

**MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON WEDNESDAY
13 OCTOBER 2021**

Present

Angela Briggs	Governor
Richard Gravestock	Governor
Mick Lochran	Governor
Paul Scanlon	Governor (Chair)
Mark Swales	Governor

The quorum for the meeting was three Members (at least 2 external).

In attendance

Jane Taylor-Holmes	Interim Director of Governance / Clerk to the Corporation
Barrie Shipley	Director of Finance
Sharon Smith	Principal/Deputy CEO

The meeting was held via MS Teams and commenced at 4.35 pm.

Item	Minute	Action
1	Apologies Apologies for absence were received from Emma Kirk.	
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. There were no declarations of interest.	
3	Performance Monitoring – end of year 2020/21 Mrs S Smith provided the report for information. It was noted that a similar report would be provided to the Board meeting. It was further noted that enrolment figures were regularly changing but should settle after October half term in some areas. In relation to 16-18 achievement, this was broadly in line with the position in the previous year. Achievement was mainly from teacher assessment but there had been some delayed assessment in some areas. Adult achievement was lower than in the previous year when including English and Maths. It was understood that this was lower due to functional skills and ESOL students being required to take assessment in these areas. HE achievement was not yet known, 200 students were going through validation, there were some delays, and some MIS data issues. Apprenticeship achievement was lower than last year. There were a high number of apprentices who were furloughed and some delays due to delays in end point assessment. There were also some capacity and performance issues, the lower achievement could not be fully attributed to the impact of the COVID pandemic.	

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In relation to recruitment 16-18, this was currently lower than allocation. It was noted that there had been some challenges with online recruitment and a data cleanse was underway.

Mrs Smith explained that there would be a formal January start to support any students who want to come into the College, acknowledging that students may have received inflated grades and be struggling with A-Level courses.

Adult recruitment was looking very positive. A learner find company was helping with adult free level 3 qualifications. Once the ILR was submitted there would be a better view of the funding picture. A business case had been submitted in relation to potential AEB clawback.

There had been 200 late applicants, which resulted in around a 70/75 lower than allocation position. Ten students had been transferred to the access course for students onto HE. There still remained a risk to income.

Apprenticeship recruitment was looking positive. There continued to be challenges around capacity and assessors. Risk remained in areas where recruitment was difficult in relation to teacher roles such as in electrical. There was currently no Vice Principal for HR and no Manager for Apprenticeships, recruitment was commencing for the new positions.

It was noted that there was some over-recruitment in health and social care. Committee members asked about the spread of enrolment and courses and whether this reflected the current teacher profile. Mrs Smith commented that in some areas there was under-utilisation, for example in business at North Lindsey. The Group was looking to utilise this in January start programmes. Where courses have over recruited, there was the option for some staff to move over.

It was noted that the Chief People Officer was developing a strategy to try and get the capacity. Committee members asked about the risk of enrolling students, for example into apprenticeships where the Group would not be able to provide the quality of teaching. Mrs Smith explained that there were some risks associated with some courses and recruitment had been paused where teaching could not be provided.

In relation to the AEB business case submitted, it was noted that the business case could be submitted on the basis of two criteria, one in relation to local impact and the other financial hardship. The Group had chosen to submit on the basis of local impact. The business case had been submitted to the value of £1.1million and had been attributed to a number of areas including that the JCP had essentially closed, the students impacted had not had access to resources and computers to support learning. In relation to ESOL a lot of students went abroad and couldn't come back due to travel restrictions and that there was an impact on Curriculum areas with courses that were difficult to do online.

It was noted that JCP referred to Job Centre Plus.

It was confirmed that the outcome of the business case submission was due in November 2021.

In relation to past AEB delivery, the Group had delivered consistently 103% and had delivered that amount in the previous year as 90% of delivery had been completed by February 2020. The lockdown in 2020/21 had a far greater impact due to the timing.

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	<p>Mr M Lochran referred to the apprenticeship demand and that the impact of staff, the need for staff in business, staff were being paid significantly more in industry due to national shortages.</p> <p>There are national challenges in recruitment in Construction and Engineering and the Group had brought in specialist recruitment consultants to support this area and a group had been established by the SLT to look specifically at this issue.</p>	
4	<p>Minutes and Confidential Minutes of the Finance & Resources Meeting held on 16 June 2021 and any matters arising</p>	
	<p>The minutes of the meeting held on 16 June 2021 were agreed as a true and accurate record and signed by the Chair.</p>	
	<p>In relation to matters arising, it was noted that the HR report had been circulated and the terms of reference were on the agenda. A full refresh of risk and pay and conditions was underway.</p>	
	<p>In relation to KPI development, best practice had been shared and was being discussed at SLT. This would be considered in due course with each Committee to ensure that the KPIs were meaningful.</p>	
	<p>Confidential minutes of the meeting held on 16 June 2021 were agreed as a true and accurate record and signed by the Chair.</p>	
5	<p>Election of Chair and Vice Chair 2021/23</p>	
	<p>Resolved: Paul Scanlon was appointed as Chair for the period 2021 to 2023.</p>	
	<p>Resolved: Richard Gravestock was appointed as Vice Chair for the period 2021 to 2023.</p>	
6	<p>Terms of Reference and Workplan Updates (including Committee Review 2020/21)</p>	
	<p>Committee members discussed the Terms of Reference. It was noted that the new People and Transformation Committee would be attended by the same people as the Search and Governance Committee and would therefore be held on the same day. It was agreed that it was correct to focus on this issue and the Terms of Reference were approved for 2021/22, the Committee would then be reviewed at the end of the year to consider whether the continued focus was required or whether the work of the Committee could be distributed between other Committees again.</p>	
	<p>It was agreed that this would require consideration by the People & Transformation Committee and the Committee would be asked to consider the viability and need for the Committee.</p>	
	<p>Mr Shipley commented that there may be some duplication with the Audit and Risk Committee around assurance and this would be further considered. Areas such as the review of insurance and value for money on procurement done at the last meeting of the academic year. It was suggested that items where there could potentially be duplication could be presented to the annual joint Finance & Resources and Audit & Risk Committee meeting.</p>	
	<p>It was further agreed that the Governor induction would be reviewed to ensure that this provided an adequate overview of the work of the Committees and responsibilities in relation to assurance.</p>	DoG

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Mrs Smith commented that performance monitoring was also presented to the Curriculum, Performance and Quality Committee and the Board in full. Clarity was required to ensure that the appropriate level of information with the relevant focus was provided to each meeting to avoid duplication.

7 Management Accounts to 31 July 2021

Mr Shipley presented the draft position and explained that the external auditors were currently in their second week of review within the Group. There had been a minor change with the ILR run of around £200,000.

There had been an improvement in the financial position and the main summary of major variances were broadly in line. The release of the legacy funding and the insurance pay-out had impacted on income.

In terms of expenditure, staff costs were broadly in line and the finalisation of the Employment Tribunal claim was noted.

There was a £1m under forecast around delays in end point assessment and exam refunds due to a reduction in cost base.

Of the current forecast £1.2million surplus, after the removal of the £200,000 a year end position of around £1million was expected.

It was noted that the programming of capital work had boosted the cash position, this would be utilised during the year. Some capital work underspend was expected.

It was noted that the Group remained in outstanding financial health with significant banking cover.

A typographical error on page 39 was noted, this should read **non-pay** expenditure.

Committee members commented on the healthy financial position, that the Group continued to achieve good financial results and maintain an outstanding financial health grade.

Committee members discussed the achievement despite the reduction in income from High Melton. It was noted that this had now completed, there were no other contingent liabilities and clawback had been accounted for within the accounts. Clawbacks were not as large as expected to be, it was noted that this was an extraordinary year particularly on the back of COVID and lockdowns.

Committee members commented on the effective cost management.

Mr Shipley commented that Grant Thornton were technically out of their initial term, this had not been extended and there had been no indication whether they would like to take forward. It was realistic to assume that Grant Thornton were looking at exiting the market and sector. Tender documents were to be prepared in the New Year. Committee members noted that there had been a change to the Post-16 Audit Code of Practice.

Committee members discussed the possibility of paying off loans early considering the healthy cash position. Mr Shipley commented that part of new North Lindsey campus would require some match funding. It was also noted that there would be fees associated with early repayment during the fixed term. No analysis had yet been conducted in relation to loan repayment.

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Governors asked about risks for the forthcoming year. Mr Shipley explained that there remained an AEB challenge in terms of allocation, past performance and the possibility of future lockdowns. There could be a £500,000 impact in relation to AEB clawback.

The apprenticeship position was positive. There could be a potential impact in relation to the review of a staff pay award and terms and conditions. The pension deficit had reduced however it remained ahead of the pre-COVID position.

There would be an impact seen due to employer national insurance contributions, £50,000 during 2021/22 and £250,000 during 2022/23. There was also a risk in relation to capital programmes and delays and funding agreements.

Further in relation to staff terms and conditions, Mr Shipley explained that there was work underway in relation to harmonisation of pay in relation to both Doncaster and North Lindsey employees. This may take effect from 1 August 2022 however this had not been finalised with Unions.

8 Business Services End of Year Reports**Estates**

Mr Shipley presented the end of year report. It was noted that this was a culmination of the termly reports received throughout the year.

Mr Shipley commented on the significant attention of the team in relation to COVID and the capital programmes. Whilst there had been some restructure of roles within the team, further work was required.

A typographic error at page 62 was highlighted **plant** room. The report would be reviewed for typographical errors. It was noted that Mr Shipley would meet with the Link Governor to discuss the report.

Committee members noted the estate improvement work undertaken, there had been good communication to staff and students about progress and positive feedback in relation to staff areas. It was noted that there were plans to hold the Governor training in the new facilities so that Governors would see the improvements and lunch at the restaurant.

Digital

Mr Shipley commented that a significant amount of activity had been undertaken in relation to the migration to Office 365 which had enabled staff and students to work remotely effectively.

There had been a change in staff reporting and line management responsibility.

Committee members asked about the success of the new Director appointment. It was noted that this had been incredibly successful, and a number of issues had been resolved through the implementation of innovation solutions.

Committee members discussed the continued threat in relation to cyber security noting that another Universities had been affected. Further work continued in this area and it was agreed that the British Standard would be considered.

Academic services had performed very well in this area and had won a blended learning award.

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	<p>Committee members commented on the high-quality report which was very clear and comprehensive.</p> <p>Committee members asked about the return of devices which had been distributed in the pandemic. The challenge of getting some equipment returned was noted, some equipment may be written off.</p>	
9	Financial Regulations	
	<p>Mr Shipley explained that proposed changes were highlighted in yellow. There remained an ongoing issue regarding bank mandates. The changes were mainly relating to authorities</p> <p>Resolved: Committee members approved the Financial Regulations.</p>	
10	Review of Insurance Arrangements	
	<p>Mr Shipley commented that the insurance arrangements had been reviewed and explained that the paper included a list of main exclusions and summarised key cover and claims history. The Group was at the end of the relationship with the current Broker and a test of the market was likely. FE Protect was a popular broker in the sector and a market test would be considered in the New year.</p> <p>In relation to Cyber security cover, Mr Shipley explained that Zurich were no longer providing cover for FE and HE, some options had been offered but there had been no response received. The Group currently had no cyber security cover as this was not included in the business continuity cover. It was noted that this would be impacted by recent history and would be considered again when a full review of critical systems had been undertaken.</p> <p>It was agreed that an update would be provided to the next meeting.</p>	
11	Benchmarking on Spend	
	<p>Mr Shipley provided the benchmarking data. It was noted that the overview for 2019/20 and the draft financial out-turn for 2020/21 was included.</p> <p>It was noted that 2019/20 had been significantly impacted by COVID. It was noted that 82% of colleges reported a deficit with nearly half of colleges in negative net worth.</p> <p>In 2019/20, the Group was the 16th highest in terms of income, there was no benchmark in terms of financial health grading and the Group was rated as good for 2019/20. The Group was the 4th highest in relation to HE income and the 18th in the country in relation to capital investment.</p> <p>Mr Shipley referred to a consistent trend regarding staff development, the Group was in the top four and this had been similar in previous years.</p> <p>Committee members commented on the income received in relation to HE, noting that this was 24% of total income. Mr Shipley described some of the challenges faced in relation to HE student numbers, including the impact of teacher assessed grades on sector trends and the work being done in relation HE recruitment. It was noted that HE had been a strength up until COVID and it was hoped that this would return.</p> <p>Mr Shipley referred to the measure of staff costs as % of income. It was noted that this had fluctuated and during 2019/20, the benchmark was 65.4%, the Group was over the benchmark at 68.73%, due to income reduction. For 2020/21 the Group would be back</p>	

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	<p>under the threshold, which was just over the second quartile. There had been an impact on staff costs due to COVID, the Group had made the decision not to reduce staffing costs and keep staff in readiness for the improved recruitment position. It was accepted that this was a positive response especially in light of the challenges being faced in recruitment in some areas of the sector.</p>	
12	<p>Regularity Framework Assurance Review</p>	
	<p>Mr Shipley commented that the Self -Assessment had been reviewed by the Audit & Risk Committee which was required by the External Auditors as part of the year end Audit. This included a review of Policies and Procedures and how the Group provides assurance and regulatory compliance with ESFA funding conditions.</p>	
	<p>Committee members commented on the usefulness of the paper and how this identified the assurance of compliance with the Regulatory framework. It was agreed that the overview of Policies could be expanded to include which Committee was responsible for approval of the Policy.</p>	
13	<p>Value for Money on Procurement</p>	
	<p>Mr Shipley presented the report which confirmed that the Group continued to outsource procurement services to Tenet. The savings realised were noted.</p>	
	<p>Mr Shipley commented that work had commenced to track how money was spent locally, economically and by towns and in terms of the region. Work was also underway to streamline processes going forward.</p>	
	<p>The activity for the procurement team going forward was also included within the report.</p>	
	<p>Committee members asked about the relevance of reporting whether procurement was local or not. It was noted that the data was being used in relation to reducing miles and sustainability. It was noted that there may be some reputational advantage of using local business and the data could describe the Group contribution to the local community.</p>	
	<p>It was noted that the primary goal remained ensuring best value.</p>	
	<p>It was agreed that the Procurement Strategy would be reviewed to ensure that this supports what is to be achieved. It was agreed that there had to be a fair approach to tendering and an open process where a reduction in miles travelled or carbon reduction could be considered as part of procurement scoring. It was noted that there had been some challenges with getting local suppliers to access tendering. It was suggested that a simplified process may make it easier for smaller local companies to access and thereby encourage local suppliers to bid.</p>	
	<p>Committee members commented that the report demonstrated the extent of procurement undertaken.</p>	
14	<p>Link Governor Update</p>	
	<p>None to report.</p>	
15	<p>Any Other Business</p>	
	<p>Mr Shipley referred to changes to banking sector and LIBOR, the bank reference point for mortgages and loans interest. It was noted that this was being withdrawn at the end</p>	

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of the year and any loan or agreement which referenced this would need to be replaced. Mr Shipley explained that Santander had sent over revised agreements for approval.

Committee members noted the approach being taken in relation to the fixed term loans and how future variable interest rates would be on the basis of SONIA. It was noted that there would be a choice to move loans and re-tender however this may result in a higher interest rate than the Group was currently paying. There was the option to refuse the amendment, however, exit fees would still be applied and these were punitive.

It was noted that the loan terms currently refer to LIBOR or alternative.

Committee members recommended the approval of the amendment.

It was agreed that Mr Shipley would review the delegated responsibilities and that this would be presented to the Board for approval if needed.

DoF

16 Date and Time of Next Meeting:

There is a joint meeting with Audit & Risk committee scheduled for Monday 6th December, 4.30 pm on MS Teams.

The next Finance & Resources Committee meeting is scheduled for Wednesday 26th January 2022, 4.30 pm on MS Teams.

The meeting closed at 6.15pm

Jane Taylor-Holmes
Interim Director of Governance / Clerk

Signed: (Chair)

Date:

TABLE OF ACTION			
Date	Agenda Item	Action	Responsibility
13/10/21	6	It was further agreed that the Governor induction would be reviewed to ensure that this provided an adequate overview of the work of the Committees and responsibilities in relation to assurance.	Director of Governance
	15	It was agreed that Mr Shipley would review the delegated responsibilities and that this would be presented to the Board for approval if needed.	Director of Finance