



**MINUTES OF A MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON WEDNESDAY 14 NOVEMBER 2018**

**Present**

Pete Adams	Governor
Angela Briggs	Governor
Abid Khan	Governor
Paul Pascoe	Governor
Anne Tyrrell	Governor

The quorum for the meeting was three Members.

**In attendance**

Peter Doherty	Chief Operating Officer
Kathryn Brentnall	Acting Principal, Doncaster College
Mick Lochran	Principal, North Lindsey College
Jo Garrison	Clerk to the Corporation

The meeting was held in the Boardroom, North Lindsey College and commenced at 5.30 pm.

<b>Item</b>	<b>Minute</b>	<b>Action</b>
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**1 Apologies**

Apologies for absence had been received from Louise Sharp, Mark Swales, and Ruth Brook.

**2 Declarations of Interest**

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

**3 Minutes of a meeting of the Finance and Resources Committee held on 26 September 2018 and any matters arising**

Item 12i – M Swales advised this minute should refer to ‘trended utilities data’ and not ‘benchmark utilities’.

With the above amendment, the minutes were agreed as a true and correct record and signed by the Chair.

**Matters arising:**

Item 5ii – The terms of reference had been amended to show membership as up to 10 governors.

Item 5iii – Search & Governance Committee were informed of the Finance & Resources Committee’s concern at the lack of governors with finance and audit skills.

Item 5iv – Student Union accounts would be discussed at a future meeting.

Item 8 – P Doherty updated members that the surplus of £256k reported during the 29 September 2018 meeting has now been revised and the main adjustment is around the local pension scheme transfer from East Riding to South Yorkshire Pensions. This is a non-cash adjusting item of £299k, resulting in an operating surplus of £68k which will be reported to

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	<p>the Joint Audit &amp; Risk / Finance &amp; Resources meeting to be held on 26 November 2018, subject to any further adjustments. There is a recorded loss on disposal of Arthur Street (Doncaster) Development Limited which changes the £68k surplus to a £184k deficit. P Doherty assured members the financial position is strong with £2.8m cash generated in 2017/18 and the financial health grade is Good for 2017/18.</p>	
	<p>Item 12ii – It was confirmed UCU stood for University College Union. The ballot about the pay claim has not resulted in planned industrial action.</p>	
4	<p><b>Confidential minutes of a meeting of the Finance and Resources Committee held on 26 September 2018 and any matters arising</b></p>	
	<p>The two sets of confidential minutes were agreed as a true and correct record and signed by the Chair.</p>	
	<p><b>Matters arising:</b></p>	
	<p>Item 4iii – Governors had been provided with an update on the on-going staffing issue.</p>	
	<p>Item 7 – The Chair added a handwritten note to the minutes for clarity: “Allocated Institute of Technology (IoT) funding and further space allocated to Greater Lincolnshire LEP”.</p>	
5	<p><b>FE Update - Recruitment</b></p>	
	<p>M Lochran updated members that recruitment on both sites has continued throughout the first half term and the current position of funded starts is now 155 below the group allocation. While all efforts are being focussed on retaining students there will be further withdrawals coming through the system and limited opportunity to bring in this age group later in the academic year.</p>	
	<p>Across the group there have been 3289 Adult start enrolments, 74% at Doncaster College reflecting the difference in the income targets (£3.3m at Doncaster College and £1.3m at North Lindsey College). Each enrolment has significant different financial value therefore these numbers alone cannot provide assurance that the budget target will be achieved. However, across the group the target for 2017/18 was achieved and expectation is that there will be similar success in 2018/19.</p>	
	<p>For that reason, and because the group needs to manage a financial target rather than a ‘number’ allocation, there is work in progress to generate a more effective tracking mechanism once the Group Adult Education Budget (AEB) figure at the RO4 return in November has been allocated.</p>	
	<p>Apprentice recruitment is going well on both sites although each Apprenticeship is worth very different funding values.</p>	
	<p>There is good recruitment in HE, the group are 212 FTEs up on last year’s figures. Doncaster has a higher full time profile and North Lindsey a higher part time profile. M Lochran informed Members of the need to ensure sustained growth in HE.</p>	
6	<p><b>Group Management Accounts to 30 September 2018</b></p>	
	<p>P Doherty updated members on the consolidated management accounts which showed a surplus of £798k for the financial year to date September 2018, providing for a positive variance of £434k against the budgeted surplus of £364k. This includes a positive variance on expenditure of £250k, which includes staff costs savings against budget profile, mainly at Doncaster, and need to be worked through as a budget profile and reforecast.</p>	

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	<p>Income values at this early stage are based on profiles/budgets, due to limited ILR submission data.</p> <p>Cash balances for the year to date are £7.041m which are lower than this point in the prior year. The Group is carrying a higher receivables value which should be realised in the following months.</p> <p>P Doherty informed Members that reporting from the new financial management system is still in development; a concerted effort is being made to resolve all outstanding issues, with a view to providing a comprehensive management pack on a consistent basis.</p>	
<b>7</b>	<b>ESFA Review of DN Colleges Group Financial Plan 2018-20</b>	
	<p>P Doherty informed Members that DN Colleges Group have prepared a Financial Plan for 2018 to 2020, comprising a forecast outturn for 2017/18, a budget for 2018/19 and a forecast for 2019/20. This was approved by the Corporation Board and submitted to the ESFA in July 2018. It was noted that the ESFA had no comments or questions arising from the review. Governors were informed at the Corporation Board meeting on 15 October 2018 that the actual outturn for 2017/18 had resulted in a Financial Health grade at the top of the Good range.</p> <p>P Doherty concluded by advising Members that the ESFA letter and Finance Dashboard confirm the continued financial strength of DN Colleges Group as per its approved Financial Plan. There is a need for continued financial strength as it is important for the resilience and sustainability of DN Colleges Group, thereby enabling continued investment in teaching and learning facilities for students.</p>	
<b>8</b>	<b>Reserves Policy Review</b>	
	<p>P Doherty informed Members that the draft policy has been written with regard to the previous policies at both Doncaster and North Lindsey Colleges, and in line with current best practice. The policy would protect the Group by providing a financial comfort zone and ensure sufficient provision to support its financial activities. It would also provide the framework for future strategic planning and decision making.</p> <p>P Doherty discussed having an effective reserves policy in place would provide reassurance around the financial capabilities of the DN Colleges Group. Members were pointed to the reserve target for the reasonable levels of reserves, which is a minimum of one month expenditure, which totals a group value of £4m.</p> <p><b>RESOLUTION:</b> Members approved the Reserves policy. M Swales provided written approval to be recorded.</p>	
<b>9</b>	<b>Treasury Management Policy Review</b>	
	<p>P Doherty advised members that the draft DN Colleges Group Treasury Management policy has been written with consideration of the existing policies at Doncaster and North Lindsey Colleges and also with regard to current best practice.</p> <p>The policy will provide a framework for treasury management decisions to support and underpin strategic plans and objectives of the Corporation. It will also support the management of risks and define the Corporation's risk appetite.</p> <p>P Doherty informed members that effective treasury management enables the Corporation to maintain adequate cash resources for daily operation, effective control of financial risks</p>	

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associated with investment of surplus funds, optimum performance consistent with those risks, and appropriate borrowing arrangements and sought approval of the policy.

**RESOLUTION:** Members approved the policy. M Swales provided written approval to be recorded.

**10 Any Other Business**

M Lochran updated Members on the Heads of Terms for the College’s membership of the Lincolnshire Institute of Technology (IoT). The key highlights raised were:

- The partners will be collectively established through the Joint Venture Company (JVC) as the Accountable Body.
- Partners will own the assets they have included in the bid. Where the capital grant is for over £1m, a five year commitment to dedicate the facilities to the IoT and for a further 15 years to dedicate them to education use will be required.
- DfE may require guarantees from individual partners for assets invested in.
- Partners will be able to leave the JV but their revenue and capital liabilities will follow them.
- Agreement amongst all parties to enter into the JVC will be required for submission to the Department for Education for the award of IoT status and to receive capital grant monies.

M Lochran sought Chair’s action to agree to the above points and advised that the information had to be submitted by Tuesday 20 November. This is not legally binding until the contract is approved. As Chair of the Corporation, A Briggs agreed to this.

Members enquired if this had been reflected on the North Lindsey risk register and M Lochran confirmed that it has been recorded. M Lochran recommended Members agreed support and sought Chair’s action to the Corporation Board.

A further update on the IoT would be provided to the Board on 12 December 2018.

**RESOLUTION:** Members approved this request A Briggs, Chair of the Corporation, gave Chair’s approval to the above actions.

**11 Date and Time of Next Meeting**

A joint Audit & Risk Committee and Finance & Resources Committee meeting will be held on Monday 26<sup>th</sup> November, 5.30 pm at North Lindsey.

The next Finance & Resources Committee is scheduled for Wednesday 4 March, 5.30 pm at Doncaster.

**Jo Garrison  
Clerk to the Corporation**

**Signed:** ..... (Chair)

**Date:** .....