

Meeting/Committee	Finance & Resources Committee
Date of meeting	Tuesday 27 th September 2022 at 5pm (via google meet)

1 Welcome, introduction and apologies for absence

Attendees:

Janet Pryke	Chair
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

Apologies for absence

Apologies for absence were received from Ian Sakree.

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 6th July 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 6th July 2022.

There were no matters arising.

4 Action progress report

The committee were happy to note the content of the update provided. In relation to line 8, the Executive Director: Finance confirmed that he had responded to all of the questions posed by Janet Pryke, Margaret Cobb and Shirley Collier. He provided

assurance that lessons had been learned this year, in terms of the budget setting process, and that these will be taken in to consideration for the 22/23 budget. He confirmed that it will include all of the information requested regarding risks, sensitivities and tolerance levels/parameters. Committee were advised that there has been no feedback from the ESFA on the budget submitted and therefore it was agreed to retain this on the action tracker so that information can be provided once received.

AGREED: to note the content of the update provided.

5 Enrolment

It was agreed that discussion would be reported on a confidential basis.

6 AEB Report

The Director of Adult Education and Contracts presented his written report which was in two parts, the first being in relation to the 21/22 yearend position and the second being an in year update for 22/23.

- 1) 2021/22 yearend outturn – key matters highlighted were:
 - The R12 position has been used when preparing this report
 - There continues to be more positive data coming through
 - £6 million income will appear in the accounts which is a £1.8m deficit against allocation.
 - Table provided breaks down the areas of underperformance in detail
 - Level 3 is a particular shortfall area
 - There is a shortfall in the none devolved profile which is primarily due to the level of competition in the D2N2 area.
 - 22/23 allocation is £2.4 million which is more than the group achieved in 21/22
 - There was a decline in numbers between R10 and R12 because of reporting issues. He advised that the group has now made the changes required and that, to ensure that this doesn't happen again, more detailed granular analysis will be undertaken more frequently.
- 2) 2022/23 in year update – key matters highlighted were:
 - Report provides an overview of the allocations
 - Group has seen a allocation decline for SYMCA but has submitted a growth bid to address this. SYMCA board meeting is 26th October 2022 and the group is optimistic that the bid will be approved. Group is also chasing funding confirmation for over delivery in 21/22. If the group is successful in securing growth funding then it will seek to accelerate delivery in a number of areas, including warehousing, employer responsive and subcontracting.
 - None devolved continues to be an area of challenge and the group is still £1 million short against the £2.4 million target. There are a number of actions being taken which include, internal delivery and partnerships with other providers and employers.
 - Team are reviewing the marketing strategy to ensure that efforts are focused in the right areas.
 - 2022/23 plan is rigorous and has been created alongside the curriculum areas
 - Expectation is that the group will start to see a positive upturn.
 - Plan is based solely in areas where there is existing delivery rather than new areas and/or relationships

In relation to SYMCA, one member of the committee asked what plans are in place to avoid over delivery again in 22/23. Committee were advised that the team have worked hard to improve reporting lines, which will give a greater line of sight much earlier in the year. Monthly reports are now provided to the finance team and regular

reports are scheduled to go to this committee and the full board. He advised that issues regarding anomalous reporting have been addressed. Challenge from the committee was to undertake frequent tracking of the profiles so that early actions can be taken to reduce costs as soon as it becomes clear that income will be short. All agreed that granular analysis would avoid over delivery.

In relation to the distance learning offer, committee asked for clarity regarding the payment to the learner recruitment service i.e. is it at the point of referral rather than success. Staff advised that payment is based upon submission of the first piece of work from the learner. Group pays circa 25% to the company per referral. Committee asked what the difference is between 'distance' versus an 'online' learning offer and whether or not it is just branding. CEO advised that the group does not currently have an online learning platform and therefore cannot call delivery 'online'. Committee were advised that the group doesn't believe that it can currently recruit as successfully directly, which is why the use of the recruitment service, but that it may be able to eventually. Challenge from the committee was to look at how to quickly scale up distance/online learning numbers.

Committee asked how the current position compares with the same point in the prior year. CEO indicated that the position now is £1.5 million and should be compared with £1.9 million at the same point last year, however he indicated that hard data in relation to this is not yet available. Challenge from the committee was that in all future reports they would want to see trend analysis included (**Director of Adult Education & Contracts, each report**). Committee expressed the view that the funding and when this will be drawn down is a critically important piece of information and therefore this needs to be known with certainty and tracked throughout the year.

AGREED: to note the content of the update provided.

7 Subcontracting

The Director of Adult Education and Contracts provided a current year update and also presented the proposed strategy for 2022-2025. Key matters highlighted were:

- Group has reworked its tendering process this year which has been rigorous
- There is a reduced allocation
- Total is £1.5 million, with £1.2 million being AEB. There is £603k ESFA funding in the none devolved area and £315k ESFA in SYMCA
- This follows the groups agreed strategy to reduce reliance on subcontracting
- ESFA funded activity is 13% with subcontractors. This would grow to 17% if the SYMCA growth bid is successful.
- Page 2 includes a summary of all the subcontracting numbers
- All subcontracting activity has gone through due diligence and the group is confident in terms of both quality and ability to deliver
- Group has levered the full 20% management fee, except for adult community learning
- In relation to Rotherham United there is an additional service fee of 1.5% which relates to maths and English support to come from the group
- Performance management is now in place for all subcontractors and includes CPD and support
- Two subcontractors were not successful in the tendering process

Director of Adult Education & Contracts then drew the committees' attention to the proposed strategy for the period 2022-2025 and key matters highlighted were:

- The content has been aligned to the ESFA subcontracting rules
- It confirms the rationale for subcontracting which aligns with ESFA expectations
- It recognises the 25% subcontracting cap

Members of the committee asked for additional time to review the report and the strategy document and it was agreed that offline feedback would be provided by email within a week (Governors, 5th October 2022).

A challenge from one member of the committee was to be cautious regarding the 16-18 funding guidance and the expectations regarding 'at a distance'. It was agreed that the CEO would have a conversation with the ESFA regarding this to ensure there is real clarity (CEO, October 2022).

AGREED: to note the content of the update provided.

(Daniel Stanbra left the meeting at 6.10pm)

Committee requested that AEB and subcontracting be scheduled as the first substantive agenda item at the next meeting (Director of Governance, November 2022).

8 Finance update

The Executive Director Finance presented his reports and provided an update on a number of aspects.

1) Management Accounts – July 2022

Key matters highlighted were:

- Income position was broadly in line, whilst there were some ups and downs
- 16-19 income was up
- In year grants increased by +£1 million, predominantly as a result of the Made Smarter grant
- AEB income was down against forecast
- Group was slightly over in relation to none staff costs
- Costs in relation to energy were over
- Financial health calculation is 'good', however this is subject to audit. He advised that the group is only just sitting within the 'good' band and therefore even a small adjustment will have an impact.
- Bank covenants – he has spoken to the bank and they are happy to exclude the AEB clawback figure and count it as 'unusual'. This will mean that there are no breaches until potentially July 2023. Scope of the potential breach then is £132k. Group is currently carrying £2 million worth of staff vacancies and the expectation is that all of these will not be filled which will mean a cost reduction can be made to prevent a breach.

One member of the committee asked whether any capital income will help the position. It was confirmed that it would but only if it can be held as revenue.

- 2) Early review 2022/23 budget based upon student numbers – he advised that there is currently no hard data, however on current 16-18 numbers the group could be potentially £2 million down in terms of income for 2023/24 because of the lagged funding position.
- 3) ESFA feedback on the 2022/23 budget – committee were advised that no feedback has as yet been provided.
- 4) Contracts due for review/retendering in 2022/23 – it was noted that this would be reported as part of agenda item 8 later in the meeting.

Committee asked when the Made Smarter initiative and associated funding finishes. Staff advised that it has finished, however there is another opportunity to bid for a further round and the group is currently looking to identify a partner with whom to submit a bid.

AGREED: to note the content of the update provided.

9 Bids and projects update

The Executive Director Finance provided a verbal update and confirmed that he is still gathering information across the group. In terms of bids that are currently in the pipeline, these are:

- 1) FTF bids, including:
 - UCR business hub
 - DVC incubation hub
 - North Notts motor vehicle
- 2) OfS – this is a £6 million bid in relation to the Advanced Technical Centre. An outcome is expected in early October
- 3) Sheffield Hallam University – Higher Technical Skills Fund

Committee were advised that the intention is to use the services of a professional bid writer going forward.

In terms of bids that are coming up, these include:

- 4) Post 16 Capacity Fund. This responds to demographic increases and has a deadline submission date in November
- 5) T Levels
- 6) FE Capital transformation

In relation to the Post 16 Capacity Fund, members of the committee asked whether it is an estates based bid. It was confirmed that it is and that the bid will need to reflect local 'need'.

In terms of the bids that have been submitted and are being prepared, committee were given assurance that they now include much more strategic dialogue regarding the curriculum which it is hoped will lead to success.

Executive Director: Finance advised of quite an unusual initiative which is being reviewed at the minute, and that this is a potential option to rent light through a service level agreement.

AGREED: to note the content of the update provided.

10 Procurement/value for money report 2022

Executive Director: Finance presented the summary report received from Tenet and key matters highlighted were:

- Tenet have probably saved the group circa £30k per year over the contract period
- Group has identified some issues regarding the completion and maintenance of a contract register through Tenet and, as a consequence, are looking at an alternative company to provide support who are more proactive
- Expectation is that there are more savings to be had

- Plan is for the company to build a web based list which will then provide staff with automatic prompts and will give much better sight of the whole contracts process. Staff are currently reviewing all options.

Challenge from the committee was that the group could recruit someone easily for the same cost as paid to Tenet and they asked whether there is any potential for internal redeployment. Staff advised that there is a procurement assistant internally and that it is possible to use them and develop them more. Challenge from the committee was that, as a business, the group must have a contract register in place and they asked for likely timescales to create. Executive Director: Finance indicated that this was circa 4-5 weeks. It was agreed that there would be a report and full group register presented to the next meeting (**Executive Director Finance, November 2022**).

AGREED: to note the content of the updates provided.

11 Risk report

Executive Director: Finance presented this and indicated that, the report highlights those aspects which are on the corporate risk register which are applicable to this committee, including estates and HR. He drew committees attention to the red RAG rated items, which include:

- 16-18 numbers – potential £2 million negative impact in 23/24
- AEB – mitigating actions were discussed earlier in the meeting and at the Audit and Risk committee as part of a deep dive. Mitigating actions include better reporting, better profiling and clarity regarding any variances much earlier in the year.

AGREED: to note the content of the update provided.

12 Estates update

The Executive Director: Finance introduced this item and key matters highlighted were:

- Group estate is 57,000 square metres which is more than enough for the number of students enrolled
- Conditions data suggests that there is a £10 million spend requirement over the next 5 years
- Team are looking for more efficient ways of reporting to the committee and the board regarding estates matters going forward, and this will include estates projects
- Team are looking to develop an Estates Strategy which will be available early in the new calendar year. It will incorporate condition data, curriculum plan requirements, spend prioritisation and capital funding bids (**Executive Director Finance, January 2023**)

Committee were then provided with an update in relation to Kiveton. It was agreed that discussions would be recorded on a confidential basis because of commercial sensitivity.

AGREED: to note the content of the update provided.

13 Health and Safety Annual Report for 2021/22

Executive Director: Finance presented the report and key matters highlighted were:

- It summarises all the incidents for the year
- There was one reportable incident which was in relation to a snake bite

- Report going forward could benefit from some development and the intention is to create a monthly report
- There is a Health and Safety risk register in place. Some aspects are currently RAG rated as amber and these are all being reviewed with management.

AGREED: to note the content of the update provided.

14 AOB

There were no items of additional business.

15 Date and time of next meetings

These were confirmed as Thursday 24th November 2022 at 5pm, which is a joint meeting with Audit committee and then Tuesday 29th November 2022 at 5pm.

Meeting closed at 7pm.

Signed _____ Chair

Date _____