

**Minutes of the Resources Committee
Tuesday 17 June 2019
Tower Board Room Bedford**

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

In attendance Caroline Biddle (Director of HR)
Pat Jones, Director of Finance
Allan Schofield (Governor) as an observer
Rachel Nicol, Director of Governance & Clerk to the Corporation

Action

R/30/19 Apologies for absence

Apologies for absence were received from Helen Day and Roger Marriott.

R/31/19 Declarations of interest

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

R/32/19 Matters arising

Caroline Biddle, the Director of HR, was welcomed to her first Resources Committee meeting.

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

It was agreed to take items requiring decisions at the earlier part of the agenda.

R/33/19 Capital Programme

The Committee received an update on the draft capital programme (a five year rolling programme) from the Director of Finance. Changes since the plan was last presented were highlighted by the Director of Finance including;

- Plans for the T level set up grant to be used to develop the curriculum and to review the feasibility of systems to improve processes and efficiency. The Committee discussed the level of contact required between the College and employers under T Levels and sought to understand the impact on workload and how this will be managed. It was understood that a T level involves 350 hours of work placement but that employer contact can be managed in different ways.

The Committee further questioned and discussed;

- Funding involved in establishing T levels and the likely investment required over the next few years.
- Current activity in establishing the infrastructure and future planning.
- The potential for capitalising the infrastructure costs. It was explained that capitalisation of related staff costs is unlikely but system costs will be reviewed.
- Potential capital expenditure in respect of the buildings infrastructure required to deliver T levels.
- Current national review of all colleges and whether any additional funding allocation is likely.

The Chair summarised the Committee's previous review of the draft capital programme.

The Committee confirmed their recommendation of the capital programme to the Board.

The report was noted.

R/34/19 MTFS - 2019/2020 to 2023/2024

The Committee received a report setting out the current position on budget recommendations.

The Director of Finance highlighted the current position and outstanding work required prior to presentation of the budgets at the July board meeting.

In particular it was noted;

- The Bank are reviewing the revolving credit facility in line with discussions at the previous meeting and an update is expected before the July board meeting.
- Reporting of KPIs under the ESFA criteria is carried out at a group level.

Chair approved 24 June 2019

- The Teachers' Pension grant has been confirmed and built into plan.

The Committee further discussed;

- Board visibility on the current gap and savings required. It was recognised that the approach to identifying savings is a matter for the Executive and the current reviews were explained.
- The need for balance between areas where savings "can" be made with areas where savings "should" be made.
- Assurance on progress on the current work to ensure consistent data between HR and Finance in terms of staffing
- The College's cash position and the rationale in requiring a surplus to support the current capital project commitments. The Committee sought to understand the potential impact of any requirement to delay capital expenditure including loss of numbers, loss of matched funding and reputational damage.
- Applications for grants and other potential income which have not yet been factored in due to the lack of certainty.
- Levels of depreciation and areas subject to fluctuation, identified as primarily relating to the new buildings.
- The impact of the budget on staff development on teaching and non-teaching staff in the context of the strategic target. It was explained that although the expenditure on external training is planned to reduce the delivery of and commitment to development will be maintained. The Executive gave further assurance that development of support staff is supported through apprenticeships, leadership development activity and provision of staff conferences.
- Position on levy funding and relationship with BCPS Limited.
- Reconciliation between Annexes B (the College) and D (The Group) and impact of inter group transactions.
- Annex A on required student numbers to achieve budget and assurance around market information and evidence to support projections. The level of market research and assumptions behind the numbers were explained. The Board had been presented with market information at the

development days and will receive updates on market information in 2019-2020. Policy changes around the apprenticeship levy and potential impact have been identified but are not currently quantifiable.

- Local competition and potential impact on the College and student numbers.
- BSF student numbers against target and whether the target has been or will require adjustment. It was confirmed that the overall target has not been adjusted downward although demographics have a negative impact.

In respect of BSF the Committee was updated on the perception surveys and focus group activity at BSF. Issues had been identified in the year in respect of vocational provision. Assurance was given that these have been resolved with college intervention in terms of quality, staffing changes and a vocational expert on the senior management team. Further work is being carried out on quality issues and reputation. It was noted that the feedback from A level students had been positive and that Executive are focussed on reviewing the brand and operation. Whilst the intention is to maintain a distinct brand the Executive gave assurance on the use of College procedures and reporting mechanisms to ensure early identification of problems. The Executive are mindful of the differences between college and school structures and these will be focussed on within the development of the People Strategy. The Resources Committee will receive an update in due course.

The Committee further explored whether there is a need for additional mechanisms for reporting urgent matters to the Corporation. The Executive review mechanisms for capturing information and the robustness of the systems. The role of the QIP and SAR in monitoring performance were discussed and the preference expressed that any additional reporting mechanisms must be linked to the dashboard.

It was agreed that an update on the MTFs and an explanation of the budgetary gap will be circulated to Resources Committee prior to the Board meeting.

The report was noted.

R/35/19 College Information Report

The report was presented.

The Group position on financial health under the ESFA criteria was noted to be graded outstanding.

Emerging issues were highlighted;

- Identification of apprentice learners beyond end date and out of funding and work being carried out prior to the year end. A model based on minimum achievement has been requested from the Director of Apprenticeships.
- SEMLEP funding and ESF grant.
- Plans in respect of the Adult Education Budget, devolved budgets and subcontracting activity.

The Committee further discussed;

- Previous conversations on apprenticeships and recovery of money. Assurance was given that directors meet monthly and a further group has been established to enhance speed of progress with positive movement. The Finance team have modelled the position based on clearing outstanding debt by the 31st July. It was explained that the processes are being audited by an external party. It is anticipated that work will be based on recommendations received to enable further progress.
- Areas of under recruitment and whether the targets were too ambitious. The impact of new curriculum pathways on predictions was discussed. A balance is sought between prudence and challenge in setting targets.
- Overall expenditure and relationship to pay. It was explained that the College recruited staff based on planned student numbers. The need to identify spare capacity in the system and control of the establishment were outlined.
- Whether any significant changes are expected before the next College Information Report. The position on timely achievement and potential for loss of funding.

The College Information Report was noted

R/36/19 HR Plan supporting the MTFS

The report was presented by the Director of HR and highlights given;

- The difference between full time equivalent “FTE” staff cost and total cost of establishment was clarified.
- Current review of vacancies, the work carried out to establish controls around recruitment and progress reducing the establishment to an affordable figure.
- Work being carried out jointly by HR and Finance to agree the current establishment in terms of core staff, fixed term contracts, associates and agency staff to ensure a complete understanding and facilitate planning around where resources can be reduced.
- Approvals process at Executive level for agreement of all vacancies, currently covering FTE, agency and associates with a further review of fixed term contracts in due course. Reviews of the potential for transferring from non-core to core are being carried out.
- Associate activity and need to consolidate the information.
- Impact of fixed and flexible contracts and emphasis on control of workforce and the budget

The Committee discussed;

- The impact of I-Trent system and questions on the quality of the output data. Work is being done to reconcile differences. The Director of HR is reviewing the system against the contract and meeting with Midland HR to ascertain fundamental reporting requirements and expectations under the contract in relation to additional functions that can be purchased. Once this is resolved it will be possible to review functionality, fitness for purpose and value for money.
- Ability to place roles on hold. It was confirmed that the list has been reviewed and a number of roles currently on hold pending review. In addition the College is looking at wider reviews of functions and how services are provided.
- Likely time line to align the establishment to the budget.
- Communication with staff of planned actions and need to be able to give appropriate assurances.

- Assurance that work was carried out in curriculum planning to ensure sufficient teaching staff are in place for the start of the academic year.
- The need for a clear and consistent view of FTE across the Group and monitoring of head count.

The Committee confirmed that they were content with the approach being taken and will receive updates in due course.

The report was noted

R/37/19 Pay award

The paper setting out the proposed pay award was presented. The College wants to recognise the hard work of staff but it was noted that any pay award is subject to affordability when the budget is determined.

It was acknowledged that a new approach to remuneration will be required in the future and that the Director of HR will work on this. This is likely to include a review of benefits including annual leave.

The Union position on pay rises in the sector and potential for action was discussed. It was however understood that many colleges had not given pay rises for several years.

The Director of HR was asked for her view on the performance related pay system. Issues highlighted for consideration in due course will include;

- Time spent in managing and administering a PRP system
- Confidence of managers in grading.
- Ability of HR to manage poor performance with suspension of pay rises.
- Impact of size of teams, need for benchmarking.

The Committee further discussed;

- Grading and softer intelligence on equality etc.
- Indicators on staff turnover, particularly within BCPS.
- Examples of Colleges who have given large pay rises based on Union activity but after no pay rises for a number of years.
- Balance of union activity between Tresham and Bedford.

The issue of total remuneration packages will be picked up in the People Strategy.

The recommendation on the pay award was endorsed subject to affordability.

R/38/19 Regulatory framework

A verbal update was provided by the Director of Finance.

It was explained that lease information is not required in the financial statements for another 2 years under guidance for Colleges but that the impact will be modelled out in advance. The likely impact on the financial health reporting was outlined and it was noted there may be changes in the approach.

The following are being monitored;

- Additional clarification is being sought around insolvency and reporting requirements
- Issues around demerging Colleges and transparency around structural changes.
- Transparency on Regularity Statement.

The Committee sought assurance around confidence in the systems to identify issues. The various audit mechanisms were highlighted.

The update was noted.

R/39/19 Decisions under delegated authority

The report at agenda item 9 was presented.

It was explained that the item on approval to defer the repayment of the revolving credit facility had been included for completeness due to the financial level.

The Committee confirmed their approval in the Chair's presence at the last meeting.

The report was noted.

R/40/19 Minutes

The minutes of the meeting of 14 May 2019 were approved as an accurate record of the meeting.

R/41/19 Action log

It was understood that any KPIs will be reviewed in the autumn term.

R/42/19 Business planner

The business planner was reviewed and it was agreed;

- To remove the Tresham loan review item as it is not intended in the next year.
- Further review by Chair with Director of HR
- IT Strategy will be looked at as a priority.

R/44/19 Employee Relations

Confidential minute

R/45/19 Any other business

The Director of Finance highlighted the activity to review future opportunities in terms of estate management. Key dates are included in the capital programme.

Formal thanks were given to the Executive and to the Interim Director of HR and their teams for their hard work during the year. The Governors were thanked for their contribution.