

DN COLLEGES GROUP

<p style="text-align: center;">CORPORATION FINANCE AND RESOURCES COMMITTEE</p>

Minutes of the Meeting held on 5 February 2018

Prior to the meeting Mr Tüscher informed those present that A. Monighan had resigned from the Board.

1. **Present** P. Adams (Chair), R. Brook, A Khan, P. Pascoe, P. Senior, L. Sharp, R. Stubbs, A. Tüscher, A. Tyrrell, M. White

In Attendance J. Charles, P. Doherty, M. Lochran, D. Reeve

2. **Apologies** R. Brook, A. Khan

3. **Chairmanship**

It was proposed by A. Tüscher and seconded by P. Pascoe that P. Adams be appointed Chair for this academic year. P. Adams accepted and took the Chair.

It was noted that the proposed Terms of Reference for the Finance and Resources Group included the appointment of a Vice Chair. As the terms of reference were still under consideration by the Task and Finish Group, it was agreed that a Vice Chair would not be appointed at this time.

4. **Declaration of Interests**

Members were reminded to declare any personal or financial obligation, allegiance or loyalty which would in any way affect decisions in relation to the subjects under discussion

5 **Terms of Reference**

The terms of reference for the Finance and Resources Committee will be considered following recommendation by the Search and Finish Committee.

6 **Minutes**

The minutes of the meeting held on 25 September 2017 (NLC) and 3 October 2017 (DC), were approved as a true record and signed by the Chair.

7 Action Points / Matters Arising from Minutes NLC

Date	Item	Action Point	Action
25.9.17	7	Work is ongoing to maximise the use of the Group's apprenticeship levy. Discussions will be held with HR to ensure that the recruitment process includes the apprenticeship aspect. An update on progress will be given to the next meeting.	
		ML had met with the Director of Commercial Training from North Lincolnshire Local Authority recently to discuss their use of the apprenticeship levy. Some progress had been made. Further discussions are required with Doncaster Local Authority.	ML
		ML said that HND is being offered at John Leggott College again; an agreement had been made with their Principal regarding referral of students to the North Lindsey University Centre.	

Action Points / Matters Arising from Minutes DC

Date	Item	Action Point	Action
3.10.17	3	DR confirmed that the issue of the ICT infrastructure being developed as a risk in its own right would be discussed by the Risk Management Group and would be raised at the Audit and Risk Committee later in the month.	
	11	Arrangements are in place to review both Colleges' contracts for security following the merger.	

8 Performance Monitoring

Members received an update on the performance in terms of current recruitment across the group. Of particular note:

- Higher Education. North Lindsey continues to recruit well and it is anticipated that HE Fees will be £50,000 above budget at £4.85m. Doncaster overall is slightly ahead of its budget at present so should meet the HE income target of £4.5m
- 16-18 Recruitment. North Lindsey continues to be challenging due to increased competition and demographic trends with 1667 students enrolled compared to 1695 in 2016/17. This is likely to result in a reduction in allocation in 2018/19. Doncaster College has exceeded its target of 2363 with 2397 currently enrolled. This will lead to an increased allocation and funding for next year.
- Adult Recruitment. At North Lindsey this has been very challenging with a more buoyant labour market leading to a fall in 19 year olds

completing full time programmes and short programmes for the unemployed. Taking projected enrolments into account the college is projected to have a shortfall of around £150,000 which will be met through contracting with Vision to Learn at a net cost of £90,000. Doncaster College is currently forecasting to be within the 3% tolerance for its total adult budget although as with North Lindsey it has been challenging. The total income forecast is under review at the moment to ensure that the full years out-turn will be within tolerance. ESOL courses have proved to be extremely successful in recruiting and the opportunity to deliver additional cohorts is being explored. VTL is also being considered if needed. A meeting is being held with both of the Local Authorities to discuss joint planning for adult provision.

- Apprenticeships. North Lindsey College was successful in achieving an allocation for non-levy apprenticeships of £899,762 to be delivered between January 2018 and March 2019. Apprenticeship income is slightly ahead of profile with £2.75m worth of apprentices started against a target of £3.1m. There are further planned starts at British Steel and NLaG and this together with non-levy recruitment should see the target met. Doncaster College has been awarded an allocation of £568,323 for non-levy delivery between January 2018 and March 2019. Total apprenticeship income is likely to be below the budget of £2,824,000 due to the late start of a key NHS contract and lower 16-18 recruitment numbers in September 2017. The latter was partly due to the success in recruiting on the new starts for the rest of the year however it is unlikely this will offset the income shortfall in full, which is likely to be around £200,000.
- Project/Commercial Income. North Lindsey is projected to be £783,000 against a target of £790,000. It is expected that the budget target will be met. Similarly, the budget target at Doncaster College is forecast to be at least met, with current revenues ahead of budget by £50,000 to the end of December.
- High Needs. North Lindsey College had £250,000 in the budget for the year which should have resulted in 3 payments. The 80 places allocated had not all been filled so a deficit of £60,000 is currently being debated with the Local Authority who have suggested that this amount is taken from the total allocation which was of concern. A contract is not yet in place.

A. Khan left the meeting at this point

It was agreed that a consistent reporting style should be determined for all meetings.

9 **Financial Report December 2017**

Members received a report on the year to date consolidated financial performance of the DN Colleges Group.

The consolidated management accounts report a deficit of £68k for the five months ended 31 December 2017, although this is an improvement of £193k upon the budgeted deficit for the period of £261k, principally as a result of staff costs underspend in comparison to the profiled budget. The ability to achieve income targets for both Apprenticeships and Adult Education Budget in particular remains subject to monitoring and review.

In response to a question it was noted that any shortfall of funding allocation in relation to the High Needs provision would be reflected in the next accounts.

The year end forecast is in line with budget i.e. a surplus of £523k. The half-year management accounts to 31 January 2018 will incorporate an updated year-end forecast. Capital expenditure is broadly in line with budget and expected to remain so.

Financial Health is Good at December 2017 and is forecast to be Outstanding at July 2018 with full compliance with Lloyds Bank and Santander UK bank loan covenants expected to be maintained through the financial year.

It was noted that the report included KPIs associated with the Area Based Review. Whilst these statistics had been useful to date, it was agreed that, with the exception of the Staff Costs as a % of Income, they would not be included in reports after the new financial system was in place as this would provide a new format of reporting.

Reference was made to the pending disposal of High Melton which will change the profile of the balance sheet.

10 **Chairs Action**

The following Chair's action was reported:

1. The Corporation Board had agreed in principle that Chairs Action could be taken to progress with a Vision to Learn Contract. This had now been established for an additional 280 students with an estimated income of £151,327 of income. AT had confirmed approval for this contract on 2 February 2018.
2. A purchase order with Aspect for AEB Carry-in, new starts and Apprenticeship delivery for a total of £105,099.41 had been approved by AT on 10.1.18
3. A purchase order with DETA for Carry-in Values and new post May levy apprenticeships for £157,567 had been approved by AT on 30.11.17

11 **Annual Pay Award 2017/18**

Members were invited to consider an annual pay award for staff for 2017/18 with a view to recommending approval to the Corporation Board in March 2018.

The AoC Recommendation was for 1% applied to all salaries, or £250 where this is more beneficial.

For the year ending 31 July 2018 North Lindsey College's staff costs are forecast to be in line with budget and are forecast to be 66.36% of income. However, the budget includes exceptional additional costs of £408k relating to the merger and the underlying North Lindsey budget was set with staff costs as 63.94% of income. This forecast also included a provision for a 1% consolidated increase with effect from 1 February 2018.

Doncaster College's pay costs are forecast to be the same as budget at £17,226m which represented 62.5% of income. There had been no provision for a generic pay award which would increase this cost and percentage resulting in an overspend against budget. Provision had been made, however, for the incremental rises which apply to staff on scales. Around 190 or 34% of the total number of staff will receive an incremental increase.

Key considerations are the financial performance of each college and whether to treat the colleges separately or as one entity in relation to pay awards this year and going forward. There is currently a clear difference in how pay is managed i.e. North Lindsey does not have incremental pay scales whereas Doncaster does; applicable to around 34% of the staff.

Consideration was given to pay management, particularly regarding the incremental payments made, and to a consolidated and non consolidated award.

Following discussion, it was agreed that a pay increase across the Group would have a very positive impact on both colleges and consolidate the new that the merger is good for the college group.

It was agreed that the following recommendation would be made to the Corporation Board:

That an award of 1.0% (or £250 where this is more beneficial) be made to all staff (Colleges and Optime). This is as per the AoC recommendation. It is further recommended that the award be backdated to take effect from North Lindsey's normal award date of 1 February 2018. The recommendation also reflected the requirement for the review and application of increments to be made more robustly in Summer 2018 in Doncaster College.

A. Tüscher left the meeting at this point

12 **Tuition and Examination Fees**

Members consider a draft Tuition and Examination Fees Policy for DN Colleges Group with a view to formal approval being sought from the Corporation Board in March 2018.

The key elements of the tuition fee policies for both College had been jointly reviewed to establish a policy for the DN Colleges Group to apply for the 2018/19 academic year. The draft policy had been considered by the Group Executive Team on 23 January 2018 and further consideration of the fees themselves, as appendices to the policy, would be completed later. The Committee was invited to consider the core policy which included

- Tuition fee rate when co-funded to be set at 50% of LARS published rate, subject to conditional adjustment. This aligned with Doncaster position but was an increase for North Lindsey
- Fee remission, to allow more benefits to be eligible for fee waiver in line with Doncaster policy
- Authority for discretionary aspects to reside with the Principal or Director of Finance
- Payment terms reviewed
- Withdrawal terms reviewed
- Exam fees, i.e. f re-sit established.

After consideration it was agreed that the core policy be recommended to the Corporation Board for approval, subject to further work to complete the fee appendices.

13 **Term 1 Reports**

Human Resources

Members received summary information on HR activity for the Autumn Term 2017/18 for Doncaster College and North Lindsey College. Each College's report had been presented to its Senior Leadership Team on 22 January 2018.

Estates

Members received summary information on Estates activity for the Autumn Term 2017/18. Each College's report had been presented to its Senior Leadership Team on 22 January 2018.

Information Technology

Members received summary information on IT activity for the Autumn Term 2017/18. Each College's report had been presented to its Senior Leadership Team on 22 January 2018.

Consideration will be given to using a common format for future reports.

Members requested that tabulated information and narrative be included in future reports, using the traffic lights system to show progress and areas of concern.

14 **Response to ESFA Letter to Colleges**

PD presented a report to inform Members of the College's comments with reference to a letter dated 17 November 2017 received by all Colleges from Peter Lauener, the Chief Executive and Accounting Officer of the Education and Skills Funding Agency.

The letter had been shared with Members at the joint meeting of the Finance and Resource with the Audit and Risk Committees in December 2017. A response had been prepared with comments from various areas in both Colleges in answer to the questions raised.

No significant concerns were identified.

15 **Date of Next Meeting**

Wednesday 25 April 2018, at 5.30 pm at North Lindsey College.