

<b>Meeting/Committee</b>	<b>Finance Committee</b>
<b>Date of meeting</b>	Tuesday 3 <sup>rd</sup> May 2022 at 5pm

## 1 Welcome, Introduction and Apologies for Absence

### Attendees:

Rob Lawson	Chair
Janet Pryke	
Jason Austin	
Margaret Cobb	
Ian Sackree	
Monika Rodzos	

### In attendance:

Maxine Bagshaw	Director of Governance
Phil Curtis	Executive Director of Finance
Tony De'Ath	Executive Director of Corporate Services
Jane Hartog	Executive Director HR, Marketing and Organisational Development
Daniel Stanbra	Director of Adult Education and Contracts

### Apologies for absence

Apologies for absence were received from Jenny Worsdale.

## 2 Declarations of interest

The Chair reminded everyone present to declare any interest that they may have on matters to be discussed. Standing declarations were noted. Ian Sackree asked that it be noted that his company, Protocol, is an occasional provider of services to the RNN group and, in addition, his company provides the OZDA system to RNN at a nominal value but not the payroll service.

## 3 Minutes of the meeting held on 21<sup>st</sup> March 2022

The minutes were reviewed and a number of changes were requested, including:

- Item 6 at the top of page 3 – it should read 'an area of general underperformance' and not 'subcontract underperformance'.
- Second bullet point on the same page should make it clear that it is not a lack of flexibility in the study programme itself, rather it is an issue with how RMBC delivers.
- The reference to the only 'combined authority' should be the only 'local' authority.

Committee then considered the areas highlighted as yellow on the draft and it was explained that there is a concern that these aspects are commercially sensitive. Committee agreed that this was the case and therefore asked that the yellow highlighted areas be moved to confidential minutes ([Director of Governance, May 2022](#))

Subject to the changes proposed, committee were happy to approve the minutes as an accurate record of the meeting.

There were no matters arising.

#### **4 Action Progress Report**

The committee were happy to note the content of the update provided. In relation to community learner progression, one member of the community asked whether it is a 'loss leader'. The Director of Adult Education and Contracts confirmed that the situation had been reviewed but staff did not feel it would be appropriate as the college would not be looking to impose a management fee. Committee asked whether RMBC produce an annual report. Director of Adult Education and Contracts indicated that currently they do not and it was agreed that, going forward, they would be asked to do so as part of their agreement with the college. In terms of the requested action at the last meeting, it was agreed that staff should focus internal activities on student numbers and therefore committee were happy to delete the action from the next iteration of the progress report.

#### **5 2021/22 AEB Finance and Subcontracting Report**

The Director of Adult Education and Contracts explained that the report incorporates the RO8 return data. He indicated that background information has not been provided as it would simply have duplicated the report that went to the 21<sup>st</sup> March meeting. Key headline messages were:

- RO8 prediction update is included and changes continue to be implemented on a monthly basis,
- Staff continue to refine the forecast,
- Group is on profile to achieve £7.2 million,
- There is a £594k shortfall/deficit against full profile for the year,
- Position is better than in previous years,
- There is a continued focus on new starts, and
- There is a positive trajectory

In terms of areas of risk, these include:

- £300k is still considered to be high risk as relies on employer provision. This is impacted by staffing shortages in a number of key areas.
- Two areas have made good progress since the written report, these are Level 3 IAG where staffing is now in place and the expectation is additional income of £20k. Hair and Beauty has also made some progress and the expectation is additional income of £10k.
- Risk to the group is the reliance on external staffing
- Subcontractor performance is 59%. Committee were given assurance that regular meetings take place and that the frequency of these will increase towards the end of the year. Staff continue to require assurance from the contract managers.
- Intertrain remain a concern and are activity being monitored. It may be that the college has to reallocate more of the contract again before yearend.
- RMBC are confident that they can deliver but the college is seeking assurance on this via a direct visit.

Committee then discussed Construction Skills People and it was agreed that discussions in relation to this would be on a confidential basis.

AGREED to note the content of the update provided.

## **6 March 2022 Management Accounts**

These were presented by the Executive Director Finance and he indicated that, the changes outlined in the previous agenda item had not been included within these accounts. Key matters highlighted were:

- Slightly improved position
- Group may be £150k better at yearend
- Cash position is good throughout the year
- Cash low point is £4.3 million at the end of July 2022
- The low point originally envisaged in March 2022 did not materialise
- In terms of financial health calculation, there was potential that the college could just nudge in to 'good' rather than 'requires improvement', however this is now unlikely given the AEB risks.
- Changes to the presentation style of the management accounts are leading to an depth review and, as a consequence, the team are identifying some positive variances to be made.

Challenge from the committee was that, realistically making up the £594k gap will be a significant challenge by yearend and that the additional allocation envisaged with Construction Skills now looks to be at risk and will become more so as time moves on. This would then seem to suggest that it is not likely that the group will be able to maximise AEB allocation. Challenge from the committee was that, at this point in the year, it is important to look at a pessimistic and not an optimistic view.

Committee noted the line titled 'other grants and contracts' and they asked for further information in relation to these. Executive Director Finance confirmed that it includes a number of aspects, and examples given were:

- £1 million funding through Made Smarter
- £145k from the Skills Accelerator programme
- £80k TURING
- £50k from the Education and Training Foundation

AGREED: to note the content of the Management Accounts provided.

## **7 Fees Policy 2022/23**

Executive Director Finance presented the proposed update and drew committees' attention to the track changes. Committee all agreed that they were self-explanatory and were therefore happy to recommend to board for approval.

AGREED: to recommend that the board approve the updated Fees Policy for 22/23 as presented.

## **8 Updated 3 year Financial Forecast**

Executive Director Finance indicated that, currently the college does not do a three year curriculum plan which makes it a challenge to create a three year financial forecast. He acknowledged that this was certainly something that the group could be better at. He noted that the college does have a two year plan which he has reviewed but explained that it does not really go far enough but does include some assumptions. He described creation of a three year forecast as a 'work in progress' and advised that he would endeavour to have something in place ready for the July meeting so that it could be considered alongside the budget for 22/23 (Executive Director Finance, July 2022).

AGREED: to note the content of the update provided.

## 9 Risks

Executive Director Finance presented a copy of the risk management policy and explained that he was trying to make it more accessible across the organisation. He expressed confidence that the college does handle risk appropriately however staff could be better at recording and tracking. He explained the intention to give much greater clarity in terms of how staff talk about risk and examples given were in terms of likelihood, value etc. He advised that a lot of training is needed throughout the organisation and that this is now planned. Committee were advised that the strategic risks have now been split out and are distinct from the organisational risks which underpin them. All agreed that the key aim is to make it easy for staff to access on the ground.

Committee were advised that the Audit and Risk committee have asked for a deep dive approach to red RAG rated risks on the strategic register and that, the hope is that all committees will start to focus in on the risks within their remit. Governors were reminded that there is a planned risk appetite review session on 18<sup>th</sup> May 2022 and committee all agreed that it would be useful for the Executive Director Finance to provide a PowerPoint presentation to assist with discussions (**Executive Director Finance – 18.5.2022**).

AGREED to note the content of the update provided.

## 10 Estates and Bids Update

Executive Director Corporate Services provided an update on a number of aspects, including:

- 1) Kiveton – no significant change but it is progressing. Group will have a GANT chart in the next few weeks which will summarise all key dates. Expectation is conclusion by August or September 2022.
- 2) Carlton Road – this is now with legal advisors.
- 3) Langold – no significant change but it may give a business opportunity.
- 4) Idle Valley – they have been given three months within which to make a proposal. There is better use of the centre by Elizabethan. Group has indicated to them that there is a need to increase charges, specifically in relation to utility costs.
- 5) Dinnington – the hope is to have a proposal ready to go to full board on the 23<sup>rd</sup> May 2022

Committee were then advised that, disappointingly the group was unsuccessful in relation to three capital bids submitted. Particular attention was drawn to the proposed Advance Construction Centre project and committee were reminded that a contract was agreed to get to RIBA 2 application stage. Contract was signed for £275k including VAT. Given the unsuccessful bid a pause was put on work at a value of £180k, however the recommendation is to continue with the works to conclusion given that the college still wants the project to go ahead at some point in the future.

Committee were advised that condition surveys completed have been reviewed and there are some significant figures required to address matters identified and these will need to be factored in to future budget planning.

Committee were advised that the college has sought feedback on the bids that were unsuccessful and that, whilst minimal feedback has been provided, there is no right of appeal.

Question from one member of the committee was whether the group can apply for a SYMCA grant. It was confirmed that this is a possibility and that the group will now start to cast the net much wider in terms of capital funding available.

Committee discussed the outstanding work required to progress the RIBA 2 application regarding the Advanced Construction Centre and all agreed that it was something that should be finished so that, when funding becomes available, the college has a high quality, shovel ready plan. All agreed that new facilities in this area are imperative and that the group would need to be on the strategic front foot and that, part and parcel of this is better understanding why the bids were unsuccessful. Committee suggested that if it is because of underutilisation of existing space then ways will need to be thought of to address this. CEO advised that there may be an opportunity to bid for T Level funding in the autumn term which would help to support the project.

Question and challenge from one member of the committee was whether or not the group has appropriate bid writing skills. Executive Director Corporate Services confirmed that the group did have support from Bond Briant and Willmot Dixon, however this is something to reflect upon. Challenge from the committee was whether or not the group needs to think 'bigger and bolder' regarding strategic regeneration as this would go a long way towards political goodwill and support.

AGREED:

- a) To note the content of the update provided
- b) Approve the proposal to continue with the RIBA works in relation to the Advance Construction Centre

## **11 Review of Financial Regulations**

The Executive Director Finance presented this item and explained that there was a need to review given recent transactions and the lack of clarity/authority regarding a number of operational aspects i.e. the electricity contract and payroll. He advised that there is a need to look at bids and tendering generally, particularly how the group goes out to tender and the values involved.

Committee considered the values proposed in the update and questioned whether the group is VAT registered. It was confirmed it is and that colleges cannot reclaim VAT which is different to schools. Challenge from the committee was that anything over £200k should require board approval and that, sitting alongside this, the board would want to know the number of transactions in any given year which are over £100k, as this would help to better understand the scale involved. One observation was that the £5k limit for obtaining quotes and tenders does seem quite low.

Challenge from the committee was that they would like the Executive Director Finance to undertake some benchmarking and ascertain if there are model financial regulations in the sector. They asked that he compare limits with other colleges and also obtain a view from the FEC/ESFA team before a proposal is presented to the board. It was agreed that feedback on this would be provided at the next meeting (**Executive Director Finance – 6.7.2022**).

AGREED: to note the content of the update provided.

## **12 Streamlined Energy and Carbon Reporting**

Executive Director Finance introduced this item and explained that this is a new aspect that has to be included within the annual statements. He is working with

a team on a proforma method of calculation which will feed in to the groups sustainability plans.

AGREED: to note the content of the update provided.

**13 ESFA letter dated 30<sup>th</sup> March 2022 relating to Financial Statements 2020/21**

Executive Director Finance confirmed that this was provided for information. They had agreed that the colleges financial health was 'good' in 20/21 and that the forecast for 21/22 is 'requires improvement'.

AGREED: to note the content of the ESFA letter received.

**14 Code of Good Governance – compliance checklists**

The Director of Governance presented these and confirmed that they had been completed by colleagues. These are an opportunity to look early at compliance and identify any further actions. There are two areas where it is believed the college can improve and these relate to multi-year forecasting and the introduction of a Scheme of Delegation. It was agreed that a copy of these would be provided to the full board as part of the Chairs summary report ([Committee Chair, May 2022](#)).

AGREED to note the content of the compliance checklists presented.

**15 Committee Terms of Reference**

The Director of Governance presented proposed updates which would extend the remit of this committee to include HR matters as well as finance and estates. Committee discussed the extent of the proposed changes and all agreed that it would be helpful to increase HR experience on the committee. Chair of the Board confirmed that she does have HR experience. Challenge from the committee was to be conscious of 'governance creep' and ensure that all governors feel involved in key decisions.

One member of the committee asked whether it is possible to move the responsibility for sustainability to a separate group or committee as it is likely that this aspect will become more and more demanding over time. Committee felt that it was important to review the size of membership. They agreed to recommend that the board approve updated terms of reference so that this committee has the HR remit too but that this should be reviewed in 6 months time, just to make sure the workload is manageable ([Director of Governance, November 2022](#)).

AGREED:

- a) To note the content of the update provided, and
- b) Recommend that the board approve the amended Terms of Reference as proposed.

Committee made the observation that the name of the group may need to be reconsidered to reflect the fact that it considers more than just finance matters. Suggestions were Finance & Resources or Finance & General Purposes committee.

**16 AOB**

There were two matters discussed as additional business. The first was an update provided by the Executive Director Corporate Services in relation to a potential bankruptcy hearing regarding a former employee next week. He advised that it relates to an employment tribunal where the member of staff was unsuccessful and the college, pre-merger was awarded costs. A challenge from the committee was to make sure that there is a planned communication statement in case there is any press interest in relation to this.

The second matter discussed was in relation to the payroll and HR system and governors expressed some frustration regarding the timing of the written resolution request made. Executive Director Finance explained that the group had been in discussion with the company regarding payroll services for a while but had been given assurance that the HR system would not be affected whilst negotiations were taking place. The decision to move payroll to an external provider is to address concerns regarding risks associated with staffing internally, which is why there was a need to accelerate the decision. Governors indicated that they would welcome a summary of contracts due for review in this and the next academic year so that there is a clear line of sight in terms of what needs to be considered when and where. CEO advised that he would provide an update to the May board meeting (CEO, 23<sup>rd</sup> May 2022).

**17 Date and time of next meeting**

This was confirmed as Wednesday 6<sup>th</sup> July 2022 at 5pm.

**18 Confidential Items**

It was agreed that these would be recorded on a separate basis.

Signed \_\_\_\_\_ Chair

Date \_\_\_\_\_

