

Attendees:	Paul Lomas (Chair); Jason Austin; Margaret Cobb; Debbie Marshall; Janet Pryke; Jenny Worsdale
In attendance:	Phil Curtis (Executive Director of Finance and Estates; Jane Hartog (Executive Director of Marketing, OD and HR); Dan Stanbra (Director of Adult Education and Contracts) for item 7; Sarah Connerty (interim governance advisor and minute taker)

		Action
1.	Declaration of interests in any of the items on the agenda The meeting 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 The Chair welcomed colleagues to the meeting. There were no apologies for absence with all members of the Committee present. Dan Stanbra the Director of Adult Education and Contracts attended for the Adult Education and Contracts item (item 7) which was taken at the start of the meeting.	
3.	Minutes of the meeting held on 5 December 2023 The minutes were reviewed. One governor felt that the record of the AEB discussion was confusing and the Director of Adult Education and Contracts confirmed that he would make his language clearer in future and clarified some of the points in the minutes. AGREED: The minutes were reviewed, and it was agreed that they were an accurate record of discussions.	
4.	Minutes of the joint meeting held with the Audit and Risk Committee held on the 30 November 2023 AGREED: The minutes were reviewed, and it was agreed that they were an accurate record of discussions. The Chair noted that the minutes will also go to the Audit and Risk Committee for consideration and approval.	
5.	Actions outstanding and matters arising from the minutes Audit and Risk Committee – all actions were completed in time for the Board meeting on 11 December 2023 Finance and Resources Committee – Item 1 – minutes have been updated Item 2, item 4 – AEB and financial statements data is now consistent Item 3 – KPI report and accessibility – year-end report – this has been noted and passed to report writers Item 5 – HR focus for the new year – there was a discussion about the HR strategy at the Board and it is included on the agenda and is included as an item at the strategy day Item 6 – workshop to explore the Dinnington options – this took place on the 10 January 2024. The CEO noted that it was due to be an item at the Strategy Day, but the timing is tight on the agenda. The Committee agreed that there needs to be time for governors to ask questions and the item will come off the agenda. The Chair asked for an update from the ED Finance as part of the Estates item. [confidential item]	CEO/ ED Finance
6.	HR Strategy and focus for delivery for 2024 The Committee considered the paper and the ED HR provided an update on the HR Strategy, how it fits into the strategy of the organisation and provided an overview of the sections in the strategy. Key points included:	

- The final section of the paper is around ongoing cases. The ED HR reported that there is a good team in place that supports this area of work, but it does take up a lot of HR resource
- The Committee noted that there are some concerning statistics in the report around sickness, turnover and low numbers completing the exit survey and asked if there is a view on whether the recent pay increase will do anything to alleviate areas of concern. The ED HR reported that turnover is difficult and it is too early to say whether the increase in salaries and regrading of roles will make a difference. From speaking to other institutions and recruitment agencies there is a view that it will make a difference and the award has been very positively received. The HR team have worked hard getting information out quickly and efficiently to staff and online payslips are now available to view. There has been a lot of work carried out around levels of absence, in particular long-term absence, and results are positive. Information received from leavers is listened to and every leaver is given an exit survey to complete and the majority of staff are invited to exit interviews. People have the choice on whether to engage with the process so the feedback is partial. One of the main reasons for leaving is salary
- By reducing vacancies, the HR team will have more time to recruit and focus on internal headhunting and can reduce reliance on agencies
- The Committee noted the £800k for recruitment and asked if this is successful in bringing people into the Group. The ED HR noted that there are not enough staff in the team to headhunt and have an internal facility for recruitment so it is a necessary spend at the moment
- The Committee noted that many organisations have given pay awards of 6-7% and beyond and asked whether this will make a difference in retaining staff. The ED HR suggested that it will take three or more months to start to notice any benefits. The Group went for re accreditation of Investors in Diversity and feedback received is how positive staff are about working for the Group
- The Chair of the Board noted that the industry average data refers to 2020-21 so the Group is working behind in terms of comparisons
- There was a discussion about contributions and how hard staff must be working in areas of the Group where there are large contributions. One governor noted the contributions on the Rotherham transition programme. The ED HR agreed and reported that work is underway with campus directors to find out what their biggest issues are around staffing to student ratio, with an aim to put in additional staff to support areas of need. The ED Finance noted that there are a number of factors to consider such: areas with higher contributions tend to be less vocational and require less resource, some areas require a higher-than-average staffing and some areas have vacancies or agency staff in role. One governor noted that students in areas where costs are higher attract higher income and these areas often require more expensive equipment which may not be an annual cost so it would be helpful to see data from previous years

The Chair thanked the ED HR and the Committee for the discussion and noted that there is a lot to do in 2024 and asked if there is confidence in being able to deliver with the current HR structure and are there areas of difficulty. The ED HR explained that it depends on the impact of the pay awards and recruitment and turnover. If there is a positive impact it will reduce the number of vacancies and support the recruitment team. The area to take most time to implement correctly is the succession plan. Management development and leadership development is being rolled out again this year and further thought is being given on how to measure skills sets. It was agreed that success in recruitment will free up resource and time to work on succession and employer value.

The ED HR noted that the HR team is made up of really good members of staff who are experienced and been in role a long time.


HR KPIs

	<p>The ED HR noted that she will start work on the HR KPIs shortly for the Committee to agree and measure progress. ACTION: It was agreed that this will be a discussion area at the Board Strategy Day and will be followed up by detailed discussion by the Committee at its next meeting. Key points included:</p> <ul style="list-style-type: none"> • It was agreed that the Group needs a HR strategy with clear impact measures. • When looking at learner support, is the impact hoped for there and how do we know what we have done is successful. The ED HR noted that some areas are very hard to measure and, in many areas, it is about whether things are moving forward • The staff survey is a good measure • The Chair of the Board noted that the concerns of the Board don't necessarily fit into a KPI, for example looking at requirements for students and the impact of not doing something. What is the teaching impact on students if we can't recruit. The ED HR assured the Committee that all classes have been resourced using agency when needed • Data on how many vacancies for student facing roles, how many agency staff are in place and the impact of this would be helpful for the Committee to see. The ED HR noted that data on agency staff per area is easily measured but in terms of impact an area could have a full complement of staff but that doesn't necessarily result in good outcomes and there are a lot more factors involved. The Committee agreed but noted that it is about the impact for this Committee with Q&S Committee looking at curriculum and quality. The CEO agreed that the Committee could look at trends in student achievement and success and staff turnover by subject, curriculum, provision and campus. ACTION: The ED HR to meet with Dave Cosgrove and bring forward feedback for discussion at the next meeting. The Chair of the Board noted that it is important not to create unnecessary KPIs and resource should focus on providing meaningful data that supports the Group to drive improvements and success. The Committee suggested looking at a sample in the first instance • The Committee asked about the reorganisation of Student Services and whether this has had a positive impact on the learner, increasing the learners' chance to succeed and progress. The ED HR reported that improvements have been made but it is not where it should be yet • The CEO noted that at the recent attendance meetings 1400 students were identified as presenting with mental health issues which are impacting their studies and that requires immediate action and resourcing. He proposed that when comparing data and looking at other institutions it is important to compare like with like and look at the circumstances our students are in • The Chair noted that the Committee is looking to set qualitative and quantitative KPIs which determine what is important to drive the business and critical key people areas. A key part of the strategy day will be to get people's thoughts and identify key areas and to engage all key stakeholders so there is ownership of the Strategy. It was agreed that the paper is a good reflection of where the Group is now, where it needs to get to and the 2024 actions and provides realism and boundaries for next week's discussions with the Board. ACTION: It was agreed that a mix of Exec, SLT and governors in the groups will provide the best discussions. ACTION: The Chair to share the feedback from the Strategy day with the ED HR and support work on the Strategy and KPIs for the next Committee. 	<p>Chair/ CEO</p> <p>ED HR</p> <p>Chair/ CEO Chair</p>
<p>7.</p>	<p>Adult Education and Contracts update</p> <p>The Director of Adult Education and Contracts took the report as read and highlighted the following points:</p> <ul style="list-style-type: none"> • The Group remains on track to realise the £6.97m allocation 	

	<ul style="list-style-type: none"> • There has been overperformance in some areas and the Group is awaiting the outcome of the growth bid for SIMCA which will alleviate this. It was confirmed there is no further growth being sought • All subcontracting profiles are on track for realisation • ACTION: A typo on the 3rd bullet to be updated to read overperformance • The Committee asked about GB Creative profile which has a very different profile with 135% performance. The Director of Adult Education and Contracts explained the variant is because of a carry through from previous learners from last year • The Committee passed on thanks for the consistent figures in the AEB report and management accounts. One governor noted the positive delivery from some of the subcontractors and asked how this is being managed. The Director of Adult Education and Contracts reported that it has been made clear to all parties that overperformance will not be authorised for payment. There is capacity if needed to increase allocations • The Committee asked what the Group’s own internal recruitment looks like. The Director of Adult Education and Contracts noted that it is early in January to have a realistic update but planned versus actual is £3.4m to be realised, and live reporting of £3.9m for the AEB budget so it remains a valid trend. January is the main risk to recruitment and there are plans in place to mitigate any underperformance with areas such as distance learning • [confidential item] • The Director of Adult Education and Contracts gave the Committee assurance that there is a positive trend and positive picture for adults and all potential risks have mitigations in place. <p>(Director of Adult Education and Contracts departs: 17.15)</p>	<p>Dir Contract s and Estates</p> <p>ED Finance</p>
<p>8 and 9.</p>	<p>Finance Report and Management Accounts – Nov 2023</p> <p>The ED Finance reported that since the last meeting updates are:</p> <ul style="list-style-type: none"> • An update of the forecast to year end – figures have been updated following learner recruitment and announced funding changes • Changes to AEB and Subcontracting have been incorporated into the figure with no impact to EBITDA. The action from the last meeting to reconcile figures cross the AEB report has been implemented and the ED Finance confirmed that the management accounts will be updated around subcontracted AEB income and costs. <p>Other updates include:</p> <ul style="list-style-type: none"> • The Group is fully compliant around management of public money • There are a lot of returns at the moment are all are up to date • Procurement in terms of value for money will be included in the annual accounts. The new Procurement Manager is reviewing processes and to date 60 contracts out of 278 have been completed and are in a contract register format. See item 11 for full details. Any contracts requiring Board approval will come through the Committee <p>The Committee reviewed the Finance ‘on a page’. Key points raised included:</p> <ul style="list-style-type: none"> • The majority of items are green, HE income is down and rated red • EBITDA and operating surplus is up • There is more income coming in and more costs going out. Overall it is an improving financial picture • Cash flow is rated amber. The Group has applied to the ESFA to move the Lloyds loan to the DfE and is awaiting a decision. The loan from February 2024 onwards becomes a current liability as it has less than 12 months left to run • In terms of financial health there are some questions around 16-19 learners which may when resolved lower points. The ED Finance gave assurance that this won’t move the Group to inadequate financial health 	

	<ul style="list-style-type: none"> • Bank covenants are updates and forecasting to be compliant, reported up until October 2024. • One governor asked about governor involvement and Board oversight around HE numbers and recruitment strategies. The CEO noted that there is a working group looking at HE which includes a governor (Donna Clifford) and HE will be a substantive item at the Board strategy day • One governor asked for clarification on increased costs of £1.8m from pay increases and if the figures for the next two years are costs not impact. The ED Finance confirmed this is the case • One governor asked why the Group is looking to move the loan to the DfE and over a longer period. The ED Finance explained that it is government backed organisation with different covenants and the loan would move back into long term liabilities if a longer-term deal is secured, which because of the current ratio would have a positive effect on financial health. Currently Lloyds has a charge against Dinnington. The Chair of the Board added that the changes in rules around Managing Public Money (MPM) mean that the Group would have to go to the DfE for approval for taking out alternative banking and the ED Finance clarified that renegotiating the bank loan with Lloyds would be deemed by the DfE as a new loan. <p>The Chair thanked the ED Finance and the Committee for the reports and discussion. (The Chair of the Board departs: 18.11)</p>	
10.	<p>Risk Report</p> <p>The ED Finance provided an update on Committee items extracted from the Corporate Risk Register and changes since the last meeting for Finance, HR, Estates, ICT (see risk register for full details):</p> <p>The process for risk management is becoming more embedded with the ED Finance delegating out across the organisation as intended. The Risk Register has been updated and more people are now involved in its review and update.</p> <p>ACTION: One governor noted accessibility issues with reading the register and it was agreed going forward to send through as a word document.</p> <p>ACTION: One governor asked about Risk 14 and suggested that overstaffing and understaffing have different risks and mitigations and could be two separate risks. It was agreed to action this and the ED HR noted that the current risks are around understaffing.</p>	ED Finance ED HR/ ED Finance
11.	<p>Contract Register – whole Group</p> <p>The ED Finance reported that there are 278 potential contracts. Prior to merger there was a team that managed the process and this dropped off post-merger. A new Procurement Manager is in role and is taking forward the register and doing some really good work. It is a historic exercise getting contracts in from suppliers to review the terms and conditions. 60 contracts have been completed to date. By the end of March 2024 all 278 contracts will be included on the register, in addition to new contracts coming in. The work is being prioritised and any compliance issues are being addressed. Any items that require Board approval are being included to ensure the Board receives approvals in a timely manner. Part of the streamlining is the opportunity to procure better and to make savings. The process is going well but is time consuming.</p>	
12.	<p>Curriculum Plan 2023/24 – review of current contribution analysis</p> <p>The ED Finance reported on the review of contributions following recruitment. It is early in the month to report as provision reviews are coming up and looking across the organisation.</p> <p>The report for activity to the end of November shows 49% in core curriculum areas and 32% in apprenticeships which combined gives an overall position of 47%. Planned Contribution</p>	

	<p>during curriculum planning was 48%; across all curriculum delivery areas the total contribution is 41%.</p> <p>The Committee considered the report and key points include:</p> <ul style="list-style-type: none"> • In some areas contributions are significantly over and in others not as good as planned. Each area has a narrative to it • EBITDA and net operating income are still positive but after all the analysis there will be a better picture. Contributions are looked at alongside class sizes, market supplements for high value courses and does income match expenditure. ACTION: More analysis will come to the next meeting. <p>ACTION: Governors reviewed the emerging data and asked for the following to be included for the next meeting:</p> <ul style="list-style-type: none"> • an explanation of why distance learning is so expensive to deliver is included in the analysis • when contributions are out of synch to include data from the previous year • How agency cover affects contributions. 	ED Finance
13.	<p>Estates Report</p> <p>The report provides:</p> <ul style="list-style-type: none"> • a summary of the estates function of the group up to the end of November 2024 as well as the expected progress to the end of the academic year and beyond • the Further Education Estates Planning (FEEP) report • progress report from Ian Sackree from the Capital Projects Steering Group <p>The ED Finance noted that, other than the Capacity Fund and T levels, projects have been put on hold pending the final costs from the roofing surveys which are higher than expected and the risks are being reviewed. Local contractors have been identified to take forward the roofing works.</p> <p>The Committee noted how exciting the projects are, bringing high quality teaching and learning areas. The ED Finance reported on the demolition work at Clifton and in North Notts there are a number of refurbished classrooms and a new HR suite. Fantastic spaces, focused on sustainability and providing real value for money in terms of costs have been developed.</p> <p>The Chair asked if there are any concerns around the red ratings in the FEEP report. The ED Finance reported that in November 2022 FE moved into the public sector new guidance on FEEP which has resulted in a lot of change for the Estates team. Examples include PAT testing on an annual rather than a risk basis. All high-risk areas have controls in place and contractors are scheduled to come in and review all red areas.</p> <p>The Committee noted that it feels like there is more control over estates and the CEO agreed that processes are much better, the ED Finance reports in regularly and there is a clarity that wasn't there in previous years.</p> <p>The ED Finance provided an update on the Dinnington building. [confidential item]</p>	
14.	<p>HE Fees 2024-25</p> <p>ACTION: The ED Finance noted that this is a standing item on the agenda. There are no proposed changes to HE fees for 2024-5 and a review of HE fees will come to the Committee in the summer term. The CEO noted that HE is on the agenda at the Strategy Day.</p>	ED Finance
15.	<p>Treasury Management Policy [confidential item]</p> <p>RESOLVED: The Committee recommended to approve the Treasury Management Policy with the updates of the cash balance increase from £1-2m</p>	

	<p>Reserves policy The ED Finance recommended that the policy is rolled over with no proposed changes. RESOLVED: The Committee recommended to approve that the Reserves Policy is rolled over with no changes</p>	
16.	<p>Any other items of urgent business To note that an ICT report will come forward to the next meeting to broaden the scope of the Committee.</p>	
17.	<p>Date of next meetings: Tuesday 12 March 2024 Thursday 2 May 2024 Tuesday 25 June 2024 All at 17.00</p>	

Meeting closed: 18:44