THE TRAFFORD COLLEGE GROUP

Minutes of the Meeting of the Resources Committee held at 5.30 pm on Wednesday 17 November 2021

Via Microsoft Teams

Present:	Janet Grant	(Chairperson)
	James Scott	(Principal and CEO)
	James Beazley	
	Graham Luccock	
	Louise Richardson	
	Ayodele Oyebode	
In Attendance:	Barry Watson	(Corporation Secretary)
	Alison Duncalf	(Deputy Corporation Secretary)
	Carmen Gonzalez-Eslava	(Deputy Principal)
	Kal Kay	(Chief Finance Officer)
	Michelle Leslie	(Vice Principal Corporate Services & Planning)
	Anthony Gribben-Lisle	(Interim Director of MIS)
	Natasha Bintley	(Director of Finance)

Minute No:

RES/41/21 **Apologies for Absence**

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

Sabine Van de Veer was not in attendance at the meeting.

RES/42/21 **Declarations of Direct or Indirect Interest in any of the meetings business items**

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

RES/43/21 **Minutes of the meeting held on 13 October 2021**

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

RES/44/21 **Matters Arising from the Minutes**

i) RES/33/21 – Digital Skills Strategy Action Plan Update

The Vice Principal Corporate Services & Planning (VPCSP) confirmed liaison was taking place with the Digital Link Governors with a view to agreeing a date to meet and enable their input to the Group's Digital Strategy.

Action: Vice Principal Corporate Services and Planning

Minute No:

ii) RES/36/21 – Annual Treasury Management Update 2021/2022

The Chief Finance Officer (CFO) confirmed that she had met with the CS with a view to revisiting the Financial Regulations and the requirements in relation to Treasury Management. There was confirmation that moving forward it was intended that the Treasury Management Policy would be a stand-alone policy in its own right and not included in the Financial Regulations.

Action: Chief Finance Officer

With respect to the proposal relating to the short-term investment of excess cash balances, the CFO reported that, the Group had been unable to place funds with RBS and HSBC due to a requirement to have current accounts with them and subsequently all monies had been placed with Barclays.

The Committee action supported the action taken by the CFO.

There were no further matters raised by members arising from the minutes that were not on the agenda for the meeting.

RES/45/21 Draft Financial Statements for the Year Ending 31 July 2021

The CFO referred members to the previously circulated covering report and the "back-end" financial statements and financial performance of The Trafford College Group (TTCG) for the year ended 31 July 2021. There was confirmation that the "front end" narrative was scheduled to be reviewed by the Audit Committee at its meeting on 22 November 2021.

Members were remined that in addition for this year and as a result of the merger with Cheadle and Marple Sixth Form College (CAMSFC) on 4 May 2021, the CAMSFC Annual Report and Financial Statements for the period to 3 May 2021 must be submitted to the ESFA alongside those for TTCG.

The CFO reported that the Financial Statements were substantially complete and currently passing through the final stages of the External Audit and Regularity and Self-Assessment review.

It was confirmed that there were three matters that could see amendment to the draft as presented and which had not yet been concluded due to their nature or external factors. The three matters were as follows:

- assessment of Going Concern of TTCG for which the auditors were required to consider the going concern assumption up to the point of signing the accounts

- the Adult Education budget income in relation to the business cases submitted by the Group to the ESFA and GMCA respectively around costs incurred during the financial year 2020/2021, the results of which had been delayed to 15 November 2021 in respect of the ESFA and 27 November 2021 for the GMCA

- option to tax liabilities associated with the merger.

Questions from members were invited.

- A question was asked by a member in relation to the potential tax liability and the actions taken on part of the Group.

  The CFO stated that the objective was to pursue all appropriate avenues with a view to resolving any emerging issues and to seek professional advice as appropriate.

Minute No:

- With respect to the assessment of the Group as a going concern assurance was sought around the outstanding matters and whether they may impact upon this assessment.

  Assurance was provided by the CFO that the outstanding matters would not impact on the Group as a going concern and that any impact arising would only have potential for a cash impact. Reference was made to the options, should the need arise, to access reserves and/or the reassessment of the approach to future plans and developments.

- Clarity was sought by a member in relation to the contingent liabilities (page 62 of 70) and the position in relation to the impact of the capital grant from the Department for Education (DfE) and the associated overage element.

  The CFO responded that the bottom-line position would be that overage would be in place until 2061 but it was added that the merger grant agreement included two clauses, one in relation to a cash sweep and the other in the instance should a site be sold, arising from which the terms would last for a longer period of time.

- A question was asked by a member in relation to the Adult Education income and the impact of any potential delay in outcomes.

  The CFO stated that income had currently been prepared on the basis of non-entitlement and that should the business case be awarded this income would be added in as a non-material change.

- A further question was asked as to whether notification of the outcome of the business cases could delay the signing of the Financial Statements.

  The Director of Finance (DF) provided clarity that this issue would not force a delay (total value of the business cases being circa £800k) and stated that across the board a one-month extension had been applied by the ESFA and GMCA respectively. It was added that a number of colleges were in an equivalent position and that both organisations were aware of the situation and had an interest in attaining a timely resolution to the matter.

- A member commented on the useful information provided in the covering report in relation to the analytical review of the Financial Statements and the year on year information provided where the merger impact of CAMSFC had been removed thereby enabling consideration of the underlying movement between years.

There were no further issues or questions raised by members and it was resolved that the appendices presented be recommended for approval to the Board of the Corporation as part of the full Annual Report and Financial Statements for the Trafford College Group to 31 July 2021. Members noted that further amendment to the Financial Statements may occur in respect of the three open matters presented.

RES/46/21 **Management Accounts for the 2 Months Ending 30 September 2021**

The DF referred members to the previously circulated Management Accounts for the 2 months ending 30 September 2021. Members were reminded that the Further Education Commissioner had issued good practice management accounts which the Group had largely adopted. Reference was made to the additional explanatory notes included within the report.

The DF reported on the following key issues:

Minute No:

- Executive Summary and Key Headlines
- Financial Health
- Income and Expenditure
- Balance Sheet
- Cash, Cash Flow and Forecasts
- Loans
- Performance against Key Performance Indicators (KPIs)
- Capital
- Forecast for 2022/23 Budget.

The DF highlighted in particular the following aspects relating to the Accounts:

- against the financial KPIs approved for 2021/2022 most were rag rated as green with the exception of 4 indicators (staff utilisation; adjusted current ratio; staff costs as a percentage of income; and staff costs as a percentage of income excluding subcontracting) which were not currently on track but mitigations were in place to address the positions.

- the results for the year to date indicated an increase against plan however this was largely a timing difference and the expectation for the full year was that they would be achieved.

- the 16-19 allocation placed the Group in a good position for the next academic year.

- the achievement of allocation targets for 2021/2022 continued to be a key target.

- there was confirmation 16-19 ESFA funded provision was in excess of forecast; for AEB, 16-18 Apprenticeships and 19+ Apprenticeships delivery was planned to reach target; and for full-time HE, part-time HE and Advanced Learner Loans income was under plan.

- confirmation that where recruitment had not yet reached allocation mitigations were in place to address the shortfall.

- to support additional delivery there had been increased staff costs around pay plus there had been a number of number of vacancies which had been offset by agency costs.

- in respect of the balance sheet the forecasted position was strong.

- confirmation that the underlying cash position, excluding capital funds, met the banking covenants and a strong cash position was presented

- the current delivery of an overall healthy position however there continued to be a need for work to take place to ensure achievement of the forecasted outcomes.

Questions and comments were invited from members.

- A member, in reference, to the new presentation of the management accounts asked if the revised format had required additional time.

  The DF responded that the CFO had created a very useful model which had also been helpful in supporting the work associated with the Cheadle bid. The CFO added that the new format also comprised fewer pages than previously.

- A member commented concerning the unusually high number of staff vacancies (92) and asked if the vacancies were being filled.

Minute No:

The DF responded that Human Resources (HR) were making good progress with respect to recruitment adding that their initial focus had been upon filling curriculum vacancies.

The PCEO added that there were issues across the sector in respect of the number of vacancies and that the challenge for the Group was to continue maintain effective delivery of the curriculum and wider supporting services.

The PCEO highlighted the impact of the increase in 16-19 learner numbers citing in particular the large increases in specialist areas of provision such as construction. There was recognition that the increase in learner numbers also had an impact on learning support assistants/support staff, the recruitment to which was also a sector wide issue. There was assurance that progress was being made in this area.

- The movement from best case to worst case scenarios was highlighted by a member and it was asked how increased inflation was likely to affect the forecast.

  The CFO responded that in terms of staff costs the position would be reviewed later in the year before consideration could take place around affordability of a pay award. It was added that in terms of non-pay the position would be dependent upon the contracts the Group had in place and that the team, when purchasing goods and services, would continue to be mindful of securing best value for money. The CFO stated that the forecasted position would remain under review as the year progressed adding that a point may be reached where it became necessary to revisit budgets.

Action: Chief Finance Officer

- A member highlighted the cash summary as presented and the discrepancy of the cash forecast totals to the cash summary in the Management Accounts.

The CFO undertook to revisit the information and amend accordingly.

Action: Chief Finance Officer

There were no further issues or questions raised by members arising from the report and following due discussion and consideration it was resolved that the Management Accounts for the 2 months ending 30 September 2021, incorporating the above revision, be recommended to the Board of the Corporation for approval

Action: Board of the Corporation

RES/47/21 Financial Forecasting Return 2021-2023 and Finance Dashboard – October 2021

The DF referred members to the previously circulated to the Financial Forecasting Return and Dashboard as prepared by the ESFA following the Group's submission of the College Financial Forecasting Return (CFFR) in July 2021.

There was confirmation that the Financial Dashboard October 2021 presented a high level review of the Group's performance by the ESFA and was presented to the Committee for noting. The FD stated that the Dashboard replaced the previous year's financial model and illustrated performance against other colleges as well as the performance of the Group against previous years.

Minute No:

With respect to the accompanying letter from the ESFA attention was drawn to the financial health assessment of the Group which had been graded as outstanding for 2020/2021 (the latest outturn forecast year) and good for 2021/2022 (the current budget year). The FD reported that a request had been made for moderation of the financial grade but that the ESFA had indicated that they no longer accepted downward moderations.

Questions and comments were invited from members.

- A question was asked by a member in relation to potential "pinch" points over the next 12 months and whether there were any that the Committee should be aware of.

  The CFO responded that, through the Management Accounts, it was intended that the available "headroom" was being communicated to members. The CFO added that modelling had not taken place to provide illustrations of the impact of various scenarios such as decisions around the making of a pay award but that for the next academic year, consistent with the higher recruitment of 16-18 learners, the Group was in a good position.

There were no other questions or issues raised by members arising from the report and it was resolved that the report be noted.

RES/48/21 Final Funding Claims 2020/2021 and Contract Values 2021/2022

The Interim Director of MIS (IDMIS) referred members to the previously circulated report and the appended final ESFA funding claim for 2020/2021 and the contract values for 2021/2022.

It was stated that for completeness the GMCA funding claim for 2020/2021 and the contract values for 2021/2022 had also been provided for completeness.

Questions and comments from members were invited.

- The comment was made by a member that the information included a full year for Cheadle and Marple but had only three months within the Financial Statements.

  The IDMIS provided clarity that the final funding claim for 2020/2021 presented the totals for TTCG and CAMSFC (as was), for the full 12 months, and with respect to the GMCA initially separate allocations had been provided but that they had now been combined, with a small amount of ringfencing for utilisation in the Stockport area.

  The IDMIS also referenced the business case submission to both the ESFA and GMCA, as referred to earlier in the meeting (ESFA to retain £70k of AEB funding and GMCA, as justification of retaining allocations of £69k for Cheadle and Marple and £721k for TTCG), for which the outcomes were currently not yet known but expected to be communicated before the end of the month.

There were no other questions or issues raised by members arising from the report and after due discussion and consideration it was resolved that the funding positions for 2021/2022 and contract values for 2021/2022 be noted.

RES/49/21 Partner Subcontracting Activities Update 2021/2022

The IDMIS referred members to the previously circulated report and the update on partner subcontracting activities.

Minute No:

There was confirmation the report provided information relating to subcontracting and partnership activity pertaining to 16-19 Study Programmes; Adult Education Subcontracts (AEB); and Partnership Working in 2021/2022.

The IDMIS reported that in respect of the 16-19 Study Programmes the provision was largely a continuation of a number of well-established contracts within which there was a small amount of growth. It was noted that the position was consistent with more students undertaking full time study programmes as opposed to apprenticeships.

In terms of AEB it was reported that had been a reduction in the arrangements following the end of the relationship with Learning Curve. Members were reminded that Learning Curve continued to be large reputable provider and that the end of relationship was reflective of a change in the way that the GMCA viewed the provision and that the Group was developing its provision to meet the requirements of the GMCA.

The PCEO highlighted the new arrangements that the ESFA had in place for the approval of subcontracting arrangements and indicated that formal written approval by the ESFA of the new 16-19 subcontracting arrangement with Stockport County FC was still outstanding. The PCEO confirmed that there was confidence in this relationship which utilised local facilities but there was also recognition of the ESFA's nervousness around some sports provision where there was a more distant relationship.

Questions and comments from members were invited.

- A question was asked by a member in relation to the risks associated with the sub-contracting arrangements.

  The PCEO responded that the ultimate risk was that the ESFA would not support the funding of the partner but it was indicated that there was confidence a positive outcome would be attained within which students could continue with their study programmes of study.

- With reference to the tables presented and the contract and max values specified a member observed that the maximum could be higher for some and not the others. The question was asked as to whether either way presented any cause for concern as a potential risk.

  The FD responded that where more students had been contracted for than originally agreed that the issue was around variation and seeking confirmation that the contractor was content with any proposed change. It was noted that the issuing of a contract variation determined the final position.

There were no other questions or issues raised by members arising from the Partner Subcontracting Activities Update 2021/2022 and following due discussion and consideration it was resolved that the report be received and noted.

RES/50/21 **Any Other Business**

There were no matters raised under any other business.

RES/51/21 **Date of Next Meeting**

It was agreed that the next Committee meeting would be held on Wednesday 3 March at 5.30 pm.

Action: Corporation Secretary

Minute No:

The meeting closed at 6.20 pm.