

THE TRAFFORD COLLEGE GROUP

**Minutes of the Meeting of the Resources Committee
held at 5.30 pm on Wednesday 8 May 2019
in the Boardroom at Trafford College**

Present: Guy Robson (Chairperson)
James Beazley
Louise Richardson
Graham Luccock
Jill Bottomley
Sue Derbyshire

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

Minute No:

GRES/16/19 Apologies for Absence

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

GRES/17/19 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/18/19 Minutes of the Resources Committee meeting held on 6 February 2019

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

GRES/19/19 Matters Arising from the Minutes

i) GRES/09/19 – Staff Temperature Check Survey

The Director of Human Resources & Performance (DHRP) presented a report on the findings and the associated action plan arising from the latest Staff Temperature Check Survey, undertaken in April 2019. It was noted that the survey outcomes now provided responses by campus and department and that the response rate was 68%, which represented an improvement in participation, by 9%.

In answer to a point made by a member at the last meeting, in relation to making the survey compulsory, the Vice Principal Corporate Services and Planning (VPCSP) advised that the Leadership team wanted to make the survey voluntary as it was part of the culture and ethos of the Group and that it was a good measure of staff engagement across the Group and by department.

It was further commented that making the survey compulsory would not be popular with staff and the Committee had a discussion in relation to the activities that could be undertaken to improve the response rate.

The DHRP reminded members that the survey had been undertaken during the middle of curriculum restructuring and that despite this the outcomes showed a marked improvement on the previous survey.

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The DHRP advised that the more notable results and trends arising from the survey included the following:

- Significant improvement in opportunities to show initiative and make improvement in individual roles.
- Significant increase in staff feeling positive about coming to work and being enthusiastic about their job.
- 13% increase in staff expressing that they are being treated fairly and consistently in the past 6 months.
- 10% increase in staff saying they would recommend The Trafford College Group as a Great Place to Work.
- A decrease in the issues raised due to cross campus working compared to the previous survey.

The DHRP commented that the results across the campuses were broadly similar but that it was encouraging to note that at Stockport College there was a significantly higher percentage of staff who felt positive and enthusiastic about coming to work.

With regard to issues relating to dissatisfaction levels the DHRP commented that these related to pay, security and systems. In relation to this matter, the Committee discussed national and local factors that impact on the outcomes and in discussion it was agreed that the survey could be reviewed in terms of differentiating the question to reflect recommending FE as sector to work in as opposed to The Trafford College Group.

Action: Director of Human Resources & Performance

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

- A member commented that if added together the two lowest score factors in relation to staff recommending the Trafford College Group as a place to work was rather high at 36%. The DHRP commented that this may be to do with issues around the survey question as discussed and commented that it was her intention to run focus groups across the Group to get staffs views on what actions were required to secure improvements in this respect.

Action: Director of Human Resources & Performance

- A member commented that the results were really encouraging and asked about the apparent low level of action/ take up in relation to performance appraisals. The DHRP advised that this was largely a timing issue and that improvements would be seen as the Academic Year progressed. The DHRP advised that the Human Resources team were chasing up any outstanding performance appraisals. In considering this matter a member asked about the Group's approach to looking at performance appraisal particularly with regard to moving away from the annually based approach. The VPCSP advised of the current arrangements that were in place at the Group and commented that broad and wide-ranging discussions had been held about how to move this matter forward.

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The VPCSP advised that the current intention was to review the matter at the end of term and to aim to achieve the implementation of a changed and more agile approach by the end of the next Academic Year.

Action: Vice Principal Corporate Services & Planning

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

GRES/20/19**Management Accounts for the Eight Months ending 31st March 2019**

The Director of Finance & Strategy (DFS) presented a report, which informed members of the financial performance of the Group for the 8 months up to 31 March 2019.

It was reported that the overall performance in the eight-month period was a deficit of £1,076k compared to the budgeted deficit of £807k. 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:

- Executive Summary.

The DFS advised the Committee of the range of possible scenarios for the full year which included best, mid and worst case. 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 that the budgeted deficit and forecasted deficit shown in the income and expenditure account excluded the benefit of the additional Transaction Unit draw down funding of £3.2m which would be shown in the Statutory Year End Accounts.

- 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 a member asked about the outcomes in relation to the contribution analysis and whether it had been successful. The DFS advised that historically the analysis had been undertaken too late for it to have an in year impact and that this year it had been undertaken much earlier to allow for an impact post-Christmas 2019.

- 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 the current position in respect of the pay award and pay negotiations with the accredited Trades Unions. The VPCSP advised of the current position in respect of discussions with the Unions and that, as yet, no agreement had been reached.

It was noted that a further meeting had been scheduled for mid May 2019 and the items for discussion would include, impact of pay harmonisation, salary scales, salary progression for teachers and the pay award. In terms of impact on the budget for 2019/2020, the DFS advised that this would be included in the draft budget which would be presented to the Committee at its meeting on 26 June 2019.

Action: Director of Finance & Strategy

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- Forecast 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.

The DFS advised in detail of the actions that were being taken to reduce costs particularly with regard to Capital Expenditure and energy costs and commented that in her view the outturn forecast would be between mid and best case scenario. The DFS also provided a detailed analysis of the cash flow position and advised that it was likely that the Group would breach the bank covenant with regard to minimum reserves in March 2020. A member asked what the consequences of the breach would be. The DFS advised that she had already met the Bank in this respect and that they had now appointed a Business Support Manager to work with the Group in respect of the Group's finances. The DFS also explained the options that were available to the Bank in respect of any breach of covenant and that given the current position and discussions with the BSM the Bank were not of a mind to impose breach sanctions.

In discussing this the Committee also raised a number of issues including the timing and impact of the Transaction Unit receipts, any impact with regard to land disposal options, and the current position in respect of the redevelopment work and budget for the Stockport Campus.

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 8 months ending 31 March 2019 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation**GRES/21/19****Greater Manchester Combined Authority Due Diligence**

The DFS presented a report, which provided the Committee with a copy of the Confirmatory Due Diligence Report, which had been commissioned as part of Greater Manchester Combined Authority (GMCA) Grant agreement.

The DFS advised that the purpose of the report was to advise members of the outcomes from the due diligence process and that the key points arising from the report were as follows :

- Before applying sensitivities the bank covenant of £3.0m minimum was forecast to be breached in March 2020 (£2.9m), July 2020 (£2.7m) and March 2021 (£2.9m).
- The Group needed to identify further cash mitigation strategies and to consider approaching the Bank and other stakeholders to discuss the implications of a potential covenant breach.

In relation to the two key issues, the DFS reminded members of the actions that were being taken by the Strategic Property Working Group and the Board of the Corporation in relation to putting in mitigating actions to address potential covenant breaches.

The Committee had a brief discussion relating to the due diligence report in respect of the fact that; there were no surprises, the meeting cycle that was taking place with GMCA concerning the redevelopment project and the position with regard to the original due diligence (merger) undertaken by Deloitte relating to the level of debt at Stockport College.

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

GRES/22/19**Catering Contract Review**

The DFS presented a report, which made proposals for an extension of the current Catering Contracts with CaterLink and Taylor Shaw for a further 12 months with a review and tender process to be undertaken following the completion of the extended contract period. The DFS provided the Committee with full details of the current contractual arrangements with both suppliers.

In the report the DFS outlined the actions that had been taken by management to justify the proposed extensions which included :

- A value for money review undertaken by the Director of Premises.
- Advice secured from TENET Educational Services who operate the Crescent Purchasing Consortium Framework.
- The current catering arrangements cost review.

In her report, the DFS also provided members with information relating to the Financial Regulations requirements in respect of tendering and securing quotations processes.

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

- Given the historic quality issues with the catering provision at the Altrincham site was the one year renewal of the contract the best option? The VPCSP advised that the historic quality issues had now been resolved and that the contractor was providing an acceptable level of standards and service.
- Had management looked at the option of insourcing the service and was there a need for a full facilities review? The VPCSP advised of the current arrangements in respect of all facilities, which was a mixture of insourcing and outsourcing. The VPCSP outlined the case for extending the contract for a further year and commented that the total position could be reviewed in a years' time. The VPCSP further commented that market testing should be undertaken to explore what the options are and that a watching brief was the most desirable course of action currently.

There were no other issues raised by members arising from the report and after due discussion and consideration it was resolved that the existing contracts as outlined in the report be extended by 12 months after which a review and tender process be undertaken.

Action : Director of Finance & Strategy

GRES/23/19**Devolved AEB Allocations and Implications for Funding Rules**

The VPCQP presented a report which included a copy of a letter from the Greater Manchester Combined Authority (GMCA) which outlined the indicative funded Adult Education Budget (AEB) for the 2019 -2012 funding year.

The report advised the Committee that the indicative allocation was £5,585,775 which covered adult skills, learning support and community learning and that the allocation was based on historic activity. The VPCQP further advised that the funding was for GM residents only (with an exception for "devolved to devolved" funding) and that the Group had received an allocation from the ESFA for AEB activity in non-devolved regions and that the allocation amounted to £513,007 giving a combined AEB funding at £6.1m which was in line with the Group's income assumptions.

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The VPCQP commented that the allocation needed to be signed off by the Mayor and that it was for a 2 year guaranteed funding level. The VPCQP also outlined to the Committee the key issues arising from the allocation and actions that would needed to be taken over the 2 year plan period

Members welcomed the report and made the following comments :

- Was year 2 of funding in line with the Groups financial and curriculum plans? The VPCQP confirmed that it was and advised of the internal actions that would be taken to ensure performance and achievement against the plans. He confirmed that no growth in AEB had been built into either plans.
- Given it is a two-year plan are the Greater Manchester Colleges working together on the AEB offer. The VPCQP commented that current activity had been concerned with influencing the funding rules, which had largely been achieved, and commented that he was sure that collective lobbying to GMCA would continue to take place 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/24/19**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 27 March 2019.

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 116 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 and it was noted that this would impact on the allocation for 2019/2020 due to the lagged funding methodology.
- 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 64%to 71%, but numbers would continue all year round. Recruitment of 19+ FT Loan students had risen slightly and PT Loan students were still above target at 195%of the curriculum plan.
- AEB funding was in line to achieve allocation and the DMIS advised that there had been a continue decline at the Altrincham campus over the last 2-3 years and outlined the actions that were being taken to address the reductions.
- Recruitment of full time Higher Education students was on track at 104% of the curriculum plan target. It was advised that no further variations to numbers were expected.
- Apprentices were reported as being on track to achieve the income target of £4.1m and the DMIS outlined actions that would be taken to increase income through greater use of standards and the disadvantaged uplift which could mean lower numbers butter higher income levels.
- Community Learning continued to enroll throughout the year and were reported as 59% of planned volumes.

The Committee considered the report in detail and resolved that it be noted.

Minute No:**GRES/25/19****Partner Subcontracting Activities Update 2018/2019**

The DMIS presented a report, which detailed the subcontracting performance in respect of provision in 2018/2019 as 22nd March 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 the DMIS drew the Committees attention to the key points relating to the performance which related to the subcontracting activity with Flixton Girls school, Carrington Riding School, Learning Curve and Interactive Business Ltd. The DMIS advised that all contracts were performing at or above expected value and that all achievements were forecasted to be on target.

The DMIS also advised that the partnership cohort was working very well and went through the performance relating to each partnership provision. In discussion, a member commented that it would be helpful if this element of the report was presented in a tabular format in future and the DMIS agreed to action this suggestion in his next report.

Action: Director of MIS

The VPCQP advised of the Groups intention to change the partnership agreement with Debut Dance Academy into a subcontracting arrangement from September 2019. The VPCSP outlined the reasons and justification for a change in the relationship. The VPCSP also provided members with details of the proposed contractual arrangements and in an answer to a members question advised that the current recruitment was 6 learners with 30 acceptance offers with the contract requirement being a minimum of 15 and a maximum of 20.

The VPCQP further advised that the proposal would be subject to ELT and Board of the Corporation approval.

The Committee, in discussion supported, the proposal and the VPCQP advised that he would take it to the Board of the Corporation for approval at its meeting on 22 May 2019.

Action: Vice Principal Curriculum & Quality – Campus Principal

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

GRES/26/19**ESFA Review of The Trafford College Group Financial Statements 2017/2018**

The DFS presented a report which included a copy of a letter received from the Education Skills & Funding Agency (EFSA) detailing their comments arising from their review of the Group's Financial Statements for the period 2017-2018.

The report also included a copy of Finance dashboard at March 2019 which gave an overview of the Group financial performance relating to financial resilience including :

- Cash position and future indications of solvency.
- Accuracy and planning and 3 year projections.
- Reliance on ESFA funding and particular funding streams.
- The position of the Group on the three ratios that the Group uses financial health.
- Benchmarking against other Colleges.

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With regard to the dashboard, the DFS advised that some of the comparators only related to Trafford College and should be treated accordingly. The DFS advised that the key issues arising from the report were as follows :

- the financial health grade for TCG is 'satisfactory'.
- the ESFA had not identified any significant financial control concerns from the review.

Members considered the report in detail and after due discussion it was resolved that it be welcomed and appreciation expressed to the staff involved in achieving the outcome.

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

GRES/27/19 Any Other Business

There were no matters raised under any other business.

GRES/28/19 Date of Next Meeting

It was agreed that the next meeting would be held on Wednesday 26 June 2019 at 5.30 pm in the Boardroom at Trafford College.

Action: Corporation Secretary

The Director of Human Resources and Performance left the meeting at 6.00pm after the consideration of Agenda item 4i).

The meeting closed at 7.00 pm.