THE TRAFFORD COLLEGE GROUP

Minutes of the Meeting of the Resources Committee held at 5.30 pm on Wednesday 23 June 2021 Via Microsoft Teams

Present:	Janet Grant	(Chairperson)
	Alison Hewitt	
	Graham Luccock	
	Ayo Oyebode	
	Louise Richardson	
	James Scott	(Principal and Chief Executive)
	Sabine Van Der Veer	
In Attendance:	Barry Watson	(Corporation Secretary)
	Carmen Gonzalez-Eslava	(Deputy Principal)
	Simon Hannett	(Director of MIS)
	Darryn Hedges	(Interim Chief Finance Officer)
	Naomi Harrop	(Head of Human Resources & Performance)
	Kal Kay	(Chief Finance Officer- Designate)
	Michelle Leslie	(Vice Principal Corporate Services & Planning)
	Alison Duncalf	(Deputy Corporation Secretary)

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RES/15/21 Apologies for Absence

The Corporation Secretary (CS) reported that apologies for absence had been received from Jeremy Woodside and Jill Bottomley.

RES/16/21 Declarations of Direct or Indirect Interest in any of the meetings business items

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

RES/17/21 Minutes of the meeting held on 16 March 2021

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

RES/18/21 Matters Arising from the Minutes

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

RES/19/21 People Strategy Action Plan Update

The Head of Human Resources and Performance (HHRP) presented a report that provided members with an update in relation to the People Strategy Action Plan (PSAP) for 2020/2021.

Members were directed to the summary of activities undertaken since the last meeting and the HHRP advised that post-merger significant progress had been achieved towards the implementation of the People 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 five strategic aims and highlighted the following:

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- Attract
    - an increase of just under 3% of staff that would recommend the Group as a “great place to work” since the last update in March 2021 which was just under an 8% increase on the year before.
- Develop
    - the outcomes from the staff survey had indicated that 62.33% of staff believed they had sufficient professional development to make them effective in their work which was just over a 4% increase on the 2019-2020 survey result.
- Retain
    - the improvement in the KPIs for the number of new starters voluntarily leaving within 12 months of their start date; and
    - an increase of just under 9% for staff who responded that they had received appropriate recognition when they deliver effective work compared to 2019-2020.
- Excellence in Leadership and Management
    - significant work had taken place in advance of the merger to ensure that staff were brought along on the journey and felt fully involved in the process
    - a 15% increase in staff indicating that in their view leadership was effective compared to 2019-2020.
- Supportive, collaborative and healthy working environment
    - the outcomes from staff survey indicated that 81.72% of staff were positive about their workload and wellbeing which was a 3.72% improvement on the previous year
    - a slight increase of 0.71% in the total days of sickness absence per employee compared to the previous year which was considered to be very positive in the context of the last 12 months and the global pandemic.

A question was asked by a member with respect to the relatively low target set (of 65%) for staff indicating that they received sufficient professional development to make them effective in their work.

The HHRP advised that the Group had changed the way they look at the results in respect of development of staff and that currently there was only one question in the Staff Survey relating to this enabler. The HHRP further advised that it was proposed that staff feedback within this context be extended and that the intention was to go back to staff by curriculum area to further explore their views on further professional development.

Action: Head of Human Resources and Performance

The Principal and Chief Executive (PCEO) stated that consideration was being given to the action plan for 2021/2022 and identified the following areas for action:

- the attraction and retention of STEM related staff (Stretford campus) which could be a difficult area to recruit the right people
- further development of the excellent work around the Excelling as a College Manager Programme which had positively impacted upon skills and confidence of managers
- culture post-merger and the adoption of one culture across the organisation and its continuation as a key focus.

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

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RES/20/21 Employment Relations Update

The Vice Principal Corporate Services and Planning (VPCSP) presented a report which provided members with an update in respect of the current employment relation issues at the Group as follows:

- **Pay Claim Discussions**

  Members were reminded that earlier in the year both The Trafford College Group (TTCG) and Cheadle and Marple Sixth Form College (CAMSFC) had reviewed their respective positions for a pay award against overall budget assumptions for 2020/2021. There was confirmation that at the start of the academic year neither organisation was in a position to progress the award however in year TTCG had been able make to make a modest award prior to merger.

  The VPCSP further added that going forward the issue of pay would be considered for the Group as a total entity adding that pay was a significant issue for staff at CAMSFC as they had not had a pay award for a number of years. The issue of harmonisation of pay was discussed and it was advised that the average at TTCG had increased from £28,697 to £29,146 whilst the CAMSFC average currently stood at £32,999.

- **Merger Transition**

  The VPCSP reported that the HR team had organised several activities to support staff during the merger transition which had included:

  - pre-merger orientation sessions for all CAMSFC staff to give an overview of TTCG values and direction of travel
  - post-merger induction materials had been provided to staff and induction sessions would also continue until the end of term
  - additional sessions had also been provided on financial training, absence management and recruitment.

- **Operating Review 2021**

  The VPCSP advised that a review of the leadership structure had been concluded and shared with Trade Unions and staff through the consultation process.

  Members were directed to the remit of the operating review as outlined in the supporting paper. There was confirmation that the proposed changes aimed to achieve an operating model that worked for the newly merged Group; ensured the delivery of a long term and sustainable financial plan; provided an effective leadership and management structure for the Group; and aligned a number of functions across the Group to ensure consistency in quality and the student/staff experience.

  The areas for review and proposed staffing changes were presented in terms of full-time equivalents (FTEs) and the VPCSP advised of the collective consultation process that was being undertaken with staff and Trade Unions.

  The VPCSP further advised concerning the following issues arising from the consultation process:

  - issues raised by the Trade Unions together with the relevant responses; and
  - the up-to-date position with regard to the number of staff at risk, the number of requests for redundancy and the number of staff at risk of redundancy.

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

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- A member sought clarification around the implications of the Transfer of Undertakings Protection of Employment Regulations (TUPE).

  The VPCSP advised concerning the requirements of the regulations and the impact on the organisation.

- A member asked when the consultation element of the process would be completed.

  The VPCSP responded that the Group was working toward closure in the current week although this may be extended in the light of the consultations.

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

RES/21/21 **Draft Budget for Financial Year 2021/2022**

The Interim Chief Finance Officer (ICFO) referred members to the previously circulated draft budget for the financial year 2021/2022.

The ICFO provided an overview of the report and highlighted the following key issues:

- that the Group's Strategic Plan 2021/2024 was currently under review and that once there was clarity over the strategy the forecast would be revisited and figures for the 2022/2023 and beyond would be incorporated within with the Group's Financial Plan.
- the merged TTCG budget for 2021/2022 presented a surplus of £537k and a pay to income percentage of 63% across the whole Group.
- a financial health score of good would be attained.
- a comprehensive and robust exercise underpinned the budget proposal with only one small piece of work remaining outstanding in respect of post reorganisation savings.
- the Group was currently budgeting for a positive cashflow position in 2021/2022 with March 2022 being the cyclical point of minimum cash balances due to the phasing of income receipts.
- the projected cash balance took into account the land sale on April 2021 and cash received of £4.7m plus the accelerated funding for the Stockport redevelopment from the GMCA which would be spent between August 2021 and December 2022, a total of £10.3 planned expenditure.
- with adjustment for the above two items the underlying cash balance would remain above the bank covenant level.

The ICFO highlighted the budget summary stating that the proposed budget for the merged Group for 2021/2022 was presented as legacy TTCG, CAMSFC, the impact of merger on both income and expenditure and a combined/merged Group budget.

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

- A member thanked the ICFO for his well explained and very detailed report and asked if the 63% staffing costs/income ratio figure was for the whole of the Group.

The ICFO confirmed that it was.

- A member asked if the draft budget took changes into the curriculum in 2021/2022 into account.

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The ICFO advised of the link between the curriculum planning process and the setting of the budget stating that it was expected that there would not be any significant curriculum changes in the academic year 2021/2022. The ICFO added that there would also be an opportunity to review the budget position after the 42nd day when the Group would have confirmed its 16-18 FTE numbers.

The ICFO further advised around the current staff vacancy position with £1.1/1.2m being the budgeted amount that was reflective of vacancies. It was added that there was a potential for upgrade and a budget benefit from the vacancy position. It was also advised that £280k had been allowed for within the budget for further restructuring.

The PCEO stated that the second part of the operating review was planned to continue from this year into the next and that the review would be across the single structure and would focus on middle managers. There was confirmation that the process was not necessarily a cost saving exercise but about delivering a fit for purpose structure.

Action: Principal and CEO

- A further question was asked in relation to income projections and what assurance could be given in terms of achieving the income targets.

  The ICFO provided a detail account of the actions that had been taken to draw up the income projections. He commented that most of the projections were robust and valid but that the two areas of highest risk were Adult Education Budget (AEB) and apprenticeships.

  The PCEO stated that over the past couple of years the Group had adopted conservative forecasts and that despite pressure from the ESFA to incorporate growth during the merger process this had been resisted.

  In terms of recruitment for September 2021 it was reported that offers to 16-19s were 400 higher when compared to the same point in the previous year. In addition, it was reported that apprenticeship recruitment had increased, and the Group was seeing a significant demand for apprenticeships including in the areas of hospitality and catering.

  The PCEO expanded upon the risk associated with AEB where due to Covid there had been a reluctance on the part of adults to engage. There was also confirmation that the Group was seeking to reduce its sub-contracting with a view to delivering more in-house.

  The Deputy Principal (DP) stated that further opportunities had been identified with respect to commercial income. It was indicated that there were huge opportunities in this area and that going forward there would be greater investment in CPD to support the development of the commercial acumen of managers.

  The ICFO reported that in terms of overall income there was an increase by £2m, of which £800k related to ESFA monies, leaving an underlying increase of between £1.1m and £1.2m.

  Discussion followed with respect to the benchmarks as issued by the FE Commissioner earlier in the year and their application to the proposed budget for 2021-2022 as presented. The ICFO stated that the Group was in a strong position going into next year and presented the following headlines:

  - a projected financial health score of good with the best view being that it would be in the top range of good
  - an EBITDA in excess of 10%
  - that current assets to liabilities ratio were strong and borrowings relatively low
  - the addition of £9m of income from CAMSFC.

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- A further question was asked by a member in relation to the cashflow and its impact upon bank covenants.

  The ICFO responded that any change was likely to be positive rather than negative and it was anticipated that the cashflow would be maintained within the required parameters. The ICFO added that he expected that by the end of the 2022 financial year there would be more cash in the bank than forecast.

- A member commented that the cash flow position looked healthy but that were concerns of material price rises associated with Phase 2 of the Stockport Redevelopment.

  The ICFO advised that the contractors request for additional costs was currently being reviewed and therefore not included in the current budget proposals.

  There were no further questions from members and following due consideration and deliberation it was resolved that the budget proposal for 2021/2022 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation

RES/22/21 Management Accounts for the 9 months ending 30 April 2021

The ICFO referred members to the previously circulated report on the financial management of the TTCG in the 9-month period to 30 April 2021.

Members were reminded that TTCG merger with CAMSFC took place on 4 May 2021 and that the report as presented reflected the position to 30 April 2021 and the pre-merger position of TTCG.

The ICFO outlined the position against the Board approved KPIs and highlighted the following:

- an ESFA financial health score of good against a target of maintaining or improving the rating of requires improvement
- a pay to income ratio of 61% (less than the target of 65%)
- an underlying cash balance position which was expected to exceed £5m at the end of the academic year.

The ICFO confirmed that the focus of the Group as it approached the year end was to achieve a mid to best case financial forecast position. It was noted that there were some issues associated with completion payments however this was being monitored very carefully.

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

- A member sought clarity with respect to the position associated with the management accounts for CAMSFC.

  The ICFO confirmed that the accounts of CAMSFC would be wrapped into those of the wider Group for the period 4 May 2021 to 31 July 2021.

  The ICFO expanded upon the position with respect to the draft management accounts for the month of May 2021 confirming that they would record the legacy position for TTCG; the position relating to CAMSFC; and also have a separate area recording merger related aspects. It was added that the intention was to present to the Board a complete and transparent position through to the end of the financial year. It was further suggested that moving into the next academic year a case could be made for maintaining some visibility via this approach.

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- A member raised the issue of the financial statements audit pertinent to CAMSFC up to the point of merger and whether a satisfactory position would be achieved going into the final accounts.

  The ICFO responded that he would be very disappointed if there were any significant issues arising. He added that CAMSFC had undertaken an outstanding job in both preparing the management accounts for May 2021 whilst also drafting the statutory accounts to 3 May 2021. The ICFO further confirmed that the financial statements auditors for CAMSFC (Mazars) were on the point of completing their field work and that it was anticipated that everything was available to support the timely completion of the drafting of the accounts.

  The ICFO further reported that extensive conversations had taken place around the pension scheme. It was stated that Mazars had adopted a pragmatic approach and that Grant Thornton were intending to apply the same procedures they had undertaken the previous year to Cheadle and Marple through to the end of April 2021 prior to undertaking work on the combined accounts through to the end of July 2021.

  The Director of Management Information Systems (DMIS) advised that 8 audits had taken place across the Group since the lifting of lockdown from which no significant issues had emerged.

  The ICFO cautioned that there may be two potential issues that may arise moving forward as follows:

  - that Grant Thornton may wish to explore the requirement to undertake ESFA grant audit work in September 2021 for which the ESFA and the audit firms had yet to confirm what the procedure may look like; and
  - any adjustment to the CAMSFC Accounts in respect of the pension valuation within which there may differences in approach by Mazars and Grant Thornton.

  The ICFO added that the Group had commissioned and received its own report in relation an independent valuation of the fixed assets, land and buildings at the CAMSFC campuses.

  The Corporation Secretary (CS) further indicated that a new Audit Code of Practice (ACOP) had recently been issued and that one of the changes related to the external auditors and a requirement that in addition to reporting to the Audit Committee that they also report directly to the Board of the Corporation, in respect of the Audit Plan and End of Year Report.

  There were no further questions from members and after due consideration and deliberation it was resolved that the Management Accounts covering the 9-month period to the 30 April 2021 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation

RES/23/21 **Draft Financial Regulations 2021/2022**

The ICFO referred members to the previously circulated report and the draft Financial Regulations for 2021/2022. There was confirmation that the regulations formed a core part of the Group's overall system of financial control and accountability.

It was reported that the regulations were largely unchanged from the previous year with the two exceptions being the section on the Funding Audit and a substantial development of the section on Treasury Management.

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The ICFO confirmed that the Funding Section remained in draft format pending ESFA guidance on the implementation of the change from a separate audit process to the funding audit procedures being completed by the Group's external auditors. There was assurance that once clarity was achieved that this section would be revised as necessary.

Action: Interim Chief Finance Officer

In relation to the Treasury Management section the ICFO reported that substantial revisions had been undertaken in response to internal audit recommendations. It was noted that this section now provided greater detail on approach and control and approval.

It was confirmed that other changes largely related to typographical and housekeeping aspects.

There were no questions from members, and it was resolved that the updated Financial Regulations 2021/2022 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation

RES/24/21 **Learner Numbers and Funding Update**

The DMIS referred members to the previously circulated report and the learning numbers and funding update.

There was confirmation a stable set of data was presented within which there were no surprises.

The following was highlighted:

- the Group currently had 3,655 (against an initial target of 3,348) countable learners which was comfortably above its allocation with a very small number not currently meeting conditions of funding
- the overperformance has resulted in an in-year income increase of circa £750k
- this increase has translated into an allocation increase to 3,503 for 2021/2022
- for AEB funding the Group was currently earning £3.52m of its ESFA/GMCA allocation, circa 56% of its allocation to date
- a comprehensive summer programme has been launched to address the remaining AEB allocation and current indications were on target to meet the allocations
- apprenticeship funding was currently forecasted at £3.4m with intensive exercises continuing to provide transparency over the end of year position and ensuring data was robust
- Higher Education numbers currently stood at 416 a difference of 148 on the previous year (564).

There were no questions from members, and it was resolved that the report be received and noted.

RES/25/21 **Partner Subcontracting Activities Update**

The DMIS referred members to the previously circulated report and partner subcontracting activities update. It was reported that there were no significant variances to the last report made to the Committee.

There was confirmation that the Group currently subcontracted £1,213,842 of provision broken down across 16-19 programmes (£853,842) and AEB Classroom (£360,000).

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The DMIS reported that in terms of Adult Education there were currently two sub-contracting agreements in place with Learning Curve and Code Nation. It was noted that there had been some developments over the scrutiny of Learning Curve with issues identified by GMCA in respect of claims. The DMIS provided assurance that an internal audit of provision was taking place to ensure that Learning Curve met all its funding requirements. There was confirmation that the position would not be impacted upon in the current year however there was a need to review the approach for the next year for which conversations were already advanced.

Wider discussion followed with respect to Learning Curve, a contractor that the Group had worked with for a number of years. It was suggested that their current delivery model did not lend itself to the audit model of the GMCA and its interpretation of the prevailing guidance. The PCEO advised that discussions concerning the position going forward were still underway and that the matter would be further reported to the Audit Committee in due course.

Action: Corporation Secretary

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

RES/26/21 Supply Chain and Fees Charging Policy 2021/2022

The DMIS referred members to the previously circulated draft Supply Chain Fees and Charges Policy for 2021/2022.

The DMIS confirmed that the policy was largely unchanged from the previous year. It was further confirmed that the appendices would be updated accordingly as the Group approached the end of the academic year to accurately reflect the sub-contracting funding position.

Action: Director of MIS

A question was asked by a member as to whether the policy included Cheadle and Marple activity. The DMIS responded that all Cheadle and Marple subcontracting provision had been absorbed into TTCG policy.

There were no further questions from members and following due consideration and deliberation it was resolved that the Supply Chain and Fees Charging Policy 2021/2022 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation

RES/27/21 Any Other Business

There were no matters raised under any other business.

RES/28/21 Date of Next Meeting

It was agreed that the next meeting of the Committee would be held on Wednesday 13 October 2021 at 5.30 pm.

Action: Corporation Secretary

The HHRP left the meeting at 5.46pm after the consideration of agenda item 5.

The meeting closed at 6.52pm.