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RESOURCES COMMITTEE MEETING

Date: Tuesday 24 September 2024
Time: 5.00pm
Venue: Boardroom / Videoconference

Present:

Dr Andrew Roberts (Chair)
Dr Bill Webster (Principal)
Dr Tony Unsworth
Mrs Kate Flood
Prof George Holmes

In Attendance:

Garry Westwater (Executive Director of Finance)
Jane Marsh (Executive Director of HR and Estates)
Tim Openshaw (Asst. Vice Chancellor, UoB)
Deborah Bradburn (Clerk)

1. SECTION A - BUSINESS MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

1.1 Election of Committee Chair

Members were invited to put forward a nomination and elect a Chair for the Committee.
Dr Andrew Roberts was nominated and a vote taken.

RESOLVED:

Dr Andrew Roberts be elected Chair of the Committee for the current academic year.

1.2 Welcome to Members

The Chair welcomed members to the meeting, which commenced at 5.03pm.

1.3 Apologies for absence

No apologies for absence had been received.

1.4 Declarations of Interest

The Chair reminded everyone present to declare any interests that they may have on matters to be discussed.

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1.5 Request for an item to be unstarred

No requests were made.

1.6 Minutes of the previous meeting held on 4 June 2024

The minutes of the meeting held 4 June 2024 had been previously circulated to Members for consideration.

Agreed: that the minutes are approved as a correct record and authorised for publication.

1.7 Matters arising from the Minutes and Action Progress Log

The Clerk presented the action progress log and confirmed that all actions had been completed.

2. SECTION B - COLLEGE MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

2.1 Financial Update 2023/24 and 2024/25 Budget

The following update was provided by the Executive Director of Finance:

- Once non-cash/exceptional items were discounted there would be a shortfall in the net surplus position of -£677k with the largest variances being the pension and depreciation. The shortfall of -£677k was attributed to three 'pressure points' that accounted for 76% of the shortfall ie. construction, health and social care and IT.
- Agency costs continued to rise due to staff shortages, vacancies and sickness/absence that was offset by savings delivered by Bolton Talent Solutions (BTS). At least 50% of BTS agency staff would convert to permanent staff members with Bolton Learner Support Talent Solutions (BLSTS) creating savings greater than budgeted. Further savings would accrue in 2024/25.
- Income had increased substantially but was matched by expenditure. The LSIF funding had not been built into the forecast as it was considered as 'money in, money out'.
- The bank recognised the challenges that the FE sector faced and had approved the 2023/24 covenant waiver.
- Tangible assets had a net increase of £0.9m with £2.7m of assets attributed to the T-Level new build that was scheduled for completion in November 2024.
- The College cash position had decreased to £2.4m due to the deficit and capital expenditure.
- Recruitment was positive for 16-19s with a net increase in enrolments of 290 compared to the previous year. Adult education enrolment was positive and improving with apprenticeship recruitment equivalent to the previous year. Higher Education recruitment was low and had been taken into consideration in the budget.
- Work continued on curriculum costings with a new process in place to gain greater control of agency staff usage.
- A number of mitigations had been implemented to reduce any cost increases with a savings plan that would show continued improvement.

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Governor Questions/Comments:

- *There is a worry that there was a lack of understanding of how bad the financial position was.*

The Executive Director of Finance and Head of Finance will be meeting with each Department Head to see what it is they need for better budget management and to ensure that those conversations take place.

- *How will the bank react to the deficit of -£2.4m when previously being informed of a deficit forecast of -£1m?*

Most of this is non-cash and we'll speak to the bank to make them fully aware.

- *The banks may react badly to this. The concern is that the bank is going to say there are too many variances and lose confidence in the figures. Do they already have a member of the business support team talking to us?*

The bank will primarily focus on our cash position. It is looking at the forecast going forward to make sure we are on track to where we said that we would be. We don't have a member of the business support team talking to us at this point.

- *Will the increased budgetary control be adequate enough?*

We have brought in a new sign off mechanism for agency staff recruitment. There is also a robust review at what should be spent on agency staff delivery that has been developed based on course, contact time etc.

- *The big difference isn't the agency costs. It's the other payments with a potential £0.5m for non-pay?*

These are the main IT software licences that have increased in cost above expectations.

- *Should we separate the T-level and 16-19 income as they are different income streams?*

Yes, we will do that going forward.

- *Why have the Anatomage tables not been capitalised?*

Only the Anatomage table owned by the College has been capitalised. The other tables belong to other colleges .

- *Ordinarily a building such as this would depreciate over 60 years. What is the rationale for the depreciation on the building? Why has this not been challenged?*

It was questioned and the consultant stated that it was their professional opinion.

- *Is that something we should take a second opinion on?*

We need to complete a revaluation next year and we can use another evaluation provider; it would be more sensible to use the same company as the University. The

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valuation was completed in 2022/23 but the detail was not included in the budget for 2023/24, this was an oversight within the Finance Team.

- *Has the expected life of the building changed?*

Yes, this has been reduced by four years.

- *Have our creditors or debtors changed significantly? The year started with £5.1m in cash and is now £2.3m at year end.*

There has been a slight increase in creditors and the payments on the bank loan continue. The College will start with £2.3m in 2024/25 with the expectation to be greater than £2.7m by the end of the year. The low point is December, due to the newbuild, but cash will pick up throughout the year.

- *Are you sure that we have stated the correct cash amount? The cash amount has dropped quicker than expected and has continued to reduce over the last four years which is a major concern. Can this be reviewed?*

The cash amount is where we expected it to be. There is no clawback this year as targets were hit last year and recruitment is also good for this year. Yes, we will review the cash position.

- *What is behind the bad debts?*

The College writing off those bad debts that have not been recovered. The process has been tightened up and will continue to be monitored closely this year.

- *Bad debts were challenged two years ago and we were assured that processes were going to be more robust. The challenge is there for management to address and needs to be reiterated to those responsible.*

It has been discussed with colleagues regarding tightening the process further.

- *What can be done to improve the bad debt position? What has been changed in the last two years that hasn't made the impact required? What can we do next?*

Some of this is due to PCs being provided to learners that have not been returned. There have also been situations where ex-learners have been in desperate situations and the College has made the decision to write off the debt in order not to make their situation any worse. There are mental health considerations that need to be taken into account with some learners. If the decision is to reduce the bad debt position, then the College can engage debt collecting agencies.

- *Are we being strict enough? For example, if you don't pay your course fees you don't learn.*

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There is a fine line that needs to be balanced. We will complete a piece of work and forensically review the types of bad debts that there are with individual learners and to see which are genuine hardship cases.

RESOLVED:

The Committee required that the depreciation rate be reviewed. The draft 2023/24 financial position would be held in reserve for consideration following the depreciation review.

The Committee considered that the depreciation valuation was not a true and accurate assessment of the position of the business. The depreciation valuation had a significant and material impact on the financial accounts and could not be considered credible until such time that a rationale was provided for the depreciation rate used, after which a second opinion may be sought.

ACTIONS:

- To request the depreciation evaluation rationale ie. lifespan of the estate buildings and rate of depreciation. A second opinion to be sought if the rationale was not acceptable.
- To provide a 2-year cash flow forecast.
- Complete a forensic review of the categories of bad debt.
- Complete a budget for the coming year that would be included as an appendix to the financial update report.

2.2 College KPI Dashboard

The KPI dashboard was reviewed and the following points noted:

- The surplus category had been updated to an 'amber' indicator that was more representative of the current position.
- The achievement figures were not yet finalised and could improve. Apprenticeship achievement was already above 60% and was expected to change the College from a position of 'Requires Improvement' within the accountability framework.
- Student progress for English 16-18 had decreased whilst all other areas had improved.
- There had been the inclusion of the 'Staff Voice' within the KPI dashboard.

Governor Questions/Comments:

- *Could we include another column for a comparison against the previous year?*

The arrows identify change from the previous report. However, a previous three-year trend can be provided.

- *Is our financial position a reportable event?*

No, this is not reportable.

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- *How do we deal with safeguarding on the risk register?*
There is separate reporting on safeguarding provided by the Executive Director of Human Resources and Estates with safeguarding as a standing item at the weekly SMT meeting. We report weekly on this and it is included on the risk register. Reports are provided to the Board on the layered approach and measures in place at the College, safeguarding is difficult to benchmark as there aren't any sector KPIs.

RESOLVED:

The Committee noted the contents of the KPI Summary Dashboard.

ACTION:

A yearly comparison to be included on the KPI dashboard.

2.4 Health and Safety Update

The Executive Director of HR and Estates provided an update and the following points were highlighted:

- The timeframe for the RAAC survey through Bolton Council remained outstanding with the Council systematically going through all of their properties.
- All community centres had a fire compliance check and all actions identified had been resolved. The actions identified were minor housekeeping points.
- There had been no new litigation claims.
- There are two new working lifts on campus, one in STEM and the other in the East Wing of the main building.
- The STEM and digital new build, led by the Deputy Principal remained on schedule in terms of time and budget.
- Bolton Council had approached the College to assist in the relocation of a local primary school to the New Bury Campus. It was anticipated that the primary school would remain there until December 2024.
- The summer works focused mainly around the refurbishment of classrooms and work on the fire panels.
- The College was committed to health and safety training and ensuring that staff received the appropriate level of training,

Governor Questions/Comments:

- *Will the location of the primary school to New Bury have an impact on our ability to provide community learning?*

No, we have been utilising Farnworth library and other smaller venues. Any course provision planned for New Bury has been relocated.

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- *What was the health and safety issue regarding the new build?*
It related to material being thrown from the building onto the ground and outside of the compound, which was a near miss.

RESOLVED:

The Committee noted the Health and Safety update.

2.4 Staff Sickness / Absence Report 2023/24

The Executive Director of HR and Estates presented the report and the following points were highlighted:

- The College's overall sickness rate for 2023/24 was 5.30% (compared to 5.44% in 2022/23) with long term absence equating to 3.41% (compared to 3.36% in 2022/23) and short-term absence equating to 1.9% (compared to 2.08% in 2022/23).
- The main reasons for sickness absence within the sector were minor illnesses and stress and mental ill-health. There had also been some acute staff medical conditions and operations at the College.
- The number of staff on long-term sickness ie. over four weeks, had reduced from the previous year from 99 cases to 82. These had not all been at the same time with typically 12-20 staff members off with long term sickness at any one time.

Governor Questions/Comments:

- *Long term sickness appears to be mainly within the Estates Department. Is there a reason?*
The Estates team have had an unusual bad run with hospital stays and bereavements.
- *How many are there in the Estates team?*
Overall, circa. 30-40 staff.

RESOLVED:

The Committee noted the contents of the Staff Sickness / Absence Report 2023/24.

2.5 Tribunals & Legal Proceedings Report

The Executive Director of HR and Estates presented the tribunal and legal proceedings report.

RESOLVED:

The Committee noted the Tribunal and Legal Proceedings Report.

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3. SECTION C - UNIVERSITY GROUP MATTERS FOR CONSIDERATION UNLESS INDICATED

None

4. SECTION D - ANY OTHER BUSINESS

4.1 Meeting Evaluation

Strong and robust challenge was provided to the matters discussed.

5. SECTION E - FUTURE MEETINGS

Tuesday 11th February 2025 at 5.00pm

There being no further business to discuss, the meeting closed at 6.45pm

Chair's Signature:

Date: 11 February 2025