

Resources Committee

Tue 21 May 2024, 17:00 - 18:30

MS Teams



Attendees

Board members

Present: Ann Harrison (Independent Governor, Chair), Alison McKenzie-Folan (Independent Governor), John Clarke (Independent Governor), Paul Park (Independent Governor), Julie Barnes (Co-Opted 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-24-05-01

There were no apologies for absence.

2. Declarations of Interests

RES-24-05-02

There were no declarations of interests.

3. Minutes of the previous meeting and matters arising

RES-24-05-03

The Committee reviewed the minutes of the meeting held on 13 February 2024 and agreed that they are an accurate record of the meeting.

Updates in relation to actions for minute numbers GB-24-03-14 and RES-24-02-04 were provided and Governors were happy with the information provided.

An update in relation to the action for Minute number RES-24-02-04 was provided in the meeting.

Actions for Minute numbers RES-24-02-06 and RES-24-02-08 have been completed.

The action for Minute number RES-24-02-05 (signage) will be held over as this will form part of the building works for the Transformation Project.

In relation to the action for Minute number RES-24-02-10, it was confirmed that there have been no instances to date of delayed lesson starts arising from staff parking issues.

Resolved: The Committee approved the minutes of the meeting held on 13 February 2024 for signature by the Chair.

Platt, Joanne
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The Committee reviewed the Management Accounts to the end of March 2024, noting that the accounts show a year to date operating surplus (before FRS102 adjustments) of £1.062m against a budgeted surplus of £820k which is a positive variance of £243k.

Cash balances at the end of the period were £12.327m (125 days). This is higher than the originally budgeted £11.225m (102 days) and remains within the 30 day threshold adopted by the College and reported in the annual financial statements. It was noted that cash days provides a good measure of financial security as it factors in any increased costs.

ESFA key performance indicators showed the College's financial health will be a minimum grade of good and all bank covenants remain compliant with the terms of the facility agreement.

There has been a significant increase in spending across the various college sites with additional costs in Leigh for Leigh Adult Learning Centre 2nd floor and at Leigh Campus Sixth Form refectory. Spending has also increased at the Parsons Walk Campus as the transformation project begins to evolve, at Pagefield with the Motor Vehicle Workshop refurbishment and at the Skills Academy as the College prepares the premises for the 2024-25 academic year.

Governors 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 is therefore continuously monitored and managed to ensure long-term financial security.

The College has now completed the mid-year review and has updated budget forecasts for 2023-24 and it was noted that future reports and variance analysis will be completed using those revised targets.

Governors found the report really helpful in guiding them to the key issues for them to focus on. They sought assurance that all the building and refurbishment works were affordable and it was confirmed that this is being funded from additional income from in-year growth, a range of grants, and reserves accumulated over several years for future investment in the estate. Although this will result in a reduction in cash days over the year, everything was fully costed and Governors were assured. It was also noted that income would increase further next year as it was based on student numbers in the current year, which had seen significant growth.

Governors asked if grant funding is spent in-year or used to increase cash balances and it was confirmed that grants were used as they were received with very little being carried over.

Governors discussed AEB funding and in particular the devolved AEB funding allocations from the GM Combined Authority, noting the plans to move to a single settlement over the course of the next two years, which may impact the College, particularly in light of the recent decision for devolution in Lancashire. This may pose a risk and has been reflected in the 2024-25 Risk Register which will be considered by the Audit Committee and at Governing Board in July.

Governors also noted increased income from investments and thanked the Finance Director for an excellent report.

Resolved: The Committee approved the Management Accounts to the end of March 2024.

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5. Budget 2024-25 and Three-Year Financial Plan

RES-24-05-05

The Committee reviewed the College budget for 2024-25 and the financial plan up to July 2026, noting that the College expects to deliver an operating surplus before FRS102 adjustments of £788k in 2023-24 and an operating surplus of £855k in 2024-25, reducing to an expected £640k by the end of 2025-26.

This Budget includes capital investment of £3.294m for estate improvements in 2023-24 and £4m in 2024-25. Cash balance are forecast to remain strong with a year-end budget position of £11.489m at the end of 2023-24, £9.016m at the end of 2024-25 and £9.4m at the end of 2025-26.

This forecast reporting surplus will ensure that the College maintains a minimum ESFA financial health grade of 'good' and will be able to operate within the terms of its banking covenants.

The final outturn forecast for 2023-24 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 31 July 2024.

The Committee noted continued national pressures in respect of pay awards to staff due to the increases in the cost of living and that provision has been made in the budget to account for an uplift, although the value of this is not yet known. The Committee also noted that energy costs have reduced and are predicted to reduce still further, although this can't be guaranteed as it is impacted by global issues.

Governors discussed the potential impact of the devolution deal in Lancashire on the College's AEB income and the pay award and how this will impact on the College's ability to recruit and retain staff. They also discussed the predicted increase in income from apprenticeship new starts, noting that the College had been cautious in its modeling and is therefore confident of its projections.

Governors also discussed the staff costs as a percentage of income ratio, noting that the College performed well in relation to this measure. In response to a question from a Governor, it was agreed that clarification in relation to the exclusion of sub-contracted income in this measure would be provided to the Committee.

Governors thanked the Finance Director and his team for the detailed work that has gone into producing the budget and financial plan and agreed to recommend the budget and financial plan to the Governing Board for approval.

Resolved: The Committee agreed to recommend the Budget for 2024-25 and Three-Year Financial Plan to the Governing Board for approval

6. Sub-Contracting Strategy and Values

RES-24-05-06

The Committee considered a report on the proposed Sub-Contracting Strategy and Values for 2024-25, noting that the College has successfully achieved the external Sub-contracting Standard assurance, which is now valid until the end of the 2026-27 academic year. The College has also successfully completed the ESFA approval to deliver whole programme sub-contracting in 2024-25.

As in previous years, it is proposed that the College only sub-contracts with two key strategic partners, and has strategically reduced the level of sub-contracted provision over the past few years, reducing the value of sub-contracted provision by a further £120,000 compared with the previous academic year.

Governors discussed the rationale for sub-contracting, noting that any difficulties in recruitment rested with the sub-contractor and did not result in any obligation on the College to pay for under-recruitment against target.

Resolved: The Committee agreed to recommend the Sub-Contracting Strategy and Values for 2024-25 to the Governing Board for approval

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7. Sub-Contracting Report and Fees / Charging Policy

RES-24-05-07

The Committee considered a report on the sub-contracting fees and charging policy, noting that it was proposed to continue with its risk banding framework approach to setting fees and charges and that there are only minor presentational changes to the charging policy from the previous academic year.

Resolved: The Committee agreed to recommend the Sub-Contracting report and Fees / Charging Policy to the Governing Board for approval

8. Financial Regulations

RES-24-05-08

The Committee reviewed proposed changes to the College's Financial Regulations for 2023-25, which had been updated in line with current legislation and financial thresholds.

Following publication of the new College Financial Handbook, it was noted that approval of Financial Regulations is now required by the Governing Board, and that the College's Scheme of Delegation will be updated to reflect this in due course.

It was also noted that a more detailed review of the Financial Regulations is currently being undertaken by Eversheds, in relation to the regulations on procurement, and how these align with the College's procurement policy.

The Financial Handbook also requires that the College has a Reserves Policy which will be included within the Financial Regulations, and the College is waiting further guidance on this from the Association of Colleges.

A revised version of the Financial Regulations incorporating these changes will therefore be submitted to the Governing Board for approval at its meeting in October, which it was noted, was before the next meeting of the Committee.

Accordingly, the Committee agreed to recommend approval of the Financial Regulations for 2023-25 as they stand now to the Governing Board in July and that an updated version including any further revisions arising from the review being undertaken by Eversheds and the inclusion of the Reserves Policy be circulated to the Committee via email, when available, prior to submission to the Governing Board for approval at its meeting in October 2024.

Resolved: The Committee agreed to recommend approval of the revised Financial Regulations for 2023-25 to the Governing Board in July 2024.

Resolved: That a further revised version of the Financial Regulations be circulated to the Committee via email, when available, prior to submission to the Governing Board for approval in October 2024.

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The Committee considered a report on the ESFA Financial Dashboard, noting that following the review of the College's financial forecasting return (CFFR) submitted in July 2022, the ESFA had concluded that the College's financial health grade for 2022-23, based on the outturn forecast, was 'outstanding' and that after a review of the College's audited financial statements and finance record, has now confirmed this 'outstanding' grade for 2022-23

The Committee noted that the ESFA's analysis incorporates various key performance indicators, and measures these against both target benchmarks and benchmarks achieved in the sector. However, although the ESFA dashboard shows the College in a strong financial position it is not a guarantee of long term financial stability and the financial position is therefore continuously monitored and managed to ensure the College remains financially secure.

Governors discussed the profitability benchmark on the dashboard and were assured that the College's position in relation to this is strong.

The Committee noted the report.

10. Finance KPI Dashboard

The Committee reviewed the Finance KPI dashboard which includes a review of financial health and learner performance KPIs, an update on Sub-contracting and employer training costs and a review and confirmation of compliance with Managing Public Money (MPM) regulations.

All except two KPIs are on target. One of the 'amber' KPIs relates to the College EBITDA as a % of income (education specific) which is currently 0.58% behind target, based on the latest budgeted surplus of £1.044m. However the Committee noted that the predicted increase in surplus of c. £300k will impact positively on this, with a forecasted position at year end of 4.65% (0.12% ahead of target).

The other 'amber' KPI relates to the value of additional AEB funding, which relates to L3 programmes and is slightly below last year's outturn and the 2023-24 target for this measure. However, the Committee noted that the College expects this to be closer to target by year end.

Governors were satisfied with the KPIs reported and agreed that there was nothing of concern to draw to the attention of the Governing Board.

The Committee noted the report.

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The Committee reviewed the HR KPI Dashboard which is used to monitor key measures relating to Human Resources across the College.

Governors were pleased to note that the staff absence rate is currently 2.29% which is an improved position and ahead of the year end target of 2.7%.

Ongoing challenges in recruiting and retaining staff continue, particularly in specialist and skill shortage areas, including Engineering, Food and Drink Manufacturing, Mechanical and Construction trades.

The staff turnover rates currently stand at 11.2% for overall turnover and 16.35% for leavers within the first year. These remain below the national benchmarks of 25% for leavers in the first year of employment and 17.8% for overall turnover. The report highlighted activities within the College's Future Skills and Talent Strategy that has been developed to continue to address recruitment and retention challenges that are affecting the sector nationally.

There are only two KPIs that are rated as 'amber' and the Committee noted that the latest mean Gender Pay Gap is 6.89% (a reduction from the last reported figure of 7.15%), which although slightly below the target of 6.5%, remains significantly below the benchmark of 22.2% for the education sector.

The other 'amber' measure relates to the % of Apprentices employed by the College, which is largely due to timing, as former apprentices have left the College and new ones have not yet started.

The report detailed the activities that have taken place this academic year to support staff engagement and well-being including measures to support staff through the cost of living challenges that are being experienced nationally. It was noted that there has been good engagement with the Medicash and benefits platform from staff with 322 claims processed through the Medicash scheme and a cumulative staff benefits saving for this year of £100k. The College is also currently going through an assessment for the Health at Work - Workplace Wellbeing Charter which provides an accreditation for organisations in relation to wellbeing.

Green Week took place week April and was once again a huge success, and this year was coordinated alongside all nine of the Greater Manchester Colleges.

A Governor link visit with the HR team took place in April where the team had the opportunity to share the wide range of work that is undertaken by the team across the College and this was highly valued by the Governor who attended.

The Committee noted that attracting and retaining specialist skills across the College workforce remains a challenge, with competition from highly competitive industry sector salaries, alongside the challenge to close the gap between teaching staff salaries in schools and colleges.

Governors noted that the reasons given by employees who had left the College within the first year of their employment had been added to the report and discussed how these reasons were analysed by the HR team.

Governors also asked about the ethnicity and disability pay gap, which it was noted, isn't a requirement at the moment and which is difficult to report accurately as it requires self-declaration by staff. It was noted that the priority for the Equality and Diversity Group and the Equality and Diversity Champions is to work with staff to increase self-declaration, so that the College can move towards measuring the ethnicity and disability pay gaps with a degree of accuracy.

Governors were satisfied with the KPIs reported and agreed that there was nothing of concern to draw to the attention of the Governing Board. They thanked the Vice Principal Corporate Services for her comprehensive report and wished the HR Team well with its bid for the Sunday Times Best Places to Work submission.

The Committee noted the report.

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The Committee considered the Estates and Sustainability Report and KPI dashboard, noting that work has now commenced on site with Willmott Dixon as part of the Transformation Project. Car parking pressures have been managed relatively well with the additional temporary parking in place at the Cricket Club, Mona Street and the dedicated student parking on Water Street car park in the town centre.

The lease to the new premises on Prescott Street has been signed and work has commenced on site with the extensive refurbishment work required to bring the premises up to a suitable standard for occupation by students from the start of the 2024-25 academic year. It was noted that the site at Prescott Street will also help ease parking pressures as the College will lose further parking spaces at Parsons Walk at some stage in the Autumn Term as the building works there progress.

A large scale programme of capital works is underway with work due to be completed by the end of the summer. This includes a refurbishment of the Motor Vehicle Workshop at Pagefield, to enable resources funded through the Local Skills Improvement Fund for Green Technologies to be in place for the start of the academic year, extended facilities for Animal Management at Leigh campus, and Refectory and Common Room upgrades along with some refurbishment of the Learning Resource Centre at Leigh campus.

The Committee noted that scheduled property risk inspections were undertaken at both Pagefield and Parsons Walk campuses in March and that the outcome of the inspections was positive, with some minor recommendations made in relation to good practice which have already been implemented.

Internal inspections and unannounced mock inspections with the external consultant continue to be undertaken throughout the College's refectories and commercial kitchen facilities and it was noted that this initiative has proven to be very successful in maintaining a high standard of hygiene and best practice. The monitoring of these facilities remains a standing item on each site's health and safety termly meeting.

The College held its annual 'Green Week' event in April working in collaboration with Greater Manchester Colleges and it was noted that data is currently being collated across all the colleges taking part, to promote the combined carbon reduction savings generated by the initiative.

Areas of concern highlighted to the Committee included disruption to students and staff during the rebuild of the Parsons Walk campus, with associated reduction in car parking and access to site during the building works, and the tight timescales for the completion of other large scale refurbishment projects taking place across the College's estate. The Committee's attention was also drawn to an initiative to improve the reporting of 'near-miss' accidents, which was the only KPI showing as 'amber on the KPI dashboard.

Governors discussed the arrangements for incident management and also the data behind the KPIs and it was confirmed that this is made available to the Health and Safety Committee, where it is analysed in detail. It was noted that a Link Visit of the Estates and Health and Safety Teams was to be arranged for a Governor and it was agreed that as part of this visit, the Governor would be provided with a more detailed analysis of the health and safety data, so that he can report back to the Committee and the Governing Board in the next academic year.

It was also noted that the accident data and near miss data in the KPI dashboard may have been transposed and it was agreed that this will be reviewed by the Vice Principal Corporate Services, before the dashboard is presented to the Governing Board.

Governors asked what was being done to minimise disruption to students during the refurbishment and other building works and it was confirmed that the works are discussed with curriculum leads and carefully planned around the curriculum and assessments to ensure minimum disruption.

Governors were satisfied with the KPIs reported and agreed that there was nothing of concern to draw to the attention of the Governing Board.

The Committee noted the report.

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The Committee considered the Equality and Diversity Annual Report for 2022-23, which had already been scrutinised by the Curriculum and Student Matters Committee and approved by the Governing Board. It was presented to the Committee at the Committee's request in relation to the staff equality data only (which is within the remit of the Committee) and it was noted that relevant staff equality data had now been added to the HR HPI dashboard for future reference.

The Committee noted the report.

14. Capital Projects - verbal update

RES-24-05-14

This items had already been discussed under Item 12 above. It was agreed that this update will be removed from the Committee's future agendas as it is now always included in the Estates and Sustainability Report.

Resolved: The Committee agreed that the Capital Projects update will in future always be provided within the Estates and Sustainability Report rather than as an item in its own right.

15. Items for inclusion in Committee Chair's Report to the Governing Board including KPIs to draw to the attention of the Board as necessary

RES-24-05-15

The Committee agreed the items to be included in the Committee Chair's report to the Governing Board. There are no KPIs to draw to the attention of the Board.

16. Any other business

RES-24-05-16

There were no items of other business.

The Chair noted that this was her last meeting of the Resources Committee as her term of office as a Governor comes to an end before the next meeting in November.

The meeting ended at 6.38pm.

17. Date and time of next meeting: TBC

RES-24-05-17

Actions:

RES-24-05-05: Provide clarification in relation to the exclusion of sub-contracted income in the staff costs as a proportion of income KPI.

Action by: Finance Director

RES-24-05-12: Review the accident and near miss data in the Estates and Sustainability KPI dashboard before the dashboard is presented to the Governing Board.

Action by: VP Corporate Services

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