

Meeting/Committee	Finance & Resources Committee
Date of meeting	27 th June 2023 at 5pm (Via Google Meet)

1 **Declarations of interest and eligibility**

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

2 **Welcome, introductions and apologies for absence**

Attendees:

Paul Lomas	Chair
Janet Pryke	
Debbie Marshall	
Jenny Worsdale	
Jason Austin	
Margaret Cobb	

In attendance:

Phil Curtis	Executive Director of Finance
Cath Mollart	Interim Executive Director of Strategic Planning & Corporate Services
Daniel Stanbra	(for agenda item 5)

Apologies for absence:

Apologies for absence were received from Jane Hartog, Executive Director HR OD & Marketing.

3 **Minutes of the meetings held on 27th June 2023**

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

AGREED: to approve the minutes of the meetings held on 27th June 2023.

There were no matters arising.

4 **Actions Outstanding and matters arising from the minutes**

Item 6 – Request for a register of opportunities requested, Executive Director of Finance confirmed this had been implemented and was Item 8 on the agenda. Action complete.

Item 10 – Preferred supplier contract proposal was agreed at July board.
Action complete.

One Governor asked if the sub-contract values had been formally agreed, the principal believed this had been approved at the July 2023 Board meeting but advised that they should be agreed within this meeting.

There were no other matters airing for the notes of the previous meeting.

5 AEB and Subcontracting Report

The detailed report circulated in advance of the meeting was noted and highlights drawn to governors' attention included:

- A total AEB performance for the year of £6,907,736.16 against a potential profile £7,115,729.00 (-£207,992.84) is forecast. This follows overperformance in SYMCA and an improving annual picture but underperformance in D2N2.
- Subcontracting Profiles have been allocated and supported in full forecast realisation of SYMCA Growth Profile despite previous forecasts indicating underperformance; 23/24 profiles are set and aligned to strategic intent.
- Multiply funding for Year 1 (22/23 Fin. Year) achieved is £72,000 with a £139k allocation for Year 2 (23/24 Fin. Year).
- Rigorous and realistic curriculum planning is in place to fully realise 23/24 AEB Profiles.

The Director of Adult Education & Contracts reported that there was likely to be a pending SYMCA audit. Initial questions released by SYMCA indicate that they are consulting wider than the Community learning with a potential view to reallocating funds. The team are currently working in preparation for the Audit.

The Director of Adult Education & Contracts gave an overview of 22/23 Subcontractor Performance which is documented within the report and explained that underperformance / overperformance has been factored into 23/24 allocations where appropriate.

In general discussion, comment from one governor was relating to three of the sub-contract partners (Learning Curve, Castleview, Lifeskills) and the need to ensure close monitoring in 23/24 given profile activity in 22/23. The Director of Adult Education & Contracts gave assurances that this would be closely monitored and reporting would come at regular intervals through to the Finance Committee to provide additional assurance, all providers had passed the necessary due diligence checks.

AGREED:

- a) Recommend that the Board approve the 2023/24 sub-contract profiles (with the exception of RUFC – contract value to be confirmed, pending a final discussion).

(Daniel Stanbra left the meeting at 5.15pm)

7 Enrolment Update

The CEO gave the following update regarding Enrolment 2023/24 :

- Enrolment systems and processes have improved significantly which has allowed the Executive Team and College Managers to have daily live data regarding enrolments.
- The target for ESFA Study Programme learners was 2783, current enrolments are 3340 which gives an increase of 557 learners.
- There are currently 50 withdrawals pending and over 200 transfers which have been processed. There are likely to be further withdrawals (before day 42). Historically this has been around 10%.
- Group sizes has increased to a healthy average. However, the over recruitment has presented staffing challenges which the group are working quickly to address.
- Any in-year growth will be reviewed by the ESFA with a view to additional funding in March. However, many Colleges have reported growth so there may not be available funds to support each College.
- HE numbers are currently under target by 141 learners, local intelligence suggests some of this could be due to Universities lowering their entry criteria.

In general conversation one governor asked the CEO what he believed the main contributors were to the over recruitment, the CEO responded to say that it was a number of factors, improvement of systems and processes, lower A-level results, cost of living – choosing technical route rather than University route and finally the approach from the new Marketing team.

8 Report from the Executive Director Finance

Committees' attention was drawn to the July 2023 Management Accounts and key matters highlighted were:

- Error identified on page 2 relating to pay as a percentage of income excluding subcontractors, this should read 69% in line with previous reports.
- Covenants – these have been breached, the Executive Director has a meeting planned with the Bank next week to discuss waiving the breaches with a view to agreeing a new set of covenants.
- Ebitda has decreased and is in a breakeven position due to the factors stated on page 4.

One governor stated that recent information received alluded to the fact that a technical breach of covenants must be agreed with the bank prior to actually breaching to avoid an adverse effect on the health score. The Executive Director stated that he would review the timings as the bank had been made aware prior to breach. The governor advised to obtain confirmation in writing as soon as possible acknowledging that the bank were advised well in advance. One governor asked how confident the Executive Director was of obtaining approval, he responded that talks with the bank have been very encouraging and they stated they would be happy to work with the Group through this period. The Executive Director will update progress via email and at the next Board meeting on 12th October.

The Forecast was explained as one governor challenged the potential to move into 'inadequate' financial health. The Executive Director of Finance advised in light of this all capital expenditure has been reviewed, which has led to an increase in financial health points, which moves finances back into 'requires improvement'. This is pending the Auditors review.

One governor challenged the AEB Bursary allocation which was £385K with an actual spend of £819k, the Executive Director of Finance advised that an increase had been approved by SYMCA.

Committees' attention was drawn to the Procurement Report and key matters highlighted were:

- Review of contract values including activity and end dates
- Spend vales by department
- Summary of procurement activity in the year. The Chair asked if there were plans to try and reduce the amount of suppliers and asked the view of the Procurement Team, the Executive Director explained that many of the small suppliers may already be on the approved framework list and that the main point of the exercise was to identify the largest risks around purchasing and compliance.

Committees' attention was drawn to the Tender Reports and key matters highlighted were:

- Catering provision has been out to tender (item ci and cii). Executive Director explained the process and summarised the presentations from both companies who had submitted a tender (Gather & Gather and Aramark).
- The preferred supplier from all those on the panel (including SLT, staff, learners) is Aramark. The CEO asked if the references relating to the preferred supplier could be progressed.
- Both companies were challenged around standards, pricing, any underperformance of staff / customer service standards.

AGREED :

- Recommend that the board approve the preferred supplier Aramark – subject to satisfactory references.

8 Opportunities register

Key matters highlighted were:

- Opportunities has been shared with the Audit committee to ensure that the opportunities which arise are in line with strategic thinking.
- Brief summary of Bids and status.

The Chair asked how lessons would be learnt from any bids which were unsuccessful. The Executive Director referred to the recent T-Level bid which had been unsuccessful and advised that there was a feedback session which he would be attending alongside the Director of Adult Education and Contracts in which he was hopeful this information could be used to inform any future bids. In addition the Director of Adult Education and Contracts holds regular contract management meetings.

AGREED:

- a) To note the content of the update provided

9 Estates Report

Key matters highlighted were:

- Capital funding allocations confirmed
- Land sale updates
- Condition data Survey update – working with software provider to populate 'Every' which is a new package the Group has purchased, this will provide an holistic overview.

- FEEP compliance register – many areas of green. Those areas of red have been addressed and are ongoing.
- Utilisation of space at RC and NNC had increased significantly as areas had been decanted from to allow for building works to commence, the Chair asked if this had impacted on learners, the CEO advised that he was not aware of any negative feedback and in some cases the learners had moved to a higher standard of accommodation so were very satisfied.
- Architects have been asked to complete a site survey of rooms, size, purpose etc which will inform curriculum planning.

Once governor asked about the Dinnington Site and the feasibility study relating to a 14-16 school which had been mooted at the last Board meeting. The Executive Director said this was in the process of being complete, although this is separate to the land at the rear of the estate to which the Group has had 5 recent offers – currently reviewing change of use with the local authority. Further discussion at Board regarding next steps.

One governor complimented the report from Ian Sackree and said this was very clear and informative.

AGREED:

- a) To note the content of the update provided

10 Health & Safety Annual Report

The Executive Director of Finance referred to the report and said that although it gave overall assurance and provided essential information it didn't really demonstrate all the positive work which was undertaken by the team. Updated report to be circulated when further information was included.

One Governor asked if the report included sub-contractors, the Executive Director said some aspects would be included although the report didn't identify as such.

The Chair referred to the section on Mental Health First Aiders and waiting for legislation and asked if this implied that there are currently no First Aiders within the Group. The Executive Director advised there are currently a number of Mental Health First Aiders within the Group but the point within the report is that there is no legislation to have this provision currently, although the pending Bill may change this stance.

AGREED:

- a) To note the content of the update provided.

11 Risk Report

Key matters highlighted were:

- Training has commenced for all users across the Group to raise awareness of risk followed by training for SLT in October. The Executive Director will then be able to monitor and manage risk more effectively.
- Risk Management system is part of the Internal Audit Plan and will be reviewed.

The Executive Director reported that a company has been commissioned to review Site Security across the Group, this is recent development so not included within the report. A report should be provided to the Exec team by next Friday.

Additional support has also been sought for the Health and Safety Team due to staffing changes.

The Chair asked when the Board would review the risks, the Executive Director advised that the Board reviewed risk appetite which has come through the Audit Committee and would come to Board in October.

One governor said it was encouraging to see progress as this had been in development for quite a long period of time.

12 AOB

The Executive Director updated regarding the term of the current loan and advised that if land sales were not complete in time to pay off the loan (1-year remaining) then it would create a problem as the only option would be to negotiate terms with the ESFA. The Executive Director advised that he had started the process by completing a form which would be submitted to the ESFA.

One governor asked about the situation regarding Wilko and whether there had been an impact at North Notts. The CEO advised of events which had been attended by the Group at Bassetlaw Council regarding support for the staff from Wilko.

13 Governance items

Nothing to report at this point.

14 Date and time of next meeting

The next meeting is a joint meeting of the Finance and Audit Committees and will take place on Thursday 30th November at 5.00pm.

The next meeting of the Finance Committee will take place on Tuesday 6th December at 5.00pm.

Meeting closed at 6.40pm

Signed _____ Chair

Date _____