



MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON TUESDAY 3 OCTOBER 2017

Present

Gavin Hinchliffe	Staff Governor
Paul Pascoe	Governor
Paul Senior	Governor
Robert Stubbs	Chair
Anne Tyrrell	Interim Principal and Chief Executive
Meryl White	Governor

The quorum for the meeting was three Members.

In attendance

Peter Doherty	Interim Chief Operating Officer
David Reeve	Interim Director of Finance
Mark Stephenson	Assistant Clerk to the Corporation

The meeting was held in the Boardroom, the Hub, and started at 5.00 pm

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1 Apologies

Apologies for absence had been received from Mark Swales, John Doherty, and Catherine Parkinson.

Gavin Hinchliffe, Anne Tyrrell and Peter Doherty were welcomed to their first meeting of the Committee.

2 Declarations of Interest

Members were reminded of the need to declare interests as and when they arise within the agenda and recognised that there is a register of standing declarations of interest held by the Clerk.

There were no new declarations of interest.

3 Appointment of the Committee Chair and Vice Chair 2017/18

In the context of the proposed merger, it was confirmed that the appointment of the Chair would be for this meeting only. Robert Stubbs, the current post holder, indicated his willingness to be considered; there were no further nominations and Members duly appointed Robert Stubbs as Chair.

It was confirmed that this is likely to be the Committee's last meeting before the proposed merger with North Lindsey College (scheduled for 1 November 2017); this provides a context for the agenda items and Members' consideration, but, should the merger be delayed or not take place, the Committee will meet in accordance with the College's agreed Meetings Calendar 2017/18.

RESOLUTION (FR16 /17):

Members appointed Robert Stubbs as Chair of the Committee.

4 Minutes of the previous meeting held on 21 June 2017 and any matters arising

The minutes were agreed as a true and correct record and signed by the Chair.

Matters arising:

- **Item 7: Financial Year 2016/17 year end** – it was reported that audited financial accounts for the College are required to be prepared both for the year ended 31 July 2017 and also for the 3 months ending 31 October 2017 (subject to the merger taking place); both sets of accounts will be ratified by the merged colleges' board prior to submission to the ESFA; two external audit fees will therefore be incurred.

5 Determination of Any Other Business

None.

Paul Senior joined the meeting at 5.15pm.

6 Review of Committee 2016/17

Members received a report that set out a number of questions for the Committee's consideration of its own performance in 2016/17 and included a summary of the key priorities / areas for improvement agreed at the September 2016 meeting of the Committee. Additionally, it was noted that the Committee had reviewed its terms of reference at the last meeting.

Some discussion took place about the performance of the Committee, and a number of key points were made:

- Members indicated that progress had been made against each of the five priorities identified in September 2016; financial management reporting had improved, facilitating close monitoring of the College's financial position; reference was also made to plans to invest in a new financial management system (as considered in greater detail at item 13 below);
- There has been rigorous scrutiny of the budget with tough financial targets recommended and agreed for the next 3 years;
- The College's Estates and Property Strategy has been reviewed, resulting in difficult decisions being made in order to make the necessary cost efficiencies, including the relocation of the curriculum from the High Melton site and the closure / disposal of the Campus; the sale of the College's shares in ASDD (Arthur Street Developments Doncaster) has also been completed;
- Members received a verbal update on the sale of the High Melton site; it was confirmed that the appointed agents have prepared a marketing pack and that an advertisement will appear in the Estates Gazette on 7 October 2017; there has been much interest in the site with different options for future use of the site being considered

In conclusion, it was agreed that the five priorities are maintained.

RESOLUTION (FR 17/17):

Members, having reviewed the Committee's performance in 2016/17, agreed the Committee's priorities that should be considered by the merged college board.

7 Corporate Risk / Assurance Register – Committee Monitoring

Members received and noted a report that set out the seven key strategic risks that apply to the Finance and Resources Committee; it was confirmed that the only adjustment since the last meeting relates to risk 10 (apprenticeships) which has been updated / rewritten to reflect six separate risks associated with funding, delivery, and provision of apprenticeships.

The new approach to apprenticeships was summarised; of particular note, is a requirement, directly after merger day, for each employer (supported by the College) to reassign its contract with Doncaster College to the DN Colleges Group; this is a vital administrative task, which has funding implications if not completed promptly.

In discussions about the Risk Register, Members raised several queries and a number of key points were made:

- Risk 2 (Condition / maintenance of College buildings) – with references to discussions at recent meetings of the Audit Committee, it was suggested and agreed that, given Members' concern and the expected size of investment required, the risk relating to the College's ICT infrastructure is removed and developed as a risk in its own right; it was reported that an independent review of the ICT infrastructure has been commissioned; the resultant report is expected to provide a steer for investment and timescales; additionally, it was reported that Members of the Curriculum Quality and Standards Committee had last week undertaken an informative visit to the Learning Resources Centre, which has been subject to significant change and investment (including ICT) in recent weeks – it is important that such investment continues in the best interests of students and staff;
- Management information systems – it was noted that there are different systems in place at NLC and Doncaster for student records, HR, and finance; tendering arrangements for new, more appropriate systems are in place / being developed; it will be a longer term project to unify systems / process across the merged colleges;
- Risk 12 (Lennartz Tribunal) – the current position relating to the College's appeal was summarised; the Tribunal has not yet made its decision.

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RESOLUTION (FR18 /17):

Members reviewed the risk register, noted the related mitigation / controls, and agreed that there is no change to the risks at this time, other than that identified above (ICT infrastructure).

8 Year End Update

Members received and noted a verbal summary of the College's year end position.

Through Governors' questions and discussion, a number of key points:

- External auditors have completed their work – no issues are expected in the Report; the Regularity Audit is under way;
- The College's operating statement for the year ended 31 July 2017 is expected to show a deficit of just under the agreed target of £250k;
- The sale of the College's in ASDD completed in early August 2017, later than planned due to purchaser issues; the impact of this on accounting / asset valuations was summarised; a service agreement is in place with the purchaser for the three staff employed at Doncaster Business Innovation Centre (DBIC); a number of financial / accounting changes are expected to be implemented by end of October

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2017;

- Student recruitment (September 2017) – the current enrolments position was summarised; there were positive comments about the 16-18 allocation (2363) which has been exceeded (2525, as at 2 October 2017); based on anticipated early withdrawals and the fact that curriculum areas are still recruiting, the College's overall target has been increased to 2564; 19+ enrolments continue throughout the year; HE numbers are within the tolerance limits; Apprenticeships – it was pleasing to note that, currently, 29 levy-paying employers have signed up with the College;
 - With reference to discussions at last week's Curriculum Quality and Performance Committee meeting, where it was reported that retention on classroom-based programmes in 2016/17 was high (over 90%), there was some discussion about the importance of retaining students not just after the October census date, but also in the first few weeks of the academic year; all staff are being asked to monitor this position closely and, where appropriate, direct students to other College courses to meet their needs; the inappropriateness of the term 'grace period' was highlighted; the financial impact of student withdrawal was summarised;
 - Management interventions to the student recruitment / enrolment process, including the introduction of fast-track interviews / enrolment procedures, have been successful and highlight the importance of detailed planning / organisation from the outset; Members conveyed their thanks to all staff for their positive response to these interventions;
 - The main curriculum area recruitment trends were summarised, with engineering and hair / beauty remaining strong, whilst music and graphic design are weaker at this time;

RESOLUTION (FR 19/17):

Members noted the verbal update on the College's 2016/17 year end arrangements and the positive nature of the 2017/18 student enrolment / recruitment update.

9 Annual Reporting Requirements

In accordance with the College's Financial Regulations, Members received and noted a report and related appendices that provided an update on two key areas of expenditure:

- Credit / procurement card expenditure; and
- Insurance renewal charges.

The main issues were summarised, and through Members' questions, a number of key points were made:

Credit card expenditure (for the year ended 31 July 2017)

- Explanations for the larger areas of expense e.g. air fares, marketing were provided; purchases are often made to secure services / products at short notice, whilst optimising value for money;
- The roles of the 3-4 main users of credit cards (finance, student support, and estates) were summarised;
- Overall, Members considered the use and volume of the College's credit card expenditure to be reasonable.

Insurance renewal (for the year ending 31 July 2018)

- An increase in the premium of just over £7k (around 9% on 2016/17) is largely due to the increase in employers' liability charges, which for 2016/17 did not consider /

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include DC teach; motor cover has reduced due to few College vehicles; ASDD is not included in the renewal;

- Value for money – Members are assured that the College continues to seek best value; a competitive tender process that led to the appointment of the current provider (until 2018) was completed two years ago; the pros and cons of appointing different insurers for different areas of cover were summarised; overall, the preferred approach is for one firm covering all insurance areas;
- A similar tendering process undertaken by NLC in 2016 resulted in the appointment of the same firm, which was judged to be the most competitive at the time; a potential to generate economies of scale following merger was agreed.

RESOLUTION (FR 20/17):

Members received and noted the contents of the report and approved the annual insurance premium for 2017/18.

10 Staff Personal and Professional Development Annual Report 2016/17

A report that included a copy of the Staff Personal and Professional Development Annual Report for 2016/17 was introduced; the Report provides a baseline on which to further develop the College's commitment. It was confirmed that an immediate priority will be to raise the compliance rate for mandatory staff training in both Safeguarding and Prevent to 100%.

In discussions, reference was made to the 15 members of staff that celebrated their 20 and 30 years' service as part of the College's Professional Recognition Awards. It was agreed that there needs to be a balanced staff profile that ensures an appropriate combination of skilled / experienced individuals and new external appointees that bring new ideas / skills.

A second area of focus will be to ensure the continuous professional development and industrial updating within the curriculum areas; reference was made to a recent management report that set out a comprehensive listing of individual curriculum area links to employers.

RESOLUTION (FR 21/17):

Members received and noted the Staff Personal and Professional Development Annual Report and the key priorities for 2017/18.

11 Property and Estates Strategy – Annual Report 2016

A report that provides an update on a range of College property and estates matters and included (as appendices) copies of reports relating to planned preventative maintenance, capital projects, and utilities consumption data (for the year end April 2017), was introduced.

The key changes / updates on key College estates issues were summarised: the High Melton site is on target for closure by 31 December 2017; the agreed sale Doncaster College East (Stainforth) has been cancelled and the premises, following some refurbishment to teaching areas, are now being used for the delivery of music technology programmes; and the College's shares in ASDD (as indicated at item 8 above).

With reference to discussions at the recent meeting of the Curriculum Quality and Standards Committee, there was some discussion about the various new locations / sites being used for the delivery of HE and FE programmes, following the relocation of the High Melton

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	<p>Campus curriculum. One site, used primarily for FE dance provision, is currently perceived to be less good than the site used for HE students and is therefore to be considered further by managers as part of a review aimed at achieving parity for all students.</p> <p>In relation to the Contracts and Procurement section of the Report, it was confirmed that, following a review of the concerns, the appointed security contractor has now left the College and a replacement firm has commenced the provision of services. Arrangements are in place for the review of both colleges' contracts following the proposed merger.</p> <p>RESOLUTION (FR 22/17): Members noted the contents of the Report and conveyed their thanks to all staff involved the estate changes.</p>	DR
12	Off Payroll Employees Policy	
	<p>Members received a paper that included a copy of an Off Payroll Policy, drafted in the context of HMRC's requirements for the public sector from April 2017 (as set out in IR35); it was noted that the onus is now placed on employers, using the on-line HMRC tool (a series of questions), to determine whether someone working in the organisation is an employee or not and the taxation implications arising as a result of that determination.</p> <p>When specifically queried, it was noted that the main difficulty for the College in the Policy's implementation is the increased cost (partially relating to the national insurance element of pay costs) in the context of the College recruiting to more interim posts at this time.</p> <p>RESOLUTION (FR 23/17): Members recommended the Off Payroll Employees Policy for Board approval.</p>	
13	New Financial Accounting Software	
	<p>A paper that summarises the context and includes a proposal for the purchase of new financial accounting software was introduced; the proposal covers and sets out the costs for two options:</p> <ul style="list-style-type: none"> • As a merged college – the DN Colleges Group; and • For Doncaster College – if the merger does not go ahead. <p>The (joint college) tendering arrangements were summarised; invitations were sent to five suppliers, of which three submitted their proposals; appropriate assessment criteria and scoring mechanisms had been established. In consideration of the risks relating to both colleges as independent organisations and as a merged entity, a preferred supplier was clearly identified and agreed by both colleges.</p> <p>Through Members' questions and discussion, a number of key points were made:</p> <ul style="list-style-type: none"> • The preferred supplier has a strong following in the FE sector and currently has a significantly older version of the software at Doncaster College; NLC currently use a different system; • The proposed system has increased optionality and functionality, enabling improved efficiency and local configuration of the system to meet own requirements; • Tender assessment / scoring records are available should they be required; • Clarification around the costs of the system, in particular the internal resource cost which quantifies the overall time and rate; there would be no additional hardware requirements; 	

- Recognition that the proposed purchase represents a significant, but necessary investment for the College individually and for the merged colleges.

RESOLUTION (FR 24/17):

Members were assured by the joint colleges' tendering arrangements and recommended the preferred supplier for the contract to supply the new financial accounting software, for Board approval.

14 National Policy Update/Feedback from Events

None.

15 Any Other Business

None

16 Items for feedback to Board

- A review of the Committee's performance in 2016/17 has been completed and specific priorities for related areas of activity agreed for consideration by the merged college;
- Noted amendments to the Risk Register and ongoing work to mitigate risks;
- The financial / audit year end arrangements have been noted, along with an update on student recruitment / enrolment for 2017/18;
- Considered and agreed the College's insurance renewal;
- Received updates / assurances relating to changes to the College's estate;
- Recommends for Board approval the:
 - Off Payroll Employees Policy (in the context of HMRC's IR35 requirements; and
 - Award of the tender to the preferred supplier of new financial accounting software

17 Date and Time of Next Meeting

The next meeting is scheduled to be held on Wednesday 22 November 2017 at 5.30 pm in the Boardroom (if required).

Reference was made to a draft Memorandum of Understanding (MoU), which sets out proposals for Committee Members' membership of the similarly named committee at NLC following merger and is to be considered by the Transition Group.

The meeting closed at 6.33pm.

Mark Stephenson
Assistant Clerk to the Corporation

Signed: (Chair)

Date: