevity of the reports, coupled with the effective presentation of data, made the reports easy to read and understand in advance of the meeting. |
| **11** |  | **DATE AND TIME OF NEXT MEETING:** 5.00pm Thursday 13th June 2019 |
|  |  | **The meeting closed at 6.45pm** |