



HOPWOOD HALL COLLEGE

EMPLOYMENT & FINANCE COMMITTEE MEETING

Minutes of the Meeting Held on 21st September 2021

Governors Present:

Jim Gallagher Independent Member & Committee Chair
Julia Heap Principal & Chief Executive
Jacqui Mellor Independent Member
Paul Dixon Independent Member
Sarfaraz Akram Independent Member

In Attendance:

Jo Bentley Executive Director of Finance & Estates
Matthew Taylor Executive Director Performance & Planning
Caroline Street Executive Director Business & Student Support
Fatema Hussein Clerk to the Corporation

Meeting Commenced: 4.30pm
Meeting Ended: 6.30pm
Attendance: 83%
Quorum 3

1. Apologies for Absence

Apologies were received from Martin Salins.

2. Declarations of Interest

Members were invited to declare any direct, indirect, personal, pecuniary or prejudicial interest on any item on the agenda.

There were no declarations.

3. Approval of the Minutes – 10th June 2021

Agreed that the minutes of the meeting held on 10th June are approved as a correct record and authorised for publication

4. Matters Arising from the Minutes

The action progress log was reviewed, and it was confirmed that there were no outstanding actions.

Change in Order of Agenda

12. HR Report

The Executive Director of Business & Student Support reported that:

- Since the start of this academic year, there had been 11 confirmed cases of COVID 19 for staff members and three instances where staff were required to self-isolate due to contact with a positive case as they were unvaccinated
- Completion of Performance Reviews and CPD had not yet met the KPI of 100%
- Staff turnover was higher than KPI in 2020/21, however there were two large groups of temporary support staff
- The College Health and Wellbeing Group had planned a full programme of events for the annual employee Health and Wellbeing Day
- Unfortunately, due to continuing Covid restrictions the day had been changed to an independent health and wellbeing day
- The health and wellbeing group were due to meet to formulate the action plan for 2021/22 which would be based on the Five Ways to Wellbeing
- A full programme of activity was delivered during the Training and Administration weeks at the end of the academic year and during the period when all staff returned from the summer break. Key activities included mental health first aid, digital skills development and use of Its Learning (VLE)

Governor Questions

Q. Were staff and students legally obliged to inform the College that they had been vaccinated?

A. They did not have to inform College. A vaccine bus had been on campus and staff and students were being encouraged to get vaccinated

Q. Had consideration been given to retaining remote learning in areas where it had worked well?

A. The DfE was keen for all students to return to face-to-face teaching and staff felt that this was better for learners who may need to catch up on missed learning

Governors stated that 24% staff turnover was high and requested a more detailed breakdown of the data.

ACTION:

Executive Dir / Business & Student Support

Apprenticeship Scheme

- The College currently employed 13 Apprentices on a range of professionally accredited qualifications
- In the past two years the profile of the College Apprentices had significantly changed from high numbers of lower-level apprentices to lower numbers of higher-level apprentices.
- Until 2019 the College did not offer Advanced/Higher level apprenticeships, but they now accounted for nearly 40% of the Colleges internal

Apprenticeships

- Of the eight Apprentices who completed in 2020/21, 50% had progressed internally within the College to Level three from level two qualifications
- All of the higher level (Level 4 and above) apprentices had progressed internally within the College from Level 3 Apprenticeship qualifications
- Over the last year five Apprentices had secured permanent employment within the College and continued to complete their qualifications alongside their new role

Equality, Diversity and Inclusion

- There had been a slight reduction in the number of disabled employees from this point last year and no change in the disability profile of the management team
- The gender profile of the workforce remained similar with more female employees than males and more females in the management team
- There were slightly more BAME employees in the wider workforce since this time last year, but a decrease in BAME Managers
- The College had recruited to a new role of EDI Manager, and this would allow for additional focus on EDI within the whole College community
- It was felt that the staff profile needed to be more representative of the student body and College needed to attract a more diverse pool of applicants

A Governor stated that whereas this was an aspiration it should not be used as a selection criterion and that candidate shortlisting and appointment should continue to be made on the basis of merit.

It was suggested that College should review where vacancies were being advertised so as to attract a more diverse pool of candidates.

Governors also stated that the staff survey data highlighted that there was a high percentage of staff whose ethnicity was not known, and this needed to be explored further.

14. 2020/21 Staff Survey Outcomes & Actions

- The 2021 survey has seen highly positive responses from employees overall
- However, the majority of questions (74) had received a lower positive response rate than 2020
- The 2020 survey was undertaken during the national COVID-19 lockdown whilst staff were working from home and had received incredibly positive results
- The 2021 survey results, although less positive than last year, were much more encouraging than 2019 when the College was operating under “normal” circumstances

Governor Questions

Q. Was it possible to link the staff satisfaction results to learner outcomes?

A. This was difficult to assess due to a lack of formal assessments in some areas

Q. Had any staff got used to working from home and left as a result of having to return back to campus?

A. There were one or two managers who had been offered a promotion elsewhere and left for that reason

Q. Was there a link between the staff survey results and staff turnover as this was higher last year?

A. There were a number of staff that had been employed on temporary contracts last year and this may have impacted on the figures. There had been some high profile / long serving managerial leavers at the latter part of the academic year

Paul Dixon in attendance.

5. Management Accounts 31 July 2021

The Executive Director of Finance, Estates & Risk Management presented the report for the month ended 31 July 2021 and reported that:

- The underlying Operating Surplus for 2021/21 was £1.7m (after covid costs and prior to FRS102)
- This was in line with the 'Best' case scenario reported at the June meeting following confirmation of the tolerance of AEB funding
- The year-end position was strong and much improved compared to the original budget set
- This was due to additional unbudgeted income received during the year including 16-18 'in-year' growth funding, increases to apprenticeship income and other grant income
- Pay costs as a percentage of income were 63% as at 31 July 2021
- Outstanding Financial Health position had been maintained but would not be formally confirmed until the Autumn
- The year-end cash position was £16.143 million with 215 cash days in hand
- All Corporate KPI's had been exceeded for the year and all FE commissioner financial performance benchmarks met
- An external funding audit was to be undertaken by PWC on behalf of the ESFA and this was a potential risk
- College was one of 60 providers that had been selected by the ESFA, and depending on the timing of the audit, the signing off the accounts may be delayed

Staff Pay Award

- An additional non-consolidated pay award of 1.5% (£260k) relating to 2020/21 was being proposed
- The payment would be made during November/December 2021
- It would be in recognition of staff performance for exceeding the 16–19-year-old ESFA contract in 2020/21; fully delivering the AEB devolved element within the tolerance, increase in apprenticeship income and HE student numbers

GOVERNOR QUESTIONS

Q. Would all staff be given a 1.5% award

A. Yes, this applied to all staff

RESOLVED:

The Committee approved the management accounts as at 31 July 2021, and agreed that a recommendation was made to the Board to approve an additional non-consolidated pay award of 1.5% (£260k) relating to 2020/21

6. Budget Update 2021 / 2022 & Financial Risks

Governors were informed that:

- Total Income forecast had increased by £91k compared to the original budget
- The key changes related to confirmation of the Tuition Fund which had increased to £521k compared to an indicative figure of £450k
- As this had to be spent on staffing costs, the pay expenditure has been increased by the corresponding amount
- Pay costs as a percentage of income were currently below 65% (excluding COVID exceptional costs and Tuition Fund costs)
- The number of learners with EHCP (Educational Health Care plans) had increased compared to last year and there was now a financial risk associated with providing sufficient staff to offer support
- This had been added to the financial risk register and was currently being monitored

GOVERNOR QUESTIONS

Q. Were learner numbers still high risk given that enrolment had been positive?

A. There would be some learner attrition between now and the census date and the risk was high until numbers were confirmed in mid-October

7. 2021 / 2022 Enrolments Update (Against Funding & Growth Targets)

The following update was provided by the Executive Director / Performance, Planning & Information:

- Enrolment had commenced in mid-August this year due to the earlier publication of the GCSE results
- The 16-19 allocation for 2021/22 was for a total of 3,010 students, and the College had a curriculum planning target of 3,352 students
- The current number of 3,340 of students was just below target at this stage of enrolment
- Student drop-out before the funding census point currently stood at 145 and would continue to increase
- College was expecting to lose about 300 students between now and the census date
- Management was closely monitoring recruitment, and pre-census drop-out in order to have an exact position by October half-term
- Some areas had significantly under recruited and there was an issue of how the additional resource that had been put in place would be utilised
- Recruitment on Health and Social Care was below target
- Some notable courses with increased volumes included Electrical, Engineering, Construction Multi-Skilled, Sport, Business & IT and Science
- T Level recruitment stood at 76 against a target of 99
- The mainstream element of the Adult Education Budget had a learner recruitment target of 1,858 and 1,465 students had so far enrolled
- The College will continue to recruit new starts throughout the year

- The College's HE provision planned to recruit 154 students, and current recruitment was at 87
- The H.E target would not be met but would be higher than last year

GOVERNOR QUESTIONS

Q. What were the reasons for the lower recruitment in Health and Social Care?

A. The numbers were below target but higher than last year

Q. Were employers taking on Apprentices and offering work placements?

A. College had recruited well on the Apprenticeship programme but work placements were a challenge

Q. Were Apprentices being employed on the capital project work being undertaken on campus?

A. It was confirmed that they were

8. Capital Projects & Contracts Update

The following update was provided to Governors:

Update on new bids - the College had successfully been awarded the T level Science bid (£1.3m capital cost) with a total grant approved of £650k. The second T level bid had also been approved in principle subject to receiving additional information with total grant income of £650k.

Post 16 growth bids – no feedback had been received on these two bids, and the decision had been delayed to the end of the Autumn term.

Rochdale B block development – College was continuing to work with the DfE on the feasibility of a new Rochdale B block.

Option to build a HE floor in new Rochdale B block – The DfE had confirmed that there would be an option for the College to fund another phase at the same time to take advantage of economies of scale but this would have to be College funded. In order to afford this additional capital as it was currently not in the budget, College would need to reassess future projects and consider delaying some of these. The estimated cost of an additional floor was £3.3m based on 1,105m². This could also change the overall level of match funding on the main project despite the College confirming that in order to afford this cost, other projects would have to be deferred/reprioritised.

RESOLVED:

The Committee agreed that College should review the option of extending the Rochdale B block for HE provision (subject to affordability, as this would enable alignment with the College and borough's ambition to grow and develop HE in Rochdale.

Paul Dixon left the meeting at this point.

8.1 Tender Report

Discussed under Reserved Business.

9. LIBOR Transition Choices

The meeting was informed that:

- The Financial Conduct Authority (FCA) had confirmed that LIBOR interest rates would be phased out by the end of 2021
- Banks were contacting institutions with existing bank loans who had reference to the LIBOR rates to transition to either the Bank base rate or to SONIA
- The College had 3 loans, 2 with Barclays and 1 with Lloyds
- Whilst the interest rates would be affected if the loans had not been fixed rate, there would be no impact for the College unless it broke the fixed rate arrangement

RESOLVED:

The Committee agreed that a recommendation was made to the Board to approve the transition to Bank base rate (based on the banks preferred transition rates) following the cessation of LIBOR and to authorise the Principal/Chief Executive to sign any transition documentation from the banks on behalf of the Governors.

10. DfE Memorandum of Understanding – Rochdale B Block Build

The Executive Director of Finance, Estates & Risk Management explained that:

- In order to progress the scheme and for the DfE to continue to commit funds to the project, College would be required to formally sign a Memorandum of Understanding
- This had been reviewed by College management and a number of queries had been raised with the DfE including the inclusion of Match funding now agreed at £750k plus VAT (Total of £900k)
- The MoU included conditions around security on part/all of the College buildings
- College had flagged this with the DfE to explore whether other conditions could be used rather than security as this would require the College to negotiate the security terms in conjunction with the Banks
- DfE had confirmed that they had no flexibility to change the underlying security terms within the MoU
- They had however confirmed that there may be options as part of the next phase which was the signing of the funding agreement and would consider deed of priority or other options
- Whilst the MoU was not legally binding, it was an expression of the intent of both parties
- Given the significant amount of capital funding involved (approx. £10m-£12m), and despite a risk that the College may need to renegotiate the loans with the banks, management were of the view that this financial risk should be accepted as the overall net benefit was significantly in the College's favour
- If the College was unable to change the security terms in the funding agreement with DfE, it would need to negotiate the terms of the existing loans with Barclays and Lloyds with associated legal costs at the College's own expense

RESOLVED:

Following a discussion, members agreed to recommend to the Board that the MoU was formally signed to allow the scheme to progress to Funding Agreement stage, on the understanding that security on the estate may be required in discussion with the College's banks if this could not be changed at the Funding Agreement stage.

11. Sub-Contracting Fees Policy

The Executive Director of Performance, Planning & Information reported that no changes were being proposed to the policy.

RESOLVED:

The Committee approved the Sub-Contracting Fees policy

12. Health & Safety Annual Report 2020/2021

The Committee reviewed the report, and it was noted that:

- All key health & Safety risks had been effectively managed during the year including covid related risks
- Health & Safety training had resumed on a face-to-face basis
- The level of accidents compared to the previous year has reduced to 10 (15 in 2019/20)
- There had been 1 motor insurance claim and 2 public liability notifications to the insurer, but no claims made against the policy
- In term 1, there were a total of 5 accidents recorded, 2 of which were reportable to the HSE due to the nature of the accident
- All documented accidents were of a minor nature, not requiring medical attention, but the 2 RIDDOR's were concerning as they both involved the assault of staff members

Governor Questions

Q. Were some staff still working remotely?

A. All staff were now back on campus

Q. Had there been any increase in insurance premiums as a result of Covid related costs?

A. The College already had a long-term agreement in place and had not experienced any increases yet. The projected increase in energy prices was a concern

Q. How had the chlorinated water incident been discovered?

A. It had been highlighted by a member of staff

Q. Was this a reportable event?

A. It had not been reported by College but the Contractor may need to report it to the relevant authority as the error had been on their part

Governors requested a further update on this at the next meeting.

ACTION:

- Executive Director of Finance, Estates & Risk Management
- Clerk / Committee Agenda

13. *Key Performance Indicators Update

It was noted that an update on KPI's had been included in most of the papers for this meeting

15. Date and Time of Next Meeting

Thursday 25th November at 4.30pm

*Standing Item