



Minutes of a Resources Committee meeting held on 13th November 2018 at 4.00pm

Held in the Boardroom S4.23 at City Campus

Present: Ieuan Blackmore (Co-opted Governor)
Peter Brammall (Principal)
Peter Matthews (Independent Governor)
Tony Minhas (Independent Governor) (Chair)
Sue Noyes (Chair of the Corporation)

In Attendance: Jim Edwards (Clerk to the Corporation)
Gemma Knott (Assistant Principal Business Growth)
Mark Payne (Vice Principal Finance and Resources)
Debbie Wright (Assistant Principal People Services)

R25/18 Apologies for Absence

Apologies for absence were received from Stewart Fergusson (Independent Governor), Adam Wheatley (Independent Governor)

R26/18 Declarations of Interest

There were no declarations of interest.

R27/18 Minutes of the Last Meeting held on 5th June 2018

The minutes of the last meeting held on 5th June 2018 were approved as a true record, subject to:-

- i) Jo Lawrence (Assistant Principal Student Experience) being shown in attendance
- ii) Under Minute R22/18 being amended to read "The Assistant Principal Student Experience presented Governors with an update on the development of a digital strategy for the College....."

R28/18 Matters Arising

There were no matters arising.

R29/18 Members' Report and Financial Statements Year Ended 31st July 2018

1. The Vice Principal Finance and Resources presented the draft Members' Report and Financial Statements for the year ended 31st July 2018.
2. The external audit process is substantially complete, and the accounts show an underlying operating surplus of £586k before allowing for FRS102 charges of £1.197m and restructuring costs of £100k. Taking into account the above FRS102 charges and restructuring costs, this therefore results in a headline deficit of £711k.

3. Based on these figures, the ESFA's financial health rating is 'Satisfactory', and this has been achieved one year earlier than planned in the merger business plan.
4. Some supporting evidence and technical detail is required in order to conclude the audit, but this will not affect the final out-turn figure. The audit findings so far indicate that there are no control issues or concerns.
5. Governors queried the impact of the merger and staffing restructures, and whether there had been any substantive issues. In response, it was reported that the College had operated with two finance systems from the previous colleges, and this had resulted in some technical issues. None of these, however, had impacted on the outcome of the financial statements and regularity audits, both of which were positive.
6. The application of the FRS102 charge was queried by governors, and it was explained that it was a technical accounting adjustment to account for future pension liabilities. No cash leaves the organisation.
7. In response to a query from Governors, it was reported that there had been no issues of asset revaluation.
8. After due consideration, Governors resolved:-
 - i) to note the final draft out-turn for 2017-18
 - ii) to recommend the 2017-18 Members' report and financial statements to the Corporation, subject to the satisfactory completion of the external audit, and consideration by the Audit Committee.

R30/18 KPIs

1. The Vice Principal Finance and Resources presented the 2017-18 KPI data for those areas over which the Resources Committee had oversight, and reported on progress since the last meeting. The KPIs for 2018-19 were also presented.

Adult Education Budget (AEB)

2. The AEB income target was 89% under-achieved in 2017-18, and the planned delivery of additional sub-contracted and in-house delivery in the final four months of the financial year had failed to materialise. RAG rated 'Red'

Room Utilisation

3. Room utilisation out-turned at 25% against the target of 35% in 2017-18. The target has been reduced to 30% in 2018-19. RAG rated 'Red'

Apprenticeships

4. 16-18 apprenticeship enrolments were not achieved as expected with 255 out of the 380 target being recruited. However, the income target was over-achieved.
5. 19+ enrolments out-turned at 331 against the target of 550, and associated income was £648k; 65% of the annual target.
6. Targets for 2018-19 have not yet been set.

Financial Contribution

7. Overall financial contribution out-turned at 44% compared with the target of 50%, because of the income shortfalls in 2017-18, as projected.

Staff Utilisation

8. Governors queried the staff utilisation figure of 94% in 2017-18, and it was reported that once some system errors are resolved, the figure is likely to increase to c96%. The target for 2018-19 is 96% and Governors received assurance that this should be achieved.
9. Governors resolved:-
 - i) to note the KPI out-turns for 2018-19;
 - ii) to approve the resources' KPIs for adoption in 2018-19, but noting that some targets had yet to be finalised.

R31/18 Management Accounts as at 30th September 2018

1. The Vice Principal Finance and Resources presented Governors with the management accounts as at 30th September 2018 which included the forecast outturn to the year end.
2. The College has budgeted for an operating surplus in 2018-19, and although there are some challenges in respect of the achievement of income targets in particular, it is currently projected that the budget will be met.
3. Early projections indicate that there will be a shortfall of £400k in income, primarily through shortfalls in HE fees, adult loans, and tuition fees. This downturn will, however, be offset by £250k pay savings and £150k expenditure savings.
4. The financial KPIs (operating surplus, cash balance, cash days in hand, current ratio, and pay:income ratio) are ahead of target as at 30th September, and they are expected to be achieved at year-end. The achievement of the operating surplus is subject to expenditure savings being generated to offset income shortfalls. Governors reviewed the current and projected financial performance, and endorsed the assumptions behind the projected KPI out-turns.
5. It was confirmed that the College's financial health, based on a range of indicators as part of ESFA's assessment methodology, is currently 'Satisfactory'. However, should there be favourable movement with AEB and Apprenticeship income, this rating would increase to 'Good'.
6. Governors resolved:-
 - i) to note the current financial position;
 - ii) to note the projected achievement of the College's financial KPIs, and to note that the achievement of the operating surplus was subject to expenditure savings being generated to offset income shortfalls.

R32/18 Approval of Sub-Contracting Provision

1. The Vice Principal Finance and Resources presented the proposed arrangements for sub-contracting provision in 2018-19 for Governors' approval.

2. It is proposed that the College continues to sub-contract elements of its AEB provision with three existing partners (Babington, Stadium TM, and Britannia). If fulfilled, £381k of AEB income will be generated through this route, and, in doing so, £305k will be paid to sub-contracting partners.
3. In order to provide a degree of flexibility in the delivery of the College's AEB provision, it is proposed that approval be given to sub-contracts worth £450,000
4. In response to a query from Governors, it was
5. After due consideration, Governors resolved:-
 - i) to approve sub-contracting agreements with Babington, Stadium TM, and Britannia to deliver part of the College's AEB offer up to a total of £450k..

R33/18 Health and Safety Annual Report 2017-18

1. The Vice Principal Finance and Resources presented the 2017-18 Health and Safety Annual Report for Governors' consideration and comment.
2. The work of the Health and Safety committee during the year was summarised, and Governors were informed that three meetings had taken place as scheduled. The membership of the committee is made up of teaching and business support staff, managers, and the link governor for health and safety.
3. Safety inspections took place April-May 2018 across both campuses, and a number of housekeeping issues were identified. Managers are tasked with addressing these, and the Health and Safety Committee monitors compliance.
4. The Health and Safety Committee has set key priorities for 2018-19; namely, embedding health and safety into all operations; embedding health and safety in quality assurance processes, especially in high-risk areas; and refining risk assessments to ensure they reflect specific activities.
5. There were no reportable accidents or incidents in 2018-19 under the RIDDOR regulations.
6. A number of security arrangements were updated and improved during the year to increase the safety and safeguarding of students and staff.
7. The College's risk register assesses health and safety as a low risk, and Governors were informed that there are no matters of concern at present
8. Governors sought clarification over the risk assessment process and stressed the importance of focusing on actions for improvement across the College.
9. Governors were informed that the health aspect of health and safety was overseen by the Assistant Principal People Services.
10. After due consideration, Governors resolved:-
 - i) to note the Health and Safety Annual Report for 2017-18;
 - ii) to agree that health and safety should be raised by link governors at their meetings with College managers

R34/18 HR Update

1. The Assistant Principal People Services presented Governors with the latest HR report for their

consideration and comment. Progress updates were provided on harmonisation; the People Strategy; employee engagement; and staff training and development.

Harmonisation

2. It was confirmed that, at merger, staff from the previous Henley and City Colleges were on differing employee contracts, operating different HR policies and processes, and following different working practices across the both campuses. During 2017-18, however, there was positive progress in transferring existing staff to the new Coventry College contract. Through the restructuring of managers and business support staff, and the appointment of new staff, 57% of permanent staff are now engaged on the Coventry College contract.
3. New policies for capability, disciplinary, absence management and probation were subsequently have been agreed and implemented, and this has contributed to the harmonisation process. A number of other key policies will be agreed during 2018-19.
4. Teaching staff, however, still remain on the same terms and conditions on which they were employed prior to merger, and work will be undertaken in 2018-19 to address this, in particular, reviewing teaching pay scale structures and teaching hours' remission arrangements.
5. Governors were informed of a range of positive harmonisation proposals which are intended to address issues of working hours and pay differentials, and are being consulted on with trade unions, and will be kept informed of progress throughout the year.

People Strategy

6. Following the approval of the People Strategy, four groups, made up by staff across the College, have been created to inform the development of focused action plans to progress the following themes:-
 - Recruitment, induction and on-boarding
 - Communication, engagement, culture
 - Recognition, reward and benefits, staff wellbeing
 - Leadership and management, CPD, performance, talent management and succession planning
7. The staff groups will also promote and support the College's 'Living the Values' framework, and will contribute to the creation of a 'one-College' culture.

Employee Engagement

8. The Employee Engagement Plan has been reviewed and updated for 2018-19. A new staff intranet is now in place to improve internal staff communication and information-sharing. There are also a number of employee engagement initiatives to assist in achieving the College's strategic objectives.
9. Members of the Senior Leadership Team will also be more visible throughout the College and at team meetings.

Training and Staff Development

10. An annual Training and Staff Development Plan is in place and the main focus is teaching, learning and assessment (TLA).
11. The areas of focus in the autumn term 2018 have been:-
 - Leading excellence in teaching, learning and assessment, including initial assessment; target-setting; stretch and challenge; identifying outstanding TLA and tutorial provision.

- Improving the delivery and standard of maths and English provision, and particularly functional skills.
 - Improving the management and delivery of Apprenticeship provision, including working with apprenticeship standards; initial assessment; target-setting; employability standards.
12. A range of other training and development programmes will be in place for teaching and business support staff, and the Assistant Principal People Services will present Governors with an annual report, reviewing of all training and staff development in 2018-19, and its impact.

R35/18 Risk Register

1. The Vice Principal Finance and Resources presented the latest update of the risk register for those areas which are overseen by the Resources' Committee.
2. No risks have been added or removed from the register since the Corporation meeting on 16th October 2018. Neither have the risk ratings changed in respect of likelihood and impact. The risks rated Red or Amber were confirmed to governors as follows:-
3. Risk 2 'Failure to recruit sufficient students' is RAG rated as Red for 2018-19 (certain probability, and significant impact). 16-18 recruitment is below target, and therefore there will be a reduction in funding in 2019-20. HE, Adult Loans and AEB numbers are also behind target, and failure to address these shortfalls through ongoing recruitment will result in in-year income targets not being achieved.
4. Risk 10 'Failure to maintain good industrial relations' is RAG rated as Amber (possible probability, and significant impact). Although the staff restructuring has been concluded, there are still significant harmonisation issues post-merger to resolve. There is also the risk that the college might be included in strike action, which is being balloted for at a number of other colleges currently.
5. Risk 12 'Failure to provide effective IT infrastructure and equipment' is RAG rated as Amber (possible probability, and significant impact). There continue to be some operational inconsistencies across both campuses, and an action plan is currently being implemented to address shortcomings. Governors explored the reasons behind the operational difficulties, and were informed that the overall position was already starting to improve.
6. Risk 14 'Failure to maintain robust business continuity plans' is currently RAG rated as Amber (possible probability, and severe impact). The College's business continuity plan was due to be tested in May 2018, but there have been some delays in doing so. This will now take place in the autumn term 2019.
7. Risks 15 and 17 'Failure to meet key financial targets' RAG rated as Amber (possible probability, and significant impact), and 'Failure to meet bank covenants' RAG rated as Amber (possible probability, and significant impact) are directly linked to the probable income shortfalls in 2018-19. A revised financial plan is being developed to ensure that the budgeted out-turn is achieved.
8. Governors resolved:-
 - i) to note the October risk register as related to resources' issues;
 - ii) to note the current position with each of the risks rated as Red and Amber, and to agree the suggested risk ratings.

R36/18 Annual Plan of Business 2018-19

1. The Clerk to the Corporation presented Governors with the proposed annual plan of business for the Resources' committee in 2018-19.
2. Governors reviewed the plan, and asked that an HR review be provided at each committee meeting, and that a mid-year update should be provided on business development and growth. In addition, an assessment of the impact of Brexit on the College should be provided.
3. After due consideration, Governors resolved:-
 - i) to agree the proposed annual plan of business for 2018-19, subject to the requested additions as above.

R37/18 Resources' Committee Self-Assessment

1. The Clerk to the Corporation informed Governors that, as part of the Corporation's Governance Self-Assessment process, each committee is required to review its effectiveness and governance performance in the previous year.
2. The work of the Resources' Committee during 2017-18 was reviewed, and the Clerk advised that the committee had operated properly within its terms of reference and its constitution.
3. The impact of the committee's work on the College's financial health has been positive, with an underlying surplus being achieved against a deficit budget, and all financial performance indicators being achieved.
4. After due consideration, Governors resolved:-
 - i) to note the work of the Resources' Committee in 2017-18 and the positive impact on the College's financial health;
 - ii) to agree to recommend a self-assessment grade of 'Good' as part of the Corporation's overall Governance Self-Assessment;
 - iii) to add a strength to the committee's self-assessment; namely, 'Oversight of the merger business case and the staff and management restructure';
 - iv) to add an area for improvement to the committee's self-assessment; namely, 'The awareness of all resource issues'.
 - v) to agree that that the committee would review its performance at every meeting.

R38/18 Terms of Reference

1. The Clerk to the Corporation presented proposed revisions to the terms of reference of the Resources' Committee in order to reflect fully the committee's work.
2. The key addition to the terms of reference is the oversight of finance-related risks from the College's risk register. Governors also suggested that the Resources' Committee should not only review proposals for new business ventures, but should also monitor and review progress against business development targets.

3. **Governors resolved:-**

- i) to recommend the proposed terms of reference for the Resources' Committee, subject to the proposed amendments, to the Corporation for approval at its meeting on 11th December 2018;
- ii) to agree to review the terms of reference after a further 12 months

R39/18 Date of the next meeting

The date of the next meeting was confirmed for Tuesday 12th February 2019 4.00pm at the City campus.

R40/18 Publication of Documents

The publication of documents was approved without exception, apart from Document 4 (Members' Report and Financial Statements Financial Forecast 2018-21) because of its draft status and commercially sensitive content.

Meeting commenced 4.02pm

Meeting closed 6.22pm

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