

OLDHAM COLLEGE

RESOURCES COMMITTEE

Minutes of the meeting held on Tuesday 18 December 2018

Present:	Members:	Riaz Ahmad	Governor (Chair)
		Graham Bradbury	Staff Governor
		Jonathan Edwards	Governor
		Alun Francis	Governor (Principal)
		Richard Guy	Governor
	Officers:	Janet Frost	Clerk to the Corporation
		Rebecca Johnson	Asst. Director of Finance
		Allan Tyrer	Finance Director
		Debra Woodruff	Deputy Principal
	Apologies:	Laura Smart	Governor

21/18 **Apologies for Absence**

An apology for absence had been received and accepted from Laura Smart.

22/18 **Declaration of Conflicts of Interest**

All members and officers present declared that they had no interests, personal, fiduciary, or otherwise in any item on the agenda.

23/18 **Minutes of the Previous Meeting held 2 October 2018.**

The minutes of the previous meeting held 2 October 2018 had been circulated to members prior to the meeting for their consideration.

It was **RESOLVED** that the minutes of the meeting be approved and signed by the Chair as a correct record of the meeting.

24/18 **Matters arising from the minutes of the previous meeting**

There were no matters arising.

25/18 **Rolling Action List Update**

1. 2 October 2018 Min 10/18 – Management Accounts to the Year Ended 31st July 2018

Present the management accounts to Full Corporation at its 23 October 2018 meeting.

It was **RESOLVED** that this action was complete.

2. 2 October 2018 Min 11/18 – ESFA Two Year Financial Plan Ending 31st July 2020

Present to the Full Corporation meeting at its 23 October 2018 meeting.

It was **RESOLVED** that this action was complete.

26/18 **Principal's Update (Item 7)**

It was reported that the Principal's Report would be presented to the Full Corporation meeting that followed the Resources Committee.

27/18 **Financial Statements for 2017/18 (Item 8)**

A report detailing the draft management accounts for 2017/2018 had been prepared by the Finance Director and previously circulated to members for consideration. He advised that the draft accounts had been considered by members at the previous meeting and noted that there were no further changes to report.

It was reported that the statements reported a bad debt provision of £37k and governors approved the figure.

It was **RESOLVED** that:-

- (i) members approved the Financial Statements for the year ended 31 July 2018, and
- (ii) approved the bad debt provision of £37k.

28/18 Management Accounts for October 2018 (Item 9)

A copy of the management accounts up to October 2018 had been circulated to members prior to the meeting. The Finance Director drew members attention to the following key points:-

- The EBITDA (earnings before interest, tax and depreciation) for the three months is £548k (budget £498k), a better start than was anticipated.
- All income streams are being closely monitored to ensure income targets are achieved. Members questioned the implications of lagged funding and the potential of lower funding for 16-18 year olds if numbers are not achieved and the Finance Director advised how the position will be managed so that financial targets continue to be achieved
- Apprenticeship numbers are positive and the budget target is achievable
- HE recruitment has been close to target and enrolled numbers are ahead of last year and should they be retained generate 3.952m (budget £3.996m). It was reported that the forecast has been adjusted accordingly.
- Tuition fees are on track to achieve budget.
- Salaries cost for the year to date are below budget by £75k, but are forecast to be slightly above budget by year end. The additional cost relates to a cost originally budgeted in non-pay costs being added to payroll
- Non pay costs are forecast to be just below budget
- Reported that the additional funding for maths will show in the accounts in April (approximately £600k)

It was **RESOLVED** that members received the management accounts as at October 2018 and noted the position.

29/18 Treasury Position and Cash Flow (Item 10)

A report detailing the cash and treasury position of the College had been prepared by the Assistant Director of Finance and previously circulated to members for consideration and information.

The Assistant Director of Finance presented the report, advising members of the cash position as at 31 October 2018 for each loan and overdraft / cash balance. A discussion took place and the following points were highlighted:

- Funding for maths will show on the accounts in April, slightly later than forecast
- The college continues to monitor the cash balance daily
- The greatest use of the overdraft facility will be in April 2019 when there will be £2,172k headroom (2017/18 £1,350 headroom)
- The current budget and forecast balance sheet for the year are in line with the ESFA forecast model
- The College is not in breach of any of the revised loan covenants
- The Finance Director referred to Item 16 – College Staff Annual Pay Review, advising that depending on the recommendation at the current meeting, this would affect the budget. It was agreed to take Item 16 as the next report.

Members discussed the Treasury report and noted that the funding from the local authority had been received later than budgeted for each month. The Chair asked that should this impact on the Colleges financial position the Principal advise the Chair immediately.

In addition, the Chair asked that the December management accounts be circulated to members once complete.

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It was **RESOLVED** that:-

- (i) members noted the report as presented and endorsed the current position,
- (ii) the December 2018 management accounts be circulated to members once finalised.

30/18

College Staff Annual Pay Review (Item 16)

The Finance Director had previously circulated a report that provided members with an update on the College's options and proposed actions relating to the 2018/19 pay review. He advised that the proposal was a general pay rise of 1.5% payable in January 2019, with a minimum pay rise of £300, designed to provide extra support to the lower paid staff. It was reported that this would cost approximately £145,000 in year. The full year cost would equate to £250,000.

Members considered the factors in the report, in summary:-

- The continued need by the College to achieve its financial outcome and continue to improve its financial health
- the employer contribution to the Teacher's pension scheme will rise in September 2019, from 16.48% to potentially 23% and contingency plans should be put in place should the additional funding not be secured from the Government
- Members agreed that the College needs to be competitive in the salary market with other local colleges and employers
- staff morale should be considered, along with the fact that the College should be moving to a position of paying an annual salary increase whilst also meeting the FEC benchmarks

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The Finance Director added that members should also consider additional measures alongside the above points raised i.e. vacancy management, benchmarking of non-pay costs against sector norms (planned for January), a further review of curriculum efficiencies including class sizes and courses with low numbers, and a full review of pay and reward.

He continued and advised that in terms of mitigations to longer-term pressures, the improved use of technology, combined with a review of marketing and recruitment in order to improve enrolments for 2019-10, are priorities.

A detailed discussion followed and the following points were raised / considered:-

- a pay rise would show staff that the college is confident with its financial health
- whilst a pay rise of 1% was paid in 2017/18, none had been paid for a number of years prior to this
- it shows Oldham College is a competitive employer
- the college must ensure it continues to pay the living wage and it was agreed that the Assistant Director of Finance would carry out a review of the lower paid staff to ensure this is achieved

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- there is a need to review the pay structure so that is more equitable (as per the People Strategy)

Members discussed the proposal and whilst they agreed that a general pay rise of 1.5% payable in January was supported, a minimum pay rise of £375 should be paid to the lower paid staff (£25k and below) to ensure all staff are paid as a minimum the 1.5% increase.

It was **RESOLVED** that members recommended to the Full Corporation that a 1.5% pay-rise is given for all staff from the 1st January 2019, and that all staff receive a minimum pay rise of £375 per annum for those staff paid £25k or below.

31/18

Estates Masterplan (Item 11)

The Finance Director updated members on the estate masterplan and construction skills centre and presented a number of slides that pictorially showed the proposal and the process that had been undertaken. In discussion it was reported:-

- The proposals developed during the master planning process were designed to reflect the College's current needs and requirements to grow
- The analysis and briefing process with the College had identified the educational and broader objectives
- Reported that the the oldest buildings on the campus were built between the 1970s and 1990s and the condition ranges between category B to category D
- Engagement meetings with the College Senior Leadership and curriculum leaders during the summer of 2018 identified a need for space to deliver an expanding curriculum
- The development options were reported noting that the preferred option is a new build that is a fit for purpose building located on site with a design life of 60 years. Plans showing the proposed new build were circulated
- It was reported that the College is in ongoing discussion with the Council to secure planning permission for the new build

A number of points were raised by members and the following comments received:-

- the proposed new build and all moves identified within the masterplan have been considered as part of the strategic plan, each professional discipline and dedicated space requirements linking into each curriculum area.
- within the Strategic Plan the Level 3 generic and specialism areas requires more work to ensure there is specialism within them, including T levels, and therefore consideration should be given to this as part of the planning
- engagement with local businesses continues to grow and new employers are continually encouraged to join the employer advisory boards
- the capital bid totals £7m with decanting costs identified as matched funding.

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The Chair thanked the Finance Director for his report.

32/18

Fees Policy 2019/20 including Fees (Item 12)

A copy of the revised Fees Policy for 2019/20 had previously been circulated to members for consideration prior to the meeting. The Finance Director reported that the main changes related to the ESFA funding rules regarding the remission of fees and these were noted by members.

It was **RESOLVED** that members approved the Fees Policy 2019/20 as presented.

33/18

Risk Management Register (Item 13)

A copy of the Risk register had previously been circulated to members for consideration. The Finance Director reported that the key operational risks had been updated since the previous meeting and the mitigated risk scores adjusted to reflect the current position. It was noted that at the next Audit Committee each service area risk report would be considered as part of a detailed review of risk management.

It was **RESOLVED** that members noted the Risk Management Register as presented.

34/18 **Financial Regulations (Item 14)**

A copy of the revised Financial Regulations had previously been circulated to members for their consideration. It was reported that only change related to change of name of the College funding agency to Education and Skills Funding Agency.

It was **RESOLVED** that the Financial Regulations as presented were recommended for approval to the Full Corporation at its December 2018 meeting.

35/18 **Updating the HR and Payroll System (Item 15)**

A report had previously been circulated that provided members with the reasons for and costs associated with the purchase of a new combined HR/Payroll system and requested member's agreement to progress to a tendering exercise to identify a new system. Members considered the report and supported the approach as detailed in the report.

It was **RESOLVED** that members agreed the approach and agreed that a formal tendering exercise to identify a new HR system takes place.

36/18 **Contracts over £30k (Item 17)**

None to report

37/18 **Workplan 2018/19 and Commentary on Changes (Item 18)**

A copy of the Workplan for 2018/19/18 including changes to the reporting sequence for the current meeting was presented to members for consideration. Members noted the changes to the workplan.

It was **RESOLVED** that members noted the report.

38/18 **Any Other Business**

None reported

39/18 **Dates of future meetings for 2018/19**

5 March 2019

4 June 2019

Meeting finished at 4.30pm

Rolling Action List – Resources Committee 18 December 2018

Meeting Date(s) & Item No.	Rolling Action List	Actioner	Reported as Completed at meeting of
02 10 18 Min 10/18	<u>Management Accounts to the Year Ended 31st July 2018</u> Present to the Full Corporation at its 23 October 2018 meeting	Finance Director	Full Corp 23/10/18 Min 11/18 (i)
02 10 18 Min 11/18	<u>ESFA Two Year Financial Plan Ending 31st July 2020</u> Present to the Full Corporation at its 23 October 2018 meeting	Finance Director	Full Corp 23/10/18 Min 11/18 (ii)
18 12 18 Min 29/18	<u>Treasury Position and Cash Flow</u> Circulate the December management accounts once finalised	Finance Director	
18 12 18 Min 34/18	<u>Financial Regulations</u> Present to the Full Corporation at its December meeting for approval	Finance Director	

