

Resources Committee

Tue 07 November 2023, 16:30 - 18:30

MS Teams



Attendees

Present: Ann Harrison (Independent Governor, Chair), Anna Dawe (Principal), Julie Barnes (Co-Opted Governor)

In attendance: Joanne Platt (Director of Governance), Steve Scott (Finance Director), Louise Brown (VP Corporate Services), Dave Harrison (VP Data and Funding), Susan Snape (Independent Governor attending as an observer), Andrea Ferguson (Independent Governor, attending as an observer for Item 6)

The Director of Governance confirmed that the meeting was quorate.

Meeting minutes

1. Apologies for absence

RES-23-11-01

There were no apologies for absence, although it was noted that two members of the Committee had not attended without explanation and it was agreed that the Director of Governance would follow up on this, in accordance with the actions agreed to improve attendance set out in the Governance QIP.

2. Declarations of Interests

RES-23-11-02

There were no declarations of interests.

3. Minutes of the previous meeting and matters arising

RES-23-11-03

The Committee reviewed the minutes of the meeting held on 23 May 2023 and agreed that they are an accurate record of the meeting. There were no actions outstanding nor matters arising.

Resolved: The Committee approved the minutes of the meeting held on 23 May 2023 for signature by the Chair.



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The Committee reviewed the draft Financial Statements for the year ending 31 July 2023, noting that this was before them for information only, as review of the Annual Report and Financial Statements falls within the remit of the Audit Committee in accordance with the Scheme of Delegation.

The Committee noted that the draft report of the external auditors, Wylie & Bisset, shows that the audit opinions, for both financial statements and regularity, are expected to be unqualified. The report of the auditors also includes drafts of the letters of representation for external audit and regularity, which the Board is required to approve and which must be signed by the Chair and the Accounting Officer, alongside the financial statements.

The financial statements show a surplus of £1.148 and a total comprehensive income of £1.345M after pension adjustments. The overall balance sheet position at the year-end shows net assets of £43.598M following this £1.345M gain. There was an increase in fixed asset carrying values of £2.459M to £58.286M with in year additions of £4.116M in the year, which were offset by a depreciation charge of £1.657M.

The pension scheme obligation has not changed. The year-end actuarial valuation showed a pension asset of £20.068M, however this has been restricted to £nil as the College is of the opinion that no asset legally exists and therefore no pension asset has been recognised in the balance sheet as at 31 July 2023.

The overall cash position has improved by £2M due to improved cash flows from operating activities less depreciation and working capital movements.

The Committee noted that the Financial Statements require approval by the Governing Board at the meeting on 5 December 2023 prior to submission to the ESFA by 31 December 2023. They will then be published on the College website by 31 January 2024.

In response to a question from a Governor, it was confirmed that the Finance Record was not yet available, but will go to the Governing Board at its meeting on 5 December.

Governors asked why the finance KPIs aren't referred to in the report narrative and it was agreed that these will be added in this and future reports. Governors also asked about capital commitments and it was agreed that this would be checked with the Financial Statements Auditors, as the figures had been provided to them.

The 1(.51% percentage shown as income from AEB was queried and it was agreed that the figure would be checked.

Governors asked why the College didn't report invoice payment performance, which is measured but is not included in the report and it was agreed that this will be included in future years. The Committee was pleased to note the 3% increase from the previous year in the use of local suppliers.

Governors asked about including comparison data on sustainability, and it was noted that this isn't currently available as this is the first year sustainability data has been included. It will however be included in future year's reports.

The Committee also discussed the financial objectives and in particular the 40% borrowing restriction, noting that as the College income increases, that this figure may need to be re-visited.

The Committee noted the report and agreed to feedback the issues raised by the Committee to the Audit Committee, when it considers the report at its meeting on 8 November 2023.



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The Committee reviewed the Management Accounts to the end of September 2023. These are the first set of management accounts for the year 2023-24 and incorporate consolidated August and September figures, in line with the usual practice within the FE sector. Whilst this slightly distorts the monthly figures, reliance can be placed on the year to date numbers within the College's Income and Expenditure line.

The accounts show actual spend and variances compared to the budget outturn position. In accordance with usual practice, the management accounts have been made available to all Governors on the Board Portal.

The accounts show a year to date operating surplus (before FRS102 adjustments) of £659k against a re-budget £453k, which is a positive variance of £206k.

Cash balances at the end of the period were £12.397M (129 days). This is higher than the originally budgeted £11.282M (103 days) and remains within the 30 day threshold adopted by the College and reported in the annual financial statements.

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

The Committee noted that whilst the management accounts show the College in a strong financial position, this is not a guarantee of long term financial stability and the financial position is therefore closely monitored and managed to ensure the College remains financially secure. In addition, on-going volatility in relation to energy prices and general cost of living inflationary costs are reviewed on a monthly basis to ensure the College keeps within the budget parameters in 2023-24.

In response to a question from a Governor, it was confirmed that cash balances will be brought down by the time of the next management accounts, as the impact of the staff pay award will be evident.

Governors asked if the College does a full year forecast as well as reporting year to date and it was confirmed that this is done on a monthly basis for the Executive Team and a full budget re-forecast is reported to the Committee and to the Board in the spring term. It was agreed that this information would be helpful for Governors and it was agreed that this forecast would be added to future management accounts.

Dave Harrison joined the meeting at 5.00pm.

The Committee discussed some 'amber' KPIs, noting that these had already improved, as noted in the Finance KPI dashboard reported under Item 10 below.

The Committee discussed sub-contractor employer costs, noting that some providers do specialist training for apprenticeships where the standards require this.

Resolved: The Committee approved the Management Accounts to the end of September 2023.



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The Committee considered a report on budget and capital expenditure sensitivity analysis and modelling, following the approval of the budget re-forecast by the Governing Board in October.

The budget reforecast included an in-year £1.561M increase in funding from the ESFA and, as a result of strong growth in enrolments, the re-forecast also included increases in costs to staffing, estates and IT budgets, to ensure the College is positioned to meet the requirements for the current cohort of learners for this academic year.

Space and resource planning for 2024 in the context of further predicted growth is underway, which will require additional revenue and capital expenditure during the year, which is likely to be matched by increases in income to that planned within the 23-24 budget.

As a result of discussions at Board in October, a further sensitivity analysis has been completed in relation to the 23-24 budget and the planned capital investment programme and further sensitivity modelling has taken place in respect of income and expenditure lines to include an in year growth bid and other income lines performing above current forecasts and additional increases in staffing as the College recruits for workforce needs for the next academic year.

The Committee discussed the effects of the modelling, noting that the modelling shows that the College can afford to do what it has planned. The College expects to lie somewhere between the figures shown in Models 1 and 2 and it was noted that there are no concerns at this time. It was also noted that additional capital investment will be needed as the year progresses, and the modelling takes this and the rules and guidance controlling use and extent of spend from capital reserves into account.

The Committee agreed that the paper was helpful and was pleased to hear that an in-year growth bid would be made in light of 2023-24 enrolments. The outcome of this will be known by the time of the budget re-forecast in January and February 2024.

The Committee discussed the plans and mechanisms for providing additional accommodation, noting that leasing rather than a more permanent arrangement is a better option, as based on demographics, growth is expected to decline in 5-6 years time.

The Committee noted the report.

7. View Your Education Data - Governors' Finance Data

The Committee considered the latest Education Data contained in the Education and Skills Funding Agency (ESFA) dashboard, which allows colleges to compare their financial performance and forecasts across financial returns, and which provides four years of historical information and two years of forecast information.

The Finance Record (FR) is submitted with the financial statements at the end of December each year and reflects the College's audited position at year end (31 July). The College Financial Forecasting Return (CFFRFP) is submitted at the end of July each year and shows the outturn year and usually two forecast years.

The Committee noted that the dashboard is updated twice a year following an assessment of the FR and CFFRFP returns by the ESFA. It is primarily aimed at Governors, to help in their role of overseeing the Corporation's financial performance and ensuring financial sustainability and solvency, including cash position and future indications of solvency, accuracy of forecasting, reliance on ESFA funding and particular funding streams, and the position of the College on the three ratios (Adjusted Current Ratio, EBITDA and Borrowing) that the ESFA uses to determine the College's financial health grade.

The Committee noted that the dashboard is now available on line, if Governors wish to access this data electronically themselves, although a specific IDAMs login is required to enable this.

The latest letter from the ESFA shows the College's financial performance to be graded as Outstanding for 2022-23 (based on the latest outturn forecast to year end), and Good for the 2023-24 current budget year.



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8. Committee Effectiveness and Impact Review and Annual Report 2022-23

RES-23-11-08

The Committee considered its effectiveness and impact during 2022-23 and its annual report, noting that this isn't a mandatory requirement but is considered to be good governance practice. Once approved, the Annual report will be appended to the Committee Chair's report to the Governing Board to provide an additional level of assurance that the Committee is discharging its responsibilities in line with its terms of reference.

The Committee agreed that it had been effective and had made a positive impact on college governance, as set out in the report. It noted however that it had not considered any specific reports in relation to IT or Marketing in the preceding year, although significant investment in IT had been made by the College in 2022-23, and that this had been discussed by the Committee under the regular capital projects update. It was agreed therefore that this would be added to the Committee's annual report before it was submitted to the Governing Board. It was also noted that reports on Data Assurance and cyber security fell within the remit of the Audit Committee and that reports on Freedom of Information and GDPR were taken directly to the Governing Board.

Resolved: Subject to the addition of some narrative in relation to capital investments in IT, the Committee approved its Annual Report for 2022-23

9. Health and Safety Policy

RES-23-11-03

The Committee considered the Health and Safety Policy for 2023-24, which has been reviewed by the Head of Estates, with assistance from CNS, the College's Health & Safety Consultants. It was noted that there have been no legislative changes requiring significant amendment to the Health and Safety Policy this year.

Resolved: The Committee agreed to recommend the Health and Safety Policy for 2023-24 to the Governing Board for approval.



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The Committee reviewed the Finance KPI dashboard to the end of September 2023, which showed performance against forecast activity.

The dashboard includes the usual review of financial health and learner performance KPIs but in addition to these, two new criteria have been added - an update on Subcontracting and Employer Training Costs and a review and confirmation of compliance with Managing Public Money (MPM) regulations.

The Committee noted that there is additional expense involved in meeting the demands of growth and as yet no assumption can be made in relation to the submission of an in-year growth bid.

There are some concerns due to the lack of formal confirmation in relation to the College's match funding for the Transformation Project, and the return to pre-COVID GCSE grade boundaries has impacted on GCSE results which has had an impact on T-level enrolments. The Committee noted that this had been recognised when setting the original budgets and provision had been made. Accordingly, it is likely to have only a small net impact.

The Committee noted that at the current time, the College is expecting to meet all its Finance KPIs by year-end.

The Committee noted the report.



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The Committee reviewed the HR KPI Dashboard up to and inclusive of data for September 2023, noting that the staff absence rate is currently 2.8% which is just above the updated target of 2.7% but has reduced from 3.43% from the last reporting period. This is usual at this time of year and it was noted that the College is performing well in comparison to others.

Ongoing challenges in recruiting and retaining staff continue, particularly in specialist and skill shortage areas. Turnover and attrition rates were discussed and it was noted that both these measures have reduced during the last reporting period and again compare favorably to others. It was noted that the employee engagement and wellbeing strategies, including the staff benefits scheme are having a positive impact on recruitment and retention and that actions being taken in relation to the Future Skills and Talent Strategy, continue to address recruitment and retention challenges.

The Committee also noted the strategies in place and planned across the College to support staff with cost of living challenges. The recent pay award has been very well received by staff and feedback on the introduction of the Mediacash cashback healthcare scheme is extremely positive, whilst the benefits platform continues to be well used by staff.

Wellbeing remains central to plans and activities, with a number of initiatives and clubs planned for this year as well as a further staff wellbeing event, following the success of the wellbeing afternoon in the summer.

The Committee congratulated the Vice Principal Corporate Services for the College being a finalist in the national Personnel Today Awards in the Health and Wellbeing employer category and it was noted that the award ceremony is due to take place in November.

Attracting and retaining the skills across the College workforce remains a challenge particularly in specialist areas such as food and drink manufacturing, engineering and professional business areas and national challenges remain in relation to attrition rates and the highly competitive private sector salaries that are impacting on attracting and retaining quality candidates, with the current national position being more vacancies than staff available for work.

Governors discussed equality measures, noting that staff equality data is currently reported to the Curriculum and Student Matters Committee, alongside student equality data. It was agreed that it would be useful for staff equality data to be reported to the Resources Committee and that this will be added to the Committee's Cycle of Business.

The Committee noted the report.

Andrea Ferguson left the meeting at 5.48pm.



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12. Estates and Sustainability Report and KPI Dashboard and Health and Safety Annual Report 2022-23

RES-23-11-12

The Committee considered the Estates and Sustainability report and KPI dashboard, noting that the planning application has now been submitted for the demolition of the School for the Arts (SFA) and the rebuild of Parsons Walk campus. The SFA has now been vacated and handed over to the principal contractor (Willmott Dixon) who has now secured the perimeter of the building with fencing and located its site cabins.

The Committee noted that the safety of students and staff during this period is paramount and will be the highest priority and that written indemnities and warranties have been sought and will be in place before strip out works commence.

The College was subject to a Health & Safety internal audit in October 2023, the outcome of which will be reported to the Audit Committee at its meeting in February 2024. The review considered the arrangements in place for managing Health and Safety including policy, training, communication, reporting, compliance and recording. The outcome of the audit was positive with an overall rating of Substantial Assurance.

The Committee noted that large solar Photovoltaic (PV) arrays have been fitted to the roof space at Pagefield, LALC and Leigh College to reduce on-grid demand and energy costs. This high tech PV system has an online dashboard with the ability to provide hour-by-hour reporting on energy generated / consumed. It is anticipated that these new additions will considerably reduce the College's carbon emissions.

The College continues to review contracts in place and the joint procurement opportunities with Wigan Council as part of the Borough's Community Wealth Building approach, which brings both efficiencies and cost reductions to existing contracts.

The report included the Health and Safety Annual Report, and Governors noted that there had been 164 accidents, incidents or near misses reported in 2022-23, only 31 of which were as a direct result of college activities.

Of the 31 reported accidents, the majority were slips, trip and falls (10) and contact with machinery (10). The remainder of the reported accidents were low numbers in relation to cuts / laceration, lifting, struck by object and other similar incidents.

The Committee noted that all accidents, incidents and near misses are reviewed to identify campus specific trends and implement improvement actions. Slip, trips and falls, and the use of machinery have been a focus this academic year, with an emphasis on training and better identification / reporting of near misses. To aide this, Risk Assessment training has been delivered again to key staff, including curriculum technicians, where the accident information has been specifically used to identify hazards and better controls.

Over the year, there were 60 first aid callouts for non-college related activities, illness or underlying health issues. Recognising the underlying health issues and understanding what first aid action may be needed is covered within a personal risk assessment. This is a growth area, and as such, additional training will be delivered to staff to improve confidence in compiling a comprehensive risk assessment utilising medical advice.

37 near misses were reported over the year, which is an encouraging upward trend from previous years and helps to identify potential hazards. No RIDDOR notifications have been recorded over the 2022-23 academic year.

The Committee was advised about a recent visit by Environmental Health to inspect the Refectory Kitchen at Leigh College.

Resolved: The Committee noted the report and agreed to recommend the Health and Safety Annual Report for 2022-23 to the Governing Board for approval.



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13. Capital Projects - verbal update

RES-23-11-13

The Committee noted that updates in relation to capital projects had been given in previous items. It discussed the lack of a formal letter and / or memorandum of understanding in relation to the Transformation Project and in particular the College's financial contribution to the project, which, whilst agreed verbally and in emails, and despite the College pressing hard for this, has not yet been formalised. It was noted that this will be discussed in the Annual Strategic Conversation meeting taking place in the next two-weeks.

The Committee noted the update.

14. Items for inclusion in the Committee Chair's Report to the Governing Board

RES-23-11-14

The Committee agreed the items to be included in the Committee Chair's Report to the Governing Board.

15. Any other business

RES-23-11-15

There were no items of other business.

16. Date and time of next meeting: 13 February 2024 at 5pm

RES-23-11-16

The meeting ended at 6.15pm.

17. Actions:

RES-23-11-01: Follow up on non-attendance by those members of the Committee who had not attended without explanation.

Action by: Director of Governance

RES-23-11-05: Add full year forecast to future management accounts

Action by: Finance Director

RES-23-11-11: Add Staff Equality Data to Resources Committee Cycle of Business (February meetings)

Action by: Director of Governance



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