

Preston's College

**Minutes of the Resources Committee Meeting held on 20 June 2019 at 5.30pm
in the Board Room at Preston's College**

Present:

Mr J Taylor Chair
Dr E Smith Principal and Chief Executive
Mr J Boydell
Mr S Browne
Mr S Edwards
Ms J Jones

In attendance:

Mr S Nixon Executive Director Resources
Mrs C Rayner Clerk to the Board
Ms G Thornton Head of HR

Apologies:

Ms G Swales
Ms K Williams

1. Welcome and Apologies

The Chair welcomed all in attendance to the meeting.

The Chair reported that apologies had been received from Ms Swales and Ms Williams.

The Committee noted that a quorum was present.

2. Declarations of Interest

The Clerk referred to the interests of employees in the papers in Part 2 of the meeting, particularly Paper 12 – the Proposed Pay Framework to be presented by Gill Thornton, Head of Human Resources.

3. Minutes of the meeting held on 9 May 2019

The Committee agreed the minutes of the meeting held on 9 May 2019 as a correct record.

Resolved: the minutes of the meeting held on 9 May 2019 were approved and signed by the Chair.

4. Matters Arising

The Chair referred the Committee to the report on actions from the previous meeting.

Resolved: the Committee noted the report on actions from the previous meeting and progress of ongoing actions.

5. Period 9 Management Accounts

Mr Nixon presented a report on the Period 9 Management Accounts and Commentary, summarising the position shown in the Period 9 accounts and making reference to:

- forecast surplus of £262k compared to the original budget of a surplus of £237k;
- income projection was £226k adverse to budget;
- year end cash flow forecast was just under c.£2 million.

Mr Nixon gave a verbal report on the performance of Period 10 accounts to date with an anticipated year end surplus of £440k. However, some outstanding variable costs, such as exam costs, were pending. He explained that the surplus had been driven by controlling costs and delivering income lines.

The Committee discussed the Period 9 Management Accounts report and the projected surplus for Period 10 with management and, in response to queries, noted:

- management's views on whether surplus was sustainable. It was noted that forecasting remained cautious, particularly due to changes to funding, e.g. the Government no longer paid for over delivery of apprenticeships. However, the trend was stable and, provided apprenticeships numbers were maintained, management remained confident;
- as all staff in the Business Engagement team were new it had been anticipated that the team might need time to add value. However, the team had quickly produced results and increased income;
- that the College accounts had reported on underlying operating surplus 2017/2018 prior to a FRS 102 Pension adjustment;
- the anticipated timeframe for achieving 3% surplus as a percentage of income was within two years, subject to delivery of income lines;
- the forecast outturn /automated financial health score for 2018/19 would improve the College's financial health score to "Good";
- an Ofsted rating of "Good" and the financial health score of "Good" from 2018/19 would deliver two of the key objectives of the five year plan.

The Committee recorded congratulations to management on the financial performance of the College, which indicated evidence of accurate forecasting and improved costs controls and income generation.

Resolved: The Committee noted the Period 9 financial management accounts and position.

6. Performance against Key Performance Indicators

Mr Nixon presented a report on Performance against Key Performance Indicators (KPIs) making reference to:

- performance against KPIs for 2018/2019 as outlined in Appendix A of the report;
- changes made to date to the KPI report in response to requests at the previous meeting. i.e. introduction of 'space utilisation' as a KPI and indicator arrows to show changes to RAG ratings;
- how the space utilisation KPI had been calculated;
- as expected, space utilisation was low, and would be addressed as part of the Estates Strategy;
- improved KPIs in forthcoming Period 10 report.

The Committee discussed the Performance against KPIs with management and, in response to queries, noted:

- assurance that the Estates Strategy could now be progressed as the College had greater resources and was in a stronger position to consider its long term future;
- that, whilst the space utilisation KPI confirmed that the College estate was larger than its current curriculum requirements, there were also additional complexities to consider including: the optimum number of students per class and the optimum class room size varied depending on the subject and level and the importance of ensuring capacity for future growth. It was agreed that space utilisation should be considered in more detail at a future meeting.

Resolved: The Committee noted the report on the performance against Key Performance Indicators.

Action: To consider the issues of space utilisation in more detail at a future meeting.

7. Budget 2019/20 and Three Year Forecast

Mr Nixon presented a report the budget for 2019/20 and associated three year financial planning assumptions making reference to:

- the comprehensive business planning process including a full review of the curriculum plan and associated staffing requirement;
- as anticipated, devolved funding for Greater Manchester area had decreased income. However, this would be partially mitigated by sub contracted activity;
- distribution of levy /non levy funding;

- the European Structural and Investment Funds (ESIF) programme was smaller than previous years and therefore less risky. The European programme was on track and whilst there was some risk this was a reasonably secure income line;
- whilst a small budget had been allocated for potential restructure costs, significant restructures were not anticipated;
- increased cost of Teachers' Pension Scheme contribution for both 2019/20 and 2020/21 with the assumption that 80% of the additional cost would be covered by a grant. However, a grant had not yet been confirmed for 2020/21;
- amendments to the capital figures in the report; available capital resources was £650k and the College's IT Strategy capital allocation was £460k;
- greater levels of proposed capital investment to implement the IT Strategy, with associated leasing/depreciation impact.

The Committee discussed the Budget 2019/20 and Three Year Forecast with management and, in response to queries, noted:

- how the College compared to other Colleges with regard to consolidated pay award increases. Following discussion it was agreed that, given external pay rates were likely to rise, it would be prudent to allow scope in the three year forecast for potentially increasing the consolidated pay award above 1%. However, it was noted that consistently delivering income lines and job stability for staff remained the priority;
- assurance provided on how the College managed teacher shortages and vacancy gaps;
- it would be useful to revise the report to allow comparison of figures of current year against budget for next year.

Resolved: The Committee approved the budget for 2019/20 and associated three year financial planning assumptions.

Actions: To review the three year forecast to allow for the possibility that the consolidated pay award might increase above 1%.

To revise the budget report to show figures of current year alongside budget for next year.

8. People Strategy 2015-2020 Review of Action Plan 2018/2019 and Draft Action Plan 2019/20

Ms Thornton, Head of Human Resources, presented her report on progress of the People Strategy Action Plan 2018/19 (the Action Plan) and the initial draft of the People Strategy Action Plan 2019/20.

Ms Thornton outlined progress against of activities in the People Strategy Action Plan 2018 including activities which had not yet been completed and were in train, making reference to:

- the proposed pay framework would be further considered by the Resources Committee at the meeting;
- IT would prioritise supporting HR in considering how automation could improve staff development. However, in the interim, some non automated alternatives had continued;
- the first phase of improving innovation in the work place would be completed by July 2019;
- health and wellbeing activities were now co-ordinated by the Estates, Health and Safety Manager.

Ms Thornton outlined the draft People Strategy Action Plan 2019-2020 making reference to:

- the College's objective of maintaining the Investors in People Award at Silver Level at the May 2020 assessment;
- development of a devolved model for staff development;
- the plan outlined strategic projects and business as usual work was also ongoing.

The Committee discussed the People Strategy 2015-2020 Review of Action Plan 2018/2019 and Draft Action Plan 2019/20 with management and, in response to queries, noted:

- staff were currently being asked to complete the annual staff survey and the results of the survey would be shared with governors. Consideration was also being given to introducing smaller pulse surveys to provide management with more frequent insight into staff views and morale;
- HR management were involved with the College's curriculum planning at all stages;
- development of curriculum planning using Labour Market Information and 4cast tools;
- the rationale for allocating the review of employment contracts as high priority to review the different types of contracts and whether they were necessary;
- the culture of the College in relation to staff taking on additional responsibilities with staff perception that additional responsibilities provided development opportunities;
- the perception of the College by staff following the restructure and the importance of building stability after a period of uncertainty;

- the importance of building opportunities for staff to implement new ideas to generate new income lines.

Resolved: The Committee noted the Review of the Action Plan report, the Action Plan 2018 – 2019 Review and the Draft Action Plan 2019 -2020.

9. Employment Policy Review

Ms Thornton, Head of Human Resources, presented her report on the proposed changes to the Job Share Policy, Paternity Policy and the Shared Parental Leave Policy as part of the rolling programme of review of employment procedures. The Committee noted:

- the policies were still considered fit for purpose;
- the proposed amendments were cosmetic and would make the documents more user friendly;
- the documents were next scheduled for review in July 2022.

The Committee reviewed the proposed amendments and agreed that, whilst it was admirable that the documents were concise, further information was required in the Job Share Policy and the Paternity Policy to briefly outline the principles of the policies.

Resolved: The Committee noted the report on the Employment Policy Review and the proposed amendments to the Job Share Policy, Paternity Policy and Shared Parental Leave Policy.

Action: the Job Share Policy and Paternity Policy should be reviewed and revised to include reference to the principles of each policy. The Committee agreed that, if necessary, the policies could be approved by the Committee on circulation.

10. Workforce Profile Report 2017 – 2018

Ms Thornton, Head of Human Resources, presented the Workforce Profile Report 2017 – 2018, making reference to:

- incorporation of data from the Further Education Workforce Data for England, analysis of 2017-2018 Staff Individualised Record (SIR) as the Association of Colleges (AoC) had not yet published their workforce benchmarking data;
- the percentage of turnover at the College had reduced over the course of three years from the initial 29.7% in 2015/16 settling at 23.83% in 2017/18;
- absence levels continued to be low across the College in 2017/18 and, as in previous years, there has been a slight increase in short term absence from 1.02% in 2016/17 to 1.07% in 2017/18. There has been an increase in long term absence from 1.69% in 2016/17 to 2.33% in 2017/18;
- the sexual orientation terminology would be reviewed to ensure it remained fit for purpose.

The Committee discussed the Workforce Profile Report 2017 – 2018 with management and, in response to queries, noted:

- most of the redundancies during the restructure had been voluntary;
- procedures for measuring short term and long term absence including trigger points to identify employees with habitual short term absences;
- the College's workforce profile was considered reasonable when compared to benchmark information and remained under management review;
- the College's Gender Pay Gap report had been published in March 2019 with data from March 2018. Members recalled that the report had highlighted that at the College proportionately more men were employed in the upper middle quartile and noted ongoing efforts to develop College talent.

The Committee requested that the turnover figures for 2017 -2018 should be restated with staff redundancies removed to allow assessment of underlying staff turnover.

Resolved: The Committee noted the Workforce Profile Report for the Academic Year 2017 – 2018.

Action: To restate staff turnover figures 2017 -2018 in the report with staff redundancies removed to allow assessment of underlying staff turnover.

11. Date of next meeting

The Committee noted that the date of the next meeting of the Resources Committee would be confirmed following the July Board meeting.

The meeting closed at 7.30pm