

# MEETING MINUTES

## MEETING

<b>Finance &amp; Resources Committee</b>
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DATE: Wednesday 2<sup>nd</sup> May 2018      TIME: 10.00 – 12.00

VENUE: NCHSR, Room 2.04, Carolina Way, Lakeside, Doncaster, DN4 5PN.      CHAIRED BY:

MINUTE/ACTION      Sally Brook Shanahan  
TAKER:

## ATTENDEES

1. Jo Miller (JM)	2. Richard Cooper (RC)	3. Carl Garrud (CG)
4. Clair Mowbray (CM)	5. Suzanne Roberts (SR)	
APOLOGIES: None		
IN ATTENDANCE: Deb Barker (DB), Sally Brook Shanahan (SBS), Miranda Coles (MC), Judith Doran (JD) and Martin Owen (MO).		

TOPIC	WHO	WHEN
<b>1. Declarations of Interests</b>  None beyond those already recorded in the Register of Interests.		
<b>2. Minutes of the Finance &amp; Resources Committee Meeting held on 24<sup>th</sup> January 2018</b>  The minutes of the meeting held on 24 <sup>th</sup> January 2018 were agreed and signed by the Committee Chair as a true record.		
<b>3. Actions Log from the Meeting held on 24<sup>th</sup> January 2018</b>  It was noted that all the Actions had been closed.		

FINAL

#### 4. Finance Report

MC introduced the Report that showed actual and budgeted income and expenditure for the 8 months from August 2017 to March 2018, along with the budget for the year. The Report included a ratio table that flagged up the achievement of the income target as the highest risk currently identified. She confirmed that since the approval of the funding band in December 2017, 11 learners had been recruited in January and 17 in February together with a new cohort of learners which had started in Doncaster in April.

MC said recruitment of learners for the Level 4 Certificate of Higher Education had exceeded target for the first cohort with income of £142K, some £37K higher than budget. The first payment from Sheffield Hallam University had just been received but in future years would be made in December.

Room hire and events income was currently £35k under budget. MC reported that having slowed in December and January, it had increased to £15K in February and £16K in March with a forecast outturn expected of c£175K, some £25k under budget.

MC explained the process for tracking salaries and to ensure the College is appropriately staffed. Total staffing costs were £53K under budget and with new lecturers, hourly paid teachers and support staff appointments made she noted the team was now much closer to the permanent organisation structure.

IT set-up costs were on budget at £61k to date with total expenditure for the year likely to be just under budget at £102k. An underspend on IT ongoing costs, many of which have been capitalised, was also reported.

Running costs for the both the Birmingham and Doncaster campuses were currently over budget and proving difficult to benchmark. It was noted the increase compared to the February figures was due to rates being accrued following bills received. Applications for charitable rate relief had been made which had the potential to reduce the cost significantly. Catering costs for both campuses were higher than planned due to the impact of reduced footfall and sales.

Turning to cash, MC explained that a budget of £3,853k plus VAT had been provided by the DfE to cover Specialist Equipment costs and that once supplier invoices had been paid the college could claim these monies back from Birmingham City Council. The penultimate claim of £462K had been made in March 2018 and the final claim of £193K, relating to expenditure incurred before the end of March, was made in early April and was paid at the end of the month. MO said that in addition there was also the potential for the College to bring forward a claim of up to £2m directly from the DfE in respect of eligible expenditure that should

have been capitalised but was categorised as revenue. A marker had also been put down with DfE to indicate the College has other eligible expenditure in the event the other National Colleges did not make claims.

The trading deficit for the period to March was reported at £3,719K, some £494K higher than budgeted which resulted largely from a significant shortfall in income from apprenticeships and CPD courses. JM asked how this shortfall was going to be addressed, including whether the budget would be re-profiled and what the impact would be on future years. CM said that at the request of the DfE, the Provider Risk Assurance Team had conducted a Review of the to provide them with some reassurance about the target for 2018/19. DfE had indicated a wish to see the September 2018 enrolments before any budget re-negotiation. The College had decided not to roll forward and was currently preparing financial scenarios based on a 20% reduction. In addition, the opportunities for diversification of income were being assessed. One opportunity under consideration was for the College to expand its remit to become the National College for Transport and Infrastructure. CM said the DfE would like the College to have a wider remit due to the transferability of skills and the fact it would enable learners to be presented with wider opportunities. It was noted the ultimate decision to go down that route will be one for the Board.

It was confirmed that further opportunities to address the funding shortfall, in addition to growing learner numbers, would be discussed under Agenda Item 7. CG highlighted the opportunities for the College to offer short courses for businesses. CM confirmed the CPD offer was under development to achieve a catalogue of offer at full cost recovery for the College. CM endorsed CG's view that there was much demand from industry for this type of training which presented huge business opportunities. CG said if modules were built so staff could progress without full time study on a programme that was recognised by industry this would be of particular value to employers. CM said that everything the College delivers on a full-time basis could be broken down to enable its efficient delivery to support industry requirements and enable those participating to build up to a formal qualification. CG suggested the College could also get these courses sponsored and offered to supply an expert free of charge to the College if there was a course about slab track. CM. CM confirmed the Curriculum team was already preparing a total catalogue of CPD courses, including looking at how industry could support delivery.

JM said that in addition to noting the paper, Members needed to recognise the need for the College to re-profile the budget and look at the scope of the College's activities with a view to them becoming more diverse. CM said that DfE wanted to understand the risk versus the reward in relation to the various opportunities for diversification. MO

noted there were now regular meetings with DfE and this level of scrutiny would increase.

CM referred to the 650 applications for 2018 starts, most of who were Apprenticeships, but with only 20 current industry vacancies of which 16 had been secured for a September 2018 start. In addition, the College had “hot leads” in companies including for Level 3 Driver Training. She also outlined the opportunities that were emerging now that Levy payers could pass up to 10% of their contributions down their supply chains and in respect of which the College had already secured interest from a significant organisation that was proposing a sub-contracted arrangement with its main provider for Level 5 training.

Members were briefed about the awareness of the College’s offer that was building in the industry particularly due to Industry Advisory Board meetings at which there was a focus on the ways in which the industry could help the College. CM said she had also approached a contact at HS2 Limited to see what more they could do to help the College via their supply chain. MO told Members he had attended meetings of Transport For the North and HS2 about skills to further raise awareness. He also told members that a Recruitment Executive had been recruited in order to take on the placing of the 650 post-assessment apprentice recruits in to companies. A discussion followed about a perception that the full-time course is second to an Apprenticeship which the College is working to dispel. The potential for adverse publicity to arise from the fact that the College currently recruits learners to its full-time course without there being an apprenticeship job for them all was also noted along with the fact that the new Recruitment Executive will be managing learners’ expectations in this regard. MO confirmed the need for the marketing between the Apprenticeship and full-time course to be balanced. CG asked about Student Profiles. CM said that currently where a prospective Student did not have an apprenticeship place the College was making videos for the High Speed Rail Leaders Group but the College did not have the resources to be able to do this for 650 candidates. CG suggested that a basic Profile should be prepared as this may facilitate a decision. CM confirmed the College already offered that assistance although it tended to be where an employer is already showing interest in a candidate. MO said the aim was for the College’s apprenticeship matching service to be so good that employers will pay the College to do it for them. To this end he told Members that turning this process from a cost to a business development opportunity has been presented as the challenge for the Business Development Manager. JM said she would follow up on this opportunity to see whether funding is available to assist the College (ACT26)

The Finance Report was received and noted.

JM

9.7.18

<p><b>5. Committee Key Performance Indicators</b></p> <p>MO introduced the item and noted the discussion that had taken place at the previous meeting about performance indicators. Since then the College had benefitted from the donation of the services of an HS2 data analyst who was extracting a Board report using Power BI with the ultimate aim of automating the process to do this and facilitating the ability to drill down into the data. MO confirmed the KPIs will be those that have already been agreed with the addition of the identified “Risks” and “Opportunities”.</p> <p>Members noted the process was dynamic and that MO would provide a further progress update at the Committee’s next meeting (ACT27).</p>	MO	9.7.18
<p><b>6. New Finance System</b></p> <p>MC briefed Members on the procurement exercise that had initially been launched using the OJEU process due to its financial value. She proceeded to outline the fact that although there had been a significant number of expressions of interest, no compliant bids were received due to an issue with tenderers not being prepared to contract on the College’s terms and conditions. Consequently, a more standard approach is being pursued via a Request for Proposal and a Note on Government Contracts Finder through which it is expected expressions of interest will be received in 30 days. A discussion followed about the issues with the external legal advice that had been received in relation to the procurement.</p> <p>CM sought delegated authority to get the procurement signed off owing to the requirement for it to be in place for the start of the new financial year on 1<sup>st</sup> August. MO confirmed he expected the purchase price to be well within the budget. Members agreed to delegate authority to proceed to contract on that basis in consultation with the Committee Chair (ACT28).</p>	MO	asap
<p><b>7. Business Opportunities</b></p> <p>As noted at previous meetings a number of factors have led to a shortfall in funding, including the lower than expected funding band, the delay to the approval of the funding band and ability of the College to attract learners and grow the learner numbers at the rate required. MO introduced the report the purpose of which was to raise awareness of the strategic opportunities being pursued to fill gaps in funding that have been identified, diversify the College’s portfolio and deliver on the College’s mission and business objectives. Opportunities totalling £17.5m had been identified separately from those in the CRM reporting and were shown in the table appended to the paper. MO asked Members for their preferences in terms of their formal tracking. JM said she liked the brevity of the table and other Members concurred.</p>		

<p>CM said that one remit for the College was to be world class and the fact that other countries were now approaching the College demonstrated the potential to take forward international opportunities.</p> <p>SR asked about the structure and weighting of the opportunities. MO confirmed they had all been developed using the College’s own resources with weightings all based on how likely they were to come forward. An estimate of margin had also been included with the phasing shown being the best estimate of the net impact on cash. JM said she was pleased to see the College broadening its offer whilst noting the need for balance in relation to international work.</p> <p>CG sought clarification that the new curriculum areas did not all have to be in place before delivery could commence. MO confirmed this was correct with no need for a full programme at the outset. CG offered to facilitate a 2-day slab track course for 5-8 people including specialist input into the curriculum. MO said he would relay this generous offer to the Director of Technical Training to take forward via his team (<b>ACT29</b>).</p> <p>JM suggested progress reporting should continue on a quarterly basis and encouraged the College to flex its HR model to achieve the desired outcomes if necessary,</p> <p>SR drew attention to the demand for project management and softer skills where she felt short courses would be particularly valuable to companies. MO agreed and said the need to modularise learning via the College’s Canvas technology had been noted. Members expressed their enthusiasm for this approach and endorsed the benefit for short dedicated courses with the aim for the College to be the “go-to” provider.</p> <p>CM confirmed the team would motor on to progress the opportunities.</p>	MO	asap
<p><b>8. Human Resources Report</b></p> <p>JD introduced her report and confirmed that as at the end of March the headcount was 47. Three full-time interim staff had left with no leavers from the full-time staff. The current headcount was 52 with this projected to rise to 54 by the end of May 2018. In the course of a discussion about recruitment challenges Members noted that some hard to reach posts had been filled including lecturers in Track, Power and Communications, Command and Control.</p> <p>Members reviewed the new appointments including a new IT Technician at the Doncaster Campus following an internal promotion and the Commercial Development Manager post which had formerly been designated CPD Manager.</p> <p>Turning to absence Members noted the January and March figures of 1.51% and 1.46% respectively were within the KPI of &lt; 2%. In February the figure was 2.14%, however it was confirmed there were no trends of concern.</p>		

<p>Whilst noting there was no requirement for the College to comply with gender pay gap reporting JM encouraged this to be built into the HR team's on-going work. JM offered to share information with JD to support her to do this.</p>		
<p><b>9. CONSENT AGENDA</b></p> <p>(i) Financial Regulations – It was agreed the revised Financial Regulations could be recommended to the Corporation Board for approval at its next meeting <b>(ACT30)</b></p> <p>(ii) Committee Membership – It was agreed Carl Garrud and Richard Cooper will “Job Share” so that provided one of the two attends the Committee meeting no absence will be recorded.</p>	<p>MC/ SBS</p>	<p>16.5.18</p>
<p><b>10. Any other business</b></p> <p>(i) <u>“Project Viking”</u> – MO briefed Members on the two scenarios and confirmed the best case scenario in terms of the financial contribution that will be made in the event the collaboration proceeds.</p> <p>(ii) <u>Overseas Business Case</u> – CM said the business opportunities were being developed from a UK base as far as possible and that where overseas visits are required it is necessary for a business case to be presented to the Corporation Board. That business case was being brought to the Committee in the first instance for prior scrutiny of a proposal to make one overseas trip to multiple locations over eight days.</p> <p>JM informed Members that she and CM had a conversation about the proposals and the paper that had been circulated to them followed from her request. A conversation ensued in which the potential opportunity to seek DfT support was mentioned and a number of contacts discussed and offers of introductions made. It was confirmed the Board Chair was aware of the proposals and was supportive. Members noted the maximum cost was &lt; £10K with the largest element comprising the flights. Members unanimously supported the proposal and would recommend it to the Board <b>(ACT31)</b>.</p>	<p>CM</p>	<p>16.5.18</p>
<p><b>11.. Date and time of the next meeting</b></p> <p>It was agreed the next scheduled meeting would take on <b>Wednesday 11<sup>th</sup> July 2018</b> from 10.00 – 12.00 at the Doncaster Campus.</p>		

The meeting closed at 11.55

Signed .....

Date .....