

THE TRAFFORD COLLEGE GROUP

**Minutes of the Meeting of the Resources Committee
held at 5.30 pm on Wednesday 20 November 2019
in the Boardroom at Trafford College, Altrincham**

Present: Guy Robson (Chairperson)
Janet Grant
Louise Richardson
Graham Luccock
Jill Bottomley
James Beazley

In Attendance: Barry Watson (Corporation Secretary)
Michelle Leslie (Vice Principal Corporate Services and Planning)
Andrea Bennett (Director of Finance & Strategy)
Naomi Harrop (Director of Human Resources & Performance)
Jerome Wittersheim (Interim Director of MIS)

Minute No:

GRES/52/19 Apologies for Absence

The Corporation Secretary (CS) reported that apologies for absence had been received from the Principal and Jeremy Woodside.

GRES/53/19 Declaration of Direct or Indirect Interest in any of the Meeting's Business Items

There were no declarations of either direct or indirect interest in any of the meeting's business items.

GRES/54/19 Minutes of the meeting held on 9 October 2019

The minutes of the meeting were approved and accepted as a correct account of the meetings proceedings.

GRES/55/19 Matters Arising from the Minutes

There were no matters arising from the minutes.

GRES/56/19 People Strategy Action Plan Update November 2019

The Director of Human Resources & Performance (DHRP) presented a report that provided members with an update in relation to the progress of the People Strategy Action Plan (PSAP). It was noted that the Mid Year Update would be provided at the next meeting when the full updated and amended action plan would be presented.

The report provided a progress update in respect of the Strategic aims as follows:

- **Attract.** The DHRP advised that Committee of the progress that had been made in respect of recruitment activities referring specifically to the outcomes from the recent Governor recruit campaign which had increased the diversity of applications through targeted recruitment. The DHRP also provided the Committee with details of the initiative that had been implemented following the campaign relating to a new Governance Ready Programme, which had been created to support applicants who were not yet ready for Board membership. The DHRP also advised of new recruitment tools that had been utilised which had led to a successful appointment of a Data Manager. Members were also advised in relation to new actions with regard to taking up of references, changes to requisition and contract processes and improvements to induction and training.

Minute No:

- **Develop and Excellence in Leadership and Management.** The DHRP advised that the Group would continue to build upon the work that had been completed to date with a particular focus upon Leadership Development, Health and Wellbeing and Equality and Diversity. In this context, it was noted that the first cohort of managers had commenced the leadership programme. The DHRP further advised that the first module was in respect of looking at impact and would be followed by three more modules to be completed by the end of the year.
- **Retain.** The DHRP went through the wide variety of actions that were taken in this respect and the Committee had a detailed discussion relating to the take up of the harmonised contracts for staff at Stockport College. The Committee discussed in detail the possible reasons for the relatively low uptake. The DHRP advised that the deadline date had been extended until 6 January 2020 and that she was confident that staff would transfer over. The Committee noted that the position was not impacting on the business and discussed the approach for the staff who chose not to change their contract. In answer to a question from a member, the DHRP provided details of the issues relating to the current Business Support Contract and the AoC model contract which was noted.
- **Supportive, Collaborative and Healthy Working Environment.** The DHRP advised the concerning the progress and development of events, including staff work load project, calendar of Equality and Diversity events, commitment to mental health activities, greater Leadership visibility and Lockdown training.

There were no further matters raised by members and it was resolved that the report be noted.

GRES/57/19 Draft Report and Financial Statements for the Year Ending 31 July 2019

The Director of Finance & Strategy (DF&S) presented a report which included The Trafford College Group Draft Report and Financial Statements for the period ended 31 July 2019.

It was noted that report and Financial Statements were still in Draft form and that further minor updating was needed before they were considered by the Audit Committee and the Board of the Corporation for approval.

The DFS advised that the Draft Report and Financial Statements had been prepared on the historical cost convention and modified by the revaluation of certain fixed assets in accordance with Financial Reporting Standard 102.

The DFS further advised that comparators with the previous year's Draft Report and Statements would not be meaningful as they had not been prepared on a like for like basis due to the merger in 2018/2019.

The DFS drew the Committees attention to the following key matters:

- Statement of Comprehensive Income particularly with regard to the impact of the actuarial loss relating to the pension on the outturn deficit position.
- Balance sheet position.
- Statement of Cash flow.
- Next Steps.

There were no matters raised by members arising from the report and it was resolved that it be noted.

Minute No:**GRES/58/19 Reconciliation of Financial Statements and Management Accounts for Year Ending 31 July 2019**

The DFS also provided members with a copy of a headline summary reconciliation of the Financial Statements and Management Accounts which summarised the overall position for the period up to 31 July 2019 which was as follows:

	£k
Surplus/(Deficit) on Operations as per Management accounts	(1,761)
TU Grant drawdown 2 and other grant income	2,387
FRS102 Pensions adjustment and interest	(1,918)
Ill Health Retirement costs	(185)
Surplus/(Deficit) for the year as per Financial Statements	(1,467)
Actuarial gain / (loss) in respect of the pension scheme	(7,421)
Total Comprehensive Income for the year as per the Financial statements	(8,888)

The DFS advised that there may be minor changes prior to submission to the Audit Committee and advised the Committee of a recently raised issue by the Financial Statements and Regularity Auditors regarding the Group's going concern position. The DFS explained the current discussions that were being undertaken with the Auditors and that a full debate concerning the matter would be undertaken by the Audit Committee at its meeting on 28 November 2019.

The DFS also advised on the reasons for the deficit position, which the Committee noted.

Members discussed the issues raised in detail and after due consideration expressed their disquiet concerning the going concern issue and hoped that the matter could be resolved through the Audit Committee.

Action: Audit Committee

There were no further matters raised by members and it was resolved that the report be noted.

GRES/59/19 Management Accounts for the 2 months ending 30 September 2019

The Director of Finance & Strategy (DFS) presented a report, which informed members of the financial performance of the Group for the 2-month period up to 30 September 2019.

In respect of the Executive Summary to the accounts, it was reported that the overall performance in the two-month period was a surplus of £242k compared to the budgeted deficit of £71k. The DFS advised that the positive position was largely the result of the profiling of pay and non-pay expenditure and that position would be more accurate as the Academic Year got under way particularly with regard to teaching costs. The DFS further advised that the forecast for the year under the "best case" scenario was a deficit of £424k and the worst and mid case scenarios, which forecasted larger deficit positions.

It was also advised that the following financial objectives had been set for 2019/2020 financial year:

- ESFA Financial Health- maintain or improve current rating.
- Pay to income of below 65%.
- Cash balance in excess of £3m covenant.

In discussing the performance indicators, the DFS advised of the current position against performance for each of the indicators together with the approach to budget phasing that would be undertaken over the next 12 months.

Minute No:

In presenting the report the DFS advised the Committee concerning the following details of the Group's financial performance:

- Income and Expenditure Account including Income, Pay and Non-Costs.

With regard to income, the DFS advised of the up to date position in relation to learner numbers for all income streams and its consequential impact on income.

It was advised that the overall income position did not read well due to the shortfall in income with regard to Higher Education and Learner Loans. The DFS was pleased to report that full cost income was £117k above budget.

In respect of pay costs the DFS advised that they were currently £208k below forecasts and that, as explained previously, this was due to profiling and vacancy factors. It was also advised that pay costs were under budget by £162k, which was again a profiling issue. The position regarding reviewing of costs and depreciation were also noted.

- Cash Flow, Capital Expenditure, Full Forecast.

The report provided the Committee with details of the position with regard to each of these aspects of financial performance, which was noted. The Committee had a detailed discussion in respect of the cash flow position and overall financial position going forward as follows:

- What actions were being taken to address the continued shortfall in Higher Education income? The DFS and other managers advised that the Senior Leadership Team were undertaking a deep dive into Higher Education provision at the Group including; future provision modelling, contribution rates at a course level, pricing policy, staffing and organizational structural arrangements, the market and the curriculum offer.

Action: Senior Leadership Team

- The timings of the various land sale disposals and how they affected cash flow, including actions and impact if the disposals were not secured on time. The Vice Principal Corporate Services & Planning (VPCSP) provided the Committee with a detailed explanation of the current position in terms of process and timings relating to the land sale disposal particularly with regard to Stockport and how it may impact on the Group's financial standing. The VPCSP also outlined the position with regard to ESFA and their claw back with regard to the funds. The DFS also advised the Committee in respect of the Banks position and discussions with the auditors concerning the signing off the 2018/2019 accounts. It was noted that more discussions would need to be had with various external agencies concerning the matters that had been raised by members.

Action: Director of Finance & Strategy/ Vice Principal Corporate Services and Planning

There were no other issues raised by members arising from the report and after due discussion and consideration it was resolved that the Management Accounts for the 2 months ending 30 September 2019 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation

Minute No:**GRES/60/19 Final Funding Claim 2018/2019**

The Interim Director of MIS (IDMIS) provided members with a copy of the information that had been received from the ESFA detailing the outcomes from the final funding claim for 2018/2019. The letter provided details for all funding streams for the period and the IDMIS provided the Committee with a report relating to the income and the various funding streams.

The IDMIS advised the Committee in relation to the position regarding the Adult Education Budget which included an exceptional adjustment of £419k due to gaps in the data capture and collection processes for learner support during the 2018/2019 Academic Year.

It was further advised that this adjustment was still being scrutinised by the ESFA and that any over delivery would not be funded. The IDMIS reminded members that there was a 3 % tolerance level in relation to AEB funding for 2018/2019 and that managers were working hard to ensure that the Group received its full allocation.

A member asked if this was raised through the recent Audit and the IDMIS explained that it was not and that it related to level of detail of scrutiny for learner support that the ESFA required which the Group did not have the evidence for. It was noted that discussions were still ongoing and the final variance would be within tolerance levels so that the full allocation would be met.

There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted.

GRES/61/19 Learner Numbers and Funding Update 2019/2020

The Committee received a report from the IDMIS which report detailed the Group's Learner numbers and funding update as at 1 November 2019.

The report covered the following funding streams:

- 16-19 Study Programmes. The IDIS advised that the current indicators showed a small increase compared to last year but that the final position would not reach the Group target of 3553. He further advised that the Group would be under target by 225 and outlined in detail the areas where the targets had not been reached. It was advised that Stockport College had under recruited by approximately 200 learners and that the pre 42-Day withdrawal had been 368, which represented 10.4 % of intake. A member asked why the withdrawals were so high and if the building work at Stockport College might be a factor. The IDMIS advised that they were higher than the national average which was 8% and that the Group were currently undertaking an exit survey to establish the reasons for the withdrawals. In terms of reductions in enrolment numbers the IDMIS advised that they were largely in Foundation Learning, Beauty and Health and Social Care at Stockport College and that management were putting actions in place to address the shortfall including looking at class sizes and staffing arrangements. The IDMIS reminded the Committee of the lagged funding arrangements and that the reduction in funding would not impact until the next financial year and would be offset by the increase in the level of funding in that year.

Action: Senior Leadership Team

Minute No:

- Higher Education. It was advised that the total number of learners compared to the Office for Students return in 2018/2019 was a reduction of 115 learners which equated to approximately a loss of £700k of income. The discussions relating to the actions to address the shortfall were considered in a previous agenda item.
- Advance Learner Loans. The IDMIS advised that the potential income for the year was £790k and that he expected this income stream to be stable.

There were no other issues raised by members and after due discussion and consideration it was resolved that the report be noted.

GRES/62/19 Partner Subcontracting Activities Update 2019/2020

The IDMIS presented a report, which detailed the up to date position in respect of partner subcontracting provision in 2019/2020.

The report also provided the Committee with details of the Groups Partnership working in 2019/2020.

The Committee discussed in detail the current performance and arrangements and raised the following issues :

- Had the relationship with Academy 92 changed? The DMIS confirmed that it had and that the Group was now contracting with a private training provider for new starts only. He further advised that the Group still had other initiatives in place with Academy 92.

There were no other issues raised by members and after due discussion and consideration it was resolved that the report be noted.

GRES/63/19 Any Other Business

A member asked if the forthcoming Industrial action by Higher Education Lecturers would affect the Group. The VPCQP confirmed that it would not and the Committee had a discussion relating to the variances in conditions of Service for University compared to Further Education Lecturers.

There were no further matters raised under any other business.

GRES/64/19 Date of Next Meeting

It was agreed that the next Committee meeting would be held on Wednesday 26 February 2020 at 5.00 pm in the Boardroom at Trafford College, Altrincham.

Action: Corporation Secretary

Agenda item 9 and 10 were taken as agenda items 6 and 7 after which the Director of MIS left the meeting at 6.06 pm

The Director of HR and Performance left the meeting at 5.40pm after the consideration of Agenda item 5.

Janet Grant joined the meeting at 6.03 during the consideration of agenda item 7.