

THE TRAFFORD COLLEGE GROUP

**Minutes of the Meeting of the Resources Committee
held at 5.30 pm on Wednesday 13 May 2020 via Microsoft Teams**

Present:	Guy Robson	(Chairperson)
	Louise Richardson	
	Graham Luccock	
	Jill Bottomley	
	Jeremey Woodside	
	James Beazley	
	Lesley Davies	(Principal and Chief Executive)
	Janet Grant	
	Sue Derbyshire	
In Attendance:	Barry Watson	(Corporation Secretary)
	Michelle Leslie	(Vice Principal Corporate Services & Planning)
	Andrea Bennett	(Director of Finance & Strategy)
	Naomi Harrop	(Head of Human Resources & Performance)
	Jerome Wittersheim	(Interim Director of MIS)

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GRES/13/20 Apologies for Absence

The Corporation Secretary (CS) reported that no apologies for absence had been received.

It was noted that the Vice Principal Curriculum & Quality/Campus Principal was unable to attend the meeting.

GRES/14/20 Declarations of Direct or Indirect Interest in any of the meetings business items

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

GRES/15/20 Minutes of the meeting held on 26 February 2020

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

GRES/16/20 Matters Arising from the Minutes

There were no matters arising from the minutes that were not on the agenda for the meeting.

GRES/17/20 People Strategy Action Plan Update

The Head of Human Resources & Performance (HHRP) presented a report that provided members with an update in relation to the progress of the People Strategy Action Plan (PSAP).

The HHRP advised that the impact of Covid-19 and the lockdown of all campuses had had a significant impact on the progress of the action plan as the HR department had been working very hard to help staff in moving towards working remotely.

The HHRP provided the Committee with examples of the activities that had been initiated to support staff during the lockdown period together with details of the virtual training that had been undertaken to continue to deliver on CPD targets.

The report provided a progress update in respect of the five Strategic aims relating to the action plan and the HHRP advised that good progress was generally being made across all the activities.

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It was advised that there was one Red RAG rated Risk which related to Safeguarding Training and it was further advised that this had been evidenced from a recent internal audit report into the Group's Safeguarding provision and that a series of actions had been put in place to address the identified issues.

A member asked about Governor training in this respect and commented that this was an area that Ofsted look at during their inspections. The HHRP advised that the audit commenced shortly after lockdown which led to difficulties in gathering the relevant information for the auditors. It was further commented that the HR department were working on catching up with members of staff who had not undergone the required training and that the RED risk rating should be removed shortly. With regard to Governor Training it was advised that this takes place on an annual basis and this year's training had been scheduled to be delivered on 1 April 2020 but had been delayed due to lockdown.

The Corporation Secretary advised that this would be now delivered virtually by the end of this Academic Year.

Action: Corporation Secretary

With regard to the Action Plan the HHRP advised on the actions that were being taken in respect of the Amber RAG Rated actions and was confident that they would all be completed by the end of the Academic Year.

Action: Director of Human Resources and Development

A member asked about the Health and Safety Strategy and whether it sat within this action plan or was considered elsewhere.

The Vice Principal Corporate Services and Planning (VPCSP) advised that the Strategy sits outside this framework and outlined the strategic approach and operational management activities relating to Health and Safety particularly with regard to the Health and Safety Committee and the Group's Health and Safety Officer. The VPCSP also outlined the approach that the Group was taking in respect of the Health and Safety and welfare of staff in the context of Covid19.

A member asked if there was any mechanism to capture how staff are feeling/coping with working remotely. The HHRP advised that a survey was being prepared to engage with staff in that respect and that she has weekly meetings with Assistant Principals and Directors where the issue is discussed in detail. It was further advised that feedback is given to the HR Department and the HR business partners in order to address any issues or concerns. The HHRP commented that generally staff had found working remotely initially unsettling but through a wide range of support activities the initial unsettling period had dissipated.

The VPCSP commented that the new challenge that was being addressed was the planning of support to ease staff back into the work environment.

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

GRES/18/20 Financial Monitoring and Forecast Report as at 31 March 2020

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 March 2020.

The DFS advised that the financial impact of Covid19 was still being assessed in line with new guidance and that the forecast for 2019/2020 was that the Group would not

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now deliver the 2019/2020 financial forecast and that discussions with the Bank were ongoing in respect of the implications for the financial covenants for 2019/2020.

With regard to the financial year 2020/2021 the DFS advised that there was likely to be a bigger impact due to the income risk and the impact that this would have on cash flow particularly in March 2021 and March 2022. The DFS further advised that it was her intention to present an updated 3-year plan to the Board of the Corporation at its meeting on 21 May 2020.

In respect of the Executive Summary to the accounts, it was reported that the overall performance in the eight - month period was a loss of £156k compared to the budgeted deficit of £283k.

The DFS advised that the current positive position against the plan was largely the result of the profiling of pay and non-pay expenditure and that management action was still required to deliver the plan. 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 of the current position against performance for each of the indicators. The DFS further advised in relation to the financial health score, the pay to income ratio and the current cash balance.

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 the EBITDA it was advised that this was showing a loss of £156k but was in a positive position against the planned deficit of £283k 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 £148k below forecasts and that, as explained previously, this was due to profiling factors.

- **Cash Flow, Capital Expenditure, Full Forecast 2019/2020**

The report provided the Committee with details of the position with regard to each of these aspects of financial performance, which was noted.

In terms of forecast for 2019/2020 the DFS outlined the best case, mid and worst case scenarios. It was advised that the best case was a deficit of £649k, the mid case was a deficit of £1,242 and the worst case a deficit £2,352. The DFS further advised that the worsening financial position was due to a number of factors which included further pressures on pay and non-pay and the impact of Covid 19 on relevant income streams. The DFS explained in detail on how the various scenarios had been modelled and advised that in her view the mid case scenario was the most likely outcome position at this stage.

The report also identified the mitigating action that had been taken by management and the status of the action. The DFS advised that the actions included those relating to Covid 19 which had impacted on business as usual. It was noted that the risk to delivery of each of the mitigations was RAG rated with one risk being red and all other

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risks being either amber or green. The report also included the key income variances from the EBITDA budget to the mid case EBITDA budget which included the actions that management would take to bridge the gap between mid and best case scenarios.

With regard to cash flow, the DFS advised the Committee that the bank balance was £4,654k as at 31 March 2020 and provided a rolling cash flow forecast through to July 2021. The DFS advised that the land disposal was still in the figures and mitigation would take place if it did not proceed, she further commented this could be a significant risk if delayed due to Covid19.

A member sought clarification with regard to the Higher Education Income being £930,000 under budget and asked if this had increased since last reported. The DFS advised that it had and the Committee had a broad ranging discussion concerning the provision which included, the marketing approach of local Universities to attract students from FE, possible structural changes to HE and the challenges to their finances which has resulted in a more competitive approach. Given the discussion the member asked what the Group's tactics were for HE next year. The Principal advised that the Group were looking to increase part time provision and were looking at sectors of provision particularly with regard to Health and Social Care with a niche approach being offered. It was further advised that a Marketing Strategy for HE was being brought forward with other markets around adult retraining to be looked at.

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

A member commented that the accounts were not good news but were not surprising and asked how often was the DFS in touch with the Bank concerning the Group's financial position. The DFS advised that she was regularly in touch with them and had a meeting last February with conference calls being held since that time. The DFS commented that the Banks were heavily involved in risks relating to Covid -9 and that in her view the Group was low on the Banks risk radar.

A member asked how sympathetic were the Bank to the Covid-19 situation. The DFS confirmed that the Bank had indicated that they would take a sympathetic approach but that the significant risk was this year's covenant and that the Banks position with regard to the matter would need to be clarified by 31 July 2020.

In discussion the VPCSP re iterated that she expected the Stockport land sale receipts to be delivered in December 2020 with the proviso of any possible delays due to Covid19.

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 2020 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation**GRES/19/20 Due Diligence Update Report**

The Vice Principal Corporate Services and Planning (VPCSP) presented a reported which update the Committee on the progress that had been made in respect of the Due Diligence investigations in respect of the proposed merger with Cheadle and Marple Sixth Form College (CAMSFC).

The report covered the following areas relating to the Due Diligence Investigations

- Financial.
- Legal.
- Estates and Health and Safety
- Information Technology.
- Curriculum.

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The VPCSP provided the Committee with a detailed update relating to each of the investigations and advised that they were due to be concluded by 29 May 2020. It was further advised that it had been agreed that with regard to the Legal and Financial Due Diligences then the respective firms would be making a presentation to the Board of the Corporation at an additional meeting scheduled for 1st July 2020.

Action: Corporation Secretary

With regard to the Legal Due Diligence the VPCSP advised that Eversheds-Sutherland had issued a questionnaire for completion and that it had been issued to relevant staff for completion.

The VPCSP further advised that everything relating to each of the Due Diligences was operating within the agreed processes.

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

- A member asked if there was anything unusual relating to the questionnaire issued by Eversheds – Sutherland. The VPCSP advised that there was not and that it covered all areas that was covered in the scope and what would be expected. It was also advised that it did not cover land searches and that Eversheds – Sutherland had been receptive to the suggested ways of simplifying the process given the current lockdown position.
- A member asked if it was feasible that the processes would be completed within the current agreed timeframe. The VPCSP advised that it was anticipated that this would be the case and provided details relating to each of the investigations in this respect. The VPCSP further added that she had no concerns at this stage but did not underestimate the task in hand.

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

GRES/20/20 Employee Relations Update

The HHRP provided members with a verbal report with an employee relations update in respect of the forthcoming restructure.

The HHRP provided the following information during her update.

- Background and reasons for the restructure including the need for greater staffing efficiencies in curricular areas as a result of the impact of reduced income and Covid19.
- The anticipated levels of redundancies which was anticipated as being below 20 with no compulsory redundancies.
- Timescales. It was advised that staff who were impacted would be briefed week commencing 20 May 2020 and that the process would be completed by the end of the Academic Year.
- The challenges of remote consultation which would involve enhance support to staff at this time together with consideration how other institutions are handling remote consultation.

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/21/20 Accommodation Update

The VPCSP presented a report which updated the Committee on the Group's accommodation strategy activities in respect of the following key issues:

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- Stockport College Campus Redevelopment. The VPCSP reported in detail and specifically in relation to the procurement of the main contractor. It was advised that Seddon's had, through the Strategic Property Working Group, been asked to look at a second stage tender. It was noted that the initial budget was over budget but that the Project Advisers were confident that they could get the costs on budget through value engineering activities. It was further advised that discussions were on going with Seddon's concerning the start date for Phase 1 and that Phase 2 arrangements would be considered after receipt of the land disposal at Stockport. The VPCSP was pleased to be able to confirm that all the demolition work had now been completed and that Phase 1 was due to be completed in May 2021 with Phase 2 scheduled for completion in November 2022. The VPCSP advised that these dates could be impacted upon in the light of Covid developments.
- Stockport College Disposal Plans. The VPCSP advised that since her last report, as members were aware, the contracts for the exchanged with Investar and advised of the sum of receipts relating to the disposal and the entitlement to a lease arrangement. The VPCSP advised that the receipt of the sum was subject to planning and that the application was now likely to be considered in October 2020 due to a delay arising from Covid 19. The VPCSP advised that an Environmental Impact Assessment would not be required and outlined in detail the positive and supportive meetings that were being held with SMBC. With regard to the vacating of the University Centre plans the VPCSP advised of the timelines and revised arrangements and the additional challenges created by the phased leasing arrangements particularly in the context of Covid19.
- Timperley Campus Disposal Plans. The up to date position was noted and the VPCSP drew the Committees attention to the lack of confidence that the Group had in receiving the disposal proceeds within the required timescales and had therefore taken the view that the disposal was a High Risk for the Group. The VPCSP advise that the discussions and issues were complex and provided the Committee with an overview of the outcomes from recent stakeholder meetings including Sale Sports Club, Sports England and TMBC. It was advised that in terms of planning the Sale Sports Club application would be made in June 2020 with the Group's application would be reviewed if the application was successful. The VPCSP also advised of the increased costs that the Group were being asked to contribute to the replacement pitch which was an increase of £100,000k and that the Advisors and team were looking at the position. The VPCSP also outlined the position in respect of affordable housing which had gone up significantly and that the Group would be making a case to offset the increase in affordable housing through essential investments in Digital Strategy and site security. It was advised that Colliers were modelling various scenario and its potential impact on receipts.

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

- A member asked about if any pressure was being applied by local Sale Councillors to support the Group's and Sale Sports Club approach. The VPCSP advised that there was not a great deal of support from the Council but the current approach appeared to be the best option that was available.
- A member asked how much was the Group likely to get out of the project as it appeared to him that the Group were being asked to give more and more away and that there was no certainty around securing the disposal. The VPCSP commented that it was a valid point but at this stage the outcome depended on a number of variables which were not yet known. It was advised that this included the level of affordable housing and contributions and market conditions. The VPCSP further advised that it was her view that it was

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still worth pursuing the disposal based on an anticipated healthy receipt surplus for the disposal. The Committee had a broad ranging discussion around the Council's view and support to the Group and the financial position of Local Councils. The Principal commented that it was hoped that the Council would see the Group as a valuable partner and work with the Group to make the disposal happen.

- A member asked when would Seddons report back on the over budget issue? The VPCSP advised that it was expected that discussions would be completed by the end of June 2020 but Covid 19 might impact on that timeline.

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/22/20 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.

The report covered the following funding streams:

- 16-19 Study Programmes. The IDMIS advised that the increase in level of funding for the year by 4.7% to £4,188 per student had been confirmed and that the allocation had been increased by more than expected at circa £1.7m. He further advised that if the increased intake in September 2020 materialised that the increase might not cover the additional costs that would be generated due to the lagged funding methodology.
- Adult Education Budget. The IDIMIS advised that compared to last year the Group had generated an additional £224k of income. He further advised that the ESFA payment had been made in full and that the position with regard to GMCA was that the Group was on track to achieve its target and that it was currently £80,000k ahead of profile. With regard to Learner Support the IDMIS was pleased to report that since his last report the funding had increased from £190k to £465k and expressed his appreciation and recognition of the work put in by the Learner Support Team to achieve the improvement.
- Apprenticeships Higher Education and advanced Leaner Loans. It was agreed that the position with regard to each of the funding streams was covered in discussions relating to the Management Accounts item on the agenda.

The Chairperson offered his congratulations to the staff involved in securing the additional Adult Education Budget funding.

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

GRES/23/20 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 Group's Partnership working in 2019/2020 together with the key issues for both aspects of delivery as follows:

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- The up to date position in respect of 16-19 programmes detailing the scope and nature of the contracts that were being delivered.
- The up to date position in respect of the Adult Education Budget and in particular the increase in delivery with budget values with Learning Curve and Code Nation which would be delivered through on line learning.
- The up to date position with regard to Partnership working together with the change to the partnership working with Academy 92 and the conclusion of three partnerships in year.

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

GRES/24/20 Any Other Business

There were no matters raised under any other business.

GRES/25/20 Date of Next Meeting

It was agreed that the next Committee meeting would be held on Wednesday 24 June 2020 at 5.30 pm but that this would be reviewed depending on the need for the meeting.

Action: Corporation Secretary

The Vice Chairperson (JG) Chaired the initial part of the meeting until the Chairperson's arrival.

The meeting closed at 6.50 pm.