**PRESTON’S COLLEGE MINUTES OF THE RESOURCES COMMITTEE 8TH MARCH 2018**

**PRESENT**

Mr J Boydell Mr S Browne Mr M Mallam

**APOLOGIES** Mr P Kennedy Mr J Lee

**IN ATTENDANCE**

Mr S Nixon

Mr C Speight Ms G Thornton

**ITEM 1 Welcome and apologies:** The chair welcomed Members and noted the apologies.

**ITEM 2 Declarations of Interest:** No additional interests were declared

**ITEM 3 Minutes of the meeting held on the 30th November 2017:** The minutes were agreed as an accurate record

**ITEM 4 Mid-Year Financial Update 2017/18:** Mr Nixon presented the accounts and advised members that they had been prepared following a comprehensive budget review. He further advised Members that the overall income projection shows an unfavourable variance, and the College faces the risk of posting a deficit rather than the previously predicted surplus.

Mr Nixon confirmed for Members that costs against the original budgets are being well controlled but advised that income was the issue. He confirmed that the main contributory item is apprenticeship income which shows a shortfall. Levy income is doing well, and is up against the original budget, but this has not offset lower than targeted new starts against the non-levy income. The Net effect is a

projected shortfall. Mr Nixon advised Members that low apprenticeship recruitment is affecting the whole sector. Members asked about the situation of the Non-Levy starts. Mr Speight advised Members that Non-Levy numbers are down nationally for a number of reasons. Employers now have to finance 10%, and there is an expectation of 20% off the job training out of paid time. Nationally figures are 31% down and this picture is reflected in College recruitment.

Mr Nixon advised Members that the Adult Education Budget (AEB) should be achieved without any further subcontracting. Meetings with Heads of School suggest that the work is there to deliver the potential shortfall, and this lessens the risk of

not achieving the predicted income. Members asked what additional activity would be delivered to ensure that the target is achieved. Mr Speight confirmed that there were some new programmes, but existing learners are being offered additional programmes as well which would increase the income per learner. Mr Speight

reminded Members that the delivery of AEB was challenging because of restrictions placed on the types of activity that can be funded.

Mr Nixon advised Members that ESIF funding posed a further risk in terms of non- achievement, as previously advised, likely to lead to a shortfall of Lead Accountable Body income.

Mr Nixon asked Members to note that provision for a 1% pay award payable from 1st August 2017 was still contained within the forecast. Ms Thornton advised that new National Minimum Wage rates would come into place from 1st April, and that this would require some immediate action for lower paid staff. Mr Nixon asked

Members to note that, whilst the budget contains provision for a pay award from

1st August, this could be actioned immediately for all staff from 1st April, with a final decision on the backdated element deferred in light of the overall financial situation. A discussion took place, and it was agreed to bring a recommendation to the full Board that a pay award in line with AoC recommendations (1% or £250, whichever is greater) be made from 1st April with the backdated budget provision used as an in year saving.

Mr Nixon advised Members that, as part of curriculum planning for 2018/19, work is underway to plan the financial contributions made by individual programmes of study. Initial planning will aim for each course to deliver a contribution of approximately 50%, recognising that other non-financial criteria may also need to be considered. Members requested that the Board should be provided with this contribution analysis at a sufficiently summarised level of detail in order to participate actively in viability decisions. Mr Nixon suggested that this be revisited at the next meeting in May when the Business planning would be at a point where summary data would be available and any programmes with lower contribution

rates can be identified and discussed. Members agreed that this would be appropriate.

Members asked if analysis of market share has been done with regard to competitors. Mr Speight advised Members that, in the last four years, Cardinal Newman College have grown by 30% and Runshaw College and Preston’s College have dipped by approximately 15% each. Cardinal Newman, it would appear, have benefited from the drop in recruitment from Preston’s and Runshaw.

Mr Nixon advised Members that Period 7 forecasting has begun and some further areas for cost saving have been identified. However, Mr Nixon advised caution until further work is done on the income lines. Members asked if there was a possibility that the situation could deteriorate further. Mr Nixon advised that there was still risk against the apprenticeship and ESIF lines. He advised they were being managed but asked that the risk be noted.

**Resolved: The financial position was noted, with further information and proposals on the 2017/18 pay award to be presented to the Board on the 22nd March.**

**May meeting.**

**Mr Nixon to bring a summary of the contributions report to the**

**ITEM 5 Performance against KPIs:** Mr Nixon advised Members that the report focuses on the key items. However, he further advised that work is underway with Dynistics to provide KPI dashboards to make live data available to Governors. It is intended for this to be available via the Portal.

Mr Nixon drew attention to the recent notification by ESFA of the 16 to 18 year old programme funding for 2018/19. Potential errors have been identified in the methodology used, and will be used to make a case for a revised allocation, although there is no guarantee of success.

Mr Nixon drew Members attention to pay as a percentage of income and advised that this has been discussed as part of work undertaken with external consultants. The figures suggest that the College is over staffed. Class sizes contribute to this as small class sizes create inefficiencies. Members asked if the figures could be split

into class delivery and overheads to establish the extent to which this is a curriculum issue. Mr Nixon confirmed that this was possible, and this would continue to be scrutinised to ensure any necessary efficiencies could be made.

**Resolved The performance against KPIs was noted**

**ITEM 6 Review of Income Forecasting**: Mr Nixon confirmed that the College has been seeking to improve the income forecasting process. MCA Associates were brought in to undertake some analysis. Mr Nixon confirmed that the report had been very useful with some immediate improvements made, and others still planned.

Members asked if it had been a useful exercise, and Mr Nixon confirmed that it had.

Members noted that the report suggests an external review of staff costs and asked if this was being considered. Mr Nixon confirmed that at the moment, an external review was not planned as this could be conducted in house, although the potential for further external assistance on a range of issues was still under consideration.

**Resolved: The review and actions to date were noted.**

**ITEM 7 Subcontractors 2017/18:** Mr Nixon advised Members that the report refers specifically to core College subcontractors, and that partners delivering through ESIF are excluded. He advised members that the appended policy statement was compliant with ESFA expectations and requested approval. Members asked about the procurement process undertaken with regard to contracts, and whether or not this presented a risk. Mr Nixon assured Members that all new subcontract arrangements are subject to the procurement practice outlined in the policy, however some longer standing arrangements have not been subject to formal tendering. Mr Nixon confirmed that the College would take legal advice to be sure that the process does not pose a risk, and provide further assurance to Members at the next meeting.

**Resolved The existing list of subcontractors and framework was noted. Mr Nixon to provide further assurance with regard to procurement process at the next meeting.**

**ITEM 8 Gender Pay Gap:** Ms Thornton advised Members that analysis of the Gender Pay Gap is a new statutory duty as an employer. Guidance has now been received from the AoC and benchmarked data is becoming available to enable the College to make comparisons. She advised that this was not about equal pay, rather the method by which men and women on average are paid the same.

Members asked if this was a statutory methodology and whether or not this could be looked at by occupation level. Ms Thornton advised that this was the methodology used by the AoC and the tables in the appendix are based on the statutory requirements. Members felt that further analysis could be undertaken to break the information down further to see where gaps occur. Ms Thornton advised that further analysis is being undertaken, but the data provided in the report is the statutory duty which needs to be published. She assured Members that further work will follow internally. Members asked for detail about how this would be done, and Ms Thornton agreed that a follow up item would be brought to the Committee meeting.

Ms Thornton asked for approval for the data to be published in line with the statutory duty.

**Resolved The paper and action plan was noted and agreement reached that a recommendation to the Board be made that the Gender Pay Gap Report be published within the legislative timeframe**

**ITEM 9 Further Education Commissioner Diagnostic Assessment:** Mr Nixon confirmed the proposed dates for a visit by the FE Commissioner to undertake a Diagnostic Assessment. The triggers for assessment are Ofsted grade 3 and ESFA early intervention for financial health. He advised that the College had hit both trigger points, so a visit will be made during the 15th and 16th of March. The information requested has been sent to the FEC by the deadline. The Chair and Vice Chair will be involved on the day along with management. One area of focus will be to check the level of scrutiny and challenge from the Governors. Mr Nixon advised the three possible outcomes: that existing plans be endorsed, that recommendations may be made to strengthen existing plans, or escalation to formal intervention. A report will be brought to the Board meeting on the 22nd on future planning.

Members asked if the College was ready for this and confident that there would be a positive outcome. Mr Nixon assured Members that the College had clear plans for improvement all of which have been brought to the Committees and Board and

have been discussed, scrutinised and challenged.

**Resolved The report and attachments were noted.**

**Date and time of the next meeting - 5.30pm Thursday 10th May 2018**