

Meeting/Committee	Finance & Resources Committee
Date of meeting	5 th December 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 (until 18.00)	
Debbie Marshall	
Jenny Worsdale	
Jason Austin	
Margaret Cobb	

In attendance:

Phil Curtis	Executive Director of Finance
Daniel Stanbra	Director of Adult Education and Contracts (for agenda item 5)
Greg Bristol	Environment and Sustainability Officer (for agenda item 6)
Ian Ashman	External Board reviewer (until 18.00)

Apologies for absence:

Apologies for absence were received from Jane Hartog, Head of HR.

3 **Minutes of the meetings held on 26th September 2023**

The minutes were reviewed and it was agreed that they were an accurate record of discussions subject to amending the date and taking out the names of the subcontractors from discussions around performance.

ACTION: *Interim governance advisor to update the minutes*

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

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

It was noted that actions from the last meeting are included on the agenda – monitoring of subcontract partners, value of the RUFC contract, update on bank covenants and review of site security.

Health and Safety report – an updated report to be circulated when further information is included to demonstrate all the positive work undertaken by the team.

One governor asked about the references from Aramark and whether the SLT are content with references received. The Executive Director of Finance reported that positive phone calls had taken place with providers, on boarding has gone very well and feedback from staff and students is encouraging.

5 **AEB and Subcontracting Report**

The Chair suggested that the report is taken as read and the Director of Adult Education and Contracts provided updates as follows:

- There is evidence of a four-year positive trend. This reflects the ongoing work and drive, the broadening of the scope and the agile delivery and approach. This has led to the impact on financial profiles and increased realisation of contracts year on year
- In year there is a 122% increase to date against the curriculum plan. This positive risk of over performance is being monitored to ensure the Group won't over perform without approval. If needed cumulative provision will be switched off to ensure staying on profile. Protecting the cost allocation is key and a meeting to review cost allocations so there are proportionate areas of cost is essential
- Subcontracting – data shows that the Group will realise all allocations. Performance is good across ESFA 16-18, AEB and apprenticeships
- The Group has awarded a growth allocation to Rotherham United. A significant amount of work has been done to rationalise the allocation ensuring it is fair and that students receive good quality education. One governor asked how much the allocation has increased by and it was noted as an indicative £130k, with exact confirmation to follow after the meeting
- AEB subcontracting is on track to perform. [confidential item]

One governor questioned whether the Group subcontracts apprenticeships and it was confirmed that full standards are not subcontracted, and the Group works in partnership with other providers for elements of standards.

One governor noted that the data in the report does not reconcile with management account figures and asked which set of figures are governors monitoring. The Chair of the Board agreed noting that the two areas need to reconcile. The Executive Director of Finance noted that a meeting is taking place this week and data will be reconciled in time for the Board meeting.

The Director of Adult Education and Contracts reported that the difference in reporting is based upon finance reporting and live reporting and incorporates a RAG tool, forecasting based on curriculum and performance to provide assurances, recruitment patterns in year which is not consistent and cumulative patterns of recruitment through the year.

One governor cited the example of subcontracting performance where there is significant over delivery against the budget in the management accounts compared to the report.

ACTION: The Chair of the Board asked that the reconciliation takes place in time for the Board meeting, or an explanation of the numbers is given.

One governor asked if the Group is facing a clawback from the ESFA for 2022-23 because the 97% allocation was under delivered and it was confirmed it is at around £250k.

The Committee asked about this year's allocation, and it was noted that current indications are that if all provision and forecasting is realised there is a potential of over performance, if that is the case the Group will approach SYMCA for approved over performance or take appropriate action to not over perform.

ACTION: A typo to correct from underperformance to underperforming in the report (Director of Adult Education and Contracts departs - 17.22)

AGREED: The Committee noted the contents of the report.

6 Environment Sustainability progress update

The Environment and Sustainability Officer noted that the report format has been changed to align to the Group strategy. The full document is RAG rated but does not show up in the papers. The AoC Roadmap has been used as the primary document to show how to be more sustainable. Each of the 30 topic areas have been linked back to the strategic indicators for the Group. The Group is still emerging with its environment sustainability work and there are good gains in some areas. There is a rewrite of the Environment and Sustainability Policy which will be reduced to around ten paragraphs to create a condensed document which will come to the Committee early next year.

The Chair asked for an honest opinion on the traction this year and what actions would have the most impact. The Environment and Sustainability Officer reported:

- Biodiversity. The Group is in a good position with Dearne Valley College to demonstrate assets and energy use
- A huge project is underway with refurbishment, updates to lighting, waste and recycling. Waste work has not happened so far because there are still three main waste contractors. A pilot scheme at North Notts is focused on waste and recycling.

One governor asked about the solar thermal systems and when will they be serviced. There is a debate about whether they should be retained as solar PB is the modern alternative and this will be looked at by Estates. It was noted that there was money put aside for solar, but the scheme is around £85k and the funding available in the grant will be reviewed to see if it is enough to complete the project as agreed. The Principal/CEO noted that the Capital steering project group meet regularly with the Estates project manager who provides advice, synergy and joined up thinking.

The Chair thanked the Environment and Sustainability Officer for the report noting that there is traction through Exec and the Group and offered the support of the Committee to push forward on this area.

AGREED: The Committee noted the contents of the report.
(The Environment and Sustainability Officer departs - 17.33)

7 2022/23 KPIs – Year end report (Finance and Resource items)

ACTION: One governor reported that the document is difficult to read, and it would be helpful to make it more accessible.

The Executive Director Finance ran through the key KPIs as follows:

- 1. Financial health that generates operating surplus to reinvest in facilities for the benefit of students and the communities we serve**

The Group's target is Requires Improvement which is a green rating and >160 points. Current points are 130 giving a red rating

- 2. a. Grow core funding or learner numbers through increased market share of 16-18 year old (+3%), Adults, income for apprenticeships (3%) and HE loans (Yr 1 starters 5%). Supported by ONS demographic increase commercial income by 20%**

The Group saw a reduction in learners enrolled onto courses in 2022/23. The aim is to grow funding and control costs on any adverse income for student recruitment. Last year there was a retraction particularly around 16-19 and HE.

b. Control costs within KPIs: materially the same as agreed in budget July 2022

The SLT have looked at all expenditure items and there are some additional costs which meant the Group were unable to be the same as the budget EBITDA or operating loss.

3. To restore revenue reserve (reduce deficit by £400k) and reduce operating loss by £1m in 2023/24 and to achieve and maintain cash balances of over 30 days. Avoid further AEB clawback

As detailed above the EBITDA was not large enough to increase reserves.

4. Maintain a robust framework for audit and risk management, linked to the strategic plan, that is used for decision making that includes the development of financial and risk management skills throughout the organisation, developing a culture of financial understanding and accountability

There is an audit and risk management framework in place and internal audit concluded that *the Group has an adequate and effective framework for risk management, governance and internal control*. There is work ongoing to establish risk management through the organisation.

5. Maximise capital funding to improve the Estates and IT to reduce revenue expenditure, enhance the curriculum and reduce carbon footprint

This is successful with significant capital grants allocation and an effective estates strategy.

One governor referred to the letter from the ESFA (item 15) and the continuation of monitoring of management accounts and cashflow. The Executive Director of Finance noted that this was in response to the CFFR return in the summer term. It was noted that the ESFA are likely to be involved in monitoring and support the Group until it moves into Good financial health. One governor asked if the intervention requires the Group to provide more detail than it currently produces, and it was noted that the request is for monthly management accounts and cash flow forecasts which are part of the Group's current reporting procedures.

AGREED: The Committee noted the contents of the report.

8 Reconciliation of Financial Statements and July 2023 Finance Report

The Executive Director of Finance reported that this is the point from the last set of management accounts at July 2023 until the end of year. Adjustments were a positive £87k and a 117 positive EBITDA. Income increased by £160k and some costs were reduced. Additional costs with invoices post year end were recognised. Changes around interest and pensions gave an overall operating deficit.

AGREED: The Committee noted the contents of the report.

9 Finance Update

- i. Review of 2023/24 budget based upon student numbers
- ii. Management Accounts – October 2023

The Executive Director for Finance noted that the forecast to year end has been updated following learner recruitment and announced funding changes. A number of queries were raised earlier today, and a verbal update of corrections was reported as follows which will be included in the papers for the Board meeting:

- p.2 table 3 cash forecast low point should read £3.2m for March 2024
- p.7 updates, cashflow for year-end £3.2m cash at the end of the period

[confidential item]

The Executive Director of Finance reported that the KPIs as adjusted are included from income and pay. There is a caution around the growth funding and £300k has been included in the sensitivity analysis. ESFA are guaranteeing some growth funding but there are no details available to date.

The Committee asked if there are concerns about the apprenticeship errors. The Executive Director of Finance explained that there was a question about ILR and employer part of the system not matching. A reconciliation between MIS team and finance identified employers who have not signed off their learners. The apprenticeship teams are supporting with this work when visiting employers.

The Committee questioned staff costs question being as high as they are. The Chair raised a concern that this is the second meeting of the year where there has been no people input into the meeting. **ACTION:** The Chair asked where the Group is on the overall HR strategic plan and restructures and asked that there is more of a focus in the new year as this is a key area of the overall strategic plan. The Principal/CEO noted that he has discussed the role of the Committee at length with HR. Initially the Committee was very focused on finance matters but there is a need to bring people reporting to the Committee. The Quality and Standards committee has a much wider stretch with managers joining the meeting to report on key matters around the curriculum and the aim is to mirror this in the F&R Committee including estates, HR and IT. The Director of HR will bring an item to the next meeting and is adjusting from a three monthly to monthly reporting to support this. The Chair welcomed the update and noted that there needs to be a discussion on how to build in the more strategic elements of people to the Committee. The Principal/CEO noted that the working party will feedback to this Committee on restructures.

The Chair noted that it would be useful for the Committee to have a breakdown of staff and a FTE to have an idea of staff employed in each area and where to make efficiencies and impacts.

AGREED: The Committee noted the content of the report.

10 Risk Report

The Executive Director of Finance explained that the report is more about the operational risks to give the Committee an idea of all the things that impact on the resources of the Group.

Key matters highlighted were:

Finance

HR

Estates

ICT

The Committee noted that the risk report is getting better with more input from colleagues.

The Chair noted that it is an evolving document and over this year the report shows the overall improvements.

The Executive Director of Finance commented on the presentation of the report and how it will work as more risks go onto the system. A discussion about whether to slim the report down to red rated items or those with the highest controls are options to stop the report becoming unwieldy and ineffective.

The Committee agreed that there has been some good progress on training for staff with 200 colleagues attending.

AGREED: The Committee noted the content of the update provided.

11 Estates Report

The Committee received the report which details activity to the end of October 2023 including:

- Capital funding allocations confirmed
- Land sale updates
- Condition data survey update
- Compliance following the introduction of the Further Education Estates Planning (FEEP) guidance and FEEP matrix
- Capital income and expenditure summary
- Capital Project Spend update
- Key matters highlighted were:
 - Estates report head of estates view
 - Capital projects steering group report
 - Compliance matrix FE estates planning (FEEP) document came into effect in November 2022, is work in progress.

The Committee noted that there is a real grip and momentum on estates and asked if this is in part down to the work of the estates project manager and the Capital Projects Steering Group. The Principal/CEO agreed noting that IS's role is project management for £60m of capital and he works exclusively on this three days a week which is having a really positive impact. The Executive Director of Finance noted that having the FEEPs is driving the focus of the Estates team who know what they have to do on a regular basis across the organisation to keep the Group compliant and are a capable team.

[confidential item]

ACTION: It was agreed to run a workshop including governors and key staff to explore the Dinnington options

It was noted that there are a lot of red ratings on the FEEP items. The Executive Director of Finance assured the Committee that items are in progress. For example, the Group is in a process to tender for electric safety checks to conclude in January 2024 and all checks will be completed this year. Work has been completed but in some cases physical reports are not yet in place. Some of the checks were five yearly so now are all on an annual basis. Fire safety commissioned a survey to look at fire doors across all three sites and internal checks take place with a fire alarm with positive results from the fire drill with everyone out in 4 minutes. The rag rating on the FEEP is positive as it helps to drive the focus of the Estates team.

Water management testing at Derne Valley College – all water management, legionella compliance and risk management renewals reside with Severn Trent. Work has been commissioned and is pending due to staff shortages.

[confidential item]

AGREED: The Committee noted the contents of the report.

12

Opportunities Register

The Executive Director of Finance reported that the register is an indicator of applications and successes and any opportunities. One governor agreed that the register highlights to governors the opportunities and the work the team are doing. It was noted that the team are good at prioritising resource to apply for funding at the right time.

AGREED: The Committee noted the contents of the report.

13

Contract Register – whole Group

The Executive Director of Finance reported that the register is an evolving item. There are 100 contracts in place. The process will allow the Group to review the procurement process with an initial focus on estates. All invoices for annual subscriptions are being included. 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. It is expected it will take a full annual cycle to capture everything.

The Committee noted that the work appears to be going in the direction that governors have requested.

AGREED: The Committee noted the contents of the update.

14 Insurance – Cyber Security

The Committee noted that the insurance policy has been renewed for cyber security.

AGREED: The Committee noted the contents of the update.

15 CFFR 2023 follow up

It was agreed that this item had been covered earlier in the agenda (see item 7.5).

AGREED: The Committee noted the CFFR 2023 update.

16 Any other items of urgent business

There were no items raised.

17 Meeting dates:

Finance & Resources Committee:

Tuesday 16 January 2023 at 5pm

Tuesday 12 March 2023 at 5pm

Thursday 2 May 2024 at 5pm

Tuesday 25 June 2024 at 5pm

18 CONFIDENTIAL ITEMS

Confidential minutes of the meeting held on 27.09.23

The confidential minutes were reviewed and it was agreed that they were an accurate record of discussions subject to amending the date.

AGREED: to approve the confidential minutes of the meetings held on 27th September 2023 subject to including the AEB subcontracting comments.

Meeting closed 18.24

Signed _____ Chair

Date _____