

THE TRAFFORD COLLEGE GROUP

**Minutes of the Meeting of the Resources Committee
held at 5.30 pm on Wednesday 6 February 2019
in the Boardroom at Trafford College**

Present: Guy Robson (Chairperson)
Lesley Davies (Principal & Chief Executive)
James Beazley
Louise Richardson
Graham Luccock
Jill Bottomley

In Attendance: Barry Watson (Corporation Secretary)
Michelle Leslie (Vice Principal Corporate Services and Planning)
Andrea Bennett (Director of Finance and Strategy)
James Scott (Vice Principal Curriculum & Quality – Campus Principal)
Naomi Harrop (Director of Human Resources & Performance)
Mike Dillon (Director of MIS)

Minute No: Prior to the commencement of the meeting the Chairperson agreed to a reordering of the Agenda items due to the need for officers to attend to an urgent business matter.

GRES/01/19 Apologies for Absence

The Corporation Secretary (CS) reported that apologies for absence had been received from Janet Grant and Sue Derbyshire,

GRES/02/19 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/03/19 Minutes of the Resources Committee meeting held on 10 October 2018

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

GRES/04/19 Matters Arising from the Minutes

There were no matters arising from the minutes and the Corporation Secretary (CS) confirmed that all actions arising from the minutes had been completed or where covered through the meeting's business items.

GRES/05/19 Mid-Year Financial Update 2018/2019 – Management Accounts for 3 Months ending 31 December 2018

The Director of Finance & Strategy (DFS) presented a report which informed members of the financial performance of the Group for the 5 months up to 31 December 2018.

It was reported that the overall performance in the 5-month period was a deficit of £1,174k compared to the budgeted deficit of £504k. The DFS advised that the additional losses had been as a result of a shortfall income which had been partly offset on pay costs and depreciation.

In presenting the report the DFS advised the Committee concerning the details of the following aspects of the financial performance:

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- Executive Summary. It was advised that the variance on forecast was £669k due to shortfall income of Higher Education and Advanced Learner Loans which had been discussed with both the Committee and Board of the Corporation on previous occasions. The DFS advised the Committee of the range of scenarios for the full year which included best, mid and worst case scenarios. The Committee was also advised of the actions that management were putting in place to address the risks and identify further efficiency opportunities. The DFS advised in particular with regard to the approach to the capital budget, the implications of the cash position with regard to the Bank Covenants and the improved application position at Stockport College for 2019/2020 and the potential benefit to the income figures of the second Transaction Unit (TU) draw down scheduled for later in the year.
- Income and Expenditure Account. 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. In discussing this item the Committee considered the debt to income ratio which was currently giving a projected health rating of Inadequate. The DFS advised that this was currently being looked at as the point's outcome figure was marginal and possibly satisfactory. The DFS undertook to report back to the Committee when further work had been completed in this respect. The DFS also updated the Committee in relation to the appeal to the ESFA regarding the Health rating for the 2017/2018 accounts.

Action: Director of Finance & Strategy

The DFS further commented that it was fully anticipated that the Group would move from a deficit to a surplus position next year and outlined the factors there were currently being planned for to deliver the improved financial performance. In relation to the cash flow position the DFS advised on the outcomes from the January 2019 position and that no covenants had been breached.

- Pay and Non-Pay costs. The DFS provided a detailed breakdown of the up to date position with regard to pay and non-pay costs. The Committee had a detailed discussion relating to efficiencies that could be achieved going forward. The Principal advised that there was currently a freeze on expenditure and detailed the management processes that were being undertaken to ensure any expenditure is justifiable without impacting on the quality of Teaching. The Principal also advised on the position with regard to class contact hours for teachers and that they were being reviewed in the light of the current practice with in the Greater Manchester region. The Principal also reported on the discussions that were being undertaken with Sheffield Hallam University which should lead to positive outcomes in the next financial year.
- Balance sheet, Cash Flow, Capital Expenditure, Staffing Analysis and the Financial Year 2019/2020. The report provided the Committee with details of the current position with regard to each of these aspects of financial performance which had been broadly considered in discussions relating to the overall financial position the Group.

In addition to the discussions that had been held as the DFS presented her report, Committee members raised the following issues:

- What were the consequences of an inadequate financial health rating? The DFS advised of the monitoring arrangements that would be put in place by the ESFA and commented that they were already in place given the post-merger position and the income the Group had received from the TU.
In respect of the Bank covenants the DFS advised that the stance of the Bank was unknown if a breach occurred but that meetings were taking

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place shortly to address this issue. The Chairperson asked that the DFS keep members informed with regard to the Bank's position.

Action: Director of Finance & Strategy

- It would be helpful to have a risk register behind the 3 scenario cases that would be presented in terms of the potential outcomes for 2018/2019. The DFS commented that this could be accommodated by changes to the management forecast report which she agreed to undertake. The Chairperson commented that he would welcome the expansion of the report in this respect.

Action: Director of Finance & Strategy

- Was there a correlation between the reduction in income and non-pay and why did the non-pay costs go down so dramatically. The DFS explained the non-pay position in detail to the Committee particularly with regard to Estates costs and the buy in from the managers to reduce costs.
- Does the Group use cost management consultants to help address costings? The DFS advised that this option was currently being considered.

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 recommended to the Board of the Corporation for approval.

Action: Board of the Corporation**GRES/06/19****Treasury Management and Banking Arrangements Report**

The DFS presented a report which updated the Committee with regard to the covenant position with Barclays Bank and an update of the Group's surplus cash reserves.

The report in particular provided members with the following information:

- The background, composition, repayment and draw down position in respect of the Bank loan.
- The current and historic interest payment position.
- Covenants including, education specific, debt service cover, operational leverage, minimum cash balance and security Cover Covenants. It was advised that currently all Covenant requirements had been met.
- Bank Security. It was advised that Barclays Bank took a charge on College land at buildings at both Altrincham and Stretford following the merger with Stockport College in April 2018.
- Monies on deposit. The DFS advised that there had been no funds held on deposit since February 2018 due to cash availability being limited and that any excess funds held with Barclays Bank at close of play each day were placed on overnight deposit with the current annual interest rate being 0.55%.

It was further advised that that further support monies of c£3.1m would be received from the Transaction Unit in February 2019 which would result in surplus funds being available for placing on fixed term deposit in the period thereafter. It was noted that current indicative fixed bond rates from Lloyds Banks vary between 0.70% for 3 month deposits to 1.00% for 12 month deposits.

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In the circumstances the DFS sought the Committee's authority to deposit funds of up to a maximum of £3.0m, by the DFS, with investments being made in accordance with the guidelines in the Group's Financial Regulations.

The Committee discussed the report and recommendation in detail and after due discussion and consideration it was unanimously resolved that the Director's recommendation be approved.

Action: Director of Finance & Strategy**GRES/07/19****Employee Relations Update**

The Vice Principal Corporate Services & Planning (VPCSP) presented a report which updated the Committee in respect of employment relation matters at the Group.

The report advised members with regard to the following matters:

- **Trade Union recognition.**

It was noted that agreement on the local recognition and facilities arrangements had been achieved with the relevant trade unions and that for collective consultation purposes the following trade unions had been recognised:

- Unison for all staff employed on business support contracts.
- NEU for all staff employed on management contracts and teachers who transferred to the Group from Stockport College.
- UCU for all staff employed on teaching contracts.

The VPCSP advised that the aforementioned trade unions participate in the Joint Negotiation and Consultation Committee and that a collective disputes procedure had been agreed.

- **Pay Award**

The VPCSP advised on the outcomes of the local ballot regarding a pay dispute and that the results confirmed that the majority of staff eligible to vote in support of industrial action had not been achieved. It was further advised of the national action that UCU had taken in this respect and that the outcome would be a further ballot at the Group. A member asked where the Group goes from here. The VPCSP advised management were still in discussion with the unions and it was her understanding that there would be a local branch meeting in the next few days.

The VPCSP also advised the Committee of the proposal in respect of pay and harmonisation of conditions which had been made to the Unions which would be effective from 1 August 2019. The report also provided members with details of UCU's national claim, the historic position of pay awards relating to Stockport and Trafford Colleges as separate entities and teachers pay scales and the need to ensure the financial sustainability of the Group.

The Committee had a widespread discussion arising from the report which covered the following items:

- The harmonisation position post TUPE including the costs of achieving harmonisation.
- The position in respect of managers and the proposed pay award arrangements.

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- The position in respect of whether teacher's increments for Stockport staff in relation to harmonisation was performance linked. The VPCSP confirmed that it was not.
- Salary differentials in respect of hard to recruit subject areas.

In discussion the Chairperson advised that he had recently attended the Student Conference and commented that most students had commented that they were very impressed by the Student Services Section. He further commented that there were a number who were not aware of the service and the VPCSP advised that this was probably due to the fact that they were learners who did not require/ make use of the service.

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/08/19 Accommodation Update

The VPCSP presented a report which updated the Committee with regard to the redevelopment of Stockport College campus and land disposal arrangements.

The report provide the Committee with details of the up to date position in respect of the following aspects of the development :

- Design, Appointments and Planning.
- Phasing of the Redevelopment and programme arrangements.
- Budget.
- Disposal position. In this context the VPCSP advised on developments that had taken place since the report had been written and that the Stockport proposal was progressing well with support from SMBC. With regard to Altrincham it was noted that further work was needed to secure progress.
- Progress including outcomes from the disposal team meetings held in December 2018 and January 2019.

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

GRES/09/19 Staff Temperature Check Survey – November 2018

The Director of Human Resources & Performance (DHRP) presented a report which detailed the findings and the associated actions that had been taken in respect of the Staff Temperature Check Survey (STCS) which had been undertaken in November 2018.

The DHRP advised that the findings from the STCS could be grouped in the following key themes:

- Cross College Working.
- Communications and Engagement.
- Work life balance.
- Pay.
- Organisational change.
- Staff recognition.
- Appraisal.
- Management Information Systems.
- Information Technology resources.

The report also included an action plan, which addressed the issues arising from the key themes, which would be implemented and monitored to ensure the effective outcomes are achieved.

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Members raised a number of issues arising from the report as follows:

- A member commented that the report and the findings from the survey were really helpful and looked forward to being able to monitor trends at the next meeting. The DHRP commented that the next survey would take place after half term and reported to the Committee, with trends, in due course.

Action: Director of Human Resources & Performance

- Why the survey was not compulsory to complete. The Committee had a broad discussion around this question and the DHRP undertook to explore and consider the suggestion.

Action: Director of Human Resources & Performance

- A member commented that the outcomes should be considered in the light of the recent merger and given the extent of organizational change the outcomes were quite pleasing. He further commented that it is important to emphasize the positive aspects of the survey's outcomes.
- The percentage of discontents. The DHRP advised that the survey was anonymous and that it was a % of those that had replied i.e. 59% It was noted that this was down compared to Trafford College's last survey outcome and that benchmarks would be established going forward.

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/10/19**Draft People Strategy 2018/2021**

The DHRP presented a report which made proposals for a draft People Strategy for the period 2018-20219.

The report also included a proposed action plan to support the Strategy for the period 2018/2019.

The DHRP advised the Committee of the background to the draft strategy following the merger of Trafford and Stockport Colleges and how the strategy had the aim of achieving excellence in what the Group does in terms of people management and development and the aim to ensure the Group is a "Great place to work".

The report identified how the draft strategy had been produced and that it set out 5 Interrelated Strategic Aims which were as follows:

- Attract and recruit the best staff.
- Develop and support staff to fulfill their potential and meet their career aspirations.
- Retain and reward staff through recognizing their contribution in the delivery of the Group's priorities.
- Promote and secure excellent leadership and management.
- Foster an environment of inclusivity, collaboration and well-being.

The DHRP commented and explained how the Strategy would fit in with the Groups strategic objective of Unlocking Potential, fostering Success together how it would underpin the Values and behaviours, key Corporate Strategies and Excellence in Leadership.

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Members welcomed the report and Draft Strategy and made a number of comments as follows:

- A member asked if it was the intention to use a balanced score card? The DHRP advised that it is something that will be looked at and that this was the beginning of a journey; she further commented that the proposed action plan was for the current Academic Year. It was further advised that the challenge to the action plan was lack of data but that there was a lot of housekeeping activities going on in the background to support the plan.

Action: Director of Human Resources & Performance

- A member asked if there was a matrix of evidence to support the actions in the action plan. The DHRP advised that there was a detailed a series of examples of how the actions would be evidenced. It was further advised that benchmarking work in relation to the action plan needed to be undertaken to ensure the tracking of year on year progress.

Action: Director of Human Resources & Performance

The Chairperson commented that this was an excellent starting point and that in his view the Strategy should be recommended to the Board of the Corporation for approval.

There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that the Draft People strategy 2018-2021 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation**GRES/11/19****Learner Numbers and Funding Update 2018/2019**

The Committee received a report from the Director of Management Information Services (DMIS) which detailed the Group's Learner numbers and funding update for as at 11 November 2018.

The report covered the following funding streams and the DMIS advised that the key points were as follows:

- At Stockport the number of 16-18s was 115 below the allocation and for Trafford the number was 4 below the allocation. For the combined Group, there were 122 young people below the allocation.
- Adult learners continued to recruit throughout the year. For the combined The Trafford College Group, 19+ full time funded learners were 86%of the curriculum plan. Recruitment of 19+ part time funded learners had risen from 28%to 64%, but numbers would continue all year round. Recruitment of 19+ FT Loan students was above target at 195%of the curriculum plan although the Group will still be waiting for a small number of completed loan agreements in some cases. AEB funding was in line to achieve allocation and the DMIS advised that the mid-Year funding return had now been submitted and was within tolerance levels of between 97 &100%.
- Recruitment of full time Higher Education students was on track at 104% of the curriculum plan target. It was advised that the present recruitment of part time Higher Education students was below the target at 54% of the curriculum plan. It was noted that a small number of enrolments were still to be completed as in year starts and that more learners would be funded through apprenticeships.

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- Apprentices were reported at a total count of £1,586 across all age groups with the income generated reported as being expected to hit 100%.
- Community Learning continued to enroll throughout the year and were reported as 43% of planned volumes.

The Committee considered the report in detail and commented that the issues arising from the report had largely been covered at other agenda items. In discussion it was agreed that future reports should provide more visual representation of the data which would aid the members monitoring of the Group's performance with regard to learner numbers and its consequential impact on income.

Action: Director of MIS

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

GRES/12/19**Partner Subcontracting Activities Update 2018/2019**

The DMIS 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 discussed in detail the current performance and arrangements for 2018/2019. The DMIS drew the Committees attention to the key points relating to the provision for 2018/2019 which related to the subcontracting activity with Flixton Girls, school, Carrington Riding School and Interactive Business Ltd.

It was also advised that the Group had contacted with Learning Curve to deliver £450k of adult education budget provision to address market need and the DMIS detailed the subcontractor's performance against contract value as at 30 January 2019.

The DMIS also advised that the partnership cohort was working very well and went through the performance relating to each partnership provision. It was also advised that initial discussions were taking place with Gateway Management Services and that the Group was currently undertaking an exercise in due diligence with regard to this option. Members asked a range of questions relating to this matter including ant Transfer of Undertakings commitments, nature of the provision, timings and contract budget size and arrangements and student cohort numbers. The DMIS went through and advised on each issue raised and commented that full details would be made available once the Due Diligence exercise had been completed.

Action: Director of MIS

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

GRES/13/19**FE Membership Subscription Update**

The DFS advised the Committee that under the requirements of the Group's Financial Regulations it is necessary to secure Committee approval for expenditures above £50,000k.

The DF&S further advised that the management team wished to renew the Group's membership with JISC for a two year period at a cost of £62,000. The

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DFS advised that this was a renewal of an existing contract and the VPCSP advised of the background and justification for the expenditure.

The Committee discussed and considered the proposal in detail and after due consideration it was unanimously agreed that the expenditure be approved.

Action: Director of Finance & Strategy

GRES/14/19**Any Other Business**

There were no matters raised under any other business.

GRES/15/19**Date of Next Meeting**

It was agreed that the next meeting would be held on Wednesday 3 April 2019 at 5.30 pm in the Boardroom at Trafford College.

Action: Corporation Secretary

The meeting closed at 7.20 pm.

The Principal and Director of Finance left the meeting at 6.45 pm after the consideration of the revised agenda item 10.

The Chairperson of the Board of the Corporation left the meeting during the consideration of the revised agenda item 12.

The Director of HR & Performance and Vice Principal Corporate Services & Planning left the meeting after the consideration of Agenda item 12.