



ST HELENS COLLEGE

COPORATION BOARD

RESOURCES COMMITTEE MEETING held at 8.30 am on 7TH JULY 2017

MEMBERSHIP:

- *Mrs Jee
- *Mrs E Brocklehurst
- *Mr P Round
- *Dr J Burford

IN ATTENDANCE:

Mr R Molloy - Deputy Principal Finance, Estates and ICT
Mr J Hayes – Director of HR

ITEM 1 DECLARATIONS OF INTEREST

No declarations of interest were notified

ITEM 2 APOLOGIES FOR ABSENCE

No apologies for absence were received

ITEM 3 NOTIFICATION OF URGENT BUSINESS

Dr Burford requested that an item of urgent business be considered which was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

ITEM 4 MINUTES OF THE PREVIOUS MEETING HELD ON 16th JUNE 2017

Actions: Car Parking: Mr Molloy requested that the college be able to monitor the situation as the installation of barriers comes at a significant cost and are high risk in terms of vandalism and damage. Members agreed that this would be acceptable.

Resources Committee Quorum: Mrs Jee confirmed that Mr Nick Shore would be happy to join the Resources Committee. Mrs Brocklehurst questioned whether or not it would be wise to reduce the quorum of the meeting to two, but Members agreed that it should remain at 3. It was **RESOLVED** that Mr Shore be added to the Committee for September 2017.

Business Plan – Mr Molloy confirmed that he had a paper for the Business Plan that would be delivered with the Management Accounts in Item 6.

ITEM 5 VERBAL UPDATE ON MERGER

5:1 Mr Molloy confirmed that plans are progressing well and a meeting is planned to discuss culture and ethos along with KPIs to ensure that the new college is aligned to the plan in the restructure fund. Joint working is taking place along with joint planning.



5:2 Mr Molloy confirmed that the College has now received requests for information from the Restructure Fund and there is a tight turnaround for the information that has been requested but this will be delivered. Mr Molloy confirmed that the outstanding items on the PFI agreement for Stockbridge Lane are still being discussed, and that he and Dr Burford have a weekly call with Eversheds to keep this on track.

5:3 Mr Hays confirmed that work on the structures in relation to academic staff and business support staff is well underway. Mrs Jee and Mrs Brocklehurst noted that it was important that a College Group name be identified for use from day one of merger providing clarity for staff.

Some of the smaller actions that show that merger has taken place could help the transition and support staff in feeling that they belong to a new College Group. Mr Hays and Mr Molloy both confirmed that this was underway.

ITEM 6 MANAGEMENT ACCOUNTS

6:1 Mr Molloy summarised the position outlined in his paper. He advised that there was a deteriorating financial position, and that this was in part due to the fact that income has been a challenge all year. HE recruitment has impacted adversely, and full-cost income has been less than planned. Smart Metering courses have not performed as anticipated although now in progress. Logistics Academy has also been problematic in that it has not got off the ground in the way that had been planned. The new Business Manager will be taking on these issues and developing them to deliver its potential. Mrs Brocklehurst asked what had been learned from the two projects that have not flourished as quickly as planned. Mr Molloy advised that the College now understands that it takes longer to get new business off the ground than they had planned for. Smart Metering had suffered from confusion in the industry and that has delayed matters. Also, the industry is not mature enough to know what it needs yet. The Logistics Academy is a more mature industry, but one that runs on small profit margins, and the College did not have the commercial infrastructure fully in place to deliver to draw maximum benefit. Mr Hays concurred with this from a staffing perspective. Mr Molloy felt that the new business manager would go a long way to addressing the issue, particularly with the Logistics Academy, so the expectation is that with the input from the new Business Manager the picture should improve in 2017/18. Governors stressed the importance of realistic planning and the need to resource new developments appropriately.

6:2 An adverse variance is reported under miscellaneous costs. Mr Molly confirmed that this represents additional expenditure in relation to the merger, and this is largely legal fees. He advised that a proportion of this will be recovered as it has been itemised as a cost in the Restructure Fund application. The expenses are necessary and unavoidable.

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6.5 Mr Molloy presented the College Business Plan as an additional item. He confirmed that the normal Business Planning process has not taken place this year because of the work that is ongoing for the merger. This year, the Business Plan has been constructed to support the Restructure Fund application, so a bottom up process has been taken, working with teams to agree predictions that are prudent. He advised that both the KCC Business Plan and the St Helens Business Plan have been developed in this way. Mrs Brocklehurst queried the amount set against apprenticeships given the current issues in that area and governors agreed that caution was required. Mr Molloy assured governors that the known issues had been accounted for. Mr Molloy confirmed that the plan shows a surplus, and the revenue prediction is similar to the current year. As it stands, the major change to the Business Plan from the previous year is the merger and Mr Molloy confirmed that if the merger failed to go ahead, the plan would have to be revised and re-written to reflect the standalone status. Mr Molloy advised that the Business Plan has been subject to extensive due diligence through KPMG to look at what mitigating actions would be required should targets not be met, and this has added an additional layer of scrutiny.

Action: Members to contact Mr Molloy directly if they have questions or queries about the Business Plan before it is presented to for resolution at the Board meeting on Monday 10th July.

A resolution associated with this minute was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

ITEM 7 HR REPORT

7:1 Mr Hays summarised the content of the report for Members, and confirmed that transitional arrangements were now in place, and a large amount of work was invested into managing payroll for KCC. Mr Hays reported that the first payment went well. Working groups dealing with merger issues are up and running, and consultation is underway. Discussions are ongoing with the Trade Unions, and at the moment there do not appear to be any major issues related to the merger.

7.2 This item was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

7:3 Mr Hays advised that currently, staff attendance and sickness is an issue and he further advised there are similar issues at KCC. There are some increases in long term illness at St Helens, but more of an issue with short term absence in KCC. Members agreed that this could in part be attributed to the work that is going on with the merger.

Mr Hays assured Members that the HR team are looking at the best way to manage absence and a review of the processes is currently underway looking at the way that staff are referred into review. Mrs Jee and Mrs Brocklehurst queried whether or not staff might see this as a concern. Mr Hays confirmed that a final decision has not yet been made, it is still under discussion, and this will continue over the summer. Mr Hays further reported that currently, there are no issues with staff turnover either. KCC have no issues with turnover either. Over the last year staff leaving at KCC have not been replaced. Support has been



given to KCC from St Helens in instances where staff have not been replaced to keep key functions working smoothly.

7:4 Pay awards. Mr Hays confirmed that discussions have taken place regarding pay awards for the future with Trade Unions and it is expected that representation for a 1% pay award will be made.

7:5 The post of Director of Quality has been re-advertised.

7:6 Individual cases are ongoing, with an additional case having been raised since the last meeting. This is currently being investigated and Mr Hays confirmed he would bring an update to the next meeting.

ITEM 8 MERSEYSIDE PENSION FUND

Mr Hays advised members that the Teachers' Pension present no issues at merger. The current arrangement will carry across into the new structure. The Local Authority pensions, in this case Merseyside Pension fund, is different. Mr Hays summarised the content of the paper, which outlines the situation with LGPS. Essentially, all LPGS are underfunded and have large deficits that would only crystallise should the organisation cease to exist. KCC debt is £12M and there is a risk that on dissolution this debt could crystallise. Alongside this, with the introduction of the possibility of insolvency for Colleges, FE is no longer seen as low risk. As a consequence of this, annual deficits which have traditionally been repaid over an 18-year period now risk becoming due over a 9-year period. To avoid this, Colleges are being asked to make a significant lump sum contribution, or provide security. Mr Hays and Mr Molloy confirmed that the College is working with Eversheds and arranging a valuation of the merged college buildings so that securities of approximately £30M can be identified thereby avoiding the reduction of the repayment period.

Mr Hays pointed Members to the 'Heads of Agreement' document that requires a signature from Chairs of both Colleges. The document is currently with Eversheds, but once complete should avoid the crystallisation of the £12M debt from KCC on merger, and avoid the reduction in the repayment timescales to 9 years.

Action: Members approved the action, and agreed that the matter be taken to the Transition Board as an additional item for final agreement.

ITEM 9 COST SAVING MEASURES FOR 2017/18

This item was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

ITEM 10 PARTNERSHIP PERFORMANCE

Mr Molloy gave a verbal update with regard to partnership performance and confirmed that there were no significant issues to report since the last meeting.



ITEM 11 REVIEW OF POLICIES AND PROCEDURES

It was agreed that as all policies and procedures will be subject to review as part of the merger, no further action would be required at this point. Mr Hays suggested that he look at a structured approach to address the review of St Helens and KCC policies to agree new approaches for the College Group.

Action: Mr Hays to propose a structured approach to review of policies and procedures.

DATE AND TIME OF NEXT MEETING – Friday 15th September 8.30am.