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## **MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON MONDAY 27 JUNE 2022**

### **Present**

Angela Briggs	Governor
Emma Kirk	Staff Governor
Mick Lochran	Chief Executive
Paul Scanlon (Chair)	Governor

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

### **In attendance**

Joanne Platt	Interim Director of Governance / Clerk to the Corporation
Barrie Shipley	Chief Finance Officer
Sharon Smith	Principal/Deputy CEO
Jason Wilkinson	Chief Information Officer
Rachel Maguire	Chief People Officer

The meeting was held via MS Teams and commenced at 5.30pm. The Clerk confirmed that the meeting was quorate.

<b>Item</b>	<b>Minute</b>	<b>Action</b>	<b>Date due</b>
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#### **1 Apologies**

Apologies for absence were received from Karen Jackson, Mark Swales and Richard Gravestock.

#### **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 interests.

#### **3 Minutes and Confidential Minutes of the Finance & Resources Meeting held on 21 March 2022 and any matters arising**

The minutes of the meeting held on 21 March 2022 were agreed as a true and accurate record for signature by the Chair.

The confidential minutes of the meeting held on 21 March 2022 were agreed as a true and accurate record for signature by the Chair.

It was noted that all actions are complete.

#### **4 Performance Monitoring**

The Committee considered the Performance report, noting that forecasted achievement rates for adult provision should show an increase

from the previous two years (88 – 92% forecasted compared to 87% in 2019-20 and 82% in 2020-21) and for apprenticeships (65% forecasted compared to 61.3% in 2019-20 and 59% in 2020-21), which will have a positive impact on income.

There are remaining risks in relation to timely apprenticeship achievement due to delays in end point assessments arising from the Pandemic. However, this is being monitored closely, with additional support being provided to support learners with an end date within this academic year.

Achievement for 16-18 learners is currently forecasted to be slightly lower than the previous two-years (88% forecasted compared to 91% in both 2019-20 and 2020-21), largely due to the impact of two years of Teacher Assessed Grades during the Pandemic. Actions are being taken to support learners with exams. However, it was noted that this will not have an impact on income.

Attendance and retention have been supported by utilising Catch-up funding which should be fully spent at the end of the financial year. Learners have benefitted from additional support via 1:1 meetings and tutorials with Catch-up tutors.

Predicted achievement on HE is in progress with Exam Boards starting in June. It was noted that withdrawals have been higher than originally anticipated in this year's financial forecast and adjustments have been made accordingly.

Income from the Adult Education Budget (AEB) is currently lower than anticipated although it is expected that 97% of the £7.5 million allocation for 2021-22 will be achieved. However, there may be a shortfall in the Sheffield City Region Fund with work underway to agree an achievable target for 2022-23. Apprenticeship income is in line with the forecast.

The Committee noted that the delivery model for 2022-23 has been designed to incorporate the additional 40 learning hours (extra funding).

In terms of recruitment. It was noted that applications for 2022-23 for 16-18 learners (new and progressing) are currently 4,056, which is 102 short of the 4,158 allocation and is not in line with the expected growth in the demographic of local communities. The Committee noted that the MIS team is testing a new Student Portal which should provide more accurate reports on acceptances and progression. In the meantime, Curriculum Directors continue to monitor recruitment data in their areas and areas for concern are addressed with open days and 'keep warm' activities.

HE applications are currently lower than at the same time last year, although it was noted that enquiries and leads are high and continuing. The priority is to convert as many of these to applications and interview and it was noted that this is having a positive impact with 71 converted in one week and a total of 150 converted since the report was written.

The initial stages of business planning process are now complete for FE and HE in terms of qualifications offered, planned numbers, staffing levels, staffing requests, non-pay budgets and capital requests and

Curriculum Vision presentations by Directors of each area have taken place with inspirational plans for future delivery and facilities. The focus at present is the planning for short term curriculum priorities and growth and the rationalisation of costs where possible.

**The Committee noted the report.**

**5 Management Accounts to end April 2022**

The Committee reviewed the Management Accounts for the period August 2021 – April 2022, noting that overall year to date financial performance has an outturn surplus position of £183k (R08 - £607k) compared to a budget deficit position of £81k, a positive variance of £264k (R08 - £644k).

Income for the year is below budget by £1.7m (R08 - £1.6m). This is offset by staffing costs (£346k) and other operating expenditure (£1.12m) being below budget for the period to date.

The forecasted position based on the April accounts is a £1.26m deficit, compared to a budgeted £213k deficit. However, when adjusting for FRS102 pension adjustments, the Group is still forecasting a healthy £1.28m adjusted operating surplus, and ‘Outstanding’ financial health.

The Committee noted that the current cashflow position is strong with performance exceeding budget year to date. In addition, underspends on capital expenditure strengthen the current cash position.

The College has now received confirmation that no further information is required for the DfE Condition Funded works, which reduces the risk of clawback of £1m previously highlighted to the Committee. In response to a question from the Chair, it was confirmed that the risk of clawback has not completely gone but is now very unlikely and if clawback is sought, it is likely to be limited to £250k.

Banking covenants are forecasted to be met.

It was noted that the latest information on the May Management Accounts is showing a broadly similar picture. Whilst the main risk for 2021-22 continues to be HE retention and AEB funded activity, it was noted that May was a critical point for HE income and the latest figures show that both HE and Apprenticeship income is now on track.

In terms of AEB income, it was noted that there is still some way to go to achieve the 97% delivery required on the devolved AEB. However, if this can be achieved, there is an opportunity to submit a business case for additional funding. Accordingly, the College has invested in resources to find new students.

**Resolved:** The Committee approved the Management Accounts to the end April 2022.

**6 Estimates of Income and Expenditure 2022-23 and 3-year financial plan**

This item is confidential and is subject to a separate minute held by the Clerk to the Corporation.

## **7 Tribal Benchmarking**

The Committee considered a report on the outcome of the benchmarking exercise commissioned from Tribal in April 2022, using the budget data for the 2021-22 financial year.

It was noted that Tribal has applied its own methodology to ensure the comparisons are 'like for like' as much as possible, but that this therefore disregards the College structure to compare activity. The report does not give an opinion on the College's costs but does identify areas where the Group is an outlier compared to the selected benchmarks.

The Committee noted that costs were compared in relation to High-Quality, Cost-Efficient institutions (using five colleges as comparators), the General FE College average (using 26 colleges as comparators), High HE Provision Colleges (using five colleges as comparators) and High Apprenticeships (using seven colleges as comparators).

The High-Quality, Cost-Efficient benchmark (HQCE) has been used as the primary benchmark throughout the report, but access to an online tool to compare to the other benchmark and reports is also available. A summary of the results shows favourable core margin comparison to General FE College averages but £464k lower than the HQCE benchmark.

It was noted that higher teaching delivery costs are masked by significantly lower spend on additional learning support. Teaching mix and financial productivity were key drivers behind higher teaching delivery cost.

The report shows the College to be lean on corporate services costs, although with higher costs in Quality and Teaching Improvement. It also shows high net exam spend and library costs which may reflect the impact of the volume of HE activity.

The report also shows higher spend on IT Software, lower costs associated with sales and marketing, that student services costs are in-line with the average, but with underlying differences in the profile, and a notably lower spend on energy, cleaning, and repairs and maintenance. Lower energy costs may be reflective of the contract in existence at the time the report was written, and it was noted that this has now increased for the College and the sector generally.

The data will be utilised to inform future resource allocations, and it was noted that the report indicates that the Group invests more in student facing activity, such as direct teaching and learning and student services and library resources. A follow up exercise will be done after the summer utilising full year actual data, following which Governors may use the data to identify areas for Deep Dives during 2022-23.

Item	Minute	Action	Date due
	<p>In response to a question from a Governor about the quality of the library resources following a recent presentation to the HE Performance and Quality Committee, it was confirmed that the cost of delivery of blended learning during the pandemic are included in the library costs which makes them look higher. A full inventory of all books is also underway with a view to an upgrade to digital as far as possible and this is being done now in readiness for the start of the 2022-23 academic year.</p>		
	<p>It was agreed that the presentation to the HE Performance and Quality Committee referred to would be shared with the Chief Finance Officer and the Chief Information Officer.</p>	<p><b>JP</b></p>	<p>End June 2022</p>
	<p><b>The Committee noted the report.</b></p>		
<b>8</b>	<p><b>Estates Team Spring Term Report</b></p>		
	<p>The Committee considered a report providing an update in relation to capital works and estate maintenance work and noted that overall, the College is in a good position, with budgets on track to meet forecasted spend.</p>		
	<p>It was noted that Overbury have made progress to certain elements of the MEP backlog works, although some work in relation to heating, cooling ventilation pipework and insulation, new pumps and external lighting due for completion by 30 September 2021 remains outstanding. These works are essential and will require completing alongside the proposed Doncaster transformation funded project and will have a financial impact of circa £1.4m to the FE Capital transformation fund project.</p>		
	<p>To minimise the impact, a swift resolution is required, and meetings are therefore taking place to bring forward a resolution. In the meantime, a high-level options appraisal for the College to consider has been requested and the College has commissioned an independent contractor to validate the costs to complete the works. A further report on this will be brought to the next meeting of the Committee.</p>	<p><b>JW</b></p>	<p>November meeting</p>
	<p>In terms of the FE Capital Project at Doncaster, it was noted that the Estates Team has invested in additional surveys to inform the tender and meetings took place in March with the project team and external consultants to review the programme and critical paths.</p>		
	<p>The project includes condition improvement works to the Doncaster Hub Building with investment of £1.289m to undertake essential condition improvement works identified through an independent survey to Doncaster College's main Hub building, including upgrades and replacements to the building roof finish to prevent water ingress, and repairs to the windows.</p>		
	<p>The Committee noted that the project to create specialist labs, classrooms, and IT suites at the NCATI site for the Doncaster Institute of Technology is progressing with further meetings planned to finalise the specialist equipment requirements which could impact on the final building designs, and to finalise the lease with the University of Birmingham.</p>		

The College is also working on the development of a strategic ‘Doncaster Master Plan’ to be delivered over time, as funding becomes available, based on predicted curriculum need analysis and qualitative assessment of the estate against the College’s long-term vision.

The Committee noted that the installation of Ground Source Heat Pumps at North Lindsey has been delayed but should be completed by 4 July. It also noted that solar panels have been installed at North Lindsey and that energy generation is being monitored closely.

The Committee noted that works to relocate CATCH to HESTA, British Steel and the North Lindsey main campus, works to the AEB Town centre shop, and repairs and replacement of the confidence course at North Lindsey are ongoing. Refurbishment works to UCNL 3rd Floor to create Professional Development training area, funded by the Skills development Fund has also recently been completed.

In relation to the DfE funded transformation project at North Lindsey College, it was noted that two options for location of the building will be presented to the DfE Project review meeting in early July, prior to presentation to the DfE Board, with Option 2 currently being the preferred option, and the Committee discussed the potential impact of Option 2 on existing buildings and services. It was noted that the project is behind schedule with an expected completion date now of January 2025.

**The Committee noted the report and expressed concern that delays to the North Lindsay Capital Transformation Project which are outside the control of the College, may put the project at risk. It was agreed that everything possible should be done to expedite contracts to minimise this risk.**

**9 Digital Technologies Spring Term Report**

The Committee considered a report, providing an update on IT Capital spend on core IT projects. It was noted that the recent focus has been on procuring new core infrastructure including servers, storage and core server network switches with a view to refreshing the core infrastructure over the summer period ready for the start of the 2022-23 academic year.

The Committee noted that the College has worked closely with HP Enterprise to specify requirements and to plan capacity and resilience. Two solutions are under consideration, each offering 99.9999% availability (equating to 31 seconds downtime per annum). It was noted however that one solution offers more flexibility and performance and is currently on lead times which would ensure delivery over the summer, albeit this is a more costly solution. The higher costs are also offset by a lower CPU Core Count, which will reduce the College’s Microsoft and VMware licensing costs.

The Committee also noted that work is ongoing in relation to Cyber Essentials to understand the gaps in existing capabilities and the requirements to ensure full compliance. Desktop and laptop replacements to ensure the College retains certification to Cyber Essentials will

Item	Minute	Action	Date due
	<p>immediately affect more than 1,100 devices across the College network in addition to 130 smartphones.</p> <p>In addition, it was noted that changes to the frequency of Windows 10 updates and the move to Windows 11 as the default OS choice offering monthly updates, is driving migration to Windows 11, which is only supported on more modern hardware. Accordingly, a further 2,580 of the College's devices will need to be replaced as quickly as possible.</p> <p>The Committee noted that working with HP Inc to evaluate and procure new desktops, laptops and monitors has resulted in very competitive pricing. In addition, it was noted that moving to Data Centres brings about several key benefits when compared to hosting on site, including significant reduced energy consumption, which more than offsets the cost of rack rental.</p> <p>It was noted that a study of device users, identified that approximately half are not regularly connected to the network, and this will be taken into consideration when replacing devices. A recent review of software licences will also result in significant savings for the College.</p> <p><b>The Committee noted the report.</b></p>		
<b>10</b>	<b>Sustainability Update</b>		
	<p>As the Committee had focused a lot of its time discussing the budget, there was insufficient time to discuss this item. A full update will therefore be provided at the next meeting of the Committee.</p>		
<b>11</b>	<b>Review of Cycle of Business 2022/23</b>		
	<p>The Committee reviewed the draft Cycle of Business for 2022-23, noting that there was a reduction in the number of meetings from four to three, but that the work programme was broadly in line with the previous year. The Committee agreed that it would hold its first and second meetings on MS Teams and the third meeting as a face-to-face meeting, noting that this can be changed at any time as required.</p> <p><b>Resolved:</b> The Committee confirmed the Cycle of Business for 2022-23 and agreed that it should be recommended to the Corporation Board for approval.</p> <p><b>Resolved:</b> The Committee agreed that it will hold its first and second meetings on MS Teams and the third meeting as a face-to-face meeting.</p>		
<b>12</b>	<b>Incomplete QIP Actions / Areas</b>		
	<p>The Committee noted that the QIP was to be updated over the summer. There were no areas of concern in relation to the existing QIP raised by the Committee.</p>		
	<p><b>The Chair agreed to feed back any comments on the existing QIP to the Clerk.</b></p>	<b>PS</b>	End July 2022

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| <b>13</b> | <b>Link Governor Update</b>   |        |          |
|           | There was no update available as the Link Governors had given apologies for the meeting. However, it was noted that Link Governor annual reports will be submitted to the next meeting of the Corporation Board on 4 July 2022. |        |          |
| <b>14</b> | <b>Any Other Business</b>   |        |          |
|           | There were no items of other business.  |        |          |
| <b>15</b> | <b>Date and Time of Next Meeting:</b>   |        |          |
|           | TBC   |        |          |

The meeting closed at 7.35pm

**Joanne Platt**  
Interim Director of Governance / Clerk

Signed: ..... (Chair)

Date: .....

TABLE OF ACTION				
Date	Item	Action	Responsibility	Date Due
27 June 2022	7	Share presentation to the HE Performance and Quality Committee with the Chief Finance Officer and the Chief Information Officer.	<b>JP</b>	End June 2022
	8	Bring a report to the next meeting of the Committee in relation to the MEP Backlog works and the position with regard to Overbury.	<b>JW</b>	November meeting of the Committee.
	12	Chair to feed back any comments on the existing QIP to the Clerk.	<b>PS</b>	End July 2022