

# MINUTES



## RESOURCES COMMITTEE MEETING

**Date:** Tuesday 1<sup>st</sup> October 2019  
**Time:** 5.00pm  
**Venue:** Boardroom

### **Present:**

Andrew Roberts (Chair)  
Professor George E Holmes DL  
Bill Webster (Principal)  
Kate Flood

### **In Attendance:**

Garry Westwater (Executive Director of Finance)  
Jane Marsh (HR Director)  
Tim Openshaw (University of Bolton)  
Fatema Hussein (Interim Clerk to the Board)

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

### **1.1 Welcome to Members**

The Chairman welcomed members to the meeting.

### **1.2 Apologies for absence**

Apologies for absence were received and accepted from Tony Unsworth.

### **1.3 Declarations of Interest**

Standing declarations were noted particularly in relation to the University of Bolton reciprocal governance arrangements and also paid positions.

It was noted that Mr Garry Westwater had been appointed Treasurer of the Anderton Centre.

### **1.4 Request for an item to be unstarred**

No requests were made.

### **1.5 \*Minutes of the previous meeting held on 5<sup>th</sup> June 2019**

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

### **1.6 Matters arising from the Minutes and Action Progress Log**

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## College KPI Dashboard

The Clerk reported that she had been unable to obtain the benchmark data from Stone King and RSM, but it was not dissimilar to what had been agreed during the area review process.

The Committee agreed that the area review and Tribal benchmarking data was considered further at the next meeting.

### ACTION:

Clerk to circulate benchmarking information for the next meeting

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

### 2.1 College 2018/19 Annual Accounts Draft Result

The Executive Director of Finance presented the draft annual accounts for 2018/19 and explained that:

- As yet the auditors had not issued a draft management letter, but an unqualified audit opinion with all bank covenants passed was anticipated
- As part of the process to consolidate the College into the group accounts, the College had revalued both land and buildings, and this had impacted on the accounts for 2018/19
- The College had an operating deficit of £270k for 2018-19 against a final in-year forecast of an operating surplus of £129k
- This was therefore a variance of £399k
- The three primary reasons for this were:
  - Impairment post Revaluation of Land and Buildings at £382k
  - Enhanced Pension Provision of £202k
  - Overspend on Agency Costs of £104k
- Dialogue has taken place with all Curriculum Heads about the need for greater financial control
- New controls were being developed for 2019-20 to stop overspending and to ensure the executive supported any variation to pay/agency budgets
- College income fell by £940k to £25.5m from that achieved in 2017/18 (£26.4m).
- This was largely due to a fall in lag ESFA Funding for 16/18s, as poor recruitment in 2017/18 had led to a drop in grant of £843k and a fall in HE income
- Pay costs had fallen from £17.6m to £17.4m despite two incremental pay awards and the full adoption of the Living Wage in-year
- College had under spent across most non-pay budgets, and non-pay was well controlled with Budget Holders showing restraint
- Cash closed at £1.25million, down £248k from 2017/18, and below the target of £2million
- This was largely due to two outstanding debtors with Bolton Council – BCMS (£398k) and SEN provision (£336k)
- All three of the loan covenants had been passed
- There was to be greater oversight and scrutiny of agency costs moving forward

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## Governor Questions

- What were the reasons for the overspend on agency costs?  
Currently, there were insufficient internal control mechanisms in place to monitor this. The budget for agency spend had been reduced by 10% for 2019/20
- Was an analysis available on where the overspending was occurring?  
The majority of it was to provide cover for sickness absence
- Did College have a corresponding plan on managing sickness absence?  
This was on the agenda for discussion
- Did agency costs need to be monitored on a more frequent basis so that they could be better managed?  
There had been no indications during the year that there would be an overspend in this area
- What percentage of staff employed at the College were agency?  
80% were permanent and 20% agency. The overspend was occurring in non-SEND provision and College was trying to move away from using agency staff
- What measures were being put in place to improve the pay to income ratio?  
College had large fixed costs as it was operating from three sites. The core business did not generate enough cash and the loan servicing costs were having a detrimental impact on the financial position. A shared services arrangement with the University may help with this
- Would the year-end position affect the ESFA financial health grade for the College?  
It shouldn't do
- Had this been checked?  
This had not yet been done
- What could be done to ensure that this was not repeated again?  
The Principal stated that this was to be a key area of focus for the senior management team this year. The plan was to migrate the finance system to the one used by the University as this was more robust. Consideration was also being given to whether there was sufficient capacity within the Finance Department.
- Had any Colleges re-structured their pension arrangements?  
A college group in Warwickshire had

The Committee agreed that the pension liabilities were an issue that required further consideration and needed to be discussed at a group level but would need to be endorsed by each Board

It was suggested that the proposal to commercialise ADA was discussed by Governors at a Committee / Board meeting.

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The Clerk advised that the Internal Auditors could be requested to review and advise on the internal control system within College and how spending could be more closely monitored.

The Chair and Committee members expressed concern that adequate controls had not been in place to monitor overspend, and stated that:

- The 2018/19 year end position was disappointing and a surprise to Governors
- Management needed to ensure that this did not occur again and work within the budget that had been approved by the Board
- College needed to spend time investigating where the issues were and putting together a plan of action to address them
- A further breakdown of agency costs which were 16% of the total payroll was required to identify where the issues were
- H.E. targets needed to be more realistic or corrective action taken to reverse the decline
- The Bolton Council contract for SEND provision should be checked to ascertain if it had payment terms attached, and late payment raised with the Council

It was acknowledged that a considerable amount of management time had been spent on the merger with the University and whilst this may have led to some oversight, financial monitoring and scrutiny should always be a key area of focus

## **ACTION:**

- Executive Director of Finance to provide breakdown of agency spend for the next meeting
- Clerk / Agenda

## **2.2 College KPI Dashboard**

The KPI dashboard was reviewed and the following points noted:

- At the current point of the reporting cycle, the financial data in the dashboard had been updated to the 19-20 academic year
- The quality indicators showed the preliminary outturn for 2018-19
- There had been a fall in the GCSE results due to a move away from functional skills
- Whilst still interim, the results for Adult Achievement appeared promising and its RAG indicator had been improved to Green
- The indicators for total Income and surplus had been reduced to Amber

The Committee noted that there had been a fall in staff turnover in the last 12 months. In response to a question, the HR Director stated that there were a number of reasons for this but the merger may have contributed to this.

## **2.3 College 2019/20 Budget Update**

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

- The forecast operating surplus of £767k for 2019/20 had been revised down as a result of the following factors:
- College had not recruited HE Learners to previous levels or that budgeted for 2019/20

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- As at 23 September 2019, recruitment was 132 versus a target of 156, and the associated income loss was £175k.
- College was in a position of strength for 16-18s and Adult Learners in particular
- Post budget-setting, the College had been informed that one contract would not be extended and another was yet to be confirmed, with a potential loss of income of £175k
- The College had embarked on a number of partnerships to build resilience into 16-18 Learner numbers going forward
- Partnerships were in place at a cost of £228k
- The revaluation of the College's land would increase the annual additional charge for depreciation by £630k p.a.
- There was a release of deferred capital grant of £370k to partly off-set this
- The impact of the above meant that a revised operating surplus of £157k was being forecast for the current year end
- Revisions to the operating surplus would also impact on previous cash flow projections
- Bank covenants had been passed, but these were not substantive passes

## Governor Questions

- Had the £550,000 to support the 2018/19 budget been loaned to the College by the University?

It was confirmed that it had been loaned

Members suggested that:

- Bank covenants and cash flow were closely monitored and included on future Committee agendas for discussion
- College needed to work with the University to reverse the decline in H.E numbers
- There needed to be more usage from the buildings during the evenings and twilight hours
- Consideration needed to be given to creating more teaching space that may be required as a result of the predicted increase in 16-18 year olds in future years
- The digital agenda needed to be kept at the forefront with the aim to have more teaching online and this needed to be factored into the budget
- College should consider linking up with the University to investigate what could be done to attract more 16-18 overseas students

## **2.4 Staff Sickness / Absence Report 2018/19**

The HR Director presented the report and the following points were highlighted to the Committee:

- The overall College sickness rate for 2018/19 was 4.14% (long term 2.41% and short term 1.73%)
- This was a reduction of 0.71% from the previous year, and equated to an average of 7 days lost per employee
- The AoC sickness absence report for 2017/18 showed an average sickness absence for North West colleges of 3.1%
- Whilst not all Colleges took part in the survey, it was noted that the three main reasons for sickness absence in 2017/18 were minor illness (94% of colleges), stress and



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mental ill-health (80% of colleges) and back pain and musculo-skeletal conditions (44% of colleges)

- Mental ill health was particularly prevalent in the public sector, and the main cause of long-term absence and among the top causes of short-term absence
- Nearly three-quarters of organisations in the public sector (72%) had experienced an increase in reported common mental health conditions over the past year, compared with just over half (53%) of private sector organisations
- In 2018/19 there were 67 colleagues who would have been classed as long-term absences (4 weeks+)
- Of these, 56 members of staff were supported back into work
- 11 members of staff who commenced sick leave in 18/19 continued to remain off sick into academic year 2019/20
- All cases were currently being managed in accordance with the College's long term sick procedure

## Governor Questions

- What sickness benefit was in place for staff on long term sick?

Staff with more than five years' service received six months full pay and six months half pay

- Did employees receive death in service benefit?

This was included as part of their pension benefits

- How many staff who had been on long term sick leave continued to go off sick again after returning back to work?

There were not many staff who fell into this category

## **2.5 Tribunals & Legal Proceedings Report**

The HR Director confirmed that there were currently no live employment tribunals / legal proceedings in respect of employment matters at the College.

## **2.6 \*HR Annual Report 2018/19**

The report which provided the Committee with an update on some key areas of HR activity during 2018/19 was reviewed and noted.

## **2.7 HR Strategy 2019/20**

The HR Director presented the report and the following points were noted:

- The strategy set out plans to ensure that the College's approach to the recruitment, development and retention of our staff supported the organisational strategic aims and objectives
- It also aimed to ensure that the planned activities of the College could be sustained in ways that promoted effectiveness and high quality while remaining within affordable limits
- The current strategy covered the period 1 September 2019 to 31 July 2020 and would be adapted to respond to changing needs through regular reviews

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- Reviews of the strategy would also take account of any emerging employment trends, local, national and EU (post-Brexit) legislation and best practice in HR
- The group structure and the impact this had on human resources and organisational development had also been taken into account

## RESOLVED:

Members noted the contents of the report and agreed that it was comprehensive and aligned to the overall mission of the College

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

### 3.1 Bolton College of Medical Sciences Update

The Principal reported that discussions were ongoing in relation to the additional funding requirements for the project and ongoing planning for the project was continuing.

### Governor Questions

- Was there a key deadline that would need to be met for the funding of the project?  
Work on the building would need to commence by February 2020
- Had any provision been made regarding the impact of Brexit on the College?  
This had been discussed by the senior management team and a review of staffing had been undertaken. There were currently no staff from EU countries. Brexit was likely to have a greater impact on the University than the College.


## 4. SECTION D - ANY OTHER BUSINESS

None.

## 5. SECTION E - FUTURE MEETINGS

Tuesday 21<sup>st</sup> January 2020 at 5.00pm

There being no further business to discuss, the meeting closed at 7.00pm

Chair's Signature: 

Date: 21 January 2020.