

DN COLLEGES GROUP

CORPORATION

FINANCE AND RESOURCES COMMITTEE

Minutes of the Meeting held on 25 April 2018

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

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

2. **Apologies** K. Brentnall, R. Brook, G. Hinchliffe, A. Khan

3 **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. A. Tyrrell and J. Charles declared an interest in Item 12 on the agenda – Senior Postholders' Salary Review.

4 **Minutes**

The minutes of the meeting held on 5 February 2018, were approved as a true record and signed by the Chair.

5 **Action Points / Matters Arising from Minutes NLC**

Date	Item	Action Point	Action
25.9.17	7	Discussions have been held with the local authorities regarding their use of the apprenticeship levy.	

6 **Performance Monitoring**

ML presented an update of the performance in terms of recruitment targets for 2017/18 and 2018/19

- North Lindsey recruitment 16-18 continues to be challenging due to increased competition and demographic trends. The reduction in recruitment this year against target is reflected in the allocation for 2018/19. Doncaster 16-18 recruitment target was exceeded, resulting in an increase in numbers for 2018/19
- North Lindsey Adult recruitment 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. Doncaster full time 19+ numbers have been met.

- North Lindsey is still on track to meet its Adult budget with the current enrolments being supplemented by additional enrolments from Adult Skills, Kingsway Training and Vision to Learn. At Doncaster the AEB budget of £3.3m will be met and likely exceeded in part due to a strong recruitment of ESOL students. It was noted that the Adult Skills Budget tolerance of 3% above target will be paid as there has been a massive underspend on adult skills nationally.
- Project/commercial income at North Lindsey is projected to meet target. The Doncaster commercial income is forecast to be above target mainly due to a strong catering performance.
- Nationally, apprenticeship starts fell 41% in the first 6 months since the introduction of the levy and 26% in the first 3 months of the academic year. The Colleges' non-levy recruitment reflected this pattern. However, levy contracts have ensured that the overall target will be met. Doncaster 16-18 apprenticeship income will be in line with budget, although 19+ is forecast to be down largely due to the timing of the take up of numbers in a large contract with the NHS
- Apprenticeship income currently equates to £2/8m 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 is expected to be down by £350k on a budget of £2.8m as it is heavily reliant on the non levy market
- At North Lindsey 16-18 recruitment for 2018/19 remains challenging with fewer applications from schools and fewer acceptances. Curriculum teams and marketing are focused on a programme to increase conversion rates. At Doncaster 16-28 applications for next year are above the number last year. 19+ is more challenging with fewer applications. Teams are concentrating on ensuring as many applications as possible are converted and are engaged in more social media promotion than previously. Schools engagement has also been enhanced and will support achievement of the target.
- Higher Education enquiries are slightly below 2017/18 at the same point at North Lindsey and staff are following up all enquiries to maximise enrolments and continuing with recruitment activities. Doncaster, while applications are down on last year, conversion to firm acceptances are more positive.
- Apprenticeships are an area of significant risk for the Group. Firstly, whether the national decline in apprenticeships starts will continue; secondly the college's reliance on large levy payers, particularly British Steel and NLaG and their future recruitment plans; and finally whether apprenticeship policy will be adapted in light of substantial criticism from employers. At Doncaster there is not the same reliance on the large employer and the recruitment and development activity currently being undertaken should result in an improved performance next year.

Through discussion it was agreed that any level 3 catering apprenticeships from North Lindsey would be directed to Doncaster College and further consideration will be given to increasing the number of employers in this area where possible. There were no plans to provide apprenticeship training for the large national-chain supermarkets.

7 **Funding Allocations 2018/19**

DR presented a report detailing the 2018/19 ESFA Funding Allocations for the Group's 16-18 and 19+ (AEB) FE students along with comparative figures for the current year. The notice of allocations covering non-levy apprenticeships up to 31 March 2019 has been received but not yet for the full year to 31 July 2019. The known allocations will form the basis of the budget for 2018/19. The CDF (Capacity and Delivery Fund) is aimed at supporting providers with work placements. The Doncaster allocation is known but the North Lindsey allocation is yet to be formally advised.

It was agreed that confirmation from the ESFA on the Capacity and Delivery fund allocation will be forwarded to Members on receipt, for information.

PD

8 **Financial Report – March 2018**

PD presented a report on the year to date consolidated financial performance of the DN Colleges Group for the eight months ended 31 March 2018. It was noted that a surplus of £105k was reported, an improvement of £46k on the budgeted surplus for the period, principally as a result of staff costs underspend. The achievement of income targets for Apprenticeships and the Adult Education Budget remains subject to monitoring and review. The year end forecast is close to but not quite equal to budget, i.e. a forecast surplus of £498k compared to a budget of £523k. Capital expenditure is broadly in line with budget and is expected to remain so.

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

9 **Implementation of New Software Systems**

PD presented a progress report on the planned implementation of two new major software systems for the DN Colleges Group.

The new systems, previously approved by the Corporation board, are for a new College Information system (ProSolution) and a new finance system (Open Accounts). The implementation is in progress and is planned to result in the core systems 'going live' in June 2018 in time for the start of the new academic and financial year.

The report included internal audit assurance on the arrangements in place regarding the finance and management information systems project

implementation; together with the following: an update on implementation of ProSuite; the Risk Register for the information systems project; update on the implementation of the finance system and the Risk Register for the finance system project.

10 **ESFA Review of Financial Statements**

PD informed Members that the Education & Skills Funding Agency (ESFA) have reviewed the financial statements and associated returns submitted for both Doncaster and North Lindsey Colleges for the year ended 31 July 2017 and have provided the following documents

1. Doncaster College – Financial Dashboard
2. DN Colleges Group (formerly North Lindsey College) – Letter to Chief Executive
3. DN Colleges Group (formerly North Lindsey College) – Financial Dashboard

The ESFA has chosen not to review Doncaster College in the same way as other college reviews due to its subsequent dissolution and had only provided an updated Financial Dashboard.

Items 2 and 3 are in the name of DN Colleges Group but related solely to North Lindsey College for the year ended 31 July 2017 since, in legal terms, North Lindsey College subsequently changed its name to DN Colleges Group.

The letter in respect of DN Colleges Group confirmed (in respect of North Lindsey College) for the year ended 31 July 2017, a financial health grade as Outstanding and confirmed that the ESFA had not identified any significant financial control concerns from its review of the audited financial statements, financial statements management letter and the annual report of the audit committee.

The Financial Dashboard for Doncaster College confirmed its financial health grade as Satisfactory for 2016/17 and detailed an underlying improvement in the financial health points score.

The Financial Dashboard for DN Colleges Group (formerly North Lindsey College) confirmed its financial health grade as Outstanding for 2016/17 and detailed an underlying improvement in the financial health points score.

The Financial Dashboards also incorporated various key performance indicators and measured those against both target benchmarks and sector benchmarks.

11 **Chairs Action – Bank Mandate**

Members were informed of Chairs action which had been requested and implemented regarding an amendment to the bank mandate.

The bank mandate, as per the approved Financial Regulations, detailed the authorisation levels for payments. This currently included signatures from the CEO or COO. On occasions when neither were available, there was a risk that the biggest regular payment i.e. the monthly payroll is not signed off. In order to provide greater flexibility for authorisation of the monthly payroll total sums at both colleges, it had been agreed that the level from band 3 to band 4 be raised from £500,000 to £1,000,000. This would enable the two Principals and the Director of Finance (as Panel B signatories) to counter-authorise the monthly payroll payment for each college, thereby providing greater cover and reducing the risk of any delay in the processing of the monthly payrolls.

This had been approved by Chair's Action on 16 April 2018 and was now in place.

12 **Procurement Report – Spring Term**

Members received the Procurement Report for the Spring Term which set achievements in the period with outline plans for the coming year. It was noted that savings achieved for the DN Colleges Group in the Spring Term totalled £5k; a further £260k had been achieved in savings in the Autumn Term. A number of key procurements have been concluded, notably the Senior Recruitment Services, Online Recruitment Software and Pension Review Services.

A joint contract register and procurement delivery plan is established for the DN Colleges Group identifying opportunities for greater collaboration and avoidance of duplication.

13 **Reserved Item – Senior Potholders' Salaries**
Item minuted separately

P. Doherty, M. Lochran and D. Reeve left the meeting for this item.
A. Tyrrell and J. Charles left the meeting for the relevant sections of this item.

14 **Date of Next Meeting**

Monday 25 June 2018, at The Hub, Doncaster.

Date	Item	Action	Who
25.4.18	7	It was agreed that information from the ESFA on the Capacity and Delivery fund allocation will be forwarded to Members on receipt, for information.	PD