

Meeting/Committee	Finance & Resources Committee
Date of meeting	Wednesday 3 rd May 2023 at 5.35pm (via google meet)

1 Welcome, introductions and apologies for absence

Attendees:

Jenny Worsdale	Meeting Chair
Jason Austin	
Margaret Cobb	
Paul Lomas	

In attendance:

Maxine Bagshaw	Director of Governance
Phil Curtis	Executive Director of Finance & Estates
Jane Hartog	Executive Director HR Marketing and Organisational Development
Cath Mollart	Interim Executive Director Strategic Planning and Corporate Services

Apologies for absence

Apologies for absence were received from Janet Pryke and Daniel Stanbra. Absent without apologies were Debbie Marshall and Monika Rodzos.

In the absence of the Committee Chair it was agreed that Jenny Worsdale would chair the meeting.

2 Declarations of interest

The meeting 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 14th March 2023

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 14th March 2023.

4 Action progress report

Committee were happy to note the content of the update provided including the two additional information reports requested.

Executive Director Finance took the opportunity to give an update in relation to the PWC audit and he confirmed that the group has had notification today of final clawback figure, this is £245,530.67 which is slightly higher than previously reported. He advised however that there is one area within the breakdown which is questionable in terms of clawback. This is £104k which relates to SYMCA delivery. ESFA have notified SYMCA and the group is waiting to hear whether they will claw back, they may not but the position is not known at this stage.

Question and challenge from the committee was whether or not the group is confident that something like this cannot happen again. Staff confirmed that they are and explained that, as part of the MIS restructure, the audit function has been bolstered as well as the team who provide internal reports. There is now a rigorous plan in place to test areas of the college outside of MIS. New arrangements also include a training plan to ensure that staff across the group are kept up to date with the funding rules and requirements.

AGREED: to note the content of the update provided.

5 AEB/Subcontracting report

The report prepared by Director of Adult Education and Contracts was presented in his absence and key matters highlighted were:

- For 2022/23 the group is still on track to achieve, however there remain risks.
- Information on pages 2 and 3 provide a breakdown by each of the funding elements and explains where the group currently is against targets. Achieving the growth profile will be a challenge as previously reported. Risk is in relation to the number of starts

One committee member made reference to the comment in the report regarding adult community learning and 'co funding'. Staff advised that in some cases the group has made the decision to waive co-funding to encourage learners to participate in education. Staff believe that this is within the funding rules but the position is being checked via MIS. Staff believe the arrangements are compliant and have acted in good faith, but the rules and regulations are being checked. Challenge from one member of the committee was to also check whether it is direct delivery or subcontracted activity.

- Proposals for 2023/24 are also presented for consideration and recommendation to the board
- ESFA have given the group permission to go above 25% contracting but the group is not intending to use this flexibility for 2022/23

Challenge from one member of the committee was to be careful that the '25% of ESFA allocation' relates to student numbers and not the money/value given the change in calculation.

AGREED:

- a) To note the content of the update provided, and
- b) Recommend that the board approve initial subcontracting allocation proposals for 2023/24 as presented.

Committee noted that there had been a recent request via written resolution to approve in year changes to the 2022/23 contracts and that formal ratification in relation to this will come to the board meeting later in the month.

6 Digital Strategy Update

The interim Executive Director provided a verbal update and explained that, whilst the group does have a current digital strategy, many of the targets are now a little bit out of date i.e. they have already been met or need to be refreshed. She indicated that, having taken over responsibility for this area, it has become clear that the group has an IT unit which doesn't work effectively with the curriculum and that this is causing a negative impact on some learner experiences. In relation to digital, the group did well in covid but has stalled since then. Now is an opportunity to review what the group has and there is a planned restructure across IT and Digital. Once this planned restructure has been completed there will be an aligned strategy developed. There is also a need to align digital and IT investment to the estates strategy as there are some capital funds that can be used for this. It was noted that the Structures and Savings Task and Finish Group discussed the proposed restructure in detail at their most recent meeting.

AGREED: to note the content of the update provided.

7 Estates Strategy

Executive Director Finance introduced this item and indicated that this was an opportunity to provide an update on the plan previously shared with the board earlier in the year. He reminded that the strategy proposals had been reviewed by governors in January 2023 and he provided assurance that feedback has been taken on board. This update includes a number of aspects requested and one example given was more information on the commercial opportunities. He confirmed that, in the intervening period, staff have discussed how to prioritise and have been working with Bond Bryant in relation to this. He explained that, within this update, there is a hypothetical example setting out a model that the organisation may want to use to prioritise and governors attention was drawn to page 2. This is a suggestion to support prioritisation decisions which is based upon RAG ratings. A number of factors are used to inform decisions, including:

- Current condition,
- Capacity,
- Use,
- Longevity within the strategic plan,
- The need for space to support delivery and the curriculum.

Committee were advised that the second stage of the process would then be to assess the funding required for each project and how prioritisation decisions should be taken based upon funding available i.e. best investment given the opportunities.

Executive Director Finance indicated that, at the June 2023 strategy session, there will be another opportunity for governors to discuss further in detail. Challenge from one member of the committee was to be clear in any analysis where there is overcapacity within the estate. Committee commented that there isn't currently a board member with estates expertise and therefore the board may need independent advice on the options to give assurance. Staff did remind that Steve Bulley does work within IT and estates at the university and therefore he may feel he has the relevant expertise and/or could make a connection in terms of project management going forward.

AGREED: to note the content of the update provided.

8 FE Estates Planning (FEEP)

Executive Director Finance introduced this item and explained that he has incorporated the FEEP compliance check into the broader estates report and a number of matters were particularly highlighted, including:

- Page 1 sets out the funding available – this is £4.4 million to RNN to improve the estate over the next 4 years.
- Aim is to take spending proposals to the July 2023 board meeting but there may need to be some interim action regarding DVC site, specifically in relation to the leaking roof. Team are currently in the process of obtaining tenders and quotations.
- IT investment – there is some scope for capital funds to invest in CCTV, switches etc. however the rules and regulations in relation to this need to be double checked before anything is progressed.
- Organisation now has the Kiveton sale proceed receipts. Staff have checked with the ESFA and they have confirmed that the monies can be used on the estate and/or IT.
- By the summer there will be a ranked order of suggested investment and it will include a mix of estates and IT
- Compliance record has been provided in relation to FEEP. College is using a system called Evri. Staff are now working through an audit so as to bring all information up to date and breakdown the actions and current position more specifically e.g. by site, by floor etc.
- The compliance review is a mix of self-certification and external reviews. Staff have given themselves a deadline of two weeks to complete the audit. Executive Director Finance highlighted that there may be some red RAG rated items and explained that the health and safety team have been asked to review rather than the estates team so as to provide a fresh perspective.
- In relation to health and safety, there are no significant changes and an update is provided within the report on statistics including accidents, training, risk assessments etc.

AGREED: to note the content of the update provided.

9 Tenders and Procurement

Committees attention was drawn to the summary report and it was explained that the group is appointing a new procurement manager. She will really help the organisation to keep on top of processes and compliance. Initial focus will be on the estate projects and the catering contract which is currently out to tender. In relation to the catering contract, the target was for a September start however this may need to be extended to October to ensure a better field of candidates/options.

Committee were advised that the tender in relation to external audit has just been concluded with a recommendation to go to the board this month.

Committees attention was drawn to the summary of other tender and procurement work planned, with two contracts at the specification stage and the remaining are scheduled to be progressed over the summer.

AGREED: to note the content of the update provided.

10 2022/23 Strategic Indicators update

1) Financial integrity

Key matters highlighted included:

- In relation to KPI 1, the group is still on target to be 'requires improvement'. Organisation knows that it has not succeeded in relation to some income streams but is controlling costs.
- Group is getting closer to the EBITDA target and is getting closer to the revenue reserves target.
- In relation to cash balances, the group did go below target in February 2023 but the position has improved since March.
- Risk management is identified and was discussed at the Audit and Risk Committee meeting, specifically the need to better use the 4Risk system.

2) People and place

Key matters highlighted were:

- All aspects are RAG rated as green,
- PDR processes are in place and are linked to target setting and strategic KPIs,
- Focus for the HR team currently are the restructures. Consultation is to start tomorrow in relation to the student support function/teams. This is a larger group of staff who are quite vocal and some are union reps.
- Next phase of the restructure is IT and then curriculum
- Organisation will utilise the same model and structure for MIS as it worked well

AGREED: to note the content of the update provided.

11 Finance Report

Two aspects were considered, these were:

- March 2023 management accounts, and
- 2023/24 budget setting

Executive Director Finance advised that, given some staff absences, the budget setting process is a little behind schedule but that there are a number of matters to highlight including:

- In relation to the 2023/24 budget the EBITDA forecast is £2.4 million. This should be compared with £700k this year which means a significant improvement.
- One challenge for this year is the NFPC evaluation regarding status for rates. Local authority deemed the NFPC building to be a 'college' building however the independent valuation office have reviewed and have concluded that it is a 'business' asset and therefore the 80% charitable relief has been withdrawn and backdated for 6 years. This could mean an unexpected cost to the company of £200k. Staff are working with an expert on this at the moment to look at options.
- Another challenge to be aware of is in relation to the Post 16 centre at Retford. College is currently in negotiation regarding terms, as less favourable terms are proposed following a review.

Given that the draft budget was not in a position to be reviewed at this meeting it was agreed that an extra meeting would be scheduled, with the 2023/24 budget as the single agenda item. Director of Governance was asked to try and identify a suitable meeting date option for one hour between the 17th and 26th May 2023.

AGREED: to note the content of the update provided.

12 Risk Report

The Executive Director Finance provided an overview of the report and acknowledged that the organisation is still working on risk. He provided assurance that risk management does take place but explained that there needs to be more internal momentum regarding use of the 4Risk system. Internal auditors will be looking at risk management more generally as part of their next planned fieldwork testing.

AGREED: to note the content of the update provided.

13 Financial Regulations

Executive Director Finance drew committees' attention to the document provided and he explained that this is a complete redraft rather than a 'tweak'. He explained that he has tried to add in gravitas by highlighting some key roles and responsibilities, particularly regarding the legal and regulatory requirements. He confirmed that it incorporates the new MPM requirements, particularly in relation to the levels of expenditure that do or don't require external permission.

Committee all felt that it was important to obtain feedback from the financially qualified members of this committee i.e. Janet Pryke, Debbie Marshall and Monika Rodzos. As they were not here at the meeting, it was agreed to bring the document back to the next meeting and take offline comments via email in the interim. It was agreed that the May board meeting would be an opportunity to invite feedback from all governors, or approve if that is the general consensus.

AGREED: to note the content of the update provided.

14 AOB

There were no items of additional business.

15 Date and time of next meeting

This was confirmed as Tuesday 27th June 2023 at 5pm.

16 Confidential minutes of the meeting held on 14th March 2023

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

AGREED: to approve the confidential minutes of the meeting held on 14th March 2023.

There were no matters arising.

Meeting closed at 6.40pm

Signed _____ Chair

Date _____