



**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD
ON 30 JUNE 2022 AT 10.00 AM REMOTELY VIA MS TEAMS AND IN T108, AT
THE ROUNDHOUSE**

APOLOGIES FOR ABSENCE	2
DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM.....	2
MINUTES OF THE PREVIOUS MEETING HELD ON 6 MAY 2022	2
FINANCE REPORT - MANAGEMENT ACCOUNTS	2
ESFA FINANCIAL PLANNING CHECKLIST	3
BUDGET AND FINANCIAL REFORECAST	3
PROCUREMENT REPORT.....	5
SUB-CONTRACTING REPORT, INCLUDING;	6
• SUB-CONTRACTING POLICY	6
ESFA FINANCIAL HEALTH DASHBOARD	7
TRAVEL AND SUBSISTENCE POLICY	7



MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 30 JUNE 2022 AT 10.00 AM HYBRID REMOTELY VIA MS TEAMS AND IN T108, AT THE ROUNDHOUSE

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

In attendance: Jo Clifford (CFO)
Clive Perry (Senior Management Accountant)
Heather Simcox (Deputy CEO)
Iain Baldwin (Director of Estates)
Rose Matthews (Clerk)

		Action	Date
35/21-22	APOLOGIES FOR ABSENCE		
	Apologies for absence were received from Andrew Cochrane.		
36/21-22	DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM		
	All members were eligible, the meeting was confirmed to be quorate and there were no new declarations.		
37/21-22	MINUTES OF THE PREVIOUS MEETING HELD ON 6 MAY 2022		
	APPROVED: The minutes of the meeting held on 6 May 2022 were approved as a true and accurate record.		
38/21-22	MATTERS ARISING		
32/21-22	The April Management accounts had been circulated to all Board members.		
33/21-22	The capital spend items had been approved by the Corporation.		
	The Corporation approved the minimum expectations for the 2022-23 budget of a 'good' financial grading.		
39/21-22	FINANCE REPORT - MANAGEMENT ACCOUNTS		
	The CFO provided an overview of the May Management Accounts, which showed a solid performance with income compared to budget on a number of lines, continued pay savings in most area and further non-pay savings.		
	A full year forecast position has been incorporated into the figures, which would take the College to an EBITDA outturn of £4.3m.		
	Overall, up to period 10 EBITDA was ahead of budget, income was still lower, but was starting to pull AEB through partners. An AEB clawback was still anticipated.		

The full year forecast was reviewed as part of the compilation of the April 2022 management accounts and a further update had been completed in May reflecting the improved position.

Members were already aware of the Trade Union pay claim and the AoC recommendations – which Trade Unions had rejected. DCG were one of 29 colleges UCU were balloting for strike action during September, the results of which would be made on 15 July.

The CFO explained the current position had been reviewed and they recognised the cost-of-living pressures and also that a number of vacancies had been difficult to fill. Members considered the option of a non-consolidated pay award for staff in post at 31 July 2022 – which would be a lump sum broadly in line with recommendations made by the AoC. It was proposed this would be paid subject to achieving targets and after a clean external audit.

It was noted that negotiations were due to take place over the summer with the unions and at the point when industrial action was planned for September, the interim audit would not be complete and conversations would need to take place with the External Auditors.

The Committee Chair had met with the CFO prior to the meeting and discussed in detail. He noted the position had changed since March and that the proposals were subject to hitting the numbers, which would not be clear until later in the year.

Members questioned the parameters around the values of the unconsolidated award and recommended there be some flexibility subject to the final outturn.

The DCEO pointed out the timing of the award, the cut off point for the payment and the implications of this with a number of new staff anticipated to start from September.

Members said they would have liked to have offered more, but understood this would impact the financial health gradings and that would then risk moving close to intervention.

RECOMMEND: The Committee recommended the Corporation approve the unconsolidated pay award, subject to achievement of financial targets and a clean external audit. It was also recommended there be some flexibility on the sum subject to the final outturn.

CHAIR

11/07/22

40/21-22 ESFA FINANCIAL PLANNING CHECKLIST

DCG's financial plan and budget had been prepared in accordance with the Handbook and Checklist.

Members confirmed they were satisfied sufficient rigor had gone into the financial planning process.

The Chair asked the CFO to cover the financial health score and the revised measures. It was noted the ESFA had not yet committed to using the new financial health score. The Group aimed to be 'good' on both sets of measures.

41/21-22 BUDGET AND FINANCIAL REFORECAST

The CFO presented the Financial Plan and Budget for 2022-23 and 2023-24 forecast to the Committee.

The 2022-23 budget targets £54.785m income, £3.288m Sector EBITDA, 6% EBITDA, £4.367m operating deficit and financial health, which equated to 'Good'.

The Academy contribution analysis showed a budgeted contribution of 40% overall and was detailed in the report. It was proposed not to carry forward the 16-18 sub-contracted provision via Chameleon (at a margin of 15%) which would present cost savings in 2022-23 but would affect the lagged funding in the future year.

The assumptions in the 2022-23 budget had been rolled forward to 2023-24 and further future assumptions considered. The current forecast for 2023-24 targets £55.462m income, £3.328m Sector EBITDA, 6% EBITDA, £4.317 operating deficit and financial health = Good.

The forecast for 2023-24 was based upon prudent income assumptions, however significant inflationary and pay pressures had resulted in additional savings of £1.015m being required to deliver a balanced budget.

The detailed information and assumptions were presented in the report. Whilst prudent assumptions have been made throughout, there were continuing known financial pressures which would make delivery of the budget and forecast challenging.

The 2022-23 budget doesn't achieve the full AEB, resulting in an underspend of £408K, which would be payable to the ESFA post year end in December 2023.

Apprenticeships delivery was at a similar level to 2021-22, with 988 new starts. HE provision was reducing but this was planned to be recovered in other areas detailed in the report.

Pay costs were budgeted to increase by 12.8% from the level forecast in 2021-22 and included uplifts to the local government pension and a pay increase from 1 December 2022 and staff increments in line with anticipated scale movements

In non-pay the biggest uplift was utilities.

The 2023-24 forecast was discussed. A little growth assumed in AEB, but 16-18 and apprentices remained much the same.

The overall impact of inflation and pay pressures resulted in a shortfall in order to achieve the 6% EBITDA, with further reductions and efficiencies needed to be delivered unless income/margins increased.

It was noted there were lots of risks associated with the financial plans and high-level sensitivity analysis.

The Committee Chair explained he had gone through the detail of the budget with the CFO. However, ultimately DCG was £1m short for 2023-24 and he asked what the College was going to do.

An enormous amount of time had been spent over the past few months and following the last Corporation meeting, it was agreed to bring the budget back at a minimum of good. Budget holders were clear on income expectations.

	<p>The Committee Chair questioned the cash position and asked how long it would be before the College ran out of cash. The CFO explained the College was not at that point now, and if it became a concern the capital expenditure plan would be adjusted. The 6% was the operating loss bottom line. Members said they were comfortable in the short term.</p>		
	<p>RECOMMEND: The Committee recommended the Budget and Financial Forecast to Corporation for approval.</p>		
<p>42/21-22</p>	<p>PROCUREMENT REPORT</p> <p>The CFO summarised the Procurement Report which had been prepared.</p> <p>Members were asked to review the College Shuttle Bus Service. A competitive tendering exercise had taken place, which was scored on a cost and quality basis. It was proposed to award the contract from 1 August 2022 to 31 July 2025 (with a further year's option to extend) to Nottinghamshire and Derbyshire Traction Co Ltd.</p> <p>The Corporation Chair questioned the health and safety elements of the successful company and asked how governors could be assured of this. It was noted they were the incumbent provider and there were no health and safety concerns during their tenure. The Director of Estates would however, speak with the Director of Health and Safety to ensure he was comfortable with the service.</p> <p>It was noted the other two providers were digital platforms that managed buses on demand.</p>	<p>CHAIR</p>	<p>11/07/22</p>
	<p>RECOMMEND: The Committee recommended to the Corporation that the College Bus Service contract be awarded to Nottinghamshire and Derbyshire Traction Co Ltd.</p> <p>A tender had been completed for works to the Johnson Building for adaptations for Motor Vehicle provision and the Ilkeston Campus workshop. Given the tight timescale for the works, Chairs approval was sought on 26 May. The lowest price was from Davlyn Construction.</p>	<p>CHAIR</p>	<p>11/07/22</p>
	<p>RECOMMEND: The Committee recommended the Corporation ratify the Chair's approval to award the contract to Davlyn Construction as the preferred contractor.</p> <p>The contract for supply of electricity and gas was due to expire on 30 September 2022.</p> <p>DCG had engaged Dukefield Energy to support with the procurement process. A mini competition had been undertaken to obtain indicative pricing, but firm costs would only be known on the date the contract is entered into. Three companies had provided costings for a 2-year contract.</p> <p>It was proposed to re-run the exercise at the point of renewal and secure the most competitive price at that point and it was requested the Committee recommend to Corporation this approach.</p> <p>The Chair questioned the ethical approach to suppliers and it was noted the approach was based on the percentage of green supply basis.</p>	<p>CHAIR</p>	<p>11/07/22</p>

As the next Corporation meeting was due to take place in October, it was agreed to recommend the decision be delegated to the Chair to approve the contract approval given the tight turnaround, ahead of the meeting. Furthermore, it was agreed:

- To re-run the contract at the point of expiry
- A 24-month contract.

43/21-22 SUB-CONTRACTING REPORT, INCLUDING;

- **SUB-CONTRACTING POLICY**

The CFO presented the Sub-contracting Report which outlined elements of DCG's provision it sub-contracted to partners.

The selection of procurement for sub-contracting partners was based on the educational rationale detailed in the report.

RECOMMEND: The Committee recommended the Corporation approve the sub-contractor arrangements and costs, as follows:

Other 16-19 provision

2022-23 Budget	No. of learners	Cost to College
Derby Trailblazers – Basketball Academy Coaching	50	£20,000
ProCycle Sport – Cycling Academy Coaching	Up to 5	£8,333

Adult Education Budget

2022-23	Proposed Contract value	Cost to College	
Training Strategies Ltd	£500,000	£425,000	
Tempus	Up to £450,000	£382,500	To be allocated an interim value, full allocation subject to 2021-22 performance
Learning Curve	Up to £450,000	£382,500	To be allocated an interim value, full allocation subject to 2021-22 performance

Apprenticeships

Subcontractor	Delivery	Rollover contract from 2021-22 & new starts
Breedon House Nurseries Ltd	Childcare	Yes – 97 learners
MW Cripwell Ltd	Engineering	Yes – 25 learners

An annual review of the Sub-contracting Policy had taken place with minor changes proposed.

CHAIR 11/07/22

CHAIR 11/07/22

CHAIR 11/07/22

RECOMMEND: It was recommended the Corporation approve the updated Sub-contracting Policy.

The Corporation Chair clarified the ESFA's checklist for sub-contracted provision had been followed. The CFO confirmed that had been a mandatory element of the procurement process. Furthermore, DCG had detailed its expectations around supporting better access for learners and disadvantaged groups.

The Committee Chair challenged the likelihood of Tempest and Learning Curve achieving their allocation and asked what would happen if they didn't. It was noted this would be processed at R14, the College had been late in issuing the contract which meant they had not had a full year to complete. The numbers would be available for September and could be revisited by the Committee at that point.

CFO

SEPT 22

43/21-22 ESFA FINANCIAL HEALTH DASHBOARD

Members noted ESFA dashboard, which was in line with financial information members had already received.

44/21-22 TRAVEL AND SUBSISTENCE POLICY

A comprehensive review of the Travel and Subsistence Policy had taken place. The main change related to increase the mileage rate to the HMRC approved rate of 45p per mile.

The Chair raised a question with regard to the maximum mileage, it was clarified that the 7,000 miles did not cause concern in the College.

RECOMMEND: The Committee recommended the updated Travel and Subsistence Policy to Corporation for approval

CHAIR

11/07/22

The meeting finished at 11.30 am

Signed: _____ Date: _____