

OLDHAM COLLEGE

RESOURCES COMMITTEE

Minutes of the meeting held on Tuesday 3 December 2019

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

21/19

Presentation

The Finance Director provided members with a presentation that detailed the different funding streams the college is in receipt of and the intricacies of drawing down the funding.

The presentation centred on:-

- 16 – 18 classroom
- Adult classroom
- Apprenticeships
- High Needs Students
- HE Income

The Finance Director explained how each funding stream is calculated, on what basis the college receives the funding i.e. lagged funding or in year funding, source of funding (ESFA, GMCA etc) and the timing of payments to the college e.g. monthly, quarterly, in arrears.

Members considered the information presented and the following points of clarity were reported:-

16 – 18 Classroom

- The annual grant is based on lagged funding and the 42-day retention number of students determines the amount. Noted that the 42 day number would be available 5th December
- There will be a rise in the per student amount from £4k to £4188 next year (first rise in four years)
- The estimate for 16-18 in 2020 is £10.8m (compared to £10.1 2019)
- Additional funding to support students is available for English and maths and a contribution is made for extra support for disadvantaged factors

Adult Classroom

- Now funded through GMCA. The contract is £3.1m and includes bursary support for adult programmes
- The funding is paid monthly with reconciliation at year-end.

Apprenticeships

- Reported that the contract arrangements are challenging due to the complexities of funding

- The income for 2019/20 is estimated to be slightly higher than 2018/19 although income for the year is not known until two months after year-end. Agreed that a presentation be delivered at the next Resources Committee to explain further the complexities of apprenticeship funding.

High Needs Students

- Reported this fund supports learners with identified special educational needs.
- Additional funds may be available for certain students depending upon need; element 2 funding additional £6k per student, element 3 funding can be up to £20k per student.

HE Funding

- Fees for HE are £7500 full time and £3750 part time. The income is paid to the College across three terms 25:25:50
- The estimated income for 2019/20 is £4.2m

The Chair thanked the Finance Director for an informative presentation.

22/19 Apologies for Absence

An apology for absence had been received and accepted from Riaz Ahmad.

23/19 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.

24/19 Minutes of the Previous Meeting held 15 October 2019.

The minutes of the previous meeting held 15 October 2019 had been circulated to members prior to the meeting for their consideration.

There was one correction to the minutes, min 10/19 should read *'It was reported that the College's financial health status (based on ESFA benchmarks) would be Requires Improvement*). It was **RESOLVED** that the remaining minutes of the meeting be approved and signed by the Chair as a correct record of the meeting.

25/19 Matters arising from the minutes of the previous meeting

There were no matters arising.

26/19 Rolling Action List Update

1. 15 October 2019 Min 3/19 – Remit of the Committee

- (i) Training be provided to members at the start of committee meetings on a subject relevant to the committee business,
- (ii) An invitation to officers to present their reports will be made for future meetings,
- (iii) New members for the committee with the appropriate skills will continue to be sought, and
- (iv) The Terms of Reference will be updated to reflect the comments made by members.

It was **RESOLVED** that each action had been completed

2. 15 October 2019 Min 8/19 – Equality and Diversity Annual Report 2018/19

The HR Action Plan be presented to a future meeting

It was **RESOLVED** that this action was not complete.

3. 15 October 2019 Min 13/19 - Treasury Report and Cash Flow

The Finance Director to arrange a meeting with Santander to discuss future interest rates.

It was reported that the Finance Director and Santander were in discussion. FD to report outcome of discussion to a future meeting.

It was **RESOLVED** that this action was not complete.

4. 15 October 2019 Min 17/19 - Contracts Over £30k

(i) a copy of the insurance document be circulated to members

(iii) the Finance Director carry out a review to ensure that lower priced contracts are not being signed off for the same contractor

It was Resolved that action (i) and (ii) were complete.

The Chair proposed a change to the sequence of reporting with the following items brought forward on the agenda: Item 19 HR Policies, Item 13 – Marketing, Communications and Public Relations Report and Item 12 Capital Project Update.

It was **RESOLVED** that members accepted the change to the sequence of reporting.

27/19

HR Policies (Item 9)

The HR Director introduced the policies.

27/19.1 Sickness Absence Management Policy (Item 9.1)

The HR Director reported that the current Planned and Unplanned Leave procedure had been introduced in 2016. She advised that managers had found the procedure difficult to follow, particularly the use of the Bradford Factor to calculate when a trigger has been reached. It was reported that the procedure was also linked directly to the Improving Capability Procedure.

Members were advised the recognised trade unions had been consulted on the draft policy and a number of their requested amendments and suggestions had been accepted.

A discussion took place regarding the timeline for a member of staff to inform their line manager of an absence and they concluded that personal contact was an important part of the process, however, practicalities of reporting also had to be considered and arrangements between managers and staff had to be built on trust and positive working relationships. The HR Director informed members that staff would be supported in implementing the procedure and understanding how to respond.

Members approved the policy.

It was **RESOLVED** that:-

(i) members recommended approval of the Sickness Absence Management Policy to the Corporation at its December meeting.

(ii) Evaluation and outcome of the new policy to be reported to the Resources in 12 months (December 2020).

27/19.2 Capability Policy and Procedure (Item 9.2)

The HR Director reported that the current Improving Capability Policy was introduced in 2016 and was linked to the Planned and Unplanned Leave procedure. She advised that the recognised trade unions had been consulted on the draft policy and a number of their requested amendments and suggestions had been accepted adding that the final draft was awaiting feedback from the unions. Conversations to date with the unions have been positive. Members considered the policy and asked how many staff were currently being dealt with via the procedure and the HR Director advised there were four staff (less than 1% of workforce). Members approved the policy and procedure subject to the final version be made available to the Corporation.

It was **RESOLVED** that members recommended approval of the Capability Policy and Procedure to the Corporation at its December meeting (subject to the final version being made available).

9.00am Josie Elson retired from the meeting

28/19

Marketing, Communications and Public Relations Report (Item 13)

A report had previously been circulated that provided members with an update on recent changes and future plans for the marketing, communications and public relations function of Oldham College.

The newly appointed Head of Marketing summarised the key points of the report:-

- Communication will align its activity to the Strategic Plan
- All future marketing, communications and public relations activity must reflect rigour and clarity of direction
- Communications has the potential to be transformational to the strategic priorities by following set principles.

The Head of Marketing reported on recent activities and members were pleased to see the diverse approach he had planned to address the strategic delivery gaps. He advised that recent changes to the approach on social media had already resulted in greater exposure and this work would continue. Other initiatives included the use of T Level van to promote the college and its offer, a signage review (in and outside of college), the use of ambassadors and increased promotion of UCO.

The Chair thanked the Head of Marketing for his detailed report and proposed that the Corporation receive a presentation on the marketing, communication and PR strategy at a future meeting.

It was **RESOLVED** that a presentation be made to the Corporation on the marketing, communication and PR strategy.

9.30 Carl Marsden retired from the meeting

29/19

Capital Project Update (Item 12)

A report had previously been circulated that provided members with an update on the progress with the College's Construction Skills Centre and detailed the current key issues, risks and actions required to ensure progress.

Cath Inchbold, Project Manager, introduced the report. The key points reported included:-

- The Grant Funding Agreement was signed on 28th November 2019. This approves the project and spend up to February 2020 and enables claims for August, September and October to be processed, amounting to £342k. The contract, planning permission and the legal charges are outstanding and the 2nd tranche of funding can be released after those documents and approvals are finalised in February 2020
- A comprehensive suite of surveys was undertaken during August and September. The survey outcomes were consistent with previous surveys and conditions in this part of Oldham. Further targeted ground investigations have taken place and the results have revealed further ground contamination and asbestos in the ground, the cost of remediation of which is currently being assessed
- Advised that the project is currently £55k over budget. A member asked how this would be bridged and the Project Manager reported that savings in the procurement of furniture, fixtures and fittings have been identified and a review of the VAT rate to be applied was being considered. In addition Willmott Dixon were testing the market and requesting fixed prices from their suppliers

- Positive contact had taken place with Oldham Council Planning Department progress and the risk of not securing the planning permission in line with the planned timeline has reduced
- Noted that the focus of activity in December would be; to respond formally to the Stage 4 drawings, respond to the draft contract, bring the project budget into balance, further develop the costings/tender and programme the College's works, conclude issues with utility providers and progress matters relating to planning application with Oldham Council.

The Chair informed members that whilst the Capital Task Group had not physically met it did receive the reports presented to Resources and Full Corporation. Following discussion it was agreed that monthly updates to the Capital Task Group members would be provided to ensure any matters requiring attention could be dealt with in a timely manner and members were kept abreast of progress.

It was **RESOLVED** that:-

- (i) members received the report as presented and noted the progress being achieved,
- (ii) agreed that the Capital Task Group members would receive monthly reports.

9.46am – Cath Inchbold retired from the meeting

30/19

Principal's Update (Item 8)

A copy of the Principal's Report had previously been circulated to members for consideration prior to the meeting.

The Principal presented the report, welcoming questions and comments. Key points of interest included:-

- Financial performance for 2019-20 was on target
- The financial targets included an EBITDA target of 10.1%, which was very positive compared to other colleges. This included delivering the match funding for the construction project, and a provision for a 2% pay rise (see minute 34/19)
- The College's improved recruitment this year, across all areas of provision, is a good starting point for delivering the ambitions in the Strategic Plan noting that it would be important to maintain progress in increasing numbers in each programme area
- The Principal was pleased to report two learners had competed in the World Skills UK finals in Birmingham (one electrical and one nail technician). This resulted in our first Bronze medal which is a significant achievement, adding this is an area the college is aiming to prioritise in future years.
- The Principal advised it was also important for the College to manage reputation in the light of local incidents, particular in relation to safeguarding and youth issues locally.

It was **RESOLVED** that members noted the Principal's Report as presented

31/19

Financial Statements for 2018/19 (Item 9)

A report detailing the draft management accounts for 2018/2019 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 there were only minor changes to report.

In discussion the Finance Director explained the college's liability for pension obligations under FRS102 advising that this would only become a cash risk in the long term. It was agreed that a training session on pensions be delivered at a future Resources Committee.

It was noted that bad debt of £32k was included in the accounts and an explanation of the debt was provided. Members approved the bad debt provision

It was **RESOLVED** that:-

- (i) members approved the Financial Statements for the year ended 31 July 2019, and

- (ii) approved the bad debt provision of £32k.

32/19 **Management Accounts for October 2019 (Item 10)**

A copy of the management accounts up to October 2019 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 £352k (budget £389k), this slight shortfall is primarily due to timing differences in the release of grant income and expenditure into the accounts
- All income streams continue to be closely monitored to ensure income targets are achieved
- Apprenticeship numbers are positive and the budget target is achievable
- HE recruitment is on target and enrolled numbers ahead of last year. If retained this will generate £4.3m (forecast income £4.173m)

In discussion a member asked if the proposed pay increase had been built into the budget and was assured that the salary budget included the increase from January 2020.

It was **RESOLVED** that members received the management accounts as at October 2019 and noted the position.

33/19 **Treasury Position and Cash Flow (Item 11)**

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 2019 for each loan and overdraft / cash balance. A discussion took place and the following points were highlighted:

- The college continues to monitor the cash balance daily
- The greatest use of the overdraft facility will be in April 2020 when there will be £1,961k headroom (2018/19 £1,061k 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 Chair referred to a recent meeting between management and the ESFA and asked for feedback. The Principal reported that the ESFA confirmed at the meeting the college was maintaining a good financial position and was not a priority for them and this was demonstrated by accounts now being requested quarterly rather than monthly.

It was agreed that minutes of the ESFA meeting and end of year letter be forwarded to committee members upon receipt.

It was **RESOLVED** that:-

- (i) members noted the report as presented and endorsed the current position,
- (ii) the minutes of the ESFA meeting and end of year ESFA letter be forwarded to members upon receipt.

The Chair proposed a change to the sequence of reporting with Item 20 – College Staff Annual Pay Review being taken as the next item on the agenda.

It was **RESOLVED** that members accepted the change to the sequence of reporting.

34/19 **College Staff Annual Pay Review (Item 20)**

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 2019/20 pay review.

He reported that the College management team recommended that the members consider and support a methodology which allows increased pay to be linked to the improving financial status of the College and the staff's commitment to improving quality and standards.

He advised that a general pay rise of 2.0% payable in January 2020 was affordable, with a minimum pay rise of £400, designed to provide extra support to the lower paid staff. The cost would be £180,000 in this financial year, with full year cost equating to £330,000.

Members considered the report noting the conditions stipulated which included:-

- The College improving efficiency in relation to class sizes
- The College continuing to improve recruitment and retention
- Arrangements being confirmed annually, in November, once lagged numbers are known for the following year

Members discussed the proposal and confirmed their approval to the management team seeking trade union support.

For this year, the Finance Director confirmed the proposal was 2% increase for all staff (with a minimum pay rise of £400) plus 5 days added annual leave, and some changes to observation practice.

It was **RESOLVED** that members supported the proposal presented (subject to the outcome of the UCU) and recommended approval to the Full Corporation at its December meeting.

35/19 **Fees Policy 2020/21 (Item 14.1)**

A copy of the revised Fees Policy for 2020/21 had previously been circulated to members for consideration prior to the meeting. The Finance Director reported that the main changes related to the GMCA and ESFA funding rules regarding the remission of fees and a change to the time period for incurring a charge after early withdrawal from an HE course.

It was **RESOLVED** that members approved the Fees Policy 2020/21 as presented.

36/19 **HE Fees 2021/22 (Item 14.2)**

A report has previously been circulated that updated members on the fee structure for 2021/22.

Members considered the report and supported the recommendation that as a university based in an FE college and designed to meet the needs of local people, it is desired to keep the financial burden on students down. Members confirmed their approval to keep fees for 2021/22 at £7,500 per annum, pro rata for part times courses, with the right to charge a higher fee of £8,000 for any courses that are expensive to run.

It was also reported that the College has completed an Access Agreement and submitted it to OFFA (the Office for Fair Access) stating that fees would be up to a maximum of £9,000.

It was **RESOLVED** that members approved the fees for 2021/22 as reported.

37/19 **Risk Management Register (Item 15)**

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

38/19 **Financial Regulations (Item 16)**

A copy of the Financial Regulations had previously been circulated to members for their consideration. It was reported there were no changes to report.

It was **RESOLVED** that the Financial Regulations as presented were recommended for approval to the Full Corporation at its December 2019 meeting.

39/19 **Strategic Plan – Action Plans (Item 17)**

A report had previously been circulated that updated members on the implementation of the Strategic Plan 2019/24 projects and work streams.

The Finance Director advised that there are seven steering groups of which three (People and Performance, Place Infrastructure and Technology and Anchor Role and Impact) report to the Resources Committee and four report to the Curriculum and Quality Committee.

A copy of each of the action plans associated with each steering group were presented to members for information.

A member referred to the Place, Infrastructure and Technology Action Plan Objective 7E observing that this was an extremely broad brief and whether it would be beneficial to increase capacity for its delivery. The Finance Director agreed to review its remit and provide a further report to a future meeting.

A member asked if the college is looking to best practice in this area and was advised that visits had taken place at a number of colleges to assist with the outputs.

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

40/19 **Anti Bribery Policy (Item 18)**

A copy of the policy had previously been circulated to members for consideration. The Finance Director there were no changes to report.

It was **RESOLVED** that members approved the Anti Bribery Policy as presented.

41/19 **Contracts over £30k (Item 21)**

None to report

42/19 **Workplan 2019/20 and Commentary on Changes (Item 22)**

A copy of the Workplan for 2019/20 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.

43/19 **Any Other Business**

None reported

44/19 **Dates of future meetings for 2019/20**

10 March 2020

2 June 2020

Meeting finished at 10.40am

Signed:

Date:

Chair

Rolling Action List – Resources Committee 3 December 2019

Meeting Date(s) & Item No.	Rolling Action List	Actioner	Reported as Completed at meeting of
15 October 2019 Min 3/19	<u>Remit of the Committee</u> (i) Training be provided to members at the start of committee meetings on a subject relevant to the committee business, (ii) An invitation to officers to present their reports will be made for future meetings, (iii) New members for the committee with the appropriate skills will continue to be sought, and (iv) The Terms of Reference will be updated to reflect the comments made by members.	Clerk/Finance Director	3 12 19 Min 26/19 3 12 19 Min 26/19 3 12 19 Min 26/19 3 12 19 Min 26/19
15 October 2019 Min 13/19	<u>Treasury Report and Cash Flow</u> The Finance Director to arrange a meeting with Santander to discuss future interest rates	Finance Director	3 12 19 Min 26/19
15 October 2019 Min 17/19	<u>Contracts Over £30k</u> (i) a copy of the insurance document be circulated to members (iii) the Finance Director carry out a review to ensure that lower priced contracts are not being signed off for the same contractor	Finance Director	3 12 19 Min 26/19 3 12 19 Min 26/19
3 December 2019 Min 21/19	<u>Funding Presentation</u> A presentation be delivered at the next Resources Committee to explain further the complexities of apprenticeship funding	Finance Director	
3 December 2019 Min 27/19.1	<u>Sickness Absence Management Policy</u> (i) Sickness Absence Management Policy to be recommended for approval to the Corporation at its December meeting. (ii) Evaluation and outcome of the new policy to be reported to the Resources in 12 months (December 2020)	HR Director	
3 December 2019 Min 27/19.2	<u>Capability Policy and Procedure</u> to be recommended for approval to the Corporation at its December meeting (subject to the final version being made available).	HR Director	
3 December 2019 Min 28/19	<u>Marketing and Communication</u> A presentation be made to the Corporation on the marketing, communication and PR strategy	Head of Marketing	
3 December 2019 Min 29/19	<u>Capital Project Update Report</u> The Capital Task Group members to receive monthly reports	Finance Director	
3 December 2019 Min 33/19	<u>Treasury Position and Cash Flow Report</u> The minutes of the ESFA meeting and end of year ESFA letter be forwarded to members upon receipt	Finance Director	
3 December 2019 Min 38/19	<u>Financial Regulations</u> Financial Regulations be recommended for approval to the Full Corporation at its December 2019 meeting	Finance Director	