

# Resources Committee

Thu 09 June 2022, 17:00 - 19:00

MS Teams



Diane Brennan

**Present:** Diane Brennan (Co-opted Governor - Chair), Ann Harrison (Independent Governor), Susan Spibey (Independent Governor), Tom Mooney (Independent Governor), Anna Dawe (Principal)

**In attendance:** Joanne Platt (Clerk to the Governing Body), Steven Scott (Finance Director), Louise Brown (Vice Principal Corporate Services), Dave Harrison (Vice Principal - Data and Funding)

The Clerk confirmed the meeting was quorate.

## Meeting minutes

### 1. Apologies for absence

RES-22-06-01

Apologies had been received from Alison McKenzie-Folan.

### 2. Declarations of Interests

RES-22-06-02

There were no declarations of interests.

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

RES-22-06-03

The Committee reviewed the minutes of the previous meeting and agreed they were an accurate record of the meeting. All actions have been completed.

**Resolved:** The Committee approved the minutes of the previous meeting for signature by the Chair.



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The Committee reviewed the Management Accounts to the end of April 2022 , noting that these had been made available to all Governors via the Board Portal.

The accounts show a year to date operating surplus (before FRS102 adjustments) of £1m against a budget £462k, which is a positive variance of £621k.

Cash balances at the end of the period were £10.726m (119 days) and ESFA key performance indicators showed the College's financial health will maintain a minimum of 'Good' at year-end with all bank covenants compliant with the terms of the facility agreements.

In response to a question from a Governor, it was confirmed that the College aims for a financial health score of 'Good' rather than 'Outstanding' as it has previously made a decision to invest surplus cash balances in improving the college estate.

Governors asked for some information to be provided in relation to pensions and it was agreed that a short workshop will be arranged to aid Governors understanding in relation to this.

The Chair asked for some additional narrative to be provided in the accounts in relation to FRS102 to provide clarity.

In response to a question from a Governor in relation to payroll costs, it was confirmed that some new staff would be starting before year end, but others appointed would not start work until the new financial year. The Chair said it would be useful to have the figures so the Committee can see how much the payroll costs are likely to change by the end of the year.

It was noted that the College had made a saving by outsourcing its payroll service and it was noted that the new model also provides more effective business continuity for the College.

Governors noted the significant increase in energy costs that are already impacting on the budget and which will impact significantly next year.

The Chair asked for some small presentational changes to the management accounts to aid understanding.

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



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The Committee considered the budget for 2022-23 and financial plan for up to 2024. It was noted that the College expects to deliver an operating surplus before FRS102 adjustments of £874k and an operating surplus of £588k in 2023-24. The budget includes capital investment of £1m for Estate improvements.

This forecasted reporting surplus will ensure that the College maintains a minimum financial health grade of 'good' and will be able to operate within the terms of its bank loan covenants. The final outturn forecast for 2021-22 and the proposed Budget will form the basis of the ESFA's three year financial plan, which needs to be submitted to the ESFA by 31st July.

The Committee noted the impact of inflation (CPI had risen in the 12 months to 2022 by 7% with a forecast peak of 8.7% by the end of the 4th quarter of 2022). For the purposes of the plan, an increase in general curriculum budgets of 10% has been factored in with further increases for areas with high volumes of raw materials.

Energy costs are of particular concern and the Committee noted that the latest intelligence from the College's energy brokers is for a predicted increase in gas prices of 118% and a predicted increase in electricity prices of 110%, which increases the forecast for 2022-23 from £457k to £1.054m. Governors noted that the College was to fix his energy prices for the next year, to provide some certainty. The Chair asked that the cost of energy be shown separately from premises costs to make it more visible.

The social fund levy has also impacted on pay costs and it was noted that from April 2022, the College will incur an additional 1.25% in NI contributions which equates to c. £220k per annum. There is also additional pressure in respect of pay awards to staff due to the increases in the cost of living and the Committee noted that the proposed budget has factored in 3% for pay rises in 2022-23 and 2023-24.

Governors noted that a national recession is unlikely to impact negatively on learner numbers and thus income, as high unemployment usually results in higher recruitment as more people seek to re-train. However, a recession could impact on HE fees and apprenticeship activity.

The Committee discussed the potential staff pay award claim and noted that the College's priority is to provide job security, always deliver incremental payments and provide a percentage increase.

In response to a question from a Governor, it was confirmed that growth was because of the the Institute of Technology, which falls within the HE budget. Governors asked for this to be explained within the narrative.

Governors asked if the predicted growth in HE income is achievable and it was confirmed that the College is seeing an increase in progression to HE from Level 3 programmes.

In response to a question from a Governor, it was confirmed that an increase in loan interest rates has been factored into the budget. The Chair asked for this to be modelled and shown in the report.

It was noted that the College's match funding for the DfE capital project is included in the capital budget and that the costs of decanting from the School for the Arts is split between the current year and next year.

It was also confirmed that consultancy fees for developing the College's sustainability plan are included in the professional fees line in the budget and the costs of any works to underpin this are included within planned maintenance. However, Governors noted that this work should generate some savings for the College.

**Resolved:** Subject to the changes discussed above, the Committee agreed to recommend the Budget and Financial Plan for 2022-23 to the Governing Board for approval at its meeting on 5 July 2022.

## 6. Sub-Contracting Strategy

The Committee considered the Sub-Contracting Strategy for 2022-23, noting that the College has strategically reduced the level of sub-contracted provision year on year, to a level that will now be maintained. Funding allocated to sub-contractors is now 2% (down from 11% two-years ago) and the College only sub-contracts with two key strategic partners, and has a clear strategic rationale for sub-contracting.

In response to a question from a Governor, it was confirmed that there are currently 70, 16-18 year old learners accessing high quality sport provision tied to Wigan Warriors Rugby Club, which compliments that provided at Leigh College.

The Committee noted that the ESFA is implementing apprenticeship reforms including a requirement for an externally assured sub-contracting standard in 2022-23.



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**Resolved:** The Committee agreed to recommend the Sub-Contracting Strategy and values for 2022-23 to the Governing Board for approval at its meeting on 5 July 2022.

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

RES-22-06-07

The Committee considered the Sub-contracting report and Fees Policy, noting that there were 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 at its meeting on 5 July 2022.

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## 8. ESFA Dashboard

RES-22-06-08

The Committee reviewed the ESFA Financial Dashboard, which had been received following the ESFA's review of the College's financial forecasting return submitted in July 2021. It was noted that the ESFA had initially concluded that the College's financial health grade for 2020-21, based on the outturn forecast, was 'Good'. However, after a review of the College's audited financial statements and finance record, the ESFA has now concluded that the appropriate assessment grade for 2020-21 is 'Outstanding'.

No significant financial control concerns were identified and the dashboard shows the College in a strong financial position.

In response to questions from Governors, it was confirmed that the College aims for a minimum financial health score of 'Good' but does not strive for Outstanding as it has chosen to re-invest cash balances in the College estate whilst also remaining compliant with Bank Covenants.

**The Committee noted the report.**

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## 9. Finance KPI Dashboard

RES-22-06-09

The Committee reviewed the Finance KPI dashboard, noting that there was a further improved position from the previous quarter, with only two KPIs that are showing as amber. These relate to recruitment of self funded students and recruitment of students on FE loans and it was noted that neither of these KPIs are expected to meet target (and therefore become 'green') by the end of the academic year.

**The Committee noted the report.**

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The Committee reviewed the HR KPI dashboard, noting that sickness absence remains red (largely as a result of COVID) and staff turnover, the gender pay gap and the % of apprentices as a percentage of the workforce remain as amber. However, it was noted that the targets for staff turnover and apprentices are expected to be achieved by the end of the year.

All other KPIs are already meeting target (green) and the Committee commended the work of the HR Team on the innovative staff engagement work they are doing to address recruitment and retention issues that are common across the sector.

In response to a question from a Governor, it was confirmed that the Best Companies Survey data will be helpful in identifying the things that are valued by staff. However, the College also holds staff focus groups to seek feedback on the things that make a difference to staff and this data is also used to develop activities aimed at staff recruitment and retention.

**Diane Brennan left the meeting at 6pm. Ann Harrison (Vice Chair of the Committee) took the Chair from this point in the meeting.**

Governors said the efforts made to engage staff were noticeable when they did Link Visits, with staff being very engaged and motivated.

The Committee discussed how the 'Power of the Pause' was encouraging staff to take short breaks to attend bite size sessions, coffee gatherings and lunch time walks, all of which are valued highly by staff.

**The Committee noted the report.**

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## 11. Estates and Sustainability Report and KPI Dashboard

The Committee considered a report on Estates and Sustainability and reviewed the Estates KPI Dashboard, noting that only one KPI relating to the condition of floor space was amber and unlikely to meet target by the end of the year. However, this was being addressed by the capital works project.

The Committee noted that the new Head of Estates and Health & Safety had joined the College in early June, that a full Health and Safety audit has been undertaken across all sites by independent consultants, fire risk assessments and legionella risk assessments have been completed across all sites and a new legionella management plan has been put in place to address historical building issues at the Parson's Walk site.

The HE Capital Project has recently been completed at Pagefield, which included refurbishment to mechanical and electrical engineering labs.

The DfE Transformation project continues to progress with expectations that the DfE will go out to tender in the summer. In line with this project, the School for the Arts partial decant and 400 floor refurbishment project is underway with works set to start onsite shortly.

The Committee also noted that the College has engaged specialist consultants to assist with the preparation of a pathway to sustainability, with an initial review to look at options to achieve net zero and to set out a clear framework from which the College will be able to formulate a Sustainability Strategy and Carbon Reduction Plan.

A review of energy usage is also underway across all sites to drive forward efficiencies where possible. Other minor refurbishment and planned maintenance works are also scheduled for the summer period.

Governors were pleased that the College was driving forward on sustainability.

In response to a question from a Governor, it was confirmed that additional security measures had been put in place at the School for the Arts, but that staff and students also need to take responsibility by not allowing 'tailgating' when accessing the building.

**The Committee noted the report.**



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## 12. Financial Regulations

RES-22-06-12

The Committee considered the revised Financial Regulations for 2022-24 which include the Public Interest Disclosure Act 1998, the Procurement Policy, the Treasury Management Policy, Anti –Bribery Policies and the Criminal Facilitation of Tax Evasion Statement. It was noted that the Financial Regulations have been updated in line with current legislation and financial control protocol and that additional levels of control have been added.

**Resolved:** The Committee approved the Financial Regulations for 2022-24

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## 13. Capital Projects - verbal update

RES-22-06-13

As the update had been provided under Item 11 above, no additional update was provided under this item. However, the Committee noted that an update would be provided to the Governing Board at its meeting on 5 July 2022.

In response to a question from a Governor, it was confirmed that bids for external funding were prepared to address need and submitted when suitable funding opportunities arose, as the turn round time for bids was often very short. The College is made aware of potential funding opportunities from a number of sources and also scans procurement sites for potential opportunities.

It was noted that the Governor Development Programme that will be submitted for approval at the July meeting of the Governing Board includes college finance and funding opportunities to increase understanding in these areas.

The Committee commended the Executive for planning ahead in order to maximise opportunities for funding.

**The Committee noted the update.**

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## 14. Format of future meetings

RES-22-06-14

The Committee discussed if future meetings should be held face to face or online and it was agreed that online meetings were generally more convenient and had worked well in the current year.

It was agreed that the Clerk would seek the views of the Chair of the Committee who had left the meeting when this item was discussed, and subject to her views, would advise the Governing Board of the Committee's preference at its July meeting, when the Board calendar is agreed.

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## 15. Any other business

RES-22-06-15

The Committee discussed the contents of the Chair's report to the Governing Board and agreed that apart from the draft minutes of today's meeting, there were no items to draw to the Board's attention, as key items requiring Board approval would be subject to separate reports in any event.

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

RES-22-06-16

**The meeting ended at 6.31pm.**

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## 17. Actions:

**RES-22-06-04:**

Arrange a workshop to provide Governors with a better understanding of the impact of pensions on the College's budget.

**Action:** Finance Director

**RES-22-06-04:** Provide additional narrative in the accounts in relation to FRS102 to provide clarity.

**Action:** Finance Director

**RES-22-06-04:** Provide figures on how much the payroll costs linked to new appointments made are likely to change by the end of the year.

**Action:** Finance Director

**RES-22-06-05: Show energy costs** separately from premises costs to make it more visible.

**RES-22-06-05:** Add narrative in budget to explain that growth was because of the the Institute of Technology, which falls within the HE budget.

**Action:** Finance Director

**RES-22-06-05:** Include modelling and narrative of the predicted increase in loan interest rates in the budget report.

**Action:**

Finance Director



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