THE TRAFFORD COLLEGE GROUP

**Minutes of the Meeting of the Resources Committee**

**held at 5.30 pm on Wednesday 22 November 2018**

**in the Boardroom at Trafford College**

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| **Present:** | Janet GrantLesley Davies James BeazleyLouise Richardson  | (Chairperson)(Principal & Chief Executive)  |
| **In Attendance:** | Barry Watson Michelle LeslieAndrea BennettJames Scott | (Corporation Secretary)(Vice Principal Corporate Services and Planning)(Director of Finance and Strategy)(Vice Principal Curriculum & Quality – Campus Principal) |

| **Minute No:** |  |
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| **GRES/35/18** | **Apologies for Absence** |
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|  | The Corporation Secretary (CS) reported that apologies for absence had been received from Sue Derbyshire, John Cowell, Graham Luccock and Guy Robson. |
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| **GRES/36/18** | **Declaration of Direct or Indirect Interest in any of the Meeting’s Business Items** |
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|  | There were no declarations of either direct or indirect interest in any of the meeting’s business items. |
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| **GRES/37/18** | **Minutes of the Resources Committee meeting held on 10 October 2018**  |
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|  | The minutes of the meeting were approved and accepted as a correct account of the meeting’s proceedings. |
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| **GRES/38/18** | **Matters Arising from the Minutes** |
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|  |  | GRES/29/18 – Industrial Relations UpdateThe Principal advised the Committee that the Group had been notified that it was likely that there would be a ballot by the accredited trades unions in respect of proposed industrial action in relation to a pay award.The Principal further advised of the national position with regard to the matter and that she would be looking at the Group’s finances to see if the demands could be met but given the current financial position thought that this would be unlikely. **Action: Principal**There were no issues raised by members arising from the update and it was resolved that it be noted. |
|  |  | GRES/31/18 – Review of Disciplinary ProcedureThe Principal advised that the management team were currently undertaking monthly staff temperature checks in relation to staff morale and that early indications had been encouraging. The Principal commented around the nature of the checks and that given the fact that the merger inevitably led to difficulties the initial outcomes were not that negative. The Committee had a broad discussion in relation to staff morale and it was agreed that the Vice Principal would email out the findings from the temperature checks once they were available.**Action: Vice Principal Corporate Services and Planning**There were no other issues raised by members arising from the minutes and it was resolved that they be noted. |
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| **GRES/39/18** | **Stockport College Draft Report and Financial Statements for the period ended 4 April 2018** |
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|  | The Director of Finance & Strategy (DFS) presented a report which included the Stockport College Draft Report and Financial Statements for the period ended 4 April 2018.The DFS advised that the Draft Report and Financial statements had been prepared on a cessation basis and that they had been agreed with the Auditors. It was further advised that the DFS was not expecting any changes other than possible changes in relation to confirmation of the Final funding figures from the ESFA. The DFS also advised members of the timetable of events in order to secure final approval of the accounts. In order to assist members with regard to both sets of accounts she also advised that she would provide the Committee with the high level reconciliations following the Committee’s consideration of The Trafford College Group Draft Report and Financial Statements.In discussing the accounts the DFS particularly drew the Committee’s attention to the Statement of Comprehensive Income explaining in detail the unusual composition of the interest and finance costs due to the break clause of £2.4m which also impacted on the high outturn figure for the total comprehensive income for the period. The DFS also advised that the Balance at 4 April figure of (£31,201) had been taken into account in The Trafford College Group’s accounts.The Committee had a discussion regarding the national position in respect of the pension valuation and the DFS advised that a national ruling relating to the matter was awaited and that if one was made then it wold be accounted for through an ‘adjusting event’.A member queried the wording in the Statements in relation to the confirmation statement in relation to irregularity or improper use of funds and the DFS undertook to check the wording with the Auditors before they were signed off.**Action: Director of Finance and Strategy**There were no other issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted.  |
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| **GRES/40/18** | **Trafford College Group Draft Report and Financial Statements for the period ended 31 July 2018** |
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|  | The DFS presented a report which included The Trafford College Group Draft Report and Financial Statements for the period ended 31 July 2018.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 also advised in detail of the period of activities that the accounts covered and in particular drew the Committees attention to the following key information:* Statement of Comprehensive Income
* Balance sheet position
* Statement of Cash flow
* Next Steps

Members discussed the report in detail and noted that the same wording relating to the Statement of Regularity Propriety and Compliance would be reviewed with the Auditors as discussed earlier in the meeting. In discussion the DFS explaining to members the reasons for the high level of funding body grants together with the position with regard to other operating expenses and the positioning in the accounts of the (£31,120) losses transferred on merger with Stockport College.The DFS also provided members with a copy of a headline summary reconciliation for both sets of accounts which summarised the overall position for both accounts and the final management accounts position for the period up to 31 July 2018. There were no further matters raised by members arising from the report and it was resolved that it be noted. |
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| **GRES/41/18** | **Management Accounts for the 3 Months ending 31 October 2018** |
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|  | The DFS presented a report which included the management accounts for the period ending 31 October 2018.The DFS apologised for the tabling of the accounts and advised of the reasons for the delay. The DFS also advised that the accounts would not be presented as a tabled item going forward. In discussion it was agreed that the Committee could consider an overview of the accounts at the meeting but that any detailed comments relating to the accounts would be made by individual members to the DFS before consideration by the Board of the Corporation in December 2018. **Action: Members of the Resources Committee**The DFS advised the Committee that the key headlines arising from the accounts were as follows: * The overall performance in the 3 month period was a deficit of £706k compared with a budgeted deficit of £303k. The additional losses had been incurred as a result of a shortfall in income which has been partly offset by savings on pay costs and depreciation.
* The full year forecast position had not been reviewed in detail although the income lines for HE & FE Tuition Fees plus Deferred Capital Grants had been amended for anticipated changes. It was noted that depreciation had been updated to reflect the latest thinking.
* Indications were that the full year deficit would be higher than anticipated and that further work was needed on the remaining areas to create a comprehensive updated full year forecast.
* Management were taking steps to improve the likely full year financial performance which included a marketing campaign and an enhanced January 2019 offer for both Higher Education and FE Learner Loans. It was also advised that the Leadership Team were reviewing both contribution analysis and staff utilisation with a view to identifying potential areas where efficiencies could be made to offset the shortfall in income.

**Action: Leadership Team*** The cash balance was £4.9m. The DFS advised that The Trafford College Group would need to manage the cash position tightly in December 2018 and payments to suppliers might be delayed in order to ensure that the £3m bank covenant was not breached and that it was anticipated that all suppliers would be paid in January 2019.

In addition to the above information the Committee were also supplied with a detailed commentary and analyses with regard to, the Executive Summary for the accounts, Income and Expenditure account including income, pay and non-pay costs, balance sheet, cash flow, capital expenditure and staffing analysis. In discussion it was noted that the financial health forecast was ‘satisfactory’.The Committee had a broad and wide ranging discussion regarding the accounts which covered the following issues:* Strategies and actions to increase the Group income base, which included action in respect of AAT, Apprenticeships, on line delivery of programmes, potential international markets and sources of income, recruitment drive particularly in the Stockport area within the areas of Professional, Sport, Access Care and Level 3 provision generally. The Committee also discussed how the partnership with Sheffield Hallam University and UAE92 might help generate additional revenues.
* The reasons for the fall off of income for FE Loans at the Trafford College. The Vice Principal Curriculum and Quality /Campus Principal (VPCQP) advised of the actions that would be taken to improve the position particularly with regard to Information, Advice and Guidance.
* Strategies to reduce the cost base. The DFS advised that the management team were currently looking at utilisation of staff particularly within teaching departments, management of the vacancy/ recruitment process as well as all other areas of expenditure.
* Approaches to managing the cash flow position in December 2018 which the DFS explained in detail to the Committee and duly noted.

There were no other issues raised by members arising from the report and after due discussion and consideration it was unanimously resolved that the Management accounts for the period ending 31 October 2018 be recommended to the Board of the Corporation for approval subject to any comments made by individual Committee members.**Action: Board of the Corporation** |
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| **GRES/42/18** | **Learner Numbers and Funding Update 2018/2019 including Final Claim 2017/2018** |
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|  | The Committee receive a report which a report detailed the Group’s Learner numbers and funding update for as at 11 November 2018.The report covered the following funding streams:* At Stockport the number of 16-18s was just below the allocation and for Trafford the number was greater than the allocation. For the combined Group, there were 72 young people below the allocation. It was noted that the Group was still continuing to actively recruit which included late enrolments, recruitment of students on waiting lists and transfers to more appropriate courses to mitigate against further withdrawals.
* Adult learners continued to recruit throughout the year. For the combined The Trafford College Group, 19+ full time funded learners were already above target at 101% of the curriculum plan. Recruitment of 19+ part time funded learners was at 39% of the curriculum plan target, but numbers would continue all year round. Recruitment of 19+ FT Loan students was at 65% of the curriculum plan, although the Group will still waiting for completed loan agreements in some cases. Recruitment of 19+ PT Loan students was above target at 148% of the curriculum plan.
* Recruitment of full time Higher Education students was on track at 98.6% of the curriculum plan target. It was advised that the present recruitment of part time Higher Education students was below the target at 59% of the curriculum plan. It was noted that a number of enrolments were still to be confirmed as many of the learners were employed and enrol throughout the first weeks of term and that more learners would be funded through apprenticeships and a clearer picture on part time Higher Education would be evident at the half-term point.
* Apprentices continue to enrol throughout the year with the current value of 16-18 Apprenticeship funding reported at £1,246,466 and 19+ Apprenticeship funding currently reported at £1,443,824 which was currently £68k below the reported R03 comparable point for last year. It was noted that reporting funding for Apprenticeships had been complicated by a known issue within the funding software supplied by the agency which was awaiting a resolution and that further work was ongoing to ensure maximum cash is generated for these cohorts.
* Funding values were still being optimised for AEB and Apprenticeships and that the optimised and validated values would be available from the R04 funding return for the group. The cash position for AEB funding was provided and it was noted that the Group had planned to deliver additional programmes to improve the current cash generation for AEB which was currently showing a £462k gap to allocation.

In addition the report also provided the Committee with the detailed out turn final claims for all funding streams for 2017/2018.The Committee considered the report in detail and discussed the following matters:* The impact of the reduced 16-18 allocation on next year’s funding and further discussions around projects to increase income sources and the curricular offer that will be made in the next Academic Year.
* Competition with the Grammar Schools, demographic trends and targeted marketing especially within the Mid Cheshire area due to the withdrawal of provision.
* The Escape Studios opportunity.
* Contribution rates and staffing utilization within curricular departments.

There were no other issues raised by members and after due discussion and consideration it was resolved that the report be noted. |
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| **GRES/43/18** | **Partner Subcontracting Activities Update 2018/2019** |
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|  | The VPCQP presented a report which detailed the subcontracting performance for 2017/20/18 and the up to date position in respect of provision in 2018/2019. The report also provided the Committee with details of the Groups Partnership working in 2018/2019.The Committee noted the final position with regard to 2017/2018 and discussed in detail the current performance and arrangements for 2018 /2019.In particular the Committee discussed and considered the following issues:* Details of the intended new subcontracting partner.
* The quality of the provision to date and the relationship with the individual sub- contractors.
* The position with regard Interactive Business Ltd and the management action that would be taken to mitigate any financial risk arising from the contact over performance.
* The management intention to look at moving the contact with Debut Arts from a partnership to a formal sub contactor position.

There were no other issues raised by members and after due discussion and consideration it was resolved that the report be noted. |
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| **GRES/44/18** | **Any Other Business** |
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|  | There were no matters raised under any other business. |
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| **GRES/45/18** | **Date of Next Meeting** |
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|  | It was agreed that the next meeting would be held on Wednesday 6February 2019 at 5.30 pm in the Boardroom at Trafford College.**Action: Corporation Secretary** |
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|  | The meeting closed at 6.40 pm |
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