



HOPWOOD HALL COLLEGE

Minutes of the Employment & Finance Committee Meeting Held on 13th June 2023

Governors Present:

Sarfaraz Akram Independent Member & Committee Chair
Julia Heap Principal & Chief Executive
Martin Salins Independent Member

In Attendance:

Caroline Street Executive Director of Business & Student Support
Fatema Hussein Clerk to the Corporation

Meeting Commenced: 4.30pm
Meeting Ended: 5.45pm
Attendance: 57%
Quorum 3

1. Apologies for Absence

Apologies were received from Paul Bevan, Paul Dixon, Gary Graham and Julie Burns. The Executive Director of Finance & Estates had also tendered her apologies.

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 2023

Agreed: that the minutes of the meeting held on 8th March 2023 are approved as a correct record and authorised for publication

4. Matters Arising from the Minutes

There were no matters arising from the minutes.

5. HR Report – Caroline

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

- Fifteen performance improvement plans had been used (for thirteen academic staff and two managers) this academic year
- There were currently eight Performance Improvement Plans in use for Academic staff
- The latest cohort of managers had now completed the Leading from the Middle programme which had been undertaken in partnership with Wigan and Leigh College
- Plans were being formulated for the annual Training and Administration weeks at the end of the summer term during which a significant amount of training and CPD would be taking place, including industry updating
- The 2023 Employee Survey was out for staff to complete and the current completion rate was 50%
- Two meetings had taken place with the College's UCU local representatives to discuss Lecturing staff workload, with positive solutions discussed and agreed through the process
- There were two areas of the curriculum that would be discontinued after 2023/24, and two redundancy processes had taken place resulting in two voluntary redundancies
- There had been minimal change in the staff EDI profile since the last report, but there had been a slight increase in people from ethnic minority backgrounds
- Four staff members were currently off on long term absence
- There had been some minor improvements in staff turnover during this academic year

Governor Questions

Q. What had been the completion rate for the staff survey last year?

A. It had been 80% and a reminder to staff was to be sent out this week

6. Management Accounts – 30 April 2023

The Committee was informed that:

- The full year forecast was showing a net surplus of £238k compared to a break-even budget, a favourable variance of £238k
- This revised forecast position reflected a total increase to income of £822k as a result of the receipt of additional in year funding
- The College remained in 'Outstanding' financial health and complied with all bank loan covenants for the year
- Cash reserves and liquidity were both strong, but cash would reduce during the year to reflect the implementation of the Estate's strategy
- College was considering awarding a non-consolidated pay award of up to 3% subject to affordability

Governor Questions

Q. How did the proposed pay offer compare with other Colleges?

A. AOC was not making a pay recommendation this year and some Colleges were struggling to make any pay offer

Q. When would the offer to the Unions need to be communicated by?

- A. The National body had set a deadline of 31 August, but local negotiations would take place in September and October. An agreement would need to be reached by October half term to enable a pay award to be made in November

Governors acknowledged that the financial position could not be confirmed until mid-October. However, it was hoped that College would be in a more favourable position due to 16-18 in year growth and additional funding received from GMCA this year.

RESOLVED:

The Committee:

- Accepted the April Management Accounts and commentary and recommended them to the Board
- Recommended to the Board that non-pay expenditure from 2023/24 of £213k be brought forward and spent in 2022/23 due to an improved forecast year-end position
- Recommended to the Board, a non-consolidated pay award of up to 3% for 2022/23, subject to affordability based on current year's performance

7. Enrolment & Funding Update 2023-24

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

The key objectives of the College were:

- A minimum contribution rate of 50% for each course
- Sustained growth for 16-19-year olds (+5%)
- Adult provision – contribute to meeting GM sector skills priorities and employer demand for skills and meeting 100% of AEB contract
- Maximise Student FE Loans (currently £470k with £100k more available)
- Growth in the HE offer (at least additional £100k)
- Apprenticeship delivery (at least £2.5m)

The internal progression process was almost complete with a slight shortfall in planned numbers

Governor Questions

Q. What had been the average progression rate over the last few years and was this consistent?

A. It was between 80 to 85%. College had not accounted for students that would enroll in September

Q. An ambitious target had been set for Apprenticeships. How confident was management that this could be met?

A. Most of this was related to the expansion of the TEC Centre and there was an opportunity to capitalise on the planned influx of some new employers into the Borough. College was also introducing some new Apprenticeship programmes in Veterinary Nursing and Dental

8. Budget and Financial Plan 2023/24

The budget and financial plan for 2023/2024 was presented, with the following points highlighted to the Committee:

- A funding gap of £898k had been identified in February
- Savings and changes to the budget over the course of the last quarter, had now resulted in arriving at a Break-Even Budget position(before FRS102 & capital grant receipts) for both 2023/24 and 2024/25
- Curriculum Planning had confirmed the level of teaching hours required to resource efficiently whilst maintaining contribution levels at 50% or above in all curriculum departments
- Maintaining pay costs of no more than 65% of income, had allowed for a pay award of 2.5% and a further contingency of 1% for pension increases and other sickness/maternity contingency
- Non-pay expenditure had been set using zero based budgeting
- Management was proposing bring forward £213k of controllable consumables from 2023/24 to mitigate the effect of inflationary increases on supplies and services
- The budget had been set on the 'Medium' case scenario which already had a level of risk mitigation built into the figures and was based on achievable and realistic assumptions
- Both years of the financial plan were showing a Break-even position before capital grant releases and FRS 102 adjustments
- Financial Health remained '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' opinion
- The funding allocation for 23/24 had now been confirmed and was based on 3,316 learners, a growth of 159 learners on the previous year's allocation.
- GMCA devolved adult funding including Community learning had been included at 2022/23 levels for the life of the financial plan plus an additional £237k as confirmed by GMCA for rate increases
- Overall the expected Total Income (excluding capital receipts) for 2023/24 represented an increase compared to the original budget for 2023/24(set in 2022/23) of £1.9m.
- £1.4m was already committed for the capital budget for 2023/24 and carried forward from 2022/23 for Rochdale B Block with a further £1.9m for the Sustainability project at the Middleton Campus part funded by Salix grant
- In order to maintain Outstanding financial health and maintain a current ratio of 1.6 or greater, the level of capital projects had been scaled back
- Cash days in hand were in excess of 30 days for both 2023/24 and 2024/25
- Budgets set for 2023/24-2024/25 ensured that the conditions of the 3 bank loans could be met

RESOLVED:

The Committee reviewed and endorsed the proposed budget and financial plan for the 2023/2024 financial year and agreed that it was recommended to the Board for approval.

9. Committee Terms of Reference – ONS Reclassification Amendments

The Clerk advised that following the ONS reclassification of Colleges, the Committee Terms of Reference had been updated to ensure that they aligned with the new requirements as outlined in guidance from the DfE.

RESOLVED:

The Committee considered the revisions and agreed that the updated Terms of Reference were recommended to the Board for approval.

10. 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

10.1 Sub-Contracting Fees Policy

The Committee was informed that the College sub-contracting fees policy for 2023/24 had been updated in accordance with ESFA/GMCA funding regulations and the Hopwood Hall College AEB delivery plan.

RESOLVED:

Governors agreed that the policy was approved

11 Commercial Fees 2023/24

Governors were informed that:

- Prices had remained unchanged in all commercial outlets of the College for the past few years
- However, in 2021/22, it became apparent that prices were significantly out of sync compared to local competitors and in relation to the inflationary increases on food, products, energy costs and labour costs
- Following a review, it was proposed that price increases were implemented for 2023/24 in the following areas:
- Riverside Salon – a proposed price increase of 20% on all services rounded up to the nearest pound
- Sports Arena and 3G pitches lettings – an increase in the letting's charges
- Uniforms/kit sold to students in the kit shop – average 13-15% markup but this was still a significantly good price for learners
- Bistro prices - The proposed price increases have been kept to a minimum, in most cases an additional 10p on items.
- Whilst the College could not pass on all inflationary increases to the learners, prices had been set at the sector averages
- Discretionary allowances would be increased in 2023/24 to ensure that the most vulnerable learners were not disadvantaged by these increases

RESOLVED:

The Committee approved the increase in commercial fees for 2023/24

11.1 Debt Write-Off

Governors were requested to consider a debt write-off in relation to Tuition Fees for 2021/2022 of £7,395.00. It was noted that:

- The learner had gone through the care system and struggled with mental health issues
- They were also without a job and claimed Universal Credit each month
- College had received a letter from Rochdale Borough Council to confirm this
- The proposed write-off would still keep it below ONS reclassification delegated levels and would not require ESFA approval

RESOLVED:

The Committee approved the debt write-off request

12. Capital Projects & Contracts Update

Members were requested to note that:

- College had been unsuccessful with the two Post 16 Capital bids
- Outcomes of the Wave 5 T level Capital bids were due in 'summer 2023
- They had not been included in any of the financial forecasts but as the level of College contribution was low, the two projects were considered to be affordable
- Both the internal and external audit contracts were due to expire at the end of July 2023
- Given the announcement of the reclassification of Colleges, it was thought advisable to extend these contracts for 12 months whilst awaiting further information on the financial reporting arrangements for Colleges
- Both Suppliers had been approached and agreed to extend the contracts for 12 months
- Wylie and Bisset had submitted costs for the one- year extension at a 10% increase as follows:
 - Financial Statements & Regularity audit - £21,615 + VAT
 - Funding assurance - £3,300 + VAT
 - TPS - £1,045 + VAT
- The Internal Audit Supplier ICCA had confirmed no uplift from their £400-day rate

IT Infrastructure Tender

- Tenet had issued the Tender on the 26th January, via the CCS Framework RM6103, on which there were 20 suppliers listed
- Only one supplier, Nexus, had submitted a response
- Tenet and the IT Manager had evaluated this response and agreed that it covered all key requirements
- Nexus had provided assurance that they could meet the specification
- The estimated year 1 charges were £91,623.45 and the total capital spend for five years has been identified as £385,451.33 (estimated)
- The total revenue spend for five years was £98,000.00 (estimated)

- The revenue spend related to Maintenance / support costs
- It was recommended that the contract was awarded to Nexus
- The only guaranteed spend was for year 1, and the contract could be terminated with 90 days' notice by either party if year 1 if it did not prove to be a successful partnership

RESOLVED:

The Committee:

- Noted the update on current major capital projects since the last meeting
- Approved the appointment of Nexus for IT consultancy & support
- Recommended to the Board, the re-engagement of the current internal and external auditors for a further 12 months
- Agreed that the banking services tender was approved by written resolution (email) due to time constraints

13. College Financial Health Confirmation & Governor Dashboard

Governors reviewed and noted the College financial health rating and the information in the financial health dashboard.

14. Letter on Capital Transformation grant funding

Governors were referred to the letter from the DfE which confirmed that the College had not been successful in its funding bid for the Further Education Capital Transformation Programme. However, it was due to receive funding from the DfE for the B Block project.

15 *Key Performance Indicators Update

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

16. Date and Time of Next Meeting

Thursday 28th September 2023 at 4.30pm

*Standing Item

Chair's Signature:
Date:

27/09/23

