

## DN COLLEGES GROUP

### CORPORATION

#### FINANCE AND RESOURCES COMMITTEE

Minutes of the Meeting held on 25 June 2018

1. **Present** P. Adams (Chair), R. Brook, P. Senior, L. Sharp, M. Swales, A. Tüscher, A. Tyrrell,

**In Attendance** J. Charles, K. Brentnall, P. Doherty

2. **Apologies** M. Lochran, A. Khan, P. Pascoe

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, P. Doherty and J. Charles declared an interest in Item 12(ii) on the agenda – Senior Postholders' Salary Review.

4. **Terms of Reference**

Members considered the terms of reference which had been agreed by the Corporation Board and were presented for adoption by the Committee.

It was agreed that the terms of reference would be adopted, with the following amendments;

3.4 to be added: the CEO is not eligible for appointment as Chair or Vice Chair.

6 (new 6.12) to be added: receive and review Staff Survey results

6.12 and 6.13 to be renumbered.

New 6.15 to be added: To review and advise on the Group's property strategy

7.1 first bullet point to be changed to 'Approval of expenditure over £100,000'

Add in work plan regarding receipt of the Student Union Accounts

The items regarding reports on the meeting scheduled for 26.9.18 be designated annual rather than summer reports.

Items 2, 4 and 5 on the meeting scheduled 19.11.18 to be deleted as they will be included in the joint Audit & Risk/Finance & Resources meeting held in November. Delete items 6 and 7.

Meeting scheduled 6.3.19, delete items 5 and 7; these are reviewed by the Audit and Risk Committee. Add another item i.e. Pay Review: All Staff.

With these amendments, the Terms of Reference and Work Plan were agreed.

#### 4 **Minutes**

The minutes of the meeting held on 25 April 2018, were approved as a true record and signed by the Chair.

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

Date	Item	Action Point	Action
25.4.18	7	PD confirmed that the confirmation on the Capacity and Delivery Fund allocation had been received from the ESFA. Issue addressed.	
	9	PD reported that Chair's action had been requested for the tender to supply Doncaster College with its Microsoft Campus Licence by Phoenix Software at a total amount for the three year contract £171,233 plus VAT based on current staff figures. This had been approved on 20.6.18	

#### 6 **Performance Monitoring**

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

- 16-18 recruitment remains challenging at North Lindsey; the main emerging concern is the number of students progressing to the next level. This has been identified as an emerging risk and teams and marketing are focused on a programme to increase conversion and progression rates.
- Applications at Doncaster (16-18) up by 140 on last year; 19+ are very similar. Teams are concentrating on ensuring as many applications as possible are converted. School engagement has been enhanced. 155 more applications from schools have been received.
- HE enquiries are similar to 2016/17 at North Lindsey; staff are following up on all enquiries to maximise enrolments. Doncaster applications are down by 38 on last year but conversion to firm acceptances are more positive.
- New College Doncaster will allow access to their students for HE at

Doncaster UC next year. Work with schools and 6<sup>th</sup> forms is increasing.

- Apprenticeships continue to provide an area of significant risk for the Group i.e. the national decline in apprenticeship starts and North Lindsey's reliance on large levy players particularly British Steel and NLaG. Doncaster did not have the same reliance on the large employers and the recruitment and development activity currently being undertaken should result in an improved performance, Directors at each site are refocused on business development.

Members commented on the positive report.

*K. Brentnall left the meeting at this point*

## 7 **Financial Report May 2018**

Members received the consolidated financial report of the DN Colleges Group to 31 May 2018.

The consolidated management accounts reported a surplus of £58k for the ten months ended 31 May 2018, a reduction of £306k upon the budgeted surplus for the period of £363k, principally as a result of a funding body grants income shortfall in comparison to the profiled budget, net of staff cost savings.

The ability to achieve income targets for both Apprenticeships and the Adult Education budget in particular remained subject to monitoring and review.

The year end forecast is close but not equal to budget i.e. a forecast surplus of £414k 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 May 2018 and is forecast to be Outstanding at July 2018; this was an improvement on target. The covenants with Lloyds Bank and Santander UK bank had not been fully complied with at the end of May but this will be resolved by July.

Having responded to a request for information from the ESFA in October, further information has now been requested regarding income relating to 2 subcontractors, i.e. Intertrain and Trackwork. Should the funding received for this work be reclaimed by the ESFA, the Group will recover 85% of the costs from the partners of the contracts. It was reported that Trackwork, which was the larger of the two subcontracts, had a strong balance sheet and would be able to meet the costs. Provision has been made within the accounts for £95k which would be the College's share. PD assured Members that there was no suggestion of fraud; it was the condition of funding which was being investigated.

## 8 **Financial Plan 2018 – 2020**

PD presented the Financial Plan and Commentary for 2018 – 2020 for the Committee to consider for recommendation to the Corporation Board for approval.

The Financial Plan is consistent with the College's Strategic Plan and has been prepared in accordance with the Financial Planning Handbook (2018) issued by the ESFA.

The Financial Plan projects total income of £49.3m in 2017/18, increasing to £51.6m in 2018/19 and increasing further to £52.9m in 2019/20. The Financial Plan projects operating surpluses of £0.5m in 2017/18, £1.4m in 2018/19 and £1.6m in 2019/20.

The Financial Plan continues to focus and commit to investment in estates long term maintenance, IT and teaching equipment with capital expenditure of £2.0m in 2017/18, £2.3m in 2018/19 and £2.3m in 2019/20.

The Financial Plan complies with the College's bank loan covenants and translates into ESFA Financial health grades of Outstanding for each year 2017/18 to 2019/20

Key assumptions and a sensitivity analysis were recorded within the Financial Plan document itself and/or within the relevant sections of the commentary document.

Members discussed and considered the Financial Plan as presented. It was suggested that the benchmarking data available referred to Colleges with little or no HE provision which could impact on the total income and added that it would be interesting to compare costs and income in the separate sections of FE, HE and Apprenticeships in order to compare like with like.

### *P. Senior arrived at this point*

It was noted that a provision had been made for pay awards i.e. 1% in 2017/18 and 2018/19 and 2% in 2019/20. Recognition had been made of the pensions positions.

It was noted that cost savings available to the Group, compared to 2 separate colleges have been and will continue to be made on procurement.

The income from the sale of High Melton has been factored into the Plan. In answer to questions it was confirmed that some key projects to go ahead in partnership with the new owners of High Melton will require investment in order to provide future income. These projects will be tracked separately and reported to the Finance and Resources Committee in due course.

It was agreed that the Financial Plan 2018 – 2020 as presented will be recommended to the Corporation Board for approval.

In answer to a question AVT confirmed that a meeting between 3 providers, i.e. DN Colleges Group, Hungerhill School and Hall Cross Academy would meet to discuss the prospectus and post-16 provision for the Borough with reference to the planned UTC in Doncaster.

It was confirmed that both College campus estates will be surveyed in the near future to inform the Property Strategy for the Group.

9 **Implementation of New Software Systems**

PD presented a report informing Members of the progress made in implementation of the new software systems across the Group. Two internal audit reports had been received on the progress to date which had examined the controls in place around the implementation, to assess progress and review governance arrangements.

The first report, dated March 2018, gave substantial assurance on the effectiveness of internal controls with only two low priority recommendations. The second report, dated May 2018, further considered the appropriateness of staff working groups/access privileges, the effectiveness and authorities within workflow approvals, the integrity of data migration across both systems and the adequacy of management reporting production from the new systems. This report also gave substantial assurance on the effectiveness of internal controls, with only one low-priority recommendation.

A further audit has been arranged for after the systems go live. Training will be ongoing throughout the summer and into 2018/19 to embed the systems.

10 **Estates Term 2 Report 2017/18**

Members received a report giving summary information on Estates activity for the second term of 2017/18.

Of particular note was the collaboration between Doncaster College and North Lindsey College in sharing good practice, reviewing contracts and tendering for services.

11 **Human Resources Term 2 Report 2017/18**

Members received a report giving summary information on HR activity for the second term of 2017/18

Of particular note was that an annual pay award of 1% was approved by the Corporation Board has been processed. The gender pay gap reports for both Colleges had been published by 31 March 2018 in response to new legislation.

Members commented that investment in staff, particularly in Leadership and Management should be enhanced where possible, especially maximising the Apprenticeship Levy paid. The employment of apprentices

following completion of their training is an area for improvement.

12 **Information Systems and Services Term 2 Report 2017/18**

Members received a report giving summary information on IT services developed and delivered during the second term of 2017/18

The implementation of the 2 new systems has had a huge impact on the teams as it has taken priority. The work has enabled the two teams to work closely together leading towards a new staffing model for information services whereby specialist skills and experience at both Colleges will be harnessed to create and develop functional leads who can act on behalf of the Group to take forward key aspects of information services.

13 **Reserved Items**

**Items minuted separately**

L. Sharp left the meeting for the first item.

P. Doherty, A. Tyrrell and J. Charles left the meeting for the second item.

14 **Date of next Meeting**

To be advised