



**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 20 MARCH 2023 AT 10.00 AM REMOTELY VIA MS TEAMS AND IN T108, AT THE ROUNDHOUSE**

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**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE  
MEETING HELD ON 20 MARCH 2023 AT 10.00 AM HYBRID  
REMOTELY VIA MS TEAMS AND IN T108, AT THE ROUNDHOUSE**

Present: Martyn Marples (Chair), Andrew Cochrane, Phil Dover, Mandie Stravino

In attendance: Jo Clifford (CFO), Heather Simcox (DCEO), Iain Baldwin (Director of Estates), Ian McCormick (Director of IT), Rose Matthews (Clerk)

		Action	Date
<b>21/22-23</b>	<b>APOLOGIES FOR ABSENCE</b>		
	No apologies for absence were received.		
<b>22/22-23</b>	<b>DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM</b>		
	All members were eligible, the meeting was confirmed to be quorate and there were no new declarations.		
<b>23/22-23</b>	<b>MINUTES OF THE PREVIOUS MEETING HELD ON 2 DECEMBER 2022</b>		
	<b>APPROVED:</b> The minutes of the meeting held on 2 December 2022 were approved as a true and accurate record.		
<b>24/22-23</b>	<b>MATTERS ARISING</b>		
10/22-23	The Estates and Property Strategy presentation was on the agenda for today's meeting.		
	The Terms of Reference for the Committee were approved by the Corporation at its meeting on 12 December 2022.		
12/22-23	Revisions requested with regards to the Management accounts had been carried out and a status update was on the agenda for this meeting.		
14/22-23	The CFO had shared R04 figures.		
	The Key Performance Indicator targets were adopted by the Corporation at its meeting on 12 December 2022.		
15/22-23	The special meeting required in relation to the IoT RIBA stage 3 contractor tender had since been rearranged to incorporate into the Corporation's existing business cycle, with FRC approval in June and Corporation in July.		

25/22-23 **PROPERTY AND ESTATES**

- **ENVIRONMENTAL AND SUSTAINABILITY PLAN**
- **PROPERTY AND ESTATES MANAGEMENT STRATEGY**

The Director of Estates commenced the meeting with a presentation on the College's Environmental and Sustainability Plan.

The intent of the plan was to reduce the College's carbon footprint, increase biodiversity and promote sustainability. This was achieved through a series of interrelated plans which were reported through the AoC's Carbon Emissions Reporting and the SECR frameworks.

The impact was measured by the reduction in CO<sub>2</sub>e across the estate (reported in the College Financial Statements), an annual increase in biodiversity across the estate. Increased awareness raising and knowledge of environmental sustainability across the staff and student populations.

**Members noted how the reduction was measured and the difference it had made.** The Director of Estates explained it was a direct comparison year on year.

The Director of Estates went on to present the Property and Estates Management Strategy.

This was a facilitating strategy that could be adapted in light of curriculum, financial, people requirements etc., providing excellence on the scales of affordability.

The actions to implement were shared in the presentation and the success measures discussed.

Members understood the external pressures, the national economy and the challenges faced to maintain the estate.

Staff recruitment and retention remained challenging which was impacting on the department's ability to meet all organisational needs at times.

**The Vice Chair noted there was competing demand for extra facilities and upgrading. He questioned how the team balanced the need for new facilities against maintaining existing facilities.**

The Director of Estates explained the funding was cyclical. The College had a full planned maintenance programme which was based on a lifecycle basis. There was a capital application process that the curriculum areas and the nursery could apply for annually.

**Members questioned the weakest link in the programme.** This was identified as the students' welfare areas and access to them. The focus related to the teaching areas, but

background functional areas were not the priority given financial constraints. Some work on the student areas had been added onto a recent bid and had been well received by the students.

**The Committee Chair asked the Director of Estates what the College needed from the Governors.** Governors had provided ongoing support and the Chair had been available to approve some items in a short timescale.

An operational report was shared which covered the contractor procurement process and the timeline for awarding the T Level contract.

Members were also appraised of the planning application for an extension to the Stephenson building.

**The Committee Chair noted the revised timeline and asked if the completion date was still achievable in 42 weeks as opposed to the original 52.** A better understanding would be known once the principal contractor was in place.

#### 26/22-23 CHAIR'S ACTION

- T LEVEL BID
- JOHNSON SUB-LET

Members were appraised of the two Chair's actions since the last meeting.

##### T Level Bid

The Director of Estates had met with the Corporation Chair on 31 January 2023 to review the T Level Wave 5 bids. Due to the timeframe for bid submission these had fell outside of the FRC/Corporation cycle, requiring approval by 3 February 2023. The Chair approved the bid for Agricultural/Equine and Animal Care – Lathkilldale at Broomfield Hall and Hair and Beauty, the Stephenson Building at the Roundhouse.

##### Johnson Sub-let

The DCEO and Russell Rigby met with the Chair in relation to the works required for the sub-let of the Johnson Building estimated at a value of £258K. Due to the need for a quick response the Chair provided his approval. The agreement had since been signed and the NHS had moved in.

#### 27/22-23 IT AND DIGITAL

- CYBER SECURITY REPORT

The Director of IT had provided a report in response to a range of questions on cyber security posed by the Corporation Chair following a recent CPD event.

Members were assured by the responses provided. They discussed the profiling process in terms of targeting organisations. There had been an increase in attacks in the last three months which had been reported through JISC. It

was noted that recent attacks had coincided with recruitment adverts for the infrastructure team – which might imply there were vulnerabilities, but this was not the case.

The Clerk had shared an internal audit report on Cyber Security with the Chair and highlighted reporting through the DPO report in the confidential session at the Audit Committee.

## 28/22-23 PEOPLE REPORT

The Executive Director of HR provided Members with an overview on people matters.

The report covered the pulse survey due to be launched, along with recruitment and retention of employees.

Attention was drawn to the annual leave calculations following the Supreme Court decision in relation to the Brazel v Harpur Trust, following legal advice and discussions with UNISON in terms of a collective claim which were detailed in the report.

More recently the Government had decided to open a consultation to consider if there was a better way of agreeing annual leave entitlement for those who did not work a full year. It could lead to a reversal of the Brazel v Harper Trust decision and potentially lead to the Government legislating a new calculation.

**Members questioned the financial implications of a collective claim** and this was clarified by the Executive Director of HR. The Finance Team were currently reviewing the cost to the College.

## 29/22-23 FINANCE REPORT

### • MANAGEMENT ACCOUNTS – PERIOD 6

The Committee Chair reported some of the committee chairs had met with the CFO to discuss the accounts following circulation of the Period 5 Management Accounts. Members had been keen to gain a further understanding of the accounts in terms of the EBITDA position and what action was being taken to get back on course.

The income and expenditure showed a surplus position of 6.14% against a budget of 7.54%, which was a £393K adverse position against budget. The full year forecast was a revised forecast based on anticipated income shortfall. The College were projecting an EBITDA of just over 1.5%.

The report reflected a variance between period 5 and period 6 to ascertain the direction.

AEB income was significantly behind for college delivery across a number of areas. The shortfall was partly offset by partner delivery which was ahead of the profile. However

this was only a timing difference. A detailed analysis of the shortfalls in specific areas was presented.

Apprenticeship income continued to be behind budget but had improved slightly this period; partly due to apprentices starting later than budgeted but also due to reduced volumes.

The total income variance was £111K down against budget.

Expenditure showed the budgeted vacancy drift compared to actual pay savings.

Energy costs were significantly over budget at period 6 and this continued to be a problem with the energy provider failing to provide an accurate bill.

Actions to address the EBITDA shortfalls were detailed in the report and discussed by members. This included meetings to review AEB and generate more, although at this stage it would not have as much impact and the College were looking at what they could do from a savings point of view. Options such as campus opening times and holiday openings were being considered, along with reviewing funding claims and continued review of pay costs.

The balance sheet and cashflow were presented and AEB clawback had now commenced.

A revised cashflow was being put together based on capital money coming in.

Additional capital funding had been announced by the DFE with more yet to be announced. Options and proposals would be presented at a future meeting.

Discussions in relation to financial health in January and the forecasted position at the end of the year took place, along with the impact this would have on the bank covenant in terms of a potential breach. The CFO explained a request had been submitted to the ESFA PMO team, who initially confirmed they would not consider any further action until the College had breached their covenant. They had asked the College to withdraw the request. The DfE subsequent response suggested reviewing alternative terms with the bank which would involve asset security and a higher margin on the bank loan, which would not fit in with the Value for Money guidelines under ONS.

**The Corporation Chair questioned if there was anything that could be done in terms of the scheduling of payments,** but it was also pointed out it was the EBITDA impact on the operating surplus that would be at a loss. The CFO had also had verbal confirmation of £1.1m cash that may not have to be repaid.

**Members questioned how far away the College were away with the £1.1.m, they were still £3m adrift.**

**Members noted the action being taken and asked if these would contribute to bring the EBITDA to 3% if everything worked.** The best case scenario was 3%, but the CFO could not commit to achievement of that.

**The Committee Chair explained the P6 year to date forecast was where the College thought it needed to be and will provide the picture for the next meeting.**

**30/22-23 ESFA FINANCIAL HEALTH DASHBOARD**

The Financial Health Dashboard had not changed since the last meeting.

**31/22-23 WHAT HAVE WE LEARNED**

Members reflected on the meeting and agreed the Brazel v Harper Trust case should be monitored.

Members had reviewed the financial health and the implications of the ONS decision.

*The meeting finished at 11.00 am*

Signed: \_\_\_\_\_ Date: \_\_\_\_\_