Minutes

RNN GROUP

Meeting	Finance and Resources Committee		
Date	Thursday 2 May 2024	Time	17:00-19:00
Venue	Online		

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); Cath Mollart (Executive Director Corporate Services and Strategic Planning); Dan Stanbra (Director of Adult Education and Contracts); Sarah Connerty (interim governance advisor and minute taker)
Apologies:	

	Item	Action
1.	**Welcome, introductions and apologies for absence** The Chair welcomed colleagues to the meeting. The Director of Adult Education and Contracts did not attend the meeting.	
2.	**Declarations of interest** There were no declarations received.	
3.	**Minutes of the meeting held on 25 March 2024** **RESOLVED:** The minutes of the meeting held on 25 March 2024 were agreed as a true and accurate record.	
4.	**Matters arising** A number of actions have been closed. Actions in progress or on the agenda were noted as: **Action 1** – new rules around English and math and Group strategy **– see agenda item 7. Due to the Director of Adult Education and Contracts being absent from the meeting this item is carried to the next meeting.** **Action 3 –** finance terminology **– see agenda item 8** **Action 4 –** Investment strategy **– see agenda item 9** **Action 5 –** Energy contracts **– see agenda item 10** **16 January 2024 actions:** **Action 1 –** Dinnington campus **– see agenda item 15** **Action 2 –** HR KPIs **– is in progress and will be reported at a later meeting.**	Dir of Adult Ed and Contracts
5.	**HR overview** including: • **Gender pay gap report (GPG report)** The Committee received the Gender Pay Gap 2023 report and confirmation that it had been submitted by the required deadline. The data shows the Group's gender pay gap, based on mean (average) hourly salary, is **14.6% lower** for women, and the median (midpoint) hourly salary is **17.3% lower** for women across the organisation. This is a **1.5% decrease** in the Group's mean gender pay gap and a **5.4% decrease** in our median gender pay gap in compared to 2022 which is very positive. It was confirmed that the staff figures include RNN Group, Rotherham Education	

Services (RES) and the National Fluid Power Centre. Due to the nature of the reporting and staffing numbers, this will not remain a static figure.
The Committee questioned what actions had been taken since last year's report to improve the position. The ED Marketing, HR and OD explained that the bonus payment element of the GPG has changed and now regular payments (e.g., Market Force Supplements) are included in the pay gap data whilst previous they had been included in the bonus element of the report. Also, there was a reason why there was an increase in the numbers of staff recording as having received a bonus payment (see paper for details). The Group is proactive and positive in the work it does including not positively discriminating, inclusive advertising and the reaffirmation of Investors in Diversity which proves that the Group is a diverse institution. The Group is predominately a female organisation in its part time and lower paid roles which will naturally create a gender pay gap. In general, the gender pay gap is closing and moving in the right direction. The work put in over a number of years around diversity has made a difference. The number of applicants has increased since the pay award which will lead to subtle changes in this year's reporting.
The Chair noted that the gender pay gap reporting is factual and needs to be seen in the context of the population split of the Group's workforce. Another question is do we have an equal pay issue? And are male and females on the same level of salary.
The Committee agreed that the work that has been done in diversity and inclusion and changes to recruitment practices will contribute to a greater sense of inclusion. Things are done differently as part of the everyday Group practices.
The Committee agreed that the Gender Pay Gap for 2023 was good news.

HR overview

The ED Marketing, HR and OD provided a detailed report which included a variety of items for interest and to provide an overview of what the Group is doing (see full report for details). Key points included:

- **Recruitment** is improving. There are still areas of hard to fill roles which has been a challenge for a long period of time. HR are doing a lot and working with agencies and now have an agreed supplier list and are developing relationships with suppliers
- There remains an issue with retention in some roles
- A new Head of Maths & English is starting at the end of June
- The super teacher roles are being looking at which will help with English and maths provision
- In **Learning and Development** lots of good things are happening around induction, round 2 of the Management Development Programme, the second Insights Discovery session which has positive feedback around team building and communications. The Skills Audit Programme which is continuing for a second year to identify CPD needs, opportunities for upskilling staff and looking at skills for the future, an update to the new Staff Development and Application Process, and the Skills Academy hub for all personal and professional development for staff and Digital Skills Development Hub (to include the new AI academy) to be launched in May 2024.
  The Committee considered the updates and agreed that the Skills Academy Hub is good in bringing everything in one place for staff and providing easy to find information. It is positive that Staff Development will be working closely with the Deputy Head of Digital Learning, to bring AI discussions, training and best practice to all staff
- **Organisational Design Summary** – the Estates restructure consultation finished at the end of March 2024 and a full update was provided. The Committee asked about the caretaker role and it was noted that the previous structure included an admin role at each site. This has been replaced with a manager role with more responsibility for managing projects and health and safety. All three posts have been filled with one post holder stepping up to the role, one post being offered to a

		member of staff who had been put at risk of redundancy and one posts recruited externally. The security tender has closed with 25 tenders received and 16 tenders considered. Further details will follow and due to the contract price, this will come through the Board for consideration and approval. • **Health and Wellbeing** – there is a lot of good work being done and a range of benefits for staff to buy into. The Kudos scheme has been running for two years and is growing in popularity. Every term one person is selected from each of the four values (We are one team; we deliver; we are inclusive; we have integrity) to receive a voucher. Many people are doing great things and it is increasingly difficult to select an individual. • **Investors in Diversity** – the Group achieved the award again in March 2024, achieving three out of ten of the destinations and partially achieving seven. A working party is being put together to look at the partially achieved destinations and an action plan will be put in place. • **Performance Management –** further developments have been made on the Performance and Development Review Process (PDR) in line with developments in the ITrent system and feedback from staff. It enables greater flexibility and communications for staff. Strategic targets are linked to performance targets**.** **Progress against KPIs for People and Place in the Community 2023/24** • **Improve staff engagement and health & wellbeing to increase performance by reducing overall sickness absence to the AoC benchmark of 2.7 % by the end of 2024.** Sickness absence has dropped and is currently at an average of 3.8% for the last 12 months and 3.5% for March 2024. Stress and mental health continue to be the highest reason for absence. Long term absence has dropped from 22 to 10 members of staff and a lot of hard work has been done to support staff, with the majority of staff returning to work. • **To implement strategies across the group designed to reduce the level of voluntary turnover to 19% by the end of 2024.** The level of turnover in the organisation is dropping and voluntary turnover currently stands at 18.3%. Recent exit interviews do not show any areas for concern. • **To roll out and complete an all staff, staff opinion survey by the end of April 2024. To run focus groups following the results of the SOS and feedback on the results and actions to be taken from the SOS, by the end of July 2024.** The Staff Opinion Survey closed last week with 298 members of staff having completed the survey. Focus groups will review findings and an update will come to the Committee in the autumn term. • **To amend the SRF process, linked to accurate establishments figures by the end of 2024 making the process more streamlined and efficient.** An amended SRF process is underway working with Finance on the modelling. This is in the working stages and will be reported to a future Committee. The Committee thanked the ED Marketing, HR and OD for a really comprehensive report. Questions raised included: • the bonus scheme and moving academic staff up the scale and whether there has been any impact on the quality of recruits. This has and the number and quality of applications is improving. Benchmarking has been carried out and salaries are now in line with the sector average. • the recruitment of managers for the Estates posts. It was noted that there had been a high number and quality of applications and the Group are competitive in the local area and attracting high quality candidates. The Group's newly appointed	 ED M,HR,OD

6.	Head of English and Maths is coming from Sheffield College and is highly experienced and regarded. • the percentage of returns on the staff survey at 30% which seems low. It was noted that this is the first survey of this scale at the Group and return rate will be an area looked at in the focus groups to understand why. • the negotiated fee on the preferred supplier list. This was confirmed as 10%, and it can be up to 25%, so this was a positive move for the Group. • the increased use of RES and whether this is a short term stop gap while more permanent longer-term roles are recruited to. It was noted that there has always been an element of RES so the Group has the ability to flex in and out. The numbers have increased over the previous two years and numbers are looked at to make decisions on permanent recruitment. There was assurance that people are not retained on RES for a long periods of time. The ED Marketing, HR and OD summarised that the Group are moving in the right direction in HR matters over quite a few areas and there is no reason to see any change in this progress.	
6.	**Adult and Subcontracts 23/24 & 24/25 Overview** **ACTION:** The Director of Adult Education and Contracts did not attend the meeting so the item will be carried to the next meeting. The CEO summarised that: • Current AEB performance is on track for this year to achieve the full £6.97m allocation with potential for overperformance • A growth bid to enable overperformance has been submitted to allow flexibility to respond quickly in the subcontracting of apprenticeships. There was assurance that this is appropriate and the Group are using the AEB budget appropriately • Appropriate action will be taken to prevent AEB overperformance if needed • A 2024-5 curriculum allocation of £7.09m has been awarded • Subcontracting profiles for ESF 16-18 and AEB are within authorised profiles of performance, are high quality and are on track for realisation • All areas are monitored closely with Directors of Campus Questions and updates included: • the proposed work with the Group and **Momentus Football Academy** is coming to the Quality and Standards Committee for update and review prior to any decision making • one governor reminded the Committee about the increase to the **Rotherham Utd** contract • one governor noted that subcontracted learners are expensive with the Group receiving only 20%. It was agreed that there is a rationale and strategy for subcontracting at the Group • the **SYMCA growth bid** decision is pending • **Reporting and figures** are consistent across AEB and finance which is positive. The link governor for AEB reported that she had recently met with the Director of Adult Education and Contracts. Updates included that the cross-College provision of ESOL, math and English and distance learning is reaching saturation point and the focus is on getting the profile as accurate as possible at each College. She confirmed that the Director and his team are doing a good job. The CEO reported that there is regular contact with the CEO and ED Finance and Estates and the Director is line managed by the DPCEO.	Dir of Adult Ed and Contracts
7.	**Strategy for new funding rules around English and Maths** *(action 1)* **ACTION:** The Director of Adult Education and Contracts did not attend the meeting so the item will be carried to the next meeting. The CEO reported that funding has changed around maths and English and a model with curriculum teams for the additional 25% delivery in maths is being developed. The Group can meet the demand with staffing and it is now around where to hold the additional provision with a proposal for some sessions to go back into curriculum areas.	Dir of Adult Ed and Contracts

	The new funding direction for maths and English requires colleges to start to increase class sizes compared to tuition funding which was around smaller class sizes. It was clarified that the funding is the same as in previous years and overall, it does cover its costs.	
8.	**Finance Report and February 2024 Management Accounts** Which incorporates: - Progress against KPIs 2023/24 - Finance 'on a page' - Bank Covenants -Mid-Year Financial review and reforecast -2024/25 Budget – Timetable and Assumptions -Updated 3 Year Financial Forecast -Funding Allocations 2024/25 -Summary of finance terminology *(action 3)* The ED Finance and Estates provided an updated on the forecast for this year which is due to be reviewed at the end of May for year end. The March Finance Report has nothing of significance to report. The current forecast demonstrates that the Group can sustain Good financial health with a strong earnings before interest, tax, depreciation and amortisation (EBITDA) for future capital and curriculum investment (see reports for full details). Key points raised included: • Actuals and forecasts-the Group is slightly better in EBITDA and profitability • There are potential risks around apprenticeships actuals with the year-to-date income being significantly below budget with an overall risk to the forecast of £300k when mitigated by non-pay savings. This impact will be reported at the next meeting. **ACTION:** The Committee asked for further details around recruitment and activity to see the wider picture • **ACTION:** There was a request to spend some time putting the apprenticeship funding line under a bit of scrutiny as it is important for the Committee to have a handle on apprenticeship funding and the timings of achievements. Good work takes place at the Quality and Standards Committee around the quality of apprenticeship provision and the Committee should look at any areas of financial risk in some detail, how apprenticeships are aligned with the Finance teams expectations, the funding rate for recruitment in different types of provision, and how it can be better reported to the Committee. It was noted that the new forecasting software will be beneficial in accuracy and timeliness. It was agreed that the figures have never been this far out and further investigation is required. The ED Finance and Estates confirmed that the shortfall is a net impact of £300k (against income of £700k and reduced costs of £400k). It was agreed that a deeper dive and analysis will take place. • There is a potential £200k that could be reclaimed for apprenticeships. The Data Collection Tool is showing a slightly higher figure than what is received from the Apprenticeship Service. This is reviewed every month with MIS and Finance to ensure the two systems are aligned. The apprenticeship team have been supporting employers so funding is being released faster than in previous years • The loan is in current liabilities. There was an application in November 2023 to transfer the loan from Lloyds to the ESFA and conversations are expected to pick up in the summer. The terms and conditions for an ESFA loan are not yet known. The bank is suggesting continuing with the original term of the bank loan (15-year term) and remodelling with the ESFA for the remaining 10 years. If the Group sells Dinnington any proceeds would go back to the bank. The loan stands at £2.1m • One governor questioned the T level allocation for specialist equipment of £1m noting that the Group is a long way off spending the allocation. The ED Finance and Estates confirmed that a recent meeting has taken place and the delay is because	ED Finance and Estates

		the majority of the equipment is related to the current remodelling works. There was assurance that any residual funding will be spent by the end of July 2024 **Budget** • The budget forecast now reflects changes in income expected for the year with additional costs to deliver to increased 16-18 numbers. Curriculum planning and business support areas are included in the budget • There is a significant increase in the number of unfunded learners (474) • The budget has not accounted for any growth funding and is presenting a worst-case scenario on 3 year budget • Some assumptions on pay are included • Net operating is expected to be £197k which is a £90k improvement against the original budget for the year • EBITDA is positive for the current year and 3 years forward at £2,485,000 which is an improvement against the original budget • There is a £400k spend on capital and the rest is to build cash reserves. The bank covenant requires £3m in the bank • For future years the £2m year on year could be used to invest in capital expenditure noting that there will be pressures on pay year on year. Anything above the modelled 2% will have an impact on EBITDA and a slight impact on the financial health score • Timings for the budget and 3-year plan – todays Committee initial draft; 10 May budget holders given initial budget and asked to provide details of large spends/appeals process; 27 May detailed spend received by budget holders; 11 June final budget issued to ELT; 25 June final budget to Committee; 8 July final budget to the Board for approval; 31 July 3 year plan submitted to the ESFA • The next iteration of the budget will include financial ratios and sensitivity analysis including different pay awards • There is an assumption of a 2% year on year pay award. The unions have requested 10% and inflation is around 3% • The main tranche of funding is £26m for next financial year. Over last two years there has been a £7m increase which has helped • The learner numbers are going in the right direction and these are reported to the Quality and Standards Committee. There has been a birth-rate and demographic increase (which will ease off) in available learners and on top of this an increase in learners choosing the Group. There is an increased trend of education over work and apprenticeship numbers are down. **ACTION:** One governor asked about the position of NEET in Rotherham and North Notts • The ED Marketing, HR and OD reported that the work of Marketing has made an impact, the work with schools is making a difference and the variety and reach on social media is strong. It is the vision of One Team working together to provide a really good experience and this has led to the Group having a greater share of student numbers than before. There is the increased reputation the Good Ofsted result, the strong relationships with schools and stakeholders and the results of capital funding and upgrading sites which are all attracting students • The Committee agreed that a couple of years ago the Group was slow on marketing and there is now an earlier and improved approach which focuses on the benefits of education. There is still a high attrition rate, but the team are managing that and the focus has always been on making sure the learners have the right choices and are on the right courses to progress. Because of the challenges of the region a lot of students do leave to get a job • **EFSA confirmation on Financial Health** - the Committee noted the confirmation letter from ESFA who have reviewed the audited financial statements for the year ended 31 July 2023 and confirmed a financial health score of Requires Improvement	Exec

	• **Terminology paper** – the Committee noted that the paper was welcomed. This will be a fluid document with the increasing number and changes to acronyms. The latest update is AEB moving to Adult Skills Funding (ASF).	
9.	**Investment strategy** *(action 4 and 11)* The ED Finance and Estates noted that consolidated cashflow has been included in the report. The blue line is where the Group is expected to be and the green line is the current position. The cash position is higher than forecasted after reforecasting. One governor asked about the significantly different position around capital. The ED Finance and Estates reported that there have been significant challenges around capital expenditure and timing of payments while managing the projects. There is assurance that there is a tight control on cash within the capital projects and it will all come in on budget. As requested by the Committee the ED Finance and Estates wrote to ESFA around investment strategies and MPM and it is considered good practice to invest surplus funds. The Group will use relatively low risk high street accounts for no more than 3 months for no more than £1m at a time. Interest rates are relatively high. The Chair of the Board noted that the advice confirms that investment of surplus cash is appropriate and asked about the Committee's request to look at the accuracy of cash forecasting over the period since the last Committee. The ED Finance and Estates confirmed that the cash flow forecasting is positive and there is significant control over when costs are going out with full control on the number of trading days, set supplier payment dates and the variability of revenue is well understood. The only challenge is around capital expenditure and this will remain in the current account. **RESOLVED:** The Committee recommended to approve the investment strategy to the Board *(Action from the Board: There was a proposal around treasury management to address surplus cash and the committee want to have more comfort around the cashflow before taking a proposal back to the Board.)*	ED Finance and Estates
10.	**Energy contracts** *(action 5)* The ED Finance and Estates provided a brief update on using a company to support the Group source savings on its energy contracts. **ACTION:** the ED Finance to organise a session with Inenco and a small group of available governors to understand the service offered and potential cost savings. To include on the Board agenda for the 20 May 2024 if a session can be scheduled prior to the 13 May 2024. The Chair noted he was happy to be involved.	ED Finance and Estates
11.	**Risk Report** (Committee items extracted from the Corporate Risk Register) a. Finance, b. HR, c. Estates, d. ICT The ED Finance and Estates reported that there are only minor updates to report (see summary paper for details). There was an update on the recent Committee Chairs session on risk. It focused on how risk is treated at Committee meetings and ways to improve effectiveness and oversight. Ideas included bringing risk to the top of agendas, mapping the agenda to risks and ensuring that risk is central to all Committee agendas. The suggestions are going forward to the Audit and Risk Committee for further discussion and will then come back to the Committee.	Dir of Gov
12.	**Contract Register** – whole Group The ED Finance and Estates reported that to date 154 contracts have been captured on the register. It is a working register and is interactive. The process will ensure that timely reports come to the Board on any approvals. Work continues to include all Group contracts and new contracts will be added going forward. The Committee noted how pleased they were to see the progress being made as it ensures the Group is compliant on procurement laws looking at current values, supporting savings and providing comparators.	
13.	**College Financial Handbook 2024**	

	The ED Finance and Estates reported that there are no substantive changes to previous rules around finance in the Handbook. 90% of the areas of compliance are items that the Group put in place last year and he is confident on compliance with the Handbook. The Committee agreed that it is important that governors understand and are aware of the Financial Handbook. One governor suggested a review of the must and the shoulds in the Handbook to provide assurance that the Group is compliant. **ACTION:** It was agreed that a session on the Handbook would be beneficial and the Director of Governance agreed to include a session on the Board training and development programme	Dir of Gov
14.	**IT Strategy update** The CEO reported that an interim lead for the IT department has been recruited from Highlander. They have been in post two weeks and are moving at pace progressing what needs to be done, working on the IT strategy, including the AI strategy for the Group, and working with staff. The Committee asked about the timescale for the strategy and it was noted there is a three-month timescale to set a strategy for 2024-5 and at that point there will be a review of the longer-term management plans for the IT function.	
15.	**Estates Report including:** The ED Finance and Estates reported that the capital works projects are going to plan. There are additional works which have been addressed and funding has needed to be used mainly at Clifton around necessary works such as asbestos removal and flooring. One governor asked about the confirmation in the paper (table on page 4) that there will be no overspend on the budget in any areas and how was achieved when there were extra conditional works. The ED Finance and Estates explained that some of the potential works at other sites have been paused, for example the remodelling of toilets at DVC, and the budget is being managed overall to ensure it does not exceed allocations. **a. Update on Dinnington campus *(action 1)*** **b. Planning advice** [confidential item] **ACTION:** The action from the Board is *to provide an options paper for governors to review the best options for the site looking at value, planning, associated costs and disposal.* Full details will come to the next Committee. [confidential item] **c. Tender for security** The ED Finance and Estates noted that this is in progress and will be an item for Board approval because of the value of the contract. **d. Further Education Estates Planning (FEEP) report** The ED Finance and Estates reported that there has been a reorganisation in the team and one member coming in has extensive knowledge around FEEP compliance and is enthusiastic to improve its status across the Group. One governor asked about the 182 reported accidents and incidents and how this compares to previous years. **ACTION:** The ED Finance and Estates to include benchmarking in the next report to see the trend.	ED Finance and Estates ED Finance and Estates
16.	**Bridge provision** The ED Finance and Estates reported on the Group's rental space at the Bridge in Worksop. There is an option to move out of the site. The Director of Campus recommends remaining in the space with the current provision. Politically leaving the site would not support the	

	Group and the Bridge's agenda to raise the aspirations and skills of people in the local area. The Committee asked about learner numbers and costs. There is an ongoing provision which is budgeted year on year. The provision is not contributing as much as was hoped for, there are not as many learners as anticipated and numbers are static. **ACTION:** The Committee noted that they would want to see further details on costs and numbers to consider any formal proposals for change. The ED Finance and Estates confirmed that there is no net cost and he will confirm the position in terms of contributions going forward. There was a discussion about the wider picture of working in our local communities with other providers and the importance of having a presence. One governor asked that the format for papers is followed to allow the Committee to consider items effectively.	ED Finance and Estates Dir of Gov
17.	**Any other items** The CEO reported on the Retford post-16 programme run by North Notts County Council. The Group joined in early 2000 with a number of partners and are under contract until 2032. There are 54 students this year and 56 applications for next year. The Council want to move some of their special needs provision from St Giles School to the Group's area of the building which currently houses Hair and Beauty. There is an increasing demand for high needs provision in the area. Options are: • The Council to pay for relocation to another area of the building. This has been looked into and there are no alternative suitable areas • The Group to leave the agreement and exit from the Heads of Terms and relocate students. All parties would need to agree and there is an emergency meeting scheduled for next week. The Committee asked for details on costs. The Group pay £160k rent per year plus £18k for the reception and Group staffing costs. The provision brings in £350k a year. The Committee asked if students would be disadvantaged if the Group were to exit the contract. It was agreed that the decision should start from the learner and would the learner benefit and get a good deal from any proposed changes. The current site is positive from a safeguarding perspective but the commercial trade side of the learning for students is not ideal and students could be accommodated at North Notts. It was agreed that the length and cost of the lease was a risk for the Group. **ACTION:** The Committee agreed in principle that exiting the lease would be of benefit to the students. The CEO explained that a meeting was taking place with the three parties next week and if agreement is reached in principle for the Group to exit the contract the Committee will be updated and the matter will come to the Board. There would be no recruitment to Retford in September and current learners would be managed. The final stage would be for the Council to revise the heads of terms.	CEO/Dir of Gov
18.	**Date of next meetings:** Tuesday 25 June 2024 at 17.00 The Chair of the Board noted that she needed to leave the next meeting at 18.00 and it was agreed to schedule the agenda so items for approval are addressed at the start of the meeting.	Dir of Gov

Meeting closed: 19.00