



MINUTES OF A MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON TUESDAY 24 MARCH 2020

Present

Angela Briggs	Governor
Abid Khan	Governor
Anne Tyrrell	Governor
Paul Pascoe	Governor
Paul Scanlon	Governor
Mark Swales	Governor

The quorum for the meeting was three Members.

In attendance

Jo Garrison	Clerk to the Corporation
Peter Doherty	Chief Operating Officer
Kathryn Brentnall	Principal, Doncaster College
Mick Lochran	Principal, North Lindsey College
Barrie Shipley	Director of Finance

The meeting was held via telephone conference due to the exceptional circumstances caused by the Novel Coronavirus. The meeting started at 3.30pm.

Item	Minute	Action
1	<p>Apologies</p> <p>There were no apologies for absence.</p>	
2	<p>Declarations of Interest</p> <p>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.</p>	
3	<p>Minutes of a meeting of the Finance and Resources Committee held on 2 October 2019 and any matters arising</p> <p>The minutes were agreed as a true and correct record and signed by the Chair.</p> <p>Matters arising:</p> <p>02.10.19 Item 5 – risk reviewed minutes of F&R and A&R committees to be circulated to each other for communication and overlap – item closed</p> <p>02.10.19 – Item 6 – Staff recruited with ProSuite specialist skills – P Doherty circulated a response to address the issues that had been raised – item closed</p> <p>P Scanlon has raised the question of the areas where utilisation and effectiveness is still deemed to be constraining from the implementation of ProSuite. P Doherty informed members there had been constraints to two areas, Quantarc the estates management system and Open Accounts the finance system. Now the audit is completed there should be the opportunity for the Director of Finance to seek to take forward developments for the finance system.</p>	

02.10.19 – item 9 – Update committee workplan to include Digital and Property Strategy – Item closed

02.10.19 – Item 10 – Remuneration Annual report, revised and will be circulated for Board approval – item closed

Minutes and Confidential Minutes of a meeting of the Finance and Resources Committee held on 24 February 2020 and any matters arising

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

Matters arising:

24.02.20 – Item 3i – L Sharp stood down from F&R Committee – item closed

24.02.30 – Item 3ii - update impact on students with reduction in capital funding 2020/21, due to UCNL building and maintenance costs, M Lochran confirmed there is no further capital funding at this time – item closed

24.02.20 – Item 3ii – Revisit additional funding from the Council towards issues at UCNL – there is no interest from the Council to provide further funding – item closed

24.02.20 – Item 3ii – independent survey commissioned and the survey site visit has taken place, report will be presented to members upon receipt – item closed

24.02.20 – Item 4 – Revolving credit was approved remotely with Corporation board members – item closed

4 Staff Pay Award 2019/20

P Doherty informed members that the AoC's Employment Policy Group (EPG) met with the joint recognised trade unions via National Joint Forum (NJF) on Monday 11 November 2019 as part of the 2019/20 pay negotiations.

The three key elements of the Trade Unions' 2019/20 pay claim were:

- £1 extra per hour for all staff
- Foundation Living wage being the minimum wage in FE
- An additional 5 days of annual leave per year

In light of no additional funding for the current year, the AoC made a final pay recommendation for 2019/20 of 1%, or £250 (whichever is the greater).

In addition, in December 2019 it was announced that the National Living Wage/Minimum Wage (NLW/NMW) was due to increase from 1 April 2020.

DN Colleges Group has budgeted in line with the AoC final pay recommendation, i.e. a 1% or £250 (whichever is the greater) from 1st February 2020, but no allowance has been made for any increase in national living/minimum wage).

Whilst there is no obligation to abide by the AoC's recommendation, North Lindsey College have historically aligned with AoC's recommendation but not at Doncaster College, where up until merger the College has awarded a non-consolidated payment equal to £100 before tax for full-time staff, pro-rata for part-time staff.

Pay costs are currently forecast to be £991k over budget (excluding pension costs adjustments) primarily due to the use of agency staff. Total pay costs are forecast to be 71% as a percentage of income, compared to a budget of 65%. An overall financial deficit

of £2.675m is currently forecast as a result of increased staffing costs and under performance with income.

Members were informed the forecast does include provision for the 1% or £250 consolidated increase from 1st February 2020 but did not include a provision for any increase in NLW/NMW.

However, compliance with the NLW/NMW wage is a legal requirement, with 286 staff currently paid below the increased maximum hourly rate effective from 1 April 2020. For cost modelling purposes, a worst case assumption that all staff currently paid under the new NLW are over 25 years of age, this would be at a cost of £154k.

P Doherty informed members there is an additional consequence of the increase in the NLW/NMW is that the pay differential between team supervisors and their subordinates is eliminated. Maintaining this differential in recognition of the additional line management responsibilities would cost an additional £13.5k. This would impact on a relatively small number of staff (14). Pay for generally unskilled jobs will also catch up with the lower paid administrative/technical jobs. Members explored staff pay aware options

- making no pay award
- a flat rate or percentage increase consolidated payment
- a flat rate or percentage non-consolidated payment
- deferring any pay award

RESOLUTION: Members approved no pay award be made for the 2019/20 academic year to be reviewed for possible implementation from 1st August 2020 once business planning for 2020/21 has been concluded. DNCG will have to legally comply with the changes in national living wage at a cost of approximately £154k. Also the pay differential is retained for the 14 staff members identified at a cost of approximately £13.5k. Members agreed to recommend all of these to the Corporation Board for final approval.

5 Treasury Management Policy Review

B Shipley presented the Treasury Management Policy and informed members no significant revision had been implemented. B Shipley informed members, as FD he complete the effective review of the policy. Members asked for this to be more visibly articulated in clause 5.10 of the policy.

BS

RESOLUTION: Members approved the Treasury Management Policy Review.

6 Reserves Policy Review

B Shipley informed members that having an effective reserves policy in place provides reassurance around the financial capabilities of the DN Colleges Group.

The existing policy determined that the optimum level of free reserves (cash and cash equivalents) shall be 3 months' working capital (£12m) with a minimum of 1 month's working capital (£4m). The current approved financial plan already deviates away from the above minimum level, with a minimum of £1m planned in March and April.

Given the levels of capital expenditure approved for 2019/20, current financial deficit forecast and delays in receipt of capital grant funding, DNCG will be utilising the Revolving Credit Facility over this period. It was proposed that these limits are revised with, an optimum level of £9m and minimum level (including Revolving Credit Facility) of £3m. Addressing the operating deficit and re-building reserves has to be a priority for business planning for 2020/21.

Members were asked to approve the Reserves Policy.

RESOLUTION: Members approved the reserves policy.

7 NCATI

M Lochran informed members that a paper will be presented to the Corporation board on 06 April with regards to the National College for Advanced Transport and Infrastructure (NCATI) Expression of Interest.

M Lochran reviewed the current position of 16-18 provision and where we were pre-COVID 19 and suggested a report be presented to the board to show the position pre-COVID 19 and the current expected impact. Members were informed the Group was up by 150 applications across each site and there have been more applications being submitted. Staff are currently working on innovative ways to communicate to perspective students and ensure them there is a guaranteed place at DNCG.

M Lochran recognised there will be a risk and impact to the Groups HE provision and the ongoing impact on the 2020/21 academic year. Apprenticeships are down by £1.3m due to the impact of British Steel.

Members were assured that there is guaranteed income for 16-18 and Adult provision, but Apprenticeship and HE are a huge concern at this time.

A Tyrrell raised the income streams that were the Groups strength, have become its weakness with the impact of the COVID 19 outbreak.

Members were asked to approve the recommendation to express an interest in the NCATI funding to the board.

RESOLUTION: Members approved the recommendation of the expression of interest for NCATI funding.

8 COVID-19 Financial Impact

P Doherty updated members on DNCG's current financial position. There is a great deal of uncertainty given the current external environment, with information and guidance being issued and then updated on a daily basis, with regards to the COVID 19 outbreak

Members were informed the immediate attention has been ensuring business continuity as far as is possible. Current measures implemented by the Government will have a significant impact on funding for the remainder of this financial year. To a certain extent, the diversification of the Groups income streams into apprenticeships and higher education has increased the risk and uncertainty surrounding those funding streams.

- As at 31/01 – YTD Deficit was £1.21m
- The year-end position as submitted in the IFM was £1.8m. Due to the current external environment DNCG expect additional pressure on achieving income targets with declining out turn position expected.

Members were assured of the steps already taken to minimise the impact on the financial position:-

- All Agency Staff have been cancelled – a further estimated saving of £250k
- Restrictions on Non Pay. Too early to quantify, but expect savings on consumables and discretionary spend and estates running costs. Further clarity required on subcontracting costs and exams.

- Reduced Capital Expenditure. Given the College restrictions, early estimate is a minimum saving of £250k.

P Doherty presented the current risks and uncertainties to members around income, capital expenditure, debtors and cash flows. There is also uncertainty whether DNCG can access the Government announced job retention scheme for 80% or £2,500 per month employee wages. Clearly, any further impact on income and expenditure for the year will have an impact on meeting banking covenants.

Information was provided to members to advise if furloughed staff requirements are required, with positions in domestic and catering staff with regards to the government assistance towards wages. This is still to be determined and members will be kept informed, during these unprecedented times.

A Tyrrell informed members the Group is working tirelessly with DMBC and the NHS to offer potential nursery places where possible. Both Campuses closed on Monday and NLC Nursery remains open for a small number of children.

Vulnerable students have increased support put into place and free school meals monies have been paid into student's bank accounts.

With 1,300 staff, P Doherty reported 39 staff have reported symptoms of the COVID 19 outbreak and 169 staff with either underlying medical conditions, childcare requirements or in self isolation have been reported.

Members were assured that the Digital Technologies team have been devoted to ensuring a remote strategy could be implemented at speed for staff and students. MS Teams is being utilised and teleconference calls, alongside on-line digital learning for students.

The HR team is testing and ensuring all systems work remotely to enable a smooth payroll operation at the end of the month.

A Briggs and M Swales said on behalf of the governing body an overwhelming thank you to Anne, SLT and all the staff within the DN Colleges Group. It was noted the unprecedented position the COVID 19 outbreak has impacted globally and recognised the effective and efficient action the Group has taken swiftly and continues to embed.

9 Any Other Business

None.

10 Date and Time of Next Meeting

The next meeting is scheduled for Monday 15 June 2020, 5.30 pm in the Boardroom, Doncaster College.

The meeting closed at 4.24pm

Jo Garrison
Clerk to the Corporation

Signed: (Chair)

Date:

TABLE OF ACTIONS

Date	Minute	Action	Responsibility
24.03.20	5	Clause 5.1 to be revised in the Treasury Management Review Policy – to reflect and effective review is undertaken by the FD of the policy	BS