

Meeting/Committee	Finance & Resources Committee
Date of meeting	Wednesday 6 th July 2022 at 5pm

1 Welcome, introduction and apologies for absence

Attendees:

Rob Lawson	Chair
Janet Pryke	
Jenny Worsdale	
Jason Austin	
Margaret Cobb	
Monika Rodzos	

In attendance:

Maxine Bagshaw	Director of Governance
Phil Curtis	Executive Director of Finance
Jane Hartog	Executive Director HR, Marketing and Organisational Development
Daniel Stanbra	Director of Adult Education and Contracts
Gregg Bristol	Environmental and Sustainability Officer

Apologies for absence

Apologies for absence were received from Ian Sakree.

The Chair took the opportunity to advise that he will be leaving his position as a governor and committee member at the end of this academic year as he has now been appointed as the Chair at Hull College. Committee took the opportunity to pass on their congratulations.

Round table introductions were made and both Daniel Stanbra and Gregg Bristol were welcomed to the meeting.

2 Declarations of Interest

The Chair reminded everyone present to declare any interests that they may have on matters to be discussed. No specific declarations were made and standing declarations were noted.

3 Minutes of the meeting held on 3rd May 2022

The minutes were reviewed and it was agreed that they were an accurate record of discussions.

AGREED: to approve the minutes of the meeting held on 3rd May 2022.

There were no matters arising.

4 Action progress report

The committee were happy to note the content of the update provided.

5 AEB finance and Subcontracting Report – 2021/22 update

The Director of Adult Education and Contracts drew committees' attention to his report and, in relation to the R10 performance position, key matters highlighted were:

- Forecast shortfall of £925k.
- There is also a subcontracting risk with an expected shortfall of £200k.
- Staff remain committed to actively looking to drive forward activity to mitigate.
- Group will require management charges from ACL in the 22/23 academic year.
- Likely outturn position for the year is £6.6 million with the potential to get up to £6.9 million.
- There is potential over realisation of the SYMCA allocation and the group is looking to vire the over performance or seek funding up to 110%
- Key area of underperformance is the non-devolved ESFA allocation. Group is looking to expand the North Notts offer via distance learning and partnerships to try and increase activity. Committee were assured that any 'partnership' would not be a subcontracting arrangement as the aim is to reduce reliance on subcontracting.
- In terms of subcontracted activity, the position is 14% if SYMCA remain at core allocation however, if they agree growth, this figure will go up to 17%. It is mainly in relation to the non-accredited adult offer.
- Team have today completed subcontracting tendering for next academic year and the proposed contracts to be presented to board next week will mitigate risks by spreading over a number of organisations and not relying on just a few. Staff are currently working through the due diligence process to ensure that there is confidence in terms of delivery and that the subcontractors complement the groups own offer and do not compete.
- Full report giving 22/23 proposals is scheduled for presentation to board next week (Daniel Stanbra – July 2022).

In considering the information provided, a challenge from one member of the committee was in terms of the 'bottom line' i.e. what is the maximum clawback potential and is this included within the financial planning for 22/23. Director of Adult Education and Contracts expressed a belief that SYMCA do have funds available to support growth, given the underperformance of some other providers, and that it will therefore be a decision for them as to whether to recognise over performance. Executive Director Finance advised that £1.2 million clawback on 21/22 performance is included within the proposed 22/23 budget. He advised that a lot will be offset by subcontracting cost savings which should take it down to £500k, however the full £1.2 million is included within the budget.

AGREED: to note the content of the update provided.

(Daniel Stanbra left the meeting at 5.20pm)

6 Report from Executive Director Corporate Services

The report from the Executive Director Corporate Services was presented by the CEO and a number of matters were particularly discussed.

- 1) Kiveton Park – Stockwell Avenue

The legal sale documentation is all but resolved, however the key block to completion is the price for the land. An independent valuation has been progressed through to contract award and Capita are undertaking an independent review of the Strata application, valuations and abnormalities etc. In terms of next steps, these are:

- Capita have indicated that they expect works to be completed towards the end of July early August 2022
- The final decision for RNBC is currently on the council forward plan for September 2022
- The RNN Board will require a September 2022 meeting to review the Capita valuation and Strata offer and, the suggestion is, to provisionally timetable a special board meeting for the second week in September.

Committee were reminded that the group is under no obligation, legal or otherwise to accept the offer. Sale requires all three parties to approve and if one of the parties does not agree then the sale cannot progress.

2) North Notts main campus – Carlton Road/Blythe Road junction

Committee were reminded that Lidl require a strip of college land to facilitate the road traffic scheme for the junction at Blythe/Carlton Road. As part of the Lidl proposal the NNC campus will gain back land that had previously been sold. It will mean an additional circa 15 parking spaces and a substantial section, circa 70%, of the Blythe Road entrance parameter walls will be renewed/rebuilt. The legal documentation in relation to this is currently between Eversheds and Lidl representatives.

3) School Lane – Langold

CEO reminded that this is a peppercorn rent situation and that, in recent years, the group has not really been proactive in terms of exploring options in relation to this site because of everything else happening. Group is tied in to the current contract up until May 2025 and will start to consider appropriate negotiations on the continuation of a lease or will look to sell. The land/building has a valuation of circa £500k.

4) Idle Valley

NWT have fully opened the centre for their staff, visitors and volunteers therefore the first meeting to discuss establishing an appropriate rental and service charge for NWT under the terms of a management agreement have restarted. Utility meters are being monitored and usage recorded to accurately assess the NWT use. Once this is analysed the MAGA will be finalised with recharges clearly established and billed. Elizabethan school also use the building and are keen to continue.

5) Dinnington Campus

There still remains a lot of interest in the land. LocateEd, who have been commissioned to advise via the ESFA/DFE, are hoping to provide a report/position statement next week so that it can be taken to board.

6) Advance Construction Skills Centre

Committee were reminded that the bid to the FE Capital Transformation Fund to support the project was unsuccessful. An alternative funding stream, through the OFS, has been identified and works have progressed to form the submission of an application. The deadline for submission is 11th July 2022 with an outcome notified in September 2022. Committee's attention was drawn to the detailed annex specifically relating to the proposed project. CEO advised that bid maximum is £6 million with no match funding required, which would put the group in a no/low risk position if successful. Committee asked whether there would be limitations on the site i.e. only able to use for HE. CEO

indicated that the intention would be to include T Levels within the provision and that the curriculum would go beyond construction, with a focus on higher level skills. He indicated that, if unsuccessful, then there may be opportunities to apply for T Level capital funding in the next round. Developing this new centre would also allow the group to potentially move some provision out of Rawmarsh. T Level numbers cannot be counted in the bid.

Committee felt that, as plans and proposals to support investment in this centre had already been created for the unsuccessful FEETF application, then there appeared to be no reason not to submit a bid and therefore the committee was happy to provide in principle support for submission by the deadline date.

7) Space Availability and Utilisation

This aspect was considered alongside the estate strategy and condition surveys and committee acknowledged that there were a lot of parts that needed to fit together for the group. CEO indicated that condition survey data suggests that there could be costs up to £10 million, however a lot of the estimates previously provided were on the basis of replacement rather than patching/repairing and examples given were in relation to roof leaks and the sports centre at DVC. When considering the condition of the buildings, also to be factored in is space and particularly where it is known that the group is over spaced, however CEO advised that there are some areas that cannot be used for other things as they are so specialist.

Committee were reminded that the current estates strategy covers the period 2019 to 2023, with a substantive focus on divesting buildings and land to rationalise the group estate and footprint. Intention is for this strategy to be reviewed and revised during the 22/23 academic year for presenting to the board for approval covering the period 2023 to 2026.

In relation to conditions surveys, the Executive Director Finance is undertaking a data review with an update to come to this committee and board in the next academic year (ED: Finance – October 2022).

8) IT/Cyber Security

Committee were advised that the group did have a recent issue where a server failed and that, pleasingly without anyone noticing it, the system transferred to the back up at DVC which shows that the disaster recovery arrangements do work.

9) Digital Strategy

CEO advised that RNN has a digital strategy group chaired by the Executive Director Corporate Services with a membership of staff from across the group and teams. The strategy has been focused on the development of google classroom and digital learning environments over the past three years. The next strategy for 2022-2025 is currently being drafted with the first review scheduled for the team on 14th July 2022. The strategy will then be reviewed by the executive and brought forward to the board for consideration in October 2022 (CEO – October 2022).

10) Environmental Sustainability

The Environmental and Sustainability Officer presented his detailed update and reminded that he has been in post since January 2022 and that his position is a newly created post. Group is currently using the AOC climate change roadmap to shape activity. He described the group as in the 'emerging' category. Since January he has taken the time to meet with many members of staff to better understand the organisation and an area for improvement is the fact that 85% of staff use cars to travel to work which, if this could

be reduced, would be a quick win and should be a focus. He advised that students have not yet been surveyed but that this is planned for 22/23.

Committee considered his detailed report and, in relation to the carbon literacy training proposed for staff and students, it was agreed that governors would also be invited to participate (Greg Bristol – September 2022). Committee discussed the current recycling arrangements and were advised that the three contracts currently in place are not efficient and therefore the intention is to review and retender so that there is only one contractor in place. Committee also received a summary of a number of other initiatives proposed at each of the sites.

In relation to the proposal to establish a sustainability committee governors asked when this would occur. Staff advised that the aim is for September 2022.

Question and challenge from the committee was, when a strategy and action plan with measurables would be finalised. The Environmental and Sustainability Officer confirmed that he would work through the report and would try and include firm actions and deadlines.

One member of the committee asked whether there are any salary sacrifice schemes in place to support the purchase of electric cars and also whether the gas and/or electricity supply purchased is green. In relation to energy, staff advised that the primary focus recently has been on the cost and therefore a compromise has had to be made. Executive Director of HR confirmed that the group is looking at a salary sacrifice scheme and proposals are due to go to the executive shortly in relation to this.

One member of the committee asked whether external mentoring support is provided for the Environmental and Sustainability Officer. He indicated that he has a meeting with Steve Frampton at the AOC shortly and that it is possible to tap in to his resources. In addition to this, he is working on improving collaboration and attended a recent conference at Sheffield University. He is also trying to establish an estates staff network with local colleges. CEO advised that the group is to consider applying for a new beacon award in relation to sustainability and that, through this process, it would be possible to work more intensively together in the autumn term.

11) Insurance

CEO confirmed that final arrangements for the next academic year have not yet been concluded but the intention is to present information to the board next week (ED: Corporate Services – July 2022).

12) Litigation 21/22 annual report

The summary included within the report was noted and the CEO confirmed that all outstanding elements would be included in the handover note from the Executive Director Corporate Services when he concludes his employment in the summer.

AGREED:

- a) To note the content of the update provided
- b) To note the progress regarding the Kiveton site valuation and set a date for provisional board meeting second week in September to resolve next steps
- c) Board to receive next week, as tabled item, the report from LocateEd giving their opinion on the Dinnington Campus and potential next steps
- d) To note and support in principle, the submission of an application to the OFS for capital funding support to develop the Advance Construction Skills Centre.

7 Report from Executive Director HR, OD & Marketing

The Executive Director HR, OD & Marketing provided an update on themes arising from the spring and summer term employee council meetings and key matters discussed at these were:

- Hybrid working, with an overall positive view expressed
- Positive response to the Bravo system which is one way of providing reward and recognition
- PDR's
- Equality and Diversity
- LGBTQ and particularly the use of pronouns
- CPD
- Catering
- Core values surveys have started, with three issued in relation to different functions
- Travel policy
- Christmas and/or end of summer celebrations

Committees attention was then drawn to the proposed HR Strategy and it was agreed that discussions on this would be recorded on a confidential basis.

8 Report from Executive Director Finance

A number of items were particularly considered and discussed, including:

1) Management Accounts to May 2022

These were presented by the Executive Director Finance including 21/22 KPIs, bank covenants and yearend forecast for 21/22. Period 10 key highlights included:

- Overall top line performance is up
- Overall expenditure is down
- Current position is better than forecast by circa £1 million
- EBITDA is £1.3 million
- £700k deficit was forecast for the year but current position is a surplus of £70k, however it was acknowledged that this is a lot to do with profiling/timings.
- Income does not meet expenditure however there is a positive EBITDA
- Page 6 shows that the overall position is better than anticipated, however this shouldn't be taken as a useful indicator of performance
- Total brought forward figure is £4.5 million deficit (when pension liabilities and depreciation are included) for yearend, however the position does improve in future years.
- Now is an opportunity to relook at depreciation, particularly if the group is looking to sell assets.

2) 22/23 Budget and Updated 3 Year Financial Forecast (including sensitivity analysis) – key matters highlighted were:

- EBITDA position is improving
- Financial health calculation forecasts are 'requires improvement' in 21/22 and then 'good' in 2022/23
- Page 3 gives the narrative for the different scenarios in terms of the position:
 - a) With a 1% pay award only
 - b) A 1% pay award with investment
 - c) Implementing the AOC pay recommendation
 - d) Doing all of the above

Challenge from the committee was for the Executive Director Finance to provide a one page view which shows the current position versus the annual position in the next three years covering the various options (ED: Finance – July 2022).

Committees attention was drawn specifically to the health forecast and it was explained that this shows movement compared to August 2022. It provides the position on the basis of the four options and he confirmed that the decisions made will have an impact on the financial health categorisation.

Committee asked what the anticipated student numbers are in 23/24. Executive Director Finance stated that it is 3,200 as set out in the strategic plan.

Committees attention was then drawn to the recommendations which are that the board should approve:

- 1) The operational budget for 22/23 as presented (including a 1% pay award)
- 2) A small capital contingency for emergencies and curriculum need at £200k
- 3) Provisional pay recommendations to be included in the CFFR. The Committee were asked to specifically note that this would take the college to 'requires improvement' rather than 'good' in terms of the external financial health calculation for 2022/23. 180 points is good and 170 is requires improvement.
- 4) Delay further investment decisions until the Autumn term when learner numbers are confirmed

In terms of the budget and forecasts committee all agreed that it would be helpful for the Executive Director Finance to sum up the 'impact' of the options in the report that is scheduled to go to board next week (ED: Finance – July 2022).

One member of the committee asked whether there are any agreed actions included within the PIMS plan that need to be considered. CEO confirmed that one action is to get to financial health calculation of 'good' in 2022/23. This was something that was discussed with the ESFA and FEC at the meeting earlier in the week and that, whilst they didn't say anything formally, they have indicated that they will take the colleges position within the context of any pay award.

Executive Director Finance Summarised his four recommendations to the board which are

- a) Approve the operational budget – committee were happy to support and put forward this proposal
- b) Hold a small contingency for investment of £200k. Committee were happy to support and put forward this recommendation.
- c) Provisionally provide for the AOC salary recommendation to be modelled in CFFR (at an additional total cost of circa £750k). Committee were happy to support and put forward this recommendation.
- d) Delay further investment decisions until the autumn term. Committee were happy to support and put forward this recommendation.

- 5) Hull University Order

CEO reminded that there is a contract with Hull University to be approved so that an invoice can be raised. This is for the sum of £206,400 and relates to registration fees. Committee were happy to recommend board approval.

- 6) Contracts list

Executive Director Finance drew committees' attention to the contracts requiring tender and board approval with a value over £200k. He advised that the list had been provided by Tenet, however he does not believe it is a complete list and

therefore intends to review the services provided. He specifically drew committees' attention to the contract for servers and storage at a value of £622,521. This contract is due for review in July 2022 and comes with a renewal option with a nominal charge of £1. Committee were happy to endorse his recommendation to exercise the option and make this recommendation to the board.

7) Financial Regulations

Executive Director Finance confirmed that a further final review had been completed, taking on board previous points made and benchmarking. Committee were happy to recommend to the board for approval as presented.

AGREED: to recommend that the board approve the Financial Regulations as updated.

9 Risks

Committee were happy to note the content of the report provided.

10 Scheme of Delegation

The Director of Governance advised that a recent audit had identified the need for a formal scheme to be developed. She advised that delegation limits are currently spread across a number of documents, including the Instrument and Articles, committee terms of reference, financial regulations, funding memorandum etc. Intention is to bring this all together and she invited feedback on the format proposed. She advised that it was not a complete document yet as there are aspects to be cross checked with colleagues and that, what is needed at this meeting, is a steer on presentational style. Committee were happy to support the continued creation of this in line with the draft with a view to presentation to the board for approval in the autumn term (**Dir of Gov – October 2022**).

AGREED: to note the content of the update provided.

11 Committee Annual Review

Director of Governance presented her detailed report which invited the committee to consider a number of aspects including performance for the year, terms of reference, membership and a work plan for 22/23. Committee acknowledged that they had updated terms of reference during the year and therefore did not feel that any other changes were required.

Challenge from one governor was that the agendas are very full and the committee debated what, if anything, could be done about this given the role and remit set out in the terms of reference. Suggestion was that report writers could be more concise with better use of executive summaries. Challenge from the committee was to make any presentations more succinct. One other suggestion was to take decision items first on the agenda so that there is sufficient time to debate and discuss. Committee were reminded that there is always the option of supplying questions in advance by email so that these can be responded to before any meeting commences.

Committee were happy to:

- Recommend that the terms of reference roll forward unchanged in to 22/23
- Approve the work plan proposed for 22/23

- Look to replace Rob Lawson as a committee member. It was agreed that this would be picked up by the Search and Governance Committee in the autumn term.

12 AOB

There were no items of additional business.

13 Date and time of next meeting

This was confirmed as Tuesday 27th September 2022 at 5pm via Google Meet.

Meeting closed at 7pm.

Signed _____ Chair

Date _____