

**Minutes of the Resources Committee
Tuesday 14 May 2019
Tower Board Room Bedford**

Present: Sol Miah (Chair)
Greg Guilford
Helen Day
Roger Marriott
Ian Pryce CBE, Principal & Chief Executive
Alasdair Simmons

In attendance Roy Currie, Director of Information & Learning Technologies
Diane Gamble, Director of Estates & Facilities
Pat Jones, Director of Finance
Allan Schofield (Governor) as an observer
Sherida Carter Interim Director of HR
Rachel Nicol, Director of Governance & Clerk to the Corporation

Action

R/14/19 Apologies for absence

Tom Brown, student governor was not in attendance and understood to be on work experience.

R/15/19 Declarations of interest

There were no declarations of interest relevant to the items on the agenda.

R/16/19 Matters arising

There are no matters arising not covered elsewhere on the agenda.

Allan Schofield was welcomed as an observer.

R/17/19 Medium Term Financial Strategy (“MTFS”)

The report was presented. The narrative set out the process followed in the budget planning exercise. The numbers are predicated static student numbers in most areas with some growth for HE and increased uptake at Wellingborough.

The student numbers determine the funding. Apprenticeship number predictions are based on intelligence from Sales and Marketing and the Apprenticeship team and not part of the funding settlement figures.

Funding around T levels and the teachers' pension grant were noted to be one off items.

Pay costs in the papers presented was modelled at 61% but with further modelling carried out in the last 2 weeks based on 62%. It was explained that Executive have considered that 61% is not achievable. The Director of Finance highlighted the required savings in pay and non-pay costs before the end of the academic year.

An explanation was given of the cash position in relation to the capital programme and the banking covenants.

The planned surplus for 2018-2019 has moved from £1 m to £0.6m. Resilience in the budget was considered. The revolving credit facility was explained and a recommendation made that the repayment of the revolving credit facility is pushed back for a year. The Committee questioned the potential costs of delaying settlement of the credit facility and was advised that the costs are being negotiated with the bank.

The Committee further explored;

- Whether there has been any exploration of the disadvantages of delaying the settlement of the revolving credit facility. Management has reflected on the use of revolving credit and how this can mitigate interest costs in the future.
- The relationship of the financial position and the banking covenants. The covenants apply to both to Kettering and Corby campuses and one runs to 2033 and one to 2036.
- An explanation of the reference to efficiency; identification through curriculum modelling of the ability to deliver new products using capacity within the existing staffing budget.
- Average group sizes and impact.
- Reduction in the surplus and whether it is structural; balance between controlling expenditure in the current climate and investing in courses not yet funded; need to review structures. It was explained that the requirement for the surplus was predicated on capital funding requirements. Assurance was given that once larger capital projects are complete the cash position will improve.
- New work strands agreed by the Executive to seek to identify further efficiencies and consider people verses systems solutions.

It was requested that the Board has more visibility on how the closure of the gap on both pay and non-pay costs is being managed. PJ

It was agreed that the papers for the next Resources Committee will be circulated to the full board with an invitation for comments. RN

The Committee confirmed its' support for the Executive decision to defer the repayment of the revolving credit facility and to use it more flexibly to draw down and repay the facility depending on cash levels during the term of the agreement to minimise financing costs.

The Board further questioned how the viability of individual courses is determined. It was explained that the curriculum plan has been based on overall anticipated numbers for the forthcoming year. It was explained that additional student groups cannot be created without reviewing the overall plan but that it is in the managers' discretion to work with a minimum number of students on any particular course. The basic principle is that courses are not cancelled once advertised.

The rationale for decisions around the closure of provision and market influences and demand were discussed.

The Committee questioned the numbers around apprenticeships and whether relatively static numbers is the right approach for the MTFS. Following discussion it was accepted that the original strategic plan did include some growth but that the current budget is considered more realistic in light of the national picture and market intelligence.

The report was noted

R/18/19 Estates update

The paper was presented and the Committee reminded that the College is operating as the Principal Contractor on two of the current projects which includes the management of tender exercises.

The biome roof and alligator facility have been installed on the new Animal Centre. The Corby campus construction department have attended at Shuttleworth to build some of the walls. Their work was commended and was considered to provide them with positive practical experience. The

priority on the Animal Centre Project is to complete the animal facilities with classrooms to follow. The project is on target.

The Committee sought and received assurance on structural changes required and the mitigation of impact on the overall structure.

Assurance was also given that the curriculum areas are responsible for and manage the appropriate skills requirements in their areas.

The resource and risk implication of the College being the Principal Contractor was explored. Assurance was given that the role is split between 2 individuals, one being a contractor. It was explained that the Director of Estates considered the arrangements had made communication and decision making on site easier. The Committee asked whether, if the College has been able to resource the project, this identifies spare capacity or negatively impacts on estates resources. It was reiterated that the ability to manage projects in this way depends on size and scales of projects.

The utilisation of the committed expenditure at Shuttleworth was considered and assurance given that commitments are being met.

The governors were invited to visit the Animal Centre.

Church Street Wellingborough

An update was given on the project at Wellingborough.

The cladding has been approved and the work is out to tender. Progress on strip out was outlined and work is being carefully managed to ensure compliance with relevant legislation.

The site will benefit from a new transformer and gas supply with a mezzanine and lift being installed.

Permission has been granted for removal of the mobile phone mast which is not being used.

Break ins have been an issue and additional security has been put in place.

The Committee further discussed;

- How well management feel the project will be received in Wellingborough.
- The potential for hoarding to advertise the forthcoming opening and increase publicity.
- Intended provision at the campus and marketing.

In respect of the remainder of the Estate the Committee considered;

- Scoping for longer term potential to move of the machinery centre at Shuttleworth or relocation of the old animal care barn to another site.
- Sustainability projects and how these will be developed.
- The plans and likely timings of the required review of the use of facilities on 5th floor.
- Planning around the use of various elements of the campuses.
- Further potential funding for capital projects and revenue cost bids for staffing based on skills requirements in Northamptonshire.

The report was noted.

The Director of Estates left the meeting

R/19/19 Capital programme

The report was introduced and highlights outlined by the Director of Finance.

The Committee discussed;

- Whether the payback on the revolving credit facility is reflected in the programme.
- Various considerations on leases, financial impact but also the likely impact on provision and student experience.
- Utilisation at Silverstone and potential developments in the use of the Estate. It was agreed that the Board needs to hold further strategic discussions in due course to look at the levels studied and the destinations potential of students.
- The benefits of cladding on the Tower Block if capital funding was available, energy efficiencies and sustainability.

- The relationship between capital expenditure and depreciation and level of investment required to maintain the Estate.
- Work being done to look at IT investment to reflect its' importance to the students

The Committee noted the report

R/20/19 HR plan to meet the MTFS

HR are working closely with Finance in terms of recruitment. The Recruitment Manager is proactively working with managers who are recruiting and working with the Executive and Finance to ensure posts are authorised and recruitment managed.

Teaching staff requirements are identified following identification of curriculum requirements. It was also noted that the potential for harmonisation of employee support packages is being reviewed.

The Committee sought further clarifications around;

- Impact of the increase in pension costs.
- Planned pay award.
- Management of sickness absence. More data is required but assurance was given that the position is being much more closely managed and sickness absence is being reduced.
- Whether any data is available to support proposals. The Principal outlined the information available on the pattern of staffing throughout the year with comparators pre and post-merger and the requirements for the MTFS.
- The impact of modelling and rationale provided through the curriculum modelling exercise and the need to maintain the position and manage costs.
- The requirement to identify and control the core establishment, the relationship between core staff, associates, agency and vacancies.
- The difference between the current establishment and affordability.
- The process and controls around filling posts and need for approval based on income.
- Clarification on the balance between closing the gap on pay costs and non-pay costs, the impact on number of posts and how this is managed. The impact of natural turnover. The Committee in particular discussed the need to understand the use

of associates, budgets, overall costs and appropriateness in particular areas. Assurance was given that the Executive are reiterating the College policy in this area.

- Whether current posts out to recruit can be frozen.
- Ability to utilise controls and administrative nature of the process once the approval is in place. HR involvement in the process and their relationship with budget holders. Assurance was given that controls are being re-established. Each area will review the planned FTE against existing FTE and be asked to formulate the necessary plans. HR have now produced a list of posts being recruited to for Finance to review.
- Issues with HR data and the need for an agreed HR KPIs dashboard

The Committee asked that the next report covers additional areas for planned savings and cost controls from the HR perspective. The Committee questioned the timing of additional work on harmonisation of contracts, payroll centralisation and rebasing of the establishment.

It was agreed that an update will be given on the issues relevant to budget setting at the next meeting with longer term projects managed over the course of the next academic year.

The Committee was updated on the consultation currently taking place on LGPS and potential impact on future structures and cost bases.

The report was noted.

R/21/19 Pay award

The Principal presented the paper and the rationale behind the proposed pay awards.

The following was highlighted;

- The impact of competition from the private sector.
- The balance between pay rises and minimising redundancies was outlined.

The Committee discussed;

- Affordability and current modelling around pay rises and requirement to balance the budgets (required

savings to be identified before pay award can be agreed)

- Other potential options to reward and recognise staff to be considered, need for innovative thinking.
- Performance related pay and the impact of different grades.
- The position on union recognition around pay rises and leave entitlement.
- Progression awards for staff on lower levels and incremental contracts.
- Need to review payment based on market value and market forces.

The Committee noted the report and will be updated at the next meeting.

R/22/19 Employee Relations

Confidential minute

The update was noted

R/23/19 Decisions under delegated authority

The report and the decision in respect of the utilities contracts was noted.

R/24/19 HR KPIs

The paper was presented.

The Committee discussed;

- Whether it is intended that future reports will provide a breakdown by campus. Management are monitoring the position by campus but the Committee was generally satisfied that it should review information at Group level. An indication of problems at different campuses was reflected upon and the approach taken by HR to identify the causes of particular issues was outlined. It was agreed that HR will report campus issues by exception in explaining the data.
- Whether there is actually merit in breaking the data down if the data is meaningful. It was proposed that as trends are identified more detail will be available for discussion.
- Whether there is any benchmarking data available.

- The potential use of data for predictive purposes to ensure Quality intervention at the right time to manage performance as required.
- Caution over looking at measures in isolation and need to look at reasons behind particular results.
- The feedback from return to work interviews and the ability of the system to record and report on particular categories of sickness absence.
- Prompt for intervention and work of HR to support managers.
- Training and awareness of managers to identify the links between physical and mental illnesses. HR are starting to identify training needs.
- The ability to verify the accuracy of the data.

It was agreed that HR will now seek to document and report on the trends.

The Committee considered that the information presented is sufficient for the current time given the systems implementation is in its' early stages. However, more information will be required as the People Strategy is developed. This will include staff turnover levels.

The Committee further discussed whether exit interviews can be managed by independent line managers to facilitate greater intelligence on the causes of leaving.

The data presented on resignations by reason was questioned. The reasons are system limited but assurance was given that the process for the forthcoming year will produce more relevant data.

The report was noted.

R/25/19 HR reporting – internal audit

The report and action plan were presented.

The Director of ICT is working with Midland HR, who provide the iTrent system, to obtain the relevant training for current use and then for the additional functionality required.

Concern was raised over the resource in the HR department and loss of skills due to staff turnover.

The Committee questioned and discussed;

- Whether the system in place is the appropriate system, requirement for links with payroll and whether there is flexibility to change the system.
- Need for training across other areas to provide continuity of support.
- Risk assessment required in the review to bring payroll in house
- Costs of the HR system provided and the ongoing support provided.

It has been recognised that a review of the system and the support is required and a **detailed paper will be produced in due course.**

The Committee would like to see further clarification of the information required from the system and an appraisal of the function and options for payroll centralisation. It was noted that the decision in respect of payroll needs to be taken by November.

It was agreed that the required paper should outline;

Consolidation of the People strategy and underlying IT solutions with proposals for payroll including advantages, risks of any proposal and full costings.(first meeting in autumn term)

Dual payroll runs will continue to provide information to facilitate a decision in due course and manage risks. It was agreed that the decision in respect of payroll is an operational decision with key strategic implications.

It was agreed that it was appropriate for the HR director to lead on systems reviews in HR but with support from the Director of Information and Learning Technologies to get technical support and advice.

R/26/19 College Information Report

The report was explained. It was reiterated that the planned surplus is not an operating surplus but as a result of a rebasing exercise and various adjustment.

The movements were explained and issues raised and discussed;

- Apprenticeships and problems with employers managing the digital apprenticeship system. Processes are being reviewed and solutions worked on to ensure money owed is collected. The information is only available once a month. The Audit Committee has requested reports including; a qualitative audit on the student experience and a secondary audit on data and funding and updates will be provided in due course.
- Fees and educational contracts figures are lower than planned in terms of HE fees.
- Pay adjustments and staffing.
- Capital programme.
- Reduction in subcontracting.
- Planned Financial Health grading and the use of indicators.
- Early indicators for the next College Information report are that the position will remain similar.
- The impact of Financial Reporting Standard 16 on leases. Confirmation was given that a review is being carried out.

The College Information Report was noted.

R/27/19 Staff survey update

The last survey undertaken was not across the whole College Group and therefore the feedback is not considered wholly representative. A proposal will be made in respect of the response to be circulated.

Given the time that had expired since the last survey it was agreed that the survey needs to be looked at as a new project with determination of an agreed methodology for responding.

The Committee asked that management reflect on what the last survey covered and what was omitted.

It was agreed that management need to identify;

- Purpose of the survey
- Timeline
- Methodology
- Potential for a pilot survey.

The Committee felt that there had been a lack of progress in year due to staff turnover within the HR department and the requirement for development of the People Strategy.

It was suggested that potential survey scope could include staff satisfaction, staff awareness of process, guidelines and compliance and interface between staff and managers.

It was also agreed that the HR team need to revisit old surveys and look at comparability and trends.

The update was noted.

R/28/19 Minutes

The minutes of the meeting on 31 January 2019 were noted to be an accurate record of the meeting.

The update on development of the strategy was postponed to be followed up by the Director of HR when in post.

The action log will be rationalised to remove duplication.

Meeting closed.

R/29/19 Next meeting

The next meeting will take place on **Monday 17 June at 3.30pm**