

MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON TUESDAY 28 FEBRUARY 2023

Present

Angela Briggs	Governor
Karen Jackson	Governor
Emma Kirk	Staff Governor
John Rees	Governor
Paul Scanlon	Governor

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

In attendance

Sharon Harmon	Clerk to the Corporation
Barrie Shipley	Director of Finance
Sharon Smith	Principal/Deputy CEO

The meeting was held on MS Teams and commenced at 5.00 pm.

Item	Minute	Action
1	Apologies Apologies for absence were received from Mark Swales.	
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 made.	
3	Minutes of the Finance & Resources Meeting held on 30 November 2022 and any matters arising The minutes of the meeting held on 30 November 2022 were agreed as a true and accurate record for signing by the Chair. Matter Arising Item 3 – The Clerk confirmed the election of the Vice Chair of the committee would be voted on at the end of the meeting. Item 6 – The CFO confirmed the agreed minor amendments were made to the Financial Statements. Item 10 – The Clerk confirmed the committee’s Terms of Reference includes the remit of the committee for the oversight of the DNCG sustainability strategy. Members agreed to review the updated ToRs at the next meeting of the committee for recommendation to the Board for approval.	

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4 Performance Monitoring

The Principal/Deputy CEO presented the performance monitoring report, providing an update on enrolments for 2022/23, highlighting the impact on income and resources. The report also provided an update on retention and achievement forecasts which impact on funding.

Members noted the financial implications set out in the report as follows:

- Income from Higher Education recruitment remains a significant risk.
- Income from Apprenticeship provision is below prediction.
- 16-18 is above allocation yet any impact on income will be felt on a lagged basis and there may be a potential clawback due to not meeting T level numbers.
- Achievement of the AEB is looking extremely positive but will continue to be monitored.
- There may be a potential clawback of funding pending audit outcomes.

Members sought further assurance around T Levels and the implications of not meeting target numbers. There was a full discussion about T Levels covering recruitment, banding, transition to T Levels, the impact of the COVID pandemic, the lack of government promotion, and investment in resources for the delivery of T Levels. Following the in-depth discussion members were assured that although the below target numbers may look negative, DNCG are one of the leading providers of T Levels nationally, are doing extremely well in terms of delivery and are in a much stronger position than similar providers.

The Principal/Deputy CEO explained that actions were being taken to maximise enrolment and income through late and in-year enrolment, improving retention/achievement where applicable to income and maximising income from external bids, projects and commercial income. Members also noted the following mitigating measure outlined by the Principal/Deputy CEO.

- Resourcing and support for the new approach to Business Development with dedicated lead and new structure.
- Ongoing scrutiny of vacancies and agency spend to ensure housekeeping of spend.
- Focus on Achievement in apprenticeships.
- Ongoing review of non-pay budgets.
- Outcomes and savings from the Cost Improvement programme and subsequent redeployment of staff at risk into vacancies and redundancies.

Members asked what had been done to review programmes to ensure they are cost efficient for the college. The Principal/Deputy CEO explained that a review of programmes is carried out on an ongoing basis to ensure efficiency and quality of teaching and learning.

5 Management Accounts to 31 January 2023

The CFO presented the Management Accounts to 31 January 2023 and provided an update report on financial performance to 31st January 2023, and current forecast outturn for the 2022-23 financial year.

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Members noted the following key points:

- YTD financial performance adjusted operating deficit of £22k vs budget deficit £563k. A positive variance of £541k.
- Cost Improvement Programme achieved savings in year of £1.2m
- HE Income at risk of further withdrawals.
- Apprenticeship Income reduced, with risk of missing further in year starts.
- AEB Income performance good YTD with additional growth case allocation, however, has incurred additional expenditure.
- Additional in year 16-18 allocation.
- Revised Forecast Outturn £2m adjusted operating deficit vs. £1.25m budget deficit.
- Additional in year capital allocations of £1.5m.
- Potential funding audit clawback.
- Business planning for 2023/24 set to commence.
- Further work is being undertaken to realise non-pay savings as part of a comprehensive midyear re-forecast.
- Forecast financial health is 'Good' with banking compliance being met, but this is becoming increasingly challenging and is at risk if there are further reductions in income or significant audit funding clawback.
- Compliance pressure on banking covenants and ESFA financial health.

Members asked for clarity on the underlying recurrent position and the risk that that presents. The CFO explained the position in detail and agreed to include a 23/24 planning assumption and any in year change that has a recurrent effect on that position in future reports.

Members discussed the funding audit potential clawback and asked how the figure for the worst-case scenario amount was worked out. The CFO explained the College can identify the number of learners that were potentially wrongly classified and can therefore calculate the funding value associated with them.

Members asked when the College would know if there will be a funding clawback and the amount. The CFO explained the process that was to be followed before a final decision will be reached. The timeline for the process is not set therefore the timing of outcomes is not known at this time.

Members sought assurances that the reasons for the potential errors had been investigated and that measures had been put in place to mitigate against this happening again. Members were assured that a full review had been carried out and new processes established where appropriate. Members were also assured that a detailed report would be presented at the next Audit and Risk committee meeting.

Members asked about the ongoing cost of staffing agency fees. The CFO assured members that measures are being taken to reduce the cost of agency fees but explained that there continues to be a requirement to bring in expertise in areas where recruitment is challenging.

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6 Support Services Autumn Term Reports

a. Estates

The CFO presented an update report on the progress of existing capital works and potential future works.

Members noted the following key updates:

- NLC contractor final account discussions continue.
- Additional funding received from the DfE following ONS reclassification and energy support. The Group has also been informed of further capital allocation to be announced in the Spring. The Group has allocated this funding to address part of the roof at Doncaster to support the previous £1.29m received previously. The Group will be submitting a change of scope for this works and have arranged for a visit from the DfE transformation team. A comprehensive survey on Doncaster roof was completed, with immediate patch repairs being undertaken prior to a phased programme of more permanent repairs.
- T-level Wave 4 works at Doncaster out to tender.
- South Yorkshire IOT design for locating in the Hub at Doncaster have been completed and will shortly go out to tender.
- T-level Wave 5 bid to extend the ETC at North Lindsey campus was submitted at the beginning of the month. An announcement is not expected until the summer.
- A bidders day for North Lindsey Campus Project was held at the end of January. The PITT has now closed. A further discussion with the DfE from the CEO and CFO has been held to request support to either change the location of the new building or provide a solution due to the impact of the scheme on the Nursery. The Group are waiting to hear back from the DfE, but in the meantime assessing locations for relocation on campus.
- The Group is currently not progressing with the purchase of the premises in Scunthorpe for delivery of AEB.
- A huge amount of work has been undertaken by the Director for Estates in preparing and submitting bids for new funding and tender documents for imminent works. The Group are currently reviewing what additional resource is needed to support the DofE in the delivery of these and future projects.

Members asked what funding is available in relation to the works required for the South Yorkshire IoT locating in the Hub at Doncaster. The CFO explained that it is an estimated \$4m project fully funded by the DfE.

Members sought assurances around the cost of roof repairs at Doncaster College. The CFO explained the current works plan.

b. Digital Technologies

The CFO presented an update report on the Digital Information and Digital Technologies teams and programmes of work for the academic year for the first term. Members noted that several key projects are due to be completed in 2023. The continued absence of the CIO puts delivery of these projects and wider organisational impact at risk. The Chief Finance Officer and Chief People Officer are providing caretaking line management support in the interim.

Item	Minute	Action
	The CFO provided a brief update on the telephony project at Doncaster, the transition to offsite data centres and student records system.	
7	Sustainability Update	
	The CFO provided an update report on the progress made by DNCG towards meeting its sustainability strategic objectives. Members noted the contents of the final draft Streamlined Energy and Carbon Report (SECR) for 2021-22 and updates to the Group's Sustainability Action Plan.	
	Members noted the following highlighted points:	
	<ul style="list-style-type: none"> • Carbon reporting figures are a 19% reduction in CO2e against a 2018-19 baseline. • Improved data reporting, with Scope 1,2, and 3 emissions now being captured. • Intelligence now to prioritise investment. • DC highest user of electricity per m². • UCNL largest user of gas per m². • Increase in travel, with significantly more staff using their own vehicles. • Reduction in waste to landfill with new waste contract in operation in 2021/22. • Significant progress against the action plan in year. However, progress has slowed due to competing priorities. • Additional funding to improve condition and energy use. • Works completed have improved the condition and suitability of existing space. Project pipeline will continue to improve the estates condition, suitability, and environmental impact. 	
	Members agreed that the College has done well getting a plan in place and would continue to monitor progress.	
8	Risk Register Review	
	The CFO reported that following the Board risk management training on 18th January 2023, management have reviewed the Risk Management Policy to embed defining risk appetite within the policy and categorisation of risk. The proposed updates will be informed by the training day hosted by RSM and the guidance from HM Treasury Orange Book. The Risk Register will also be revisited in terms of how its presented. The proposed updates will be presented at the next Audit and Risk Committee meeting on 6 th March.	
	Members reviewed the risk register and noted that both inherent risks and the residual risks are high on a number of risks and discussed the potential impact to financial health and banking covenants. Members agreed the rating were still accurate. Members discussed the target risks and risk appetite and noted the current presentation was being reviewed. Members agreed they would like to see clear articulation of mitigating actions and the impact on risks.	
9	Committee Chair's Report to Board	
	The committee considered the business of the meeting to note the key items for feedback to the Board, including any changes to strategic risks for which the committee has oversight.	

Item Minute

Action

The following items were noted.

- Forecast financial health is ‘Good’ with banking compliance being met, but this is becoming increasingly challenging and is at risk if there are further reductions in income or significant audit funding clawback.
- The Overbury final account discussions continue.
- Continuing risks around condition of estate particularly the works required to the roof at the Doncaster campus.
- Income from Higher Education recruitment remains a significant risk.
- Risks associated with the digital technologies in relation to the student record system and the telephony contracts.

The Chair agreed to complete the feedback report and asked members to forward any further comments.

10 Any Other Business

Member provided feedback on the new format of distributing meeting papers and the use of the governor's portal. Member agreed the new format worked well and found the papers easier to digest and navigate.

Election of Vice Chair of the F&R Committee

The Clerk to the Corporation informed members that K Jackson had expressed an interest in the Vice Chair of the committee vacancy. Members were asked to vote on the appointment of K Jackson as Vice Chair of the committee. K Jackson left the meeting for the vote. Members voted on the Vice Chair appointment.

Resolution: K Jackson was unanimously appointed for a two-year term as Vice Chair of the F&R Committee.

11 Date and Time of Next Meeting:

The next Finance & Resources Committee meeting is scheduled for Wednesday 14 June 2023 at Doncaster College.

The meeting closed at 6.50 pm

**Sharon Harmon
Clerk to the Corporation**

Signed: (Chair)

Date: