



**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD  
ON 28 NOVEMBER 2023 AT 12.15 PM REMOTELY VIA MS TEAMS AND IN T108,  
AT THE ROUNDHOUSE**

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**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE  
MEETING HELD ON 28 NOVEMBER 2023 AT 12.15 PM 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, Heather Kelly, Claire Love,  
Rose Matthews (Clerk)

	Action	Date
<b>12/23-24 APOLOGIES FOR ABSENCE</b>  No apologies for absence were received.		
<b>13/23-24 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>14/23-24 MINUTES OF THE PREVIOUS MEETING HELD ON 10 OCTOBER 2023</b>  <b>APPROVED: The minutes of the meeting held on 10 OCTOBER 2023 were approved as a true and accurate record.</b>		
<b>15/23-24 MATTERS ARISING</b>		
05/23-24 The Terms of Reference were approved by the Corporation at its meeting on 23 October 2023.		
08/23-24 The Treasury and Cashflow Management Policy was approved by the Corporation at its meeting on 23 October 2023.		
09/22-23 Davlyn Construction were appointed as principal contractor for the Motor Vehicle facility at the Corporation meeting held on 23 October 2023.  <b>The Committee Chair asked for a progress update on the work in the Stephenson building.</b> It was noted there was a progress meeting on site today and the work was still on track to finish in August, but the grant release date had moved.  Dalkia were extended for a further year to continue the planned maintenance contract by the Corporation at its meeting held on 23 October 2023.		

10/23-24 **FINANCIAL ELEMENTS OF:**

- **DCG FINANCIAL STATEMENTS**
- **DCG SERVICES LTD FINANCIAL STATEMENTS**
- **MACKWORTH BUSINESS SERVICES FINANCIAL STATEMENTS**

The financial statements had been discussed in the open session at the end of the Audit Committee.

**However, the Committee Chair questioned in relation to the funding audit, if the Group had sufficient resources to move it further in the right direction.**

The CFO said they did have sufficient resources to cover and were focussing on the apprenticeship compliance, but was comfortable with that resource.

The Committee identified in the sector that resources had previously focussed around teaching resources, but questioned if there was sufficient resource in finance and IT. This was discussed by management and noted the core team were longstanding, but there were challenges around recruitment.

The Chair thanked Jo and the rest of the team for the work they had done, particularly around Going Concern.

11/23-24 **FINANCE REPORT, INCLUDING;**

**MANAGEMENT ACCOUNTS FOR PERIOD 3  
ESFA FINANCIAL HEALTH LETTER  
ESFA FINANCIAL HEALTH DASHBOARD**

The CFO reported on progress towards headline financial KPIs and targets including Management Accounts.

This was the second set of accounts for quarter one and the Group were considerably ahead of budget for year to date. A reforecasting exercise was currently taking place.

AEB was challenging and there was a meeting planned today to discuss options around achievement of the funding target.

Apprenticeships were on track and 16-19 recruitment strong and the College were hoping for a growth case to be awarded. Savings had been made in pay due to the restructure and reforecasting reflects the uplift from the pay award – which has been further offset by additional savings from vacancies.

**The Committee Chair asked if retention numbers were positive.** Retention was still being finalised, but the percentage was the same as last year. Overall, a positive position.

**The Corporation Chair questioned T Levels and asked if that was a sector problem.** The Government had put a lot of publicity around T Levels which was being fed into the current policy.

The Director of Marketing had flagged it as a risk for next year's recruitment. Press reports around the PM's announcement is likely to affect the recruitment of T Levels.

Energy was improving and substantial savings had been made. **The Committee Chair asked what happened with energy in relation to the construction build – would that affect the Group's usage?** The FD explained she had reviewed and it was minimum usage as the building was underutilised with students due to the construction work.

Cashflow was strong and the impact of clawback was presented in the report.

If the current forecast flowed through there would be a breach of bank covenants. **The Committee Chair asked when the tipping point would be to make a decision.** The CFO explained this would be in the next two months depending on the capital spend. This could be managed through capital expenditure rather than a revenue matter. Period 3 did not include the LSIP or IoT grants.

**The Committee Chair acknowledged the Group were forecasting a financial health grade as good.** The CFO said this was tipped by 20 points to the threshold of good.

**The Committee Chair asked now that good was in sight, he was asked what that meant and what the risks were in meeting good.**

The CFO said there need to be a substantial amount of adult delivered, the Group had to manage pay and increased exams and inflation on exam fees. Increased Maths and English also makes a difference. **The Corporation Chair said it would be good to know last year's costs compared with this year.** The chart on page 2 in the presentation pack identified actual v budget and green was last year's EBITDA.

**The Corporation Chair questioned the funding per student for T Levels and asked if that was similar to other 16-18 courses.** The CFO explained it was a higher banding rate which was quite substantial, but the group sizes were smaller than an average class size.

Approval was sought for capital and revenue expenditure for the Local Skills Improvement Fund three joint projects:

Project	Project Lead	Total Capital budget	Total Revenue budget	DCG Capital Element	DCG Revenue Element
Green productivity hubs	Nottingham College	£2,220,092	£469,940	£279,100	£87,316
Digital Knowledge exchange hubs	DCG	£2,177,556	£473,734	£639,480	£136,460
Essential and	RNN	£605,341	£657,436	£175,000	£137,931

transferable skills					
Total		£5,002,989	£1,601,110	£1,093,580	£361,707

DCG had also been awarded £652,667 towards the development and delivery preparation for the Higher Technical Qualifications, under the Higher Technical Education Skills Injection fund 2. The grant funding is allocated as £398,127 capital and £254,540 revenue with the HTQ student numbers outlined in the report.

These projects were new and not included in the 2023-24 budget. In accordance with Financial Regulations, the Committee are asked to recommend the capital and revenue expenditure for these grants.

**RECOMMEND: The Committee agreed to recommend the capital and revenue expenditure for these grants to the Corporation for approval at its meeting on 11 December 2023.**

Chair 12/12/23

The reassessment of capital projects was discussed – the approved budget is EBITDA at 1% and this isn't affected by capital grants. The capital grant is released when the asset completes and as such the whole capital grant is budgeted to be released by 31 July 2024. By shifting that the College reduced its income and will release the following year.

**The Committee Chair asked if that had an impact on EBITDA and the deficit and covenant.** The CFO explained it was an acceptable accounting principle, but not used by everyone and it wouldn't benefit the College to change its accounting policy at this stage.

It was agreed to revisit in the new year.

CFO 13/03/24

**12/23-24 FINANCIAL HEALTH LETTER**

The ESFA Financial health letter was shared and discussed by members which related to the CFFR submitted last academic year.

**13/23-24 FINANCIAL HEALTH DASHBOARD**

Committee members received the Financial Health Dashboard.

**The Committee Chair pointed out the dashboard showed a proportion of more College in good than ever. He questioned if that was what the Group knew.**

The number of RI colleges was falling. **Members questioned if this would affect intervention.** There was more support and dialog now rather than intervention. The CFO was still looking at

the benchmarks and EBITDA was still a challenge for a lot of colleges.

**Committee members acknowledged this was based on a self-assessment and whilst DCG were transparent, other colleges may not be.**

**14/23-24 WHAT HAVE WE LEARNED?**

Members acknowledged pay was still a concern, and not just in teaching but wider roles such as IT.

**The Committee Chair asked if all governors understood that and questioned if more needed to be done to understand the challenges ahead.**

**PD said governors had sat in self-assessment reviews where discussions related to inability to recruit.**

The critical points were being managed and the first priority was to ensure the covenant was not breached and focus the risk in the adult budget.

**The Committee Chair questioned the Committee did not have its own risk register and asked if it should.** Discussion related to the remit of the Audit Committee in reviewing the Corporate Risk Register and it was agreed by all that the Management Accounts be more specific in identifying the financial risks rather than producing a Finance and Resources risk register.

*The meeting finished at 1.00 pm*

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