



HOPWOOD HALL COLLEGE

EMPLOYMENT & FINANCE COMMITTEE

Minutes of the Meeting Held on 23rd June 2022

Governors Present:

Jim Gallagher	Independent Member & Committee Chair
Julia Heap	Principal & Chief Executive
Martin Salins	Independent Member
Sarfaraz Akram	Independent Member
Gary Graham	Co-opted Member

In Attendance:

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

Meeting Commenced:	4.30pm
Meeting Ended:	6.00pm
Attendance:	63%
Quorum	3

1. Apologies for Absence

The Co-opted member Gary Graham was welcomed and introduced to the meeting.

Apologies had been received from Paul Bevan, Paul Dixon and Julie Burns.

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 – 8th March 2022 (Part 1 and 2)

Agreed that the minutes of the meeting held on 8th March are approved as a correct record and authorised for publication (Part 1)

4. Matters Arising from the Minutes

There were no matters arising from the minutes.

5. HR Report

The following update was provided by the Executive Director Business & Student Support:

- Performance review compliance was currently 76% and was lower than the target completion rate of 100%
- Managers had been informed of staff non-compliance and a final deadline of 17th June has been issued
- Preparations were underway for the annual Training and Administrations week(s) at the end of term
- Due to term dates and annual leave entitlements, there was one week and one day available for training and administration this year
- The annual Health & Wellbeing Day would be held on 8th July and all staff and Governors were invited to attend the day which would include health and wellbeing related seminars, activities and a marketplace
- The annual employee survey was currently live for all staff to complete
- College had also engaged an external company Do-Well, to undertake a culture audit in order to ascertain the current culture of the College in light of the launch of the vision, values and strategic intentions
- The audit would be undertaken over the next two to three months and inform planning for 2022/23
- College and UCU had entered into pay negotiations supported by an ACAS Conciliator
- The additional non-consolidated cost of living support payment, paid in this academic year, was agreed as a resolution to the 2021/22 pay dispute and further industrial action was called off the night prior to it being due to take place
- College has agreed to undertake local pay negotiations from 1st September 2022 to 31st October 2022 in line with the usual timeline for planning for an annual pay review
- UCU had also requested a review of annual leave, workload and TOIL
- The AoC have already completed national pay negotiations with the joint Trade unions and have published a recommendation of 2.5% for 2022/23
- There was also a need to review the Lecturers' Pay Scale due to issues relating to recruitment and retention
- Since the last report an EDI data collection exercise had taken place with all staff This had not achieved the intended aim as there were now higher numbers of staff who preferred "not to say"
- This made it difficult to make comparisons to last year and to inform policy and EDI initiatives within College
- The gender profile of the workforce remained similar with more female employees and Managers than males
- There were less BAME employees in the wider workforce since this time last year and there was a significant decrease in BAME Managers following a number of voluntary leavers over the past year
- The College's LGBTQ+ profile remained similar for the wider workforce however there has been an increase in LGBTQ+ Managers

Governor Questions

Q. The completion rates for some of the mandatory training seemed to be low and should they be higher?

ACTION:

- College to send further reminders to staff to complete training
- Management to consider setting deadlines for completion of the training

Q. What action had other Colleges taken regarding the pay dispute?

A. One College had resolved the matter before any strike action was taken and 5 other Colleges were still in dispute for 2021/22

Q. What was the maximum amount of contact time for lecturers?

A. It was 24 hours a week with a maximum of 864 hours a week. This was at the higher end of the scale. However, the College did have one of the most generous annual leave entitlements

Q. Had any consideration been given to changing the annual leave allowance and increasing pay for lecturers?

A. This was something that could be considered as lecturer pay was an issue in relation to recruitment and retention

Q. Was there much staff turnover amongst lecturers?

A. There was in some areas particularly Engineering and Technology

Gender Pay Gap Report

- The College's mean gender pay gap was 6.59% and this was higher than last year by 4.85%
- It was however lower than the UK national average of 7.9%
- The College Median was 19.92% which was higher than the UK National Average of 15.4%, an increase of 2.52% on 2020.
- On analysis, the majority of staff were female (61%)
- The majority of female staff were also on part time contracts (60.22%)
- College employed more females in lower paid support roles, which have traditionally attracted women
- This resulted in both a mean and median gender pay gap

6. Management Accounts – 31 May 2022

The Executive Director of Finance & Estates presented the management accounts for the month ending 31 May 2022 and the following points were noted:

- The Income and Expenditure Account was showing an Operating YTD Surplus (before FRS102) of £695k for the 10-month period, compared to a budgeted deficit of £200k
- Actual Income earned had increased to £23,134k compared to a budget of £22,100k, an increase of £1,034k
- Expenditure (excluding covid costs) was £22,332k against a budget of £22,119k, an adverse variance of £213k
- The College remained in 'Outstanding' financial health and complied with all bank loan covenants for the year
- Cash reserves and liquidity were both strong
- As per the cashflow forecasts, cash would reduce during the year to reflect the implementation of the Estate's strategy

Governor Questions

Q. Would windows be kept open during the winter to stop the spread of Covid?

A. This would depend on the Government guidelines. College was looking at options to reduce energy usage including closing some buildings when students were not in

Bad Debt Write Off

Members were requested to note the level of debt write off for 2021/22 of £24,600 and informed that:

- This was made up of 22 separate debts, with 1 debt over £5k which required approval from the Committee. All debt recovery processes had been exhausted including sending to an external debt company
- The company had recommended the write off as the individual in question had no assets to cover the debt outstanding
- The debt represented 2.37% of annual total tuition fee income of £1.036m and demonstrated the effectiveness of debt management within the College, particularly given the current economic climate

Governor Questions

Q. Did the College's systems highlight individuals who had outstanding debt when they tried to book onto another course

A. It was confirmed that they did

RESOLVED:

The Committee:

- Reviewed and accepted the May Management Accounts and commentary
- Noted the post tender prices for Gas and Electricity for the 12-month period starting 1 October 2022 and that they had been incorporated into the draft budget for 2022/23
- Approved an additional £80,000 to be expended on Capital <£1k to meet the high number of essential items required by curriculum areas
- Approved the writing off of bad debt for 2021/22 of £24,600

7. Budget and Financial Plan 2022/23

The Executive Director of Finance, Estates & Risk Management presented the budget and financial plan for 2022/2023 with the following points highlighted to the Committee:

- Non-pay expenditure had been arrived at based on zero based budgeting and following a review of proposals from budget holders
- Efficiency savings of 4% (£221k) had been generated to mitigate the effect of inflationary increases on supplies and services
- There would be an increase in Transport costs (+£188k), energy costs (+£657k) and volume increases particularly in relation to the TEC centre which had experienced both learner volume growth and significant material cost inflation for copper piping, and sheet steel
- The funding rate increase in 16-19 rates and lagged growth of learners had covered some of these cost increases
- Bringing forward £200k of general equipment purchases from 2022/23 had also eased pressure on the non-pay budget

- Based on delivering a balanced budget and taking into account pay costs of no more than 65% of income, had allowed for a pay award of 2.5% in line with AoC recommended levels and a further contingency of 1.25% for pension increases
- It has been assumed that from 2022/23 onwards all COVID-19 related costs would be managed within existing departmental budgets rather than the setting of an exceptional contingency as in previous years
- Scenario planning models for Best, Medium and Worst Case and the associated impact on both income and expenditure had been completed
- The budget had been based on a medium case scenario
- Financial Health would remain 'Outstanding' throughout the period of the plan and the College had sufficient cash reserves to fund the capital projects proposed during this period without affecting the financial stability or 'going concern' status
- The plan also ensured bank loan covenants would continue to be met for the period of the plan.

The Chair suggested that it may be advantageous for College to consider some longer-term financial scenarios and their impact on College finances. College management agreed to include the Estate Strategy & IT Strategy as part of the longer term financial planning as these had already been considered as part of the Finance strategy for 22-24.

RESOLVED:

The Committee reviewed and endorsed the proposed budget and financial plan for the 2022/2023 financial year and agreed that it was recommended to the Board for approval.

ACTION:

Clerk to include on Board agenda

8. Commercial Income – Scale of Charges

The Committee was informed that:

- Due to covid, prices had remained unchanged for the last 2 years
- College was proposing to increase prices due to the impact of inflation
- Whilst it could not pass on all inflationary increases to the learners, prices had been set at the sector averages
- Discretionary allowances would be increased in 2022/23 to ensure the most vulnerable were not disadvantaged by these increases
- In the case of the Bistro, a value meal deal would still be on offer each day

The following increases were being proposed:

Riverside Salon – a proposed price increase of £1 on services

Sports Arena and 3G pitches lettings – all prices to be increased with the exception of the gym membership which would remain fixed due to competition from local gyms. Research on price increases had been undertaken to ensure the offer remained competitive.

Bistro – the Manchester College was used to benchmark costs against. The price increase would depend on the current price and be informed by the benchmark cost for the similar item

Uniforms/kit sold to students in the kit shop – average 30% markup but was still a significantly good price for learners and considerably less than if learners purchased directly from GB kits themselves

Governor Questions

Q. The highest increase in prices seemed to be on the healthy food items and how did this fit in with trying to encourage students to adopt a healthy lifestyle?

A. Feedback from students had indicated that there would be a strong resistance to big increases on the cost of the most popular food items such as chips

Management acknowledged that College needed to be conscious of this in order to encourage students to maintain a healthy lifestyle.

RESOLVED:

Governors agreed that the revised charges were recommended to the Board for approval

ACTION:

Clerk / Board Agenda

9. Fees Policy

The meeting was informed that very minor changes were being proposed to the policy and the level of fee charges were to remain the same.

RESOLVED:

The Committee agreed that the policy was recommended to the Board for approval

ACTION:

Clerk to the Corporation / Board Agenda

10. Enrolment & Funding Update 2022-23

The Executive Director Performance & Planning provided the Committee with an overview of the curriculum planning process and the factors that were taken into account to ensure that the curriculum met the needs of learners, employers and the Community

It was noted that:

- The curriculum planning process utilises a variety of key information sets
- College aimed for a minimum contribution rate of 50% for each course
- It was forecasting growth in 16-19 learner numbers for the third consecutive year
- 4 new T Level pathways would be introduced in the next academic year

11. Capital Projects & Contracts Update

The following update was provided to the Committee:

Advanced Manufacturing Centre & Refectory Extension and outdoor space

- The project started on site on 24th January 2022 with a projected completion date of 4th April 2023
- As the project was over 60 weeks, there was a need for additional classroom space
- The College had therefore made a request to the DfE to lease the temporary building currently being used by Edgar Wood Academy as they would be vacating at end of August 2022
- College was meeting with DfE to agree the rental agreement with Wates Construction who owned the temporary buildings
- Legal advice would be sought to confirm arrangements
- Due to unforeseen service removals, there had been a delay to the programme
- The project team were meeting the College on 16 June to agree a phasing strategy which would minimise delays and disruption to Teaching & Learning, as the practical areas could not be relocated to other buildings
- Costs still remained within the overall budget

Rochdale B Block

The project was progressing well, and a meeting had been arranged with the DfE to agree the following the following key outstanding issues:

- Whether a charge was to be applied to the buildings or whether a negative pledge was sufficient to avoid any renegotiation of existing bank loans
- Finalising the payment profile of the College's match funding for the FE element of the building and the HE contribution

T level Science Project

- The works had started on site on 19th April 2002 with a completion date of Monday 15th August 2022
- The scheme was progressing well and due to a change of scope, the overall cost of the scheme had reduced to £914k
- A business case had been sent to the ESFA to retain the full £650k grant awarded given the other cost increases on the TEC centre project

T Level Animal Management

- A funding bid for the above had been submitted to ESFA to develop and refurbish the Smallbridge building and the existing Barn
- College would have to match fund up to 50% of the project costs for this scheme with the scheme to be implemented by end of August 2023
- The College contribution of 50% would be £549,600
- These costs and associated capital grant receipt had been included in the Financial Plan and associated cashflows.
- The outcome of the funding bid would be known by the end of July 2022

Student Transport Service

Members were informed that following a fully compliant tender process, Yelloway had provided the most economically advantageous tender. The Experian credit check report and College Financial Assessment showed Yelloway to be low risk, and had provided a good, reliable service for the College to date.

RESOLVED:

The Committee agreed that the Student Transport contract was awarded to Yelloway.

12. *Key Performance Indicators Update

It was confirmed that all financial KPI'S were being met.

13. Date and Time of Next Meeting

It was noted that this was Jim Gallagher's last meeting as Chair of the Employment & Finance Committee. Governors led by the Principal & CEO thanked him for his service, support and contribution to the College.

The date of the next meeting was confirmed as Thursday 29th September 2022 at 4.30pm

*Standing Item

Chair's Signature:
Date: