

**MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON WEDNESDAY
26 JANUARY 2022****Present**

Angela Briggs	Governor
Richard Gravestock	Governor
Karen Jackson	Governor
Emma Kirk	Staff 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

Jo Garrison	Director of Governance / Clerk to the Corporation
Barrie Shipley	Chief Finance Officer
Sharon Smith	Principal/Deputy CEO

The meeting was held by via MS Teams and commenced at 4.32pm.

Item	Minute	Action
1	Apologies No apologies for absence were received.	
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 the Finance & Resources Meeting held on 13 October 2021 and any matters arising The minutes of the meeting held on 13 October 2021 were agreed as a true and accurate record and signed by the Chair. Matters arising: 13.10.21 (Item 6) - Action closed, members were also informed there will be a governance audit carried out in April 2022 which will focus on the Corporation Board Framework and will include the induction programme. 13.10.21 (Item 16) – Action closed, loans with Santander were taken to the board in December 2021 and agreement approved. With regards to the Cyber insurance, B Shipley is going out to tender for the provision. J Wilkinson informed members cover isn't readily available in the market for any organisation now unless robust information security management systems and policies deployed have been recently certified with a very comprehensive audit practice in place. J Wilkinson assured members that the implementation of ISO 27001 will enhance the group's position. Current insurances will have a large premium.	

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4	<p>Performance Monitoring</p> <p>S Smith advised members on recruitment in terms of 16 to 19 young people. As previously reported, there is some impact on the group's lagged funding next year, to a potential value of £800,000. Mitigation is in place to reduce this deficit with January recruitment of new starts which will have a positive impact. However, members were informed there are currently around 40 enrolments for January's programmes and the group are still advertising and recruiting and some enrolment may continue into February.</p> <p>Members were informed that numbers may increase further due to the potential new contract with the Youth Hub in the Frenchgate Centre in Doncaster, which engages with the needs of young people doing NEETS work and a new opportunity for Doncaster. J Kaye the Executive Director of Education Programmes for Young People is engaging with the hub to see how the college can support some of those needs.</p> <p>S Smith informed members the Group did receive a FE Tuition Fund allocation of £700,00 to support students with a grade 4 or less in GCSE English and to ensure that skills and knowledge gaps are filled with students who had been out of education. This is being used to recruit extra English and maths staff to carry out one to one support and small group tutorials as well as funding examination practice for all students as many have not sat a formal exam due to Covid whilst at school and it is expected that most of the allocation will be spent. Members were updated that some cleansing activities have been completed around enrolments and noted some enrolments have been logged against the wrong funding stream and this has now been rectified to provide a more accurate position. Profiling for the remainder of the year is ongoing in terms of income.</p> <p>Apprenticeship enrolments are extremely positive however, they are causing issues in terms of quality of delivery and assessment due to staffing capacity and current on-going vacancies, particularly in Engineering which have seen the most growth. New enrolments onto these areas are currently on hold. The inability to recruit to engineering across the group caused by staffing levels and site capacity being reached at the British Steel site will impact income.</p> <p>There is a low uptake at application stage and employers are struggling to recruit in some cases and employers are being encouraged to pay at least minimum wage and not the apprentice minimum wage. Marketing is supporting and external agencies are engaged to promote opportunities, but this is an ongoing concern.</p> <p>Members were updated that whilst HE numbers have increased over the academic years, 2021 has been more challenging. Overall recruitment is below the original budget target by 389, and below the revised budget target by 163. The financial implication is a shortfall against the revised budget target of £631,000.00. The shortfall does not include the negative impact of any early withdrawals or suspensions of students nor any further withdrawals in year. A financial reconciliation has taken place to triangulate enrolments and the financial forecast at group level is a shortfall of approximately £800k.</p> <p>Members were informed these outcomes should be considered in the context of the pandemic, which severely hindered opportunities for in-person recruitment. This is usually a significant driver for applications, especially at UCNL and given our higher proportion of mature applicants. It can also be considered alongside national information suggesting that a significant number of other FE-based HE providers have seen HE numbers decline.</p>	

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	<p>S Smith assured members that retention is high at 96.2% and this will have a positive impact on income and intensive work is underway to support at-risk students to be retained.</p> <p>Members recognised whilst having to delay enrolments and turn away some potential income, the quality of the courses is essential with the right staff and therefore the right decision supported by the Board.</p>	
5	<p>Management Accounts to 31 December 2021</p> <p>B Shipley assured members the group is in a financially strong position for the period. There are some challenges around some of the income targets, but they are more than offset with savings around staffing and non-pay.</p> <p>Members were reminded that B Shipley presented a going concern assessment and a judgment a re-forecast in December as part of the sign off of the previous year's financial accounts, at which point a revised forecast of a deficit of £600,000. Members were updated that the team are conducting a comprehensive mid-year review that would then feed into that forecast this will be updated monthly moving forward. B Shipley informed members that the current forecasting perspective, is probably a deficit of around £800,000. This is being mitigated as outlined above with the adjustments particularly around non-pay expenditures and there is some movement in terms of the group's baseline.</p> <p>Apprenticeship income has been adjusted against potential achievements to 65%. As S Smith outlined earlier there are challenges with enrolments in terms of blocks or stops on recruitment from an engineering perspective. The expected income was £730,000.00 between now and the end of July. This is particularly challenging and in the current climate there is a forecast to achieve 50%.</p> <p>Members were informed that adult education has undergone a data cleansing activity in terms of Sheffield City Region funding for AEB mainstream provision and particularly the national skills L3. That has improved to 48% so a healthier position than reported in December. This is being reviewed as part of the re-forecasting. B Shipley advised members that whilst it's a good thing in terms of a financial position, the group is currently underspending on staffing. Some positions were held back that were linked to student recruitment, where recruitment was down and therefore carrying forward some significant vacancies, particularly in Engineering. Members were informed the Finance team are monitoring agency spend during this period which has had to be contracted to some of those hard to fill posts.</p> <p>SLT are starting to track what the group's deficit position to be more transparent with both committees and in terms of SLT management monitoring. The Finance team's approach in terms of targeting the debt collection is more efficient than what is in the current economic climate. The students' abilities to pay is a bit more challenging, and the group have seen over the last couple years an increase in the group's bad debt provisions. B Shipley advised members of the need for transparency with the issue to ensure it is monitored and reported accurately around the challenges the group face.</p> <p>Regarding capital streams there are some delays in the under spend on capital streams which, combined with the groups improved financial performance shows a healthy cash flow position in cash balances in hand.</p> <p>Whilst reviewing income streams in terms of modelling, there is work centred around conditions of work and the pay inflation awards. The teams are looking at this now and models in terms of the impact next year. There are challenges in terms</p>	

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of non-pay inflation and particularly around utilities. Members were advised the group is approaching the end of its fixed term contract in terms of utilities and the commencement of a tendering process shortly and that the timing isn't ideal given the increases in utility bills.

In summary, whilst performance is good, there are some challenges in terms of meeting deadlines, but the group are still forecasting an outstanding financial health.

There are potential costs that may creep in the current capital projects, and this is due to two elements. One is around getting optimum costings on those future projects. Some of those will be provided for in terms of the external consultants and the rise in inflation at a point in time of the build, and that has been factored into costs. Secondly the Estates teams and reactive maintenance of the estate and the need to potentially replace the boilers in the next two years. There is a need to build a 5-to-10-year plan of maintenance of what the estate will look like as this is not something that is currently in place. In the short term, B Shipley and the team will do in terms of business planning for next year is apply some inflationary assumptions at a granular level around non-pay expenditure.

Members enquired why a medium risk had been applied in the rationale and B Shipley gave assurance to the members that whilst the group is in a good financial position, he was conscious to add caution around the forecast in term of the underspend and the medium to high assessment provides assurance if there any risks around those income streams.

6 Treasury Management Policy Review

B Shipley informed members that the Treasury Management Policy was due for renewal. Whilst it was only reviewed last year there have been some minor revisions to the policy, such as job title changes. B Shipley has carried out a full review of the policy in terms of the management accounts and the group's cash holdings at this time exceeding the current treasury management policy, so the changes presented show those changes to the counterparty limits. Members were informed those limits have moved from £3,000,000.00 to £5,000,000.00 and whilst not the group's main bankers, the group does have deposit accounts for its liquidity treasury management policies and to ensure compliance.

Members were asked to approve the revisions to the Treasury Management Policy Review.

Resolution: Members unanimously approved the Treasury Management Policy Review.

Karen Jackson left the meeting at 5.26 pm

7 Sustainability Update

B Shipley gave the first update to the F&R Committee and assurance that sustainability is embedded within the Group Strategic Plan 2020-22 with the strategic objective to cultivate and drive forward an ambitious whole college approach towards net-zero emissions and reducing environmental impact through innovation and collaboration.

Members were presented with the sustainability strategy and action plan and its sensors on 11 themes and within those 11 themes are specific actions. Looking at this year, there is a separate document that provides a multiyear approach. B Shipley explained at this stage he would like to focus on a year at a time in terms of

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	<p>an action plan. Members were informed the group has established a sustainability group internally with various staff membership.</p> <p>The Strategy will look at how the group strengthen the requirements of governance and SLT responsibilities to ensure that sustainability strategic objectives are delivered, and board assurance met over the next academic year. This will be a deliberative structure to report on progress. Members discussed with B Shipley the committee functions for the sustainability objectives and there are potential elements that sit within the curriculum area around how sustainability is embedded within the curriculum offer and an understanding there will be some cross cutting themes that could sit within various committees. The biggest impact is going to be in terms of reducing the carbon footprint which will primarily come from the group's ability to reduce its utilities and waste.</p> <p>B Shipley advised members this is the first draft report and that it will be reported annually moving forward. Work will continue to enhance how this is reported to the board and to update and provide assurance that the actions are addressed. Members were also assured that staff are engaged, and B Shipley informed members of a programme currently being implemented at North Lindsey with the planting of trees in the grounds that staff and students are helping with.</p> <p>Finally, members were advised there will be a robust communication strategy to ensure messages are communicated internally and externally to inform and educate. Also how the Estates department is currently under review and restructure to ensure the resourcing is adequate for the sustainability planning ahead and a firm understanding of the baseline the group strives to achieve.</p> <p>J Wilkinson further added the activities around CO₂ consumption, and the energy consumption within IT and the work that has commenced to reduce this as this is one of the largest consumer areas of power across the group and the exploration of cooling systems to radically reduce the group's energy costs. Members were further informed of the replacing of old projectors across Doncaster site, to reduce wattage consumption from 350 to 420 watts to 85 watts.</p> <p>Members thanked B Shipley for the robust update and praised the team for the work undertaken so far and the assurance given to the board.</p> <p>M Lochran suggested an external presentation and guidance be explored with Steve Frampton (AoC) who is an expert in the sustainability agenda.</p> <p>A Briggs enquired if there was any planning to engage students in the sustainability agenda. B Shipley assured members that there is student representation doesn't currently sit within the sustainability group, but students are invited and are fully engaged in the sustainability agenda.</p>	
8	Estates Capital Project Update	
	<p>B Shipley informed members that a lot of work has been completed across the projects such as the T level funding and the Sheffield City region funding, particularly Doncaster Hub and the redevelopment of Alan Jackson and John Odell at North Lindsey which are substantially complete and coming in under budget. There are some snagging issues but nothing to cause concern. Completion certificates are being issued for all associated works.</p> <p>Plans are moving forward for the new North Lindsey build, with good space design. There have been some challenges, with two risks around the programs of works which are all linked to one set of funding. The £1.6m received on condition funding</p>	

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	<p>from the DfE that was earmarked for ground source heat pumps at North Lindsey and some backlog maintenance works at Doncaster, which was mainly the roof and pipe work, also some external lighting. Members were informed this was due for completion by September and the group asked for an extension in terms of the grant funding. Originally, it should have been completed by March. There have been some delays, in relation to the ground source heat pump. This has been regarding the technical installation requirements around drilling and the electrical loads to operate effectively. The original design wasn't going to be fit for purpose, and this had to be redesigned which caused delays in terms of materials and the pumps which changed the scope. These delays caused a completion date for the end of November. However, due to availability of labour and subcontractor requirements with instructions for works, the completion date is now scheduled for February 2022. Members were informed of further delays due to sub contractual arrangements.</p> <p>B Shipley informed members of the possibility of potential clawback from the DFE as the deadline of September 2021 was not achieved. However, the grant agreement stated that the works needed to be committed by the end of September, not completed. With further delays due to the pandemic and shortage of materials, members were assured the risk is low.</p>	
9	Governance QIP and Emerging Risks	
	<p>Members reviewed the QIP and the Term 1 position. Members were informed that the F&R QIP will be reviewed further by the CFO and DoG to ensure sustainability is strengthened and reviewed timely for the next committee meeting.</p>	CFO/DoG
10	Link Governor Update	
	<p>M Swales informed members he had a H&S link meeting with N Mell, Head of H&S and received significant assurance during the visit around the pandemic and capital building work. A further meeting has been scheduled.</p> <p>Members were informed the IT in-depth review will take place in March with J Wilkinson and his team to seek further assurance regarding the IT infrastructure for the Group.</p>	
11	Any Other Business	
	<p>A Briggs took the opportunity to thank all SLT Members for the robustness of assurance and detailed information presented during the meeting. SLT were informed the information was impressive and gave a clear appraisal of the current position of the group.</p>	
12	Date and Time of Next Meeting:	
	<p>The next Finance & Resources Committee meeting is scheduled for Monday 21 March 2022 on MS Teams.</p>	

The meeting closed at 6.16pm

Jo Garrison
Director of Governance / Clerk

Signed: (Chair)

Date:

TABLE OF ACTION			
Date	Agenda Item	Action	Responsibility
26/01/22	7	Invite Steve Frampton (AoC) to present on sustainability at a future meeting	DoG
26/01/22	9	Review F&R QIP to further strengthen sustainability activities and objectives	CFO/DoG