

# MINUTES



## RESOURCES COMMITTEE MEETING

**Date:** Wednesday 5<sup>th</sup> June 2019  
**Time:** 5.45pm  
**Venue:** Boardroom

### **Present:**

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

### **In Attendance:**

Garry Westwater (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 had been received 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 recently 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 20th March 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**

There were no matters arising from the minutes.

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

### 2.1 Monthly Management Accounts to 30<sup>th</sup> April 2019

The Director of Finance presented the report and the following points were noted.

- College was confident of generating a small surplus of circa £129,000 for 2018/19
- There may be some items that could impact on this including the accounting treatment for the Bolton College of Medical Sciences
- The target for Apprenticeship income was unlikely to be achieved
- Some inter-group transfers of approximately £250,000 were currently outstanding
- A meeting had been held with the Auditors to discuss the alignment of accounting policies with that of the University and the impact that this may have
- Any change to the accounting policies would require approval from the Audit Committee and the Board

#### Governor Questions

- Would the proposed changes to the accounting policies affect the ESFA dashboard or bank covenants?

It was not likely to but could not be confirmed until work commenced on the year end accounts

- Who was undertaking the valuation of College assets?

Edison's in Leeds had been appointed to do this and the valuation would not affect the bank covenants

- Expenditure on agency costs was a concern, and did College need to monitor this more closely?

This was being monitored and was anticipated to reduce as staff were being moved onto fixed term contracts

- Had the contribution from the University towards the staff pay award been included in the income and expenditure account?

This had not yet been included

### 2.2 College KPI Dashboard

The following update was provided by Tim Openshaw:

- The RAG rating indicators had not changed since the previous update at the April Board meeting
- Apprenticeship volumes had now been included and were projected to be over target
- However, Apprenticeship income was a risk and had been highlighted in the dashboard

#### Governor Questions

- What was being done to improve the position on Apprenticeship income?

A number of actions were being implemented and Apprenticeships were an issue across the Greater Manchester region

- Was Bolton in a better position than other Colleges?

This depended on the mix of learners. In some areas, it was performing better than other Colleges

## 2.3 ESFA Financial Dashboard

The Committee reviewed the dashboard and the Director of Finance explained that:

- The College's financial health had been graded as Inadequate by the ESFA based on the 2017/18 financial statements
- The Inadequate grading was a result of the preparation of the financial statements on a cessation basis, as the outstanding debt had become due with immediate effect
- ESFA had subsequently moderated the grading to Satisfactory as per the financial plan for 2018/19 and this had been confirmed in writing
- 2018/19 financial health was predicted to be Good but College would not meet the criteria for Outstanding in 2019/20 as predicted in the ESFA dashboard
- This was due to planned capital expenditure and a pay increment to bring the College in line with others in the Greater Manchester region

## Governor Questions

- What measures were required to get the College to outstanding financial health?

This would require substantial savings and the elimination of the outstanding debt due to the high cost of servicing this

## 2.4 2019/20 Draft Budget

The Director of Finance presented the draft budget for 2019/20 and the following points were noted:

- Additional income of £668,000 had been allowed for in 2019/20 and was based on additional grant income of £643,000 from the ESFA and £25,000 from full cost activity
- Apprenticeship income was projected to remain flat
- Discussions were ongoing with the University regarding the final position for H.E. income in 2018/19
- Provision had been made for a similar pay award in 2019/20 in order to bring the College in line with other Greater Manchester Colleges
- DfE would be funding the additional costs for the increase in the employers rate for the Teacher's Pension Scheme
- The recurring cost of this was estimated to be £380,000 per annum from 2020/21 unless further grant support was provided by the DfE
- Non pay costs were estimated to remain the same
- Capital expenditure plans were being developed to prioritise requirements for 2019/20
- Some health and safety issues needed to be addressed and some IT equipment would need to be replaced
- The operating surplus was forecast to increase to £867,000 in 2019/20, and would allow for a positive cash flow of £1.5 million

## Governor Questions

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- Was College making use of the group purchasing facility to secure the best rates for utilities?

This was to be pursued further – savings of £25,000 had already been realised on insurance cover

- Was the pay to income ratio higher than the sector average and did this need to be reduced?

Pension costs were contributing to this and as the College had a high proportion of Special Needs students, the staffing costs for this also contributed to the higher ratio

- How did pay compare to other Colleges within the Greater Manchester region?

Teaching salaries were lower but similar for some business support and management positions

- What was the projected number of enrolments for 2019/20?

It was anticipated that they would be similar to this year

- Did a review of courses need to be undertaken to ascertain if any were uneconomical to run?

This was undertaken on an ongoing basis and there may be some areas where efficiencies could be made

- Was College actively marketing the courses where there were skills shortages?

This was being done including the progression opportunities to the University

- What was the average cost for the servicing of debt within the sector?

This would need to be confirmed with the ESFA

The Committee discussed the increased pensions costs and the impact these would have on College finances in the future. It was agreed that this was a group wide issue which required addressing and all options would have to be considered.

It was also suggested that College needed to attract the more able students to enrol on vocational courses and especially to meet the needs of employers in addressing the skills shortages

## **RESOLVED:**

Having considered the draft budget, the Committee agreed that this was recommended to the Board for approval

## **ACTION:**

Clerk / Board Agenda

## **2.5 College Strategic and Operating Plan 2019/20**

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The College Strategic and Operating Plan was presented and the following points were noted:

- As part of the governance arrangements between the College and the University, an annual statement had been provided to the College
- The statement confirmed the areas of focus that the College needed to incorporate into its strategic and operating plan for 2019/20
- The 2018/19 plan had recently been reviewed with all actions complete or ongoing
- Both of the above documents had informed the development of the 2019/20 plan
- The strategic priorities of the College had not changed and were referenced in the plan which due to be discussed by the University Resources Committee on 11<sup>th</sup> June

## **Governor Questions**

- When was the next ESFA visit planned for?

Another visit was due to be made in June. College had many positive stories to share about the benefits of the merger

## **RESOLVED:**

The Committee reviewed the plan and agreed that it was recommended to the Board for approval

## **ACTION:**

Clerk / Board Agenda

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

### **3.1 Bolton College of Medical Sciences**

Governors were referred to the grant offer letter, and the following update was provided by the Principal:

- The formal conditional grant offer letter had now been received from the Combined Authority
- This required signing by the 13<sup>th</sup> of June and would require Board approval
- As the Board meeting was not until 1 July, an extension to the deadline would need to be sought

In response to a question, the Clerk advised that:

- In accordance with the Articles of Association, agreement from Board members could be sought electronically if required
- However, due to the significance of the decision and the financial implications that this could have on the College, it was important that the proposal and offer letter were fully considered and discussed at the Board meeting
- This would allow all Board members to have an opportunity to raise questions and seek clarification before a decision was made.

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## **RESOLVED:**

The Committee agreed that an extension was sought from the Combined Authority

## **ACTION:**

- Principal to seek an extension to the deadline
- Clerk / Board Agenda

## **4. SECTION D - ANY OTHER BUSINESS**

### **4.1 DfE Document - College Oversight, Support and Intervention**

The Committee was referred to the document and the Clerk explained that:

- The College Oversight and Intervention regime had been revised following the introduction of the Insolvency regime
- The Satisfactory financial health category had been renamed Requires Improvement
- The triggers for early and formal intervention had been extended
- The revised regime gave greater powers to the ESFA to investigate a College's financial position
- It also provided a strengthened role for the F.E. Commissioner to have a greater involvement in the intervention process

The Clerk advised that:

- An insolvency toolkit had been developed by RSM and Stone King which provided some benchmarks on key financial KPI's
- It may be useful to incorporate these into the KPI dashboard to enable the College and University Board to monitor how the College was performing against the sector average

## **RESOLVED:**

It was agreed that:

- The Intervention guidance was included on the agenda for the July Board meeting
- The KPI Dashboard was amended as suggested by the Clerk

## **ACTION:**

- Clerk / Board agenda
- Clerk / Director of Finance / Director of Strategic Planning to amend KPI dashboard

### **4.2 Committee Membership**

The Clerk advised that membership of the Resources Committee was reviewed and strengthened to ensure that it continued to have the right mix of skills and that meetings remained quorate.

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## RESOLVED:

It was agreed that this was discussed at the next meeting of the Search & Governance Committee

## ACTION:

Clerk / Search & Governance Committee agenda

## 5. SECTION E - FUTURE MEETINGS

Tuesday 1<sup>st</sup> October 2019 at 5.00pm

There being no further business to discuss, the meeting closed at 7.10 pm

Chair's Signature:

*A. Reeler*

Date: 1<sup>st</sup> Oct 2019

