

Meeting/Committee	Finance Committee
Date of meeting	28 th January 2021

1 Declarations of Interest and Eligibility

The Chair requested Governors declare any interests at the appropriate time during the meeting.

2 Welcome, introduction and apologies

Attendees:

J Pryke (Chair)
J Worsdale
M Rodzos
T Jackson
J Austin

In attendance:

V Parkes
K Noble
T De'Ath

Director of Governance
Executive Director (ED) of Finance
Executive Director (ED) of Corporate Services

Apologies for absence:

None.

3 Minutes of the Finance Committee meeting held on the 25th November 2020

Resolved: The minutes of the meetings held 25th November 2020 were agreed as a true and accurate record.

4a Matters Arising for meeting held on 25th November 2020

It was noted that the action relating to writing to the health and safety team has been put on hold at this stage.

4b Action Progress Report

It was agreed to remove item 1 as standing item as this is now not needed. Item 8 is now completed and can be removed. Item 6 will be reopened as a result of the extraordinary board meeting.

5 Review of ToR

It was noted that a meeting of the Chairs has been arranged for 1st February to discuss this in further detail and this will be communicated back accordingly.

The Director of Governance highlighted that the ToR for this particular committee are not consistent with the other committees in terms of tenancy for the position of chair. All other ToR state two years whereas the finance committee is just one year.

Agreed: Recommend to the board that the length of the tenancy for the chair of the committee be amended to two years to be consistent with the ToR for the other committees.

6 COVID-19 Update (Standing Item)

The ED: Finances gave an overview of the current situation with online learning taking place. High needs and vulnerable learners are currently on campus and leaders are now awaiting the announcement due on 28th February.

The ED: Corporate Services gave an updated on the mass testing which is now taking place on site. It has been a complete team effort since the announcement was made just before the Christmas break. Staff then came back in on the 4th January only to be told that college would be shutting again on the 5th. The colleges went live with testing last week and there are now three test centres operating across the group. Staff are working particularly hard in ever changing circumstances. There have been further policy changes twice this week already on the serial aspect testing. The recent changes have meant that it is no longer a requirement for the Group to provide students, who have tested positive, with a PCR test result to take home to submit to a lab.

The ED: Corporate Services stated that he is confident that RNN Group is complying with government guidance and reporting appropriately in accordance with NHS guidance. There are some issues been presented by staff logging onto the system prior to their test, especially where staff are using older devices. This is causing some issues and impacting on the timescale to get people through the test centre.

The ED: Corporate Services stated his gratitude to human resources, health and safety, information and governance as well as the paid and voluntary staff brought in to run the sites. This was echoed by the governors who acknowledged the hard work to date. It was further noted that of the 100 tests completed all have been negative.

7 Monthly Management Accounts - December

The ED: Finance stated that the management accounts for December had been circulated for governor's consideration and invited questions.

Governor Response

The Chair noted that the figures demonstrated that by the end of the year that finances will either be on target or slightly ahead but sought clarification as to the impact from the latest lockdown and what the position would look like should a reforecast be done now.

The ED: Finance stated that the management account forecast is showing where we were at the end of December and that won't change until we agree a new forecast. Impacting factors to be included within a reforecast are AEB, apprenticeships and NFPC, although the latter is not looking too detrimental at the moment and until the full impact of lockdown is known it is difficult to know fully how this will affect. This is currently being offset by the funding from the furlough scheme. There is some substantial work to be done around whether or not it is possible to deliver allocations that have been awarded. The ED: Finance confirmed that work is being done in the background to put into a forecast.

The Chair highlighted that the covenant breach has not occurred due to the recent repayment made and noted at the audit committee. The ED: Finance confirmed the situation but stated

that April could be affected if the forecast changes as this will impact on EDITDA. The ED: Finance stated that this has been discussed and highlighted with the bank and the manager has requested to be informed of any changes.

JW sought clarification regarding whether or not there will be any monies clawed back as a result of not being able to deliver the AEB.

The ED: Finance stated that they have to deliver 97% however she noted a meeting of finance directors which she attended recently along with representatives from the ESFA who stated they are currently reviewing this to see how colleges can be assisted during this period. This has further been reiterated in other conversations with the ED: Finance. The CEO stated that in addition there is a drive across the college's network to be honest about what is being spent so the ESFA have a clear picture. The ED: Finance stated that the tolerance was amended in 2019/20 to 68% which meant that there was no claw back for RNN Group.

The ED: Finance highlighted a positive stating that in 2018/19 there were approximately 1200 AEB learners, last year there were approximately 1800 learners and this year already there have been 1900 learners with the opportunity an increase in delivery through online learning.

The ED: Finance stated that there is return due to the ESFA 15th February where there is a requirement to state what the actual and current forecasts on numbers are.

Governors acknowledge that mitigating circumstances

The Chair noted that there was a significant difference in debtors on the forecast and sought clarification as to what the reasons are. The ED: Finance noted that whilst this was representative of the current situation owing to the pandemic it was mainly down to the new credit control supervisor who is very proactive in ensuring debts are paid swiftly. He has been in post for 6 months and has made a positive impact.

The Chair highlighted to the committee that depending on the date of the meeting and where it fell in the month determined the management accounts available to view. It was acknowledged that it will always be the latest version for review however if there is something that needs to be considered on a previous version this will be brought to governors' attention. It was agreed to create an online repository for management accounts to be made available that governors can easily access.

Action: Create online folder within the shared drive for governors to be able easily access the monthly management accounts.

8 Cashflow

The ED: Finance gave a brief overview of the forecast and the graph. It was stated that the only thing to be changed is that, as mentioned earlier, the RCF has been paid five weeks early to remove the risk relating to the covenant breach as requested by the auditors.

9 Risk Report

The ED: Finance gave a brief verbal update about discussion with RSM about their online risk management software which is to be implemented across the Group over the spring term. RSM will review all policies and procedures during the process.

Action: An update regarding risk management software and roll out to be included on the next agenda.

10 Capital Spend Update

The ED: Finance gave an overview of the current situation regarding funding and spend. One key area to highlight is that the details regarding the next phase of bids has been released. High level bids for conditioning work or building on land we own is to be submitted by 15th March.

Governor Response

TJ sought clarification as to whether there had been a response to the request for an extension on the monies which needed to be spent by the end of March. The ED: Finance confirmed that this had been agreed as end of September 2021.

The ED: Corporate Services stated that the new round of funding has a requirement for 50:50 match funding commencing in the region of £500K +. A meeting has been scheduled for the next week for the executive team to discuss further as caution needs to be applied to ensure any committed capital spend does not impact on the finances in March 2022. The Chair enquired as to the normal capital budget which was confirmed as c. £750k - £1m but stated that this includes areas such as IT too and that cannot be used for this particular tender.

The Chair stated that she felt the capital spend is being well managed.

12 Exceptions Report

Added to the agenda in error.

13 Procurement

The ED: Finance drew reference to the procurement report circulated and invited questions.

Governor Response

The Chair noted there are several deadlines contained with report and queried whether they are being met. Quite a few are imminent or just passed and therefore the report is now slightly out of date.

The ED: Finance confirmed that they have and continue to be met. They are going out in line with the deadlines set. The team are under a lot of pressure to get the information out but they are managing this. They are also conscious of upcoming tenders that will be released in the summer term and the need to manage these also.

14 Subcontractor Strategy

The Chair noted that when reviewing the subcontractor strategy, she noted that there is risk rating at the bottom however these doesn't include a risk rating for individual subcontractors.

The ED: Finance confirmed that at the point of tender the individual sub-contractors would have been RAG rated as part of the due diligence process. The Chair requested that this be made available to governors to have a view of what their risk rating is and to update the schedule.

Action: ED: Finance to include a summary table of individual subcontractors and their risk rating.

Recommendation: The committee agree to recommend to the Board that the subcontracting strategy be approved.

15 Subcontractor Variations 2020/21

The ED: Finance gave an update regarding a meeting held with the ESFA. They were content with first four variations however they wanted confirmation that there would be no issues relating to competition with Rotherham United.

Variations

1. The Construction Skills People (CSP) - AEB increase 200k from £400k to £600k. They deliver is not something than can be delivered by RNN such as forklift driving. This ties in with devolution timescales. There is no commitment beyond July.
2. Rotherham United Community Sports Trust – variation of £92k increase due to the funding awarded to disadvantaged learners; this is money attached to the learner and therefore should follow them. ESFA content with this. Approval sought to rewrite the contract to reflect the change.
3. Rotherham United Community Sports Trust – they currently run a number of short programmes to the community. Conversations are now taking place for delivery of programmes in 2020/21. The ED: Finance is working with the Deputy Principal to ensure there is no competition and that they are of a high quality. All subcontracting changes to go to the ESFA at this stage. ESFA have stated they are content as long as they are not competing. Approval sought for awarding a contract up to £40k
4. Serenity – small increase of £5k.

New Subcontracting Proposals

1. The CEO stated that there is a new subcontracting proposal from East Riding College in the region of £50k to deliver trade union studies. This could be delivered online, through blended learning or onsite from various northern locations. Following consultation with the ESFA they are confirming whether or not this is something that can be supported. The Chair queried whether or not there is somewhere else that this allocation could be used but the CEO stated he did not feel that there could at this time.
2. Proposal to transfer levy funds from the Group's levy fund to Nottingham college and East Durham college to allow funds to be used for Apprenticeships with specific employers. This has been pushed back at this stage with a requirement for the executive team to see if it can be utilised internally before transferring. This item is now removed from those to be recommended by the committee for Board approval.
3. JTL – RNN are currently struggling to employ electrical assessors. The proposal for JTL to complete the assessment for a cohort of students is part of a five-year proposal however JTL are willing to commit to two years initially. This would allow the Group time to ensure apprentices are completed considering the wider programme regarding apprentices, WBL and assessing staff. ESFA content with this.
4. JTL – reversed option for JTL to send apprentices to RNN for the teaching and learning elements during years 3-5. Consideration needs to be given as to whether or not RNN has the capacity to deliver and what the risks are. The ESFA are happy for these conversations to continue.

Governor Response

JW stated that she has previously had a long-standing relationship with JTL during her time as Deputy Principal in Greater Manchester, where JTL sent students for the teaching and learning element and it was a productive and positive collaboration and feels this would be a positive move for the Group if it is possible.

Recommendation: The committee agreed to recommend to the Board that approval be given to the variation items 1-4 and items 3 and 4 under the new proposals.

16 Estates Report

The ED: Corporate Services gave a brief verbal overview of the progress made on the disposal of assets and stated:

- Heads of Terms (HOTs) for The Hub are currently with the council's solicitors and accountants with an aim of completion by end of March
- Kiveton Park – nothing new to report.
- Top of North Notts – sold
- Gas Test – due to be handed over in February and is on schedule
- Carlton/Blythe Road Junction – nothing new to report
- 185 Highfield Road – sold
- School Lane – on hold during the pandemic
- Idle Valley – nothing new to report
- Dinnington (buildings) – HOT's with RMBC. No response as yet.
- Dinnington (land sale) – update call taken place earlier during the day. The understanding is that there will be a report available for the next Board meeting regarding the best way forward for the balance of the land.

The conditions work has been covered in items above but to confirm all internal works to be completed on time and the extension will allow the other substantive work to be completed too.

Governors noted the progression that has been made.

17 Health & Safety

The ED: Corporate Services stated that the circulated report includes the recommendations from the audit report and the progress made to date. The health and safety policy is currently being considered by the internal equality and impact assessment process for board consideration hopefully during February. Additional information to note is that there have been no accidents or incidents during the last reporting period, attributed to the low foot fall on campus.

Governor Response

TJ queried the monitoring of the health and safety training and how this is being completed. The ED: Corporate Services stated that software called Metacompliance was implemented 18 months ago which includes training relating to several areas of the business such as health and safety, HR etc. The system will send reminders for incomplete training and had the ability to flag and escalate as well as producing reports.

The Chair raised a query relating to wellbeing and mental health querying whether there are training people within the college able to assist and support staff during the pandemic. The ED: Corporate Services stated that this falls to HR but noted there is access to online mental health services and there is an employed occupational nurse within college.

18 Any other items of urgent business

None.

19 Date and Time of Next Meeting

Tuesday 16th March 2021

The meeting closed at 18:45

Signed _____ Chair

Date _____

