THE TRAFFORD COLLEGE GROUP

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

**held at 5.30 pm on Wednesday 7 October 2020 Via Microsoft Teams**

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| **Present:** | Guy Robson  James Scott  Jill Bottomley  Sue Derbyshire  Janet Grant  Graham Luccock  Louise Richardson  Jeremy Woodside | (Chairperson)  (Principal and Chief Executive) |
| **In Attendance:** | Barry Watson  Michelle Leslie  Andrea Bennett  Naomi Harrop  Simon Hannett | (Corporation Secretary)  (Vice Principal Corporate Services & Planning)  (Director of Finance & Strategy)  (Head of Human Resources & Performance)  (Director of MIS) |

| **Minute No:** |  |
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| **GRES/26/20** | **Apologies for Absence** |
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|  | The Corporation Secretary (CS) reported that no apologies for absence had been received. |
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| **GRES/27/20** | **Election of Chairperson of the Committee for the Academic Years 2020/2022** |
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|  | The CS sought nominations for the position of Chairperson of the Committee for the Academic Year’s 2020/2022.  Guy Robson was the sole nomination and it was unanimously resolved that he be elected as Chairperson of the Committee for the period outlined.  **Action: Corporation Secretary** |
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| **GRES/28/20** | **Declarations of Direct or Indirect Interest in any of the meetings business items** |
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|  | There were no declarations of either direct or indirect interest in ant of the meetings business items. |
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| **GRES/29/20** | **Election of Vice Chairperson of the Committee for the Academic Years 2020/2022** |
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|  | The Chairperson sought nominations for the position of Vice Chairperson of the Committee for the Academic Year’s 2020/2022.  Janet Grant was the sole nomination and it was unanimously resolved that she be elected as Vice Chairperson of the Committee for the period outlined.  **Action: Corporation Secretary** |
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| **GRES/30/20** | **Minutes of the meeting held on 13 May 2020** |
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|  | The minutes of the meeting were approved and accepted as a correct account of the meetings proceedings. |
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| **GRES/31/20** | **Matters Arising from the Minutes** |
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|  | There were no matters arising from the minutes that were not on the agenda for the meeting. |
| **GRES/32/20** | **Outcomes from the Training and Development Plan 2019/2020** |
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|  | The Head of Human Resources & Performance (HHRP) presented a report which provided members with an overview of the training and development (T&D) activities that had been undertaken during 2019/2020 together with details of the outcomes from the activities.  The HHRP reminded members of the fact that the activities had been undertaken during lockdown which had provided its own challenges and commented that staff had moved swiftly and professionally to virtual platforms for T&D. It was further advised that some T&D could not be delivered such as Mental Health as it required face to face delivery but that it was hoped that this could be delivered next year.  The HHRP advised that a considerable amount of T&D had been undertaken during the year and that a variety of learning interventions had been provided. It was further advised that a key focus for the year had been the development of leaders and aspiring leaders, supporting mental health and mandatory training including Safeguarding and Health & Safety.  The HHRP also advised that the three themes of focus from a curriculum perspective were as follows:   * Developing Effective Reading Skills. * Preparing Learners for External Assessment. * Embedding the wider curriculum.   It was also advised that the mandatory training for curriculum staff had focused on, the Education Inspection Framework, SharePoint and Microsoft Teams.  The HHRP drew members to the key outcomes of the T&D, within the following areas of activity:   * Digital Transformation- Microsoft Teams Development which had resulted in 10% increase in efficiency of resources and 10% increase in student engagement. * Leadership Development which had led to positive changes in leadership behavior and evidential feedback from staff to that effect. * Employment Policy. * Health & Safety Training. * Equality and Diversity – Mental Health Training.   Members raised several issues arising from the report as follows:   * With regard to safeguarding training what percentage of staff had completed the training. The HHRP advised that it equated to approximately 60% of staff and advised that that included new starters and refresher training occurring once every 3 months with an annual refresher for all staff. The HHRP also advised of the approach that had been taken in year relating to the requirements for staff to consider the Policy and Code of Conduct relating to Safeguarding. * A member commented that there was a lot in the report in respect of the evaluation of training which appeared to be a tick in the box approach and asked if there were ways of ensuring that the training had stuck with staff and that they were prepared adequately for the Ofsted visit for example. The HHRP advised that this was not something that HR currently undertook but commented that it could be actively looked at. The Principal and CEO advised of the work that was being undertaken in this respect with Apprenticeship provision and this could be rolled out further across the Group.   It was further advised of the testing and certification arrangements that were in place in respect of Safeguarding Training.  **Action:** **Head of Human Resources & Performance**   * A member asked about Leadership Development and how many of the staff were still with the Group and how many had either increased responsibility or changed their role as a result of the T&D. The HHRP advised that the management restructure had impacted on this and that some staff had progressed and had taken on broader roles as a result of the restructure .In discussion it was agreed that the HHRP would look at the point made in terms of measures of outcomes for future reporting.   **Action: Head of Human Resources & Performance**   * A member asked how many staff had taken the Level 2 Mental Health training up. The HHRP advised that take up had been low and that she was looking at ways of making it more attractive to staff as it was not a mandatory requirement. In discussion the HHRP advised on the integration of Equality and Diversity within all aspect of Training and Development including Mental Health.   **Action: Head of Human Resources & Performance**  There were no further issues raised by members arising from the report and it was resolved that it be noted. |
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| **GRES/33/20** | **People Strategy Outcomes Report 2019/2020** |
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|  | The HHRP presented a report that provided members with an update in relation to the outcomes of the People Strategy Action Plan (PSAP) foe 2019/2020.  The HHRP advised of the impact of Covid 19 and the lockdown on the priorities within the Strategy and outlined in detail the large amount of work that had been undertaken to deliver on the targets within the Strategy.  The HHRP also detailed the outcomes and improvements in performance arising from the activities. In this context the HHRP provided the Committee with full details of the outcomes relating to the following five strategic aims:   * Attract. * Develop. * Retain. * Excellence in Leadership and Management. * Supportive, collaborative and healthy working environment.   A member asked about the organisation of leadership programmes and the HHRP advised the Committee of the arrangements that had been put in place both in terms of face to face and subsequently virtual delivery.    After due discussion and consideration there were no further matters raised by members and it was resolved that the report be noted. |
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| **GRES/34/20** | **People Strategy 2020/2021** |
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|  | The HHHP presented a report which made proposals for the People Strategy for 2020/2021. The report also included a copy of the People Strategy Action Plan for the same period.  The HHRP advised that this was the final year of the three-year strategy and that the proposal was to retain the 5 Key Strategic Priorities of, Attract, Develop Retain, Excellence in Leadership and Management and Supportive, Collaborative working environment.  The HHRP further advised that the intended focus for the year would be on the Group’s approach to Succession Planning, Equality and Inclusion with a top down approach being undertaken and the development of the Equality & Diversity Strategy.  The HHRP also commented that the commitment to Leadership Development would continue for the year and that it was proposed to embed a coaching culture to assist with the delivery of results by improving performance and making the most of employee’s potential.  A member asked how the Group was going to involve staff in sharing their experiences and influence the outcomes in relation to the Equality & Diversity Strategy.  The HHRP advised that the intention was develop the Strategy through the running of focus groups with staff being involved together with the E&D staff survey.  The member asked how LGBT and BAME staff would be involved to help shape the Strategy and the HHRP advised that this would come through the focus Groups, subgroups and volunteers who would be able to informally influence the Strategy.  There were no further issues raised by members and after due discussion and consideration it was resolved that the People Strategy and associated Action Plan 2020/2021 be recommended to the Board of the Corporation for approval.  **Action: Board of the Corporation** |
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| **GRES/35/20** | **Employee Relations Update – October 2020** |
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|  | The Vice Principal Corporate Services and Planning (VPCSP) presented a report which provided members with an update in respect of the current industrial relation issues at the Group.  The VPCSP commented that pay continued to remain an issue for staff and the accredited trades unions but that good relationships continued to be maintained with both staff and the Unions.  The report updated members on the progress and up to date position in respect of the following industrial relations issues:   * Pay claim for 2019/2020 including pay harmonisation 2018/2019 and 2019/2020. * Salary structure for 2019/2020 and 2020/2021. * The UCU claim for 2019/2020.   In responding to each of these issues the VPCSP advised of the Group’s offer with regard to the following:   * Harmoisation of Terms and Conditions. * Pay and salary structure. * Additional Annual Leave. * Workload.   The VPCSP provided the Committee with details of UCU’s response and that the Group was waiting for the Unions response following their consultation exercise with regard to the offer.  The VPCSP also advised the Committee of the industrial relations issues relating to Covid 19 and the outcomes from the recent curriculum review exercise both in terms of staffing and costs and savings.  A member commented that the response, in this context to Covid 19 had been amazing in ensuring that staff remained safe.  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. |
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| **GRES/36/20** | **Financial Monitoring and Forecast Report as at 31 July 2020** |
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|  | The Director of Finance & Strategy (DFS) presented a report, which informed members of the financial performance of the Group for the period up to 31 July 2020.  The DFS confirmed that the final outcomes and results for the year were still subject to Audit by Gant Thornton.  The DFS advised that the financial impact of Covid 19 was still being assessed in line with new guidance and that the Group was slightly ahead of the best case forecast position for 2019/2020.  The DFS further advised the Committee that the broader impact of Covid 19 was likely to be in 2020/2021 due to income risk and the income that this would have on cash flow particularly in March 2022. The DFS reminded members that a full updated budget for 2020/2021 had been presented to the Board of the Corporation in July 2020.  In respect of the final accounts for the Year, it was reported that the overall performance in the 12-month period was a loss of £442k compared to the budgeted deficit of £424k. The DFS advised that the main reason for the outturn being so close to plan was largely the result of savings in depreciation and interest which were non-cash generating items. The DFS further advised that the management accounts included a number of limited estimates based on current assessments regarding outstanding costs and income.  It was also advised that the following financial objectives had been maintained 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 concerning the final position against performance for each of the indicators. The DFS further advised in relation to the financial health score which was a strong requires improvement, the pay to income ratio target which had slightly exceeded expectations due to a decline in Higher Education income and the current cash balance which was exceeding target due to the profiling of payments for the Stockport re development.  In presenting the report the DFS advised the Committee concerning the following details of the Group’s financial performance for the 12-month period:   * **Income and Expenditure Account including Income, Pay and Non-Pay-Costs.**   With regard to the EBITDA it was advised that this was showing a surplus of £2,487k which was £577k off plan. The DFS also advised that the mitigating actions in July 2020 had enabled a delivery of £20k improvement in relation to the best-case scenario. It was noted that the position of a 526k deficit was worse that the planned deficit of £424k which included the benefits of depreciation and interest which were non-cash items.  The report provided members with full details of income performance against streams.  In respect of pay costs the DFS advised that they were currently £25k greater than planned with non- pay costs being £750k under budget for the year.  The DFS also provided the Committee with comparative income and expenditure data in respect to the Groups financial performance for 2018/2019 and was pleased to report that all financial indicators and performance were moving in the right and a positive direction.   * **Cash Flow, Capital Expenditure and Budget 2020/2021**   The report provided the Committee with details of the position in respect of each of these aspects of financial performance, which was noted.  With regard to cash flow the DFS advised that the bank balance was £5,511k at year end and that the forecast was based on a closing year end position of £5.5m.The DFS also provided members with details of the rolling cashflow forecast position through to July 2020 and advised members that the year to date cash balance was currently higher than plan due to lower capital expenditure on the Stockport redevelopment and reduced non pay operating costs.  The DFS also advised on the management action that had been taken in respect of the revised bank loan covenant and the impact of the timing of receipts for the disposal of land assets at Stockport College.  The DFS also outlined in detail the reason for the improved cash performance outturn in 2019/2020 and presented a series of summary slides which detailed the following RAG Rated information for 2019/2020 for the Key Financial Performance Indicators:   * Income and Expenditure. * Income and Expenditure – Comparators between 2018/209 and 2019/2020. * Financial Health Ratio. * Bank Covenants. * Cash Forecast.   Members expressed their appreciation of the clarity and informative aspects of the slides and it was suggested that all Board members should be appraised of the slides.  **Action: Director of Finance & Strategy**  Members raised several issues arising from the report as follows:  A member asked about the presentation of the forthcoming Draft Report and Financial Statements especially in the context of the going concern position. The DFS advised that the Group was in a much better position than last year and that a full report would be presented to the Board of the Corporation at its meeting next week.  The DFS further advised that the position in terms of actuals and plan were fine but that further work was required on the forecasts which were currently being worked on.  **Action: Director of Finance & Strategy**  A member asked if the Covid 19 job retention scheme could assist with getting the Group’s pay /income ratio on target.  The DFS advised that she had not seen any guidance but would look into the matter.  A**ction: Director of Finance & Strategy**  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 year ending 31 July 2020 be recommended to the Board of the Corporation for approval.  **Action: Board of the Corporation** |
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| **GRES/37/20** | **Treasury Management and Banking Arrangements Report** |
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|  | The DFS presented a report which provided the Committee with information regarding the Group’s financial performance in terms of meeting the Bank’s loan covenant requirements.  It also included the letter from Barclays Bank detailing the interest rate arrangements for the loan and the letter of variation relating to the financial covenants dated 22 July 2020.  The report also provided members with an update on the investment of surplus cash reserves.  The DFs drew the Committees attention to the key issues arising from the report which were as follows:   * The interest rate on the loan had gone up to 6.98% from July 2020. * The renegotiation of the bank covenants which were confirmed in the letter of variation. * The additional capital allocation of £1.3m and how the matter was being dealt with in respect of the limit of £ 0.9m capital expenditure bank covenant limit.   The DFS provided full details to the Committee of the variations and current requirements in respect of the following covenants:   * Debt Service Cover. * Operational Leverage. * Minimum Cash Balance. * Security Cover. * Restriction on Capital Expenditure.   The DFS also provided details of the Bank security charge on the land at Timperley and Stretford together with current arrangements for the monies on deposit which were in line with the Group’s Financial Regulations.  A member asked about the possible renegotiation of the covenant relating to capital restriction and the DFS advised that this could be undertaken as part of the merger process but it would not affect the Stockport redevelopment or potential the Cheadle campus because the allocation was for ongoing capital works.  It was further added that the Bank would probably not have a problem with the surplus on capital allocation expenditure given the circumstances and that it would not be in their best interests to restrict the expenditure.  A member asked the DFS if she was comfortable with the Debt servicing position and the DFS advised that she was but that the Group needed to ensure that headline numbers stay within the forecasts.  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. |
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| **GRES/38/20** | **Any Other Business** |
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|  | There were no matters raised under any other business. |
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| **GRES/39/20** | **Date of Next Meeting** |
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|  | It was agreed that the next Committee meeting would be held on Wednesday 18 November 2020 at 5.30 pm.  **Action: Corporation Secretary**  The HHRP left the meeting at 6.15 pm after the consideration of Agenda item 9.  The meeting closed at 6.44 pm. |