

Minutes

FINANCE & RESOURCES COMMITTEE MEETING

Date:	11 March 2024	Time:	4.00 PM
Chairperson:	Peter Lambert	Location:	Newbury College, UCN Room 284

Present	Name	Role
Membership	Peter Lambert	External Member – Interim Chair
	Iain Wolloff (IW)	Principal & Chief Executive
	Sally Osmond (SO)	External Member & Chair of Corporation
	Prof. Gavin Brooks	External Member & Vice Chair of Corporation
	Sue Richardson (SR)	Staff Member
Apologies:	Julian Cooper (JC)	External Member
In Attendance:	Heather Large (HL)	Governance Professional (GP)
	Paula Powditch (PP)	Director of Finance (DF)
	Jo Houghton (JH)	Vice Principal – HE & Skills (VPHEs)
	Lee Hunt (LH)	Deputy Principal & Vice Principal – FE & Curriculum (VPFEC)
	Cathy Wright (CW)	Vice Principal – Central Services (VPCS)
	Jatinder Matharu (JM)	Director of Safeguarding & Support (DSS)
	Nathan Hall (NH)	Director of Estates and Facilities (DEF)
	Trevor Gabriele (TG)	Potential External Member
	Neil McDougall (NM)	Potential External Member
Quorum:	Three Members required	Meeting quorate



Item No.		Reports
1.	APOLOGIES FOR ABSENCE There were apologies for absence received post meeting from Julian Cooper.	Verbal
2.	DECLARATIONS OF INTEREST There were no declarations of any pecuniary, conflict or business interests in any of the agenda items. It was duly proposed by the Chair that Trevor Gabriele, Debbie Ferguson and Neil McDougall be nominated and approved as Finance and Resources Committee members. The Committee unanimously approved Trevor Gabriele, Debbie Ferguson and Neil McDougall as members of the Finance and Resources Committee.	Verbal

3.	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Finance Committee Minutes of the 27 November 2023 were duly approved and will be signed and filed.</p> <p>The Confidential Minutes of the Finance Committee of the 17 November 2023 were duly approved and will be signed and filed.</p>	<p>Paper – 3</p> <p>Paper - 10</p>
4.	<p>MATTERS ARISING FROM THE PREVIOUS MEETING</p> <p>PCE to obtain clearer guidance from the DfE on pension options. Ongoing. The Committee were informed that the PCE had spoken to Rhys Thomas at the DfE. It is clear there would need to be a rationale for any change and permission sought from the DfE. The Committee agreed that there would need to be a case made with regard to any proposed pension changes and brought to Committee for review, outlining potential benefits/savings before making a recommendation.</p> <ul style="list-style-type: none"> • Finance Director to review the aged debt process to include a strategy for recovery. Complete included in the FD Report. • VPCS to investigate if benchmarking data on CPD with other Colleges could be obtained. Ongoing. <p>The Committee were informed by the VPCS the benchmarking data on CPD was outlined in the VPCS Report presented but this is very new, so such data will take time to compile. The Committee agreed to keep the action open for any potential updates at the next meeting.</p>	<p>Paper – 12</p>
5.	<p>STUDENT ENROLMENT</p> <p>The PCE presented to the Committee the up-to-date figures for student enrolment which included:</p> <ul style="list-style-type: none"> • 16-18 Full-Time (23/24 Funding £5,646K) – the growth of 171 student enrolments this year is very positive, with modest growth in core provision and the further planned growth in sport and the football academies. The full-year forecast is lower than the current enrolments due to likely withdrawals but remains significantly higher than the budgeted number. The effect of lagged funding means that c.£1.1M of additional funding for 16-19s will be received in 2024/25. In year growth funding of approximately £550k has been received most of which is accounted for by sport and football academies, staffing costs in these areas have increased by £43k. Essential additional staff as part of the post inspection plan have been put in place. • 19+ Full time & 19+ Part-Time (23/24 Funding £1,268K) – both full and part time students funded by the Adult Education Budget (AEB) are on target. The comparative figure for 22/23 included a significant number of distance learning students who were enrolled in the previous year and ‘rolled over’ into 22/23. The level of current recruitment is similar to last year, and on target to meet the budget. Distance learning, both directly by the College and through the partnership with the Skills Network (TSN) continues to be offered and recruitment for adults continues throughout the year. Forecast is to meet budget target for AEB, though the full loan facility for adults is unlikely to be utilised, due to recruitment for the Access programme returning to pre-pandemic levels. 	<p>Paper – 13</p>

	<ul style="list-style-type: none"> Apprenticeships (23/24 Funding £1,304K) – there is a growth of 78 apprentices compared to the same point last year and the forecast is to meet the budget target of 304. The apprentice numbers include those undertaking higher and degree apprenticeships in the UCN. UCN (23/24 Funding £940K) – there is positive growth of 61 for the direct entry (non-apprenticeship) students in the UCN and is forecast to be above the budget target. This growth is due to the planned additional of the sport programme, together with higher numbers for engineering. OFS grants have been increased to reflect the grants announced and HE tuition fees increased in line with recruitment, leading to additional income of around £80K. <p>The Committee questioned the Tracker data recording percentages rather than real growth figures and the PCE explained that using the multiple percentages evaluate the impact of the growth rather than using the simpler measure of a figure.</p>	
6.	<p>CAPITAL RECEIPTS* Recorded as a confidential minute.</p>	Paper – 15
7.	<p>MONTHLY MANAGEMENT ACCOUNTS The Committee were informed by the Finance director that:</p> <ul style="list-style-type: none"> The Year-to-Date Operating Deficit of £(1,601)K is £417K adverse to budget, this is due to variances with the phasing of the budget and these differences will unwind as the year progresses. The forecast YTD total Surplus of £884K is £254K favourable to budget. This includes £3m profit on the sale of land. Overall income for 23/24 is currently forecast to be £780K higher than budget, due to the positive balance from several increases (from growth and from additional funding) and one significant downward adjustment in the income from Local Authorities for high needs students. Overall expenditure for 23/24 is forecast to be £526 higher than budget, due largely to the planned increases for staff costs to support the growth in student numbers, the pay rise, and the additional posts agreed for post-inspection development. The forecast operating deficit for 23/24 is, therefore, -£2.115M, which is £254K better than budget. The cash flow position for the next 3 years has been re-projected to take account of all changes, including those to the timing of capital receipts for the land sales. The College is actively pursuing all aged debts. <p>In summary: (a) Lowest cash balance in next 12 months - £0.9m March 2024 Cash days 25. (b) Lowest cash balance in next 36 months - £0.1m December 2025 (c) Cash remains heavily reliant on future tranches from the land sale.</p> <p>The Committee raised the following queries:</p> <ul style="list-style-type: none"> Given the correction on the capital payments of the PFI did this impact the actual deficit. The FD confirmed it did but not significantly and has since been updated for accuracy. 	Paper – 17

	<ul style="list-style-type: none"> • Questioned the variance forecasts and how they fluctuate quite widely, in November there was £1.38m predicted yet only £0.9m received. Another example of payments being made of £1m yet the actual figure was £1.2m was quoted. The Committee questioned how confident the College was on the March figures. FD explained the reasons for variable cash flow figures but explained in terms of accuracy, reconciliations are made every month so should be broadly on target. There were also issues with the LA payments from West Berks and Hampshire which are now resolved and most of the variances quoted by the Committee were due to those payments. • asked how often does the College report to the ESFA and were told once a month, with the next report going on 25 March. • requested further details on the £0.5m deficit income for staffing and the Goods and Services forecast of £126k, the Finance Director agreed to investigate. • asked why some Football staff costs are on a separate line. FD explained that some coaching staff are paid via an invoice. The Committee asked if these staff are in the pension scheme and FD confirmed they are not. • asked if the planned capital receipt is taken out of the cashflow, would this help in seeing how to produce a balanced budget. The FD explained that the pattern does not reflect the accurate picture because of the move into public sector 18 months ago. The PCE pointed out that the approach to managing the excess costs of the PFI had been discussed and agreed by the Board over an extended, and to the current challenge is due to the fact that the planning consent for the land sale is so far behind the predicted timescale. <p>Action: Finance Director to investigate £0.5m deficit income for staffing and the goods and services forecast of £126K.</p>	
<p>8.</p>	<p>BUDGET SETTING PROCESS</p> <p>The Committee were informed by the PCE of the budget setting timetable which included:</p> <ul style="list-style-type: none"> • 16/18 and AEB Funding Announcement – 31st March • OFS Grant Funding Announcement - March • Agree planning parameters including inflation, pay increase – 8th April • Templates sent to Support Service Departments based on forecast at 31st March – 22nd April • Templates sent to Academic Departments reflecting staff posts and non-pay requested at curriculum plan 29th April • Templates returned to Finance – 13th May • Draft budget to DF – 20th May • Capital Submissions • First draft to SLT – 3rd June • Final draft to SLT with cash flow – 17th June • Finance Committee Papers – 20th June • Finance Committee - 8th July • Board Papers – 12th July • Board – 22nd July 	<p>Paper – 33</p>

	<p>It was explained to Committee by the FD that there could be some changes to this timetable, and that relevant staff will have a training day on finance in March.</p>	
<p>9.</p>	<p>CONTRIBUTION MARGINS</p> <p>The Committee received the contribution margins report from the Finance Director, which were necessary in order to regain good financial health following the ending of the PFI contract in 2027, it is essential that the plans for College provision have an agreed approach to, and transparency of, the required contribution margins for its key areas of delivery.</p> <p>Current position: For the last five years the curriculum planning process has included the calculation of contribution margins for all areas of delivery. These have been based on a calculation which can be simplified as: $1 - (\text{Direct delivery costs} / \text{income})$.</p> <p>In relation to the calculation of contribution margins in the College there are several factors to note which include:</p> <ul style="list-style-type: none"> • In 23/24 direct delivery costs (teaching and assessment) account for around 40% of the income from student funding (not including income generated from other non-education related College activities). • The current excess annual costs of the PFI (i.e. the costs of repaying the loan, which will end in 2027) amount to around £1.2M. This equates to around 10% of our current income. • To meet the current costs of the overhead (including the current PFI costs), contribution margins would need to average around 60%. • To meet the costs of the overhead after the ending of the PFI, average contribution levels would need to be around 50%. • The contribution levels attainable in colleges vary according to a wide range of factors, including the type of course, the available funding stream, the particular staff/equipment costs, and the achievable group size. • Lagged funding for 16-19s presents a particular difficulty for understanding contribution rates. For example, in a growing area, should the income used to calculate the contribution be the core 16-19 income (based on last year's enrolment), or on last year's enrolment plus an assumption of growth funding (usually 50% of the actual growth), or on the level of full funding earned (which will only be received in the following year). At the College level, this effect has been very significant for us in the last three years, for example, this year's 16-19 enrolment of 960 has earned an additional income this year of around £550K but the proper level of income (to be received next year) is around £1.1M. • In some areas of provision, the integration of different types and groups of students within the same teaching sessions adds to the complexity of calculating contribution margins. • It is important to establish the level at which contribution rates should be calculated (e.g. individual course, programme area, department, funding stream, or whole College). • The use of the new 4Cast software enables the College to continue to calculate contribution levels at the curriculum planning stage, however it 	<p>Paper - 34</p>

	<p>should also prove helpful in the future monitoring of contributions based on actual student numbers and real costs through the budget year.</p> <p>The Committee asked if the College had consulted for advice from AOC/FEC/Other Colleges? The PCE explained that FEC had recently completed the Curriculum Efficiency and Financial Sustainability Support (CEFSS) which provided useful consultancy on these issues. However, it is for the College to manage the process of deciding which courses to offer because it depends on the College strategy as to which areas it wishes to grow, shrink or stay the same. When growth is planned for 16-19s, the lagged funding does create real problems in the cash flow. The Committee recommended that the model the College chose must be consistent year on year. The Committee asked, with this intelligence, how does it help in shaping the budget for next year, and the PCE explained that it is valuable as current draft figures show the College to be in a better position than it was this time last year.</p> <p>The Committee asked what the initials HOD stood for in the table and were told these are Heads of Department. The Committee recommended that it would be useful to form an analysis for next year given the extra intelligence received and this being the first time it has been shared with Governors. PCE assured the Committee that the FEC team have reviewed the model.</p> <p>The Staff Governor updated the Committee on the Apprenticeship figures and how the calculations for infill into existing course for this year is so much more detailed. Committee agreed this was a really valuable piece of information.</p>	
<p>10.</p>	<p>IT SERVICES REPORT</p> <p>The VPCS presented the report and advised on how the College provide IT resource to the College and regular updates on Cyber Security.</p> <p>JISC the UK digital, data and technology agency focussed on education research and innovation) completed an infrastructure review of the College, which will support the review of the IT strategy in March 2024. The potential improvements they have identified are:</p> <ul style="list-style-type: none"> • Team Size: The IT support staff to user ratio is higher than the sector average, with a proposed additional post to improve service expansion capabilities. This is being addressed with an increased budget for a new IT post and additional external support services. • Network Upgrade: Recommendations include automatic failover for robust external connectivity, which is being address by a second Internet line to the College, and network monitoring tools to aid in infrastructure design. • Computer Estate: The forthcoming requirement for replacing all Windows 10 computers by October 2025 must be part of the capital expenditure plan to ensure that all computers use a fully supported operating system. • Service Catalogue: Establishing a service catalogue and published service level agreements (SLAs) will provide transparency and set clear expectations for IT services. • Cybersecurity: Cyber Essentials Plus certification and ensuring IT health checks are essential for compliance with ESFA funding requirements. The additional IT post will assist in achieving continuing compliance. 	<p>Paper – 36</p>

	<ul style="list-style-type: none"> • Strategic Planning: The college’s strategy documentation needs updating, and an annual IT strategic review is suggested to align with sector best practices and technological advancements. In process and due to be completed by the end of March 2024. Potential improvements of £30,000 being allocated under 2023 strategic review, is to be split between a part time IT assistant and a Cyber Threat monitoring contract. Both actions are in process. <p>The Committee praised the detail in the report but wanted the proposals costed ready for the next meeting. The Committee asked where AI increase fits in with the strategy and the VPCS confirmed that the College approach to AI use had been adopted some three months ago.</p> <p>Action: VPCS to cost IT strategy proposals for the next meeting, including identifying any part of the proposals not necessary.</p>	
<p>11.</p>	<p>HR REPORT</p> <p>The VPCS presented the HR Report highlighting:</p> <ul style="list-style-type: none"> • The agreed pay rise was processed, College received positive feedback from staff concerning the level and the backpay. • The College has agreed not to proceed with Investors in People accreditation following a cost benefit analysis. • The Professional Review (annual review) has been implemented and is currently underway. • Staffing matters in the football academy • That the number of complaints received against the college is low • Mandatory Training Compliance is high • Labour turnover remains low for established teachers. <p>Issues of concern include the incidence of stress, anxiety and depression which continues to be the main reason for absence. The Committee asked if these concerns related to work and were informed that this is not work based but largely due to external or personal factors for staff. Agency costs are anticipated to be around £200,000, £60,000 above budget, which is primarily due to additional support for English and Maths.</p> <p>The Committee asked if there is any negative impact from not having the Investors in People accreditation. The VPCS explained that this is considered minimal as new applicants are rarely influenced by IIP status however, the College is looking at some other potential options.</p> <p>The Committee asked for clarification on the 180 head count benchmarking and VPCS explained that feedback is received from the AOC on their surveys with all Colleges.</p> <p>The Committee questioned why there should be clearer targets on where the College is trying to get to and how it measures itself according to these criteria. The VPCS agreed. The Committee further challenged if all the KPIs listed are really KPIs. The Committee further recommended that more should be done to reduce the predicted £140k overspend on agency staffing.</p>	<p>Paper - 70</p>
<p>12.</p>	<p>MARKETING REPORT</p>	

	<p>The Committee received a briefing from the VPCS on the items which included:</p> <ul style="list-style-type: none"> • Between November and February 2024, the marketing department have provided significant focus to the UCN and apprenticeships, High Needs and early years. • The marketing manager has spent time onboarding 3 temporary staff to support 3 key projects: AI Course, the recruitment of teachers from trade (LSIF) and Degree Apprenticeships (OFS Wave 1 bid). There have and continue to be challenges, but these have been excellent opportunities for fresh ideas and focussed work. • The review of the website is taking place with the launch planned for February 2025. <p>Governors requested an update on TikTok usage and Snapchat as a marketing tool:</p> <ul style="list-style-type: none"> • SnapChat is used to promote specific events such as open days. Historically this was expensive, this has improved but there is restricted promotion to brand awareness for under 18s. e.g. College can't add a clickable link. • The College has had a TikTok account since February 2022 and have 76 followers but do not invest spend as it is geographically restricted and doesn't allow the College to target Newbury or West Berkshire. The College has had limited content due to the format, however this has changed so College is sharing its assets on TikTok. • The focus on student engagement and the recruitment of new students. Recruitment figures were detailed in the appendix, with an 18% increase year on year. Currently the College has had 1,700 enquiries from its website and 482 applications. • The 'levelling up' process has begun across the College, aiming to complete by Easter, this is the recruitment of existing learners into new/advanced courses next year. • The marketing budget has been reduced by £20,000, and effective management of resources is in place to ensure this does not have an impact on marketing activity. <p>The Committee asked that the Agency conducting the review of the College website should ask Governors for their views. VPCS will ensure this is completed.</p> <p>The Committee asked that the next report includes the number of UCN applications made.</p> <p>Action: VPCS to ask that external reviewers of the College website seek Governor views. Action: VPCS to include student number applications for UCN.</p>	Paper - 74
13.	<p>DIRECTOR OF FINANCE APPOINTMENT</p> <p>The report from the PCE confirmed the appointment of Jamie Morton as of the 1 May 2024. There will be a cross over period with the current DF and there is a range of activities planned for Jamie with support from the FEC Finance Mentor. Training will be ongoing, and the current DF has agreed to continue her support once she takes up her retirement, if needed.</p>	Paper - 80
14.	<p>POLICIES</p>	Paper – 81

	<ul style="list-style-type: none"> • Anti-Fraud Policy and Response Plan – Approved subject to changes of the fifth bullet point needing completion. • Fees, Refund and Compensation Policy – Approved • Grievance Policy for Staff – Role of the Board needs to be incorporated and felt it needed more work around the collective grievance procedure being appended to this policy. • General Data Protection Policy – Committee questions if the “Information Services Team” should be the Data Protection officer, subject to that clarification, approved. <p>The Committee were advised that the policy procedure is still in its infancy, and unfortunately the Audit Committee recommendations of their policies did not receive the updates they had recommended but this is being addressed.</p> <p>Committee recommended a version control process on the front of the policies. Action: VPHEs to incorporate a version control process on the front of the College policies.</p>	<p>Paper – 96</p> <p>Paper – 106</p> <p>Paper - 112</p>
15.	<p>STRATEGIC DEVELOPMENT COMMITTEE</p> <p>The Committee were updated on proposed new members of SDC, nominations for Chair and Vice Chair of SDC and the Strategic Plan update. The Committee were informed that this Plan will be subject to scrutiny and improvements at the Strategy Day in May which will be completely different to last year. Monitoring the progress of the PFI and the College’s approach to sustainability remain with the SDC.</p>	Verbal
16.	<p>FIVE YEAR FINANCIAL PLAN</p> <p>The Committee reviewed the current five-year financial plan which was created in light of the estimated grant income for 24/25 and the changes to the forecast made in 2023/24.</p> <p>The five-year plan is consistent with the paper on the closure of the PFI. It includes an assumption in relation to pay increases for the next two years. It does not constitute a full review, which will take place as part of the budget setting process and will be presented to the committee in July.</p>	Paper - 118
17.	<p>PFI CLOSE – FINANCIAL CONSIDERATIONS</p> <p>The Committee received a report on the PFI closure and the financial considerations around this. There will be a fuller review conducted at the next meeting and the Committee discussed the target contribution percentage of 2% provided the College has the student numbers, but it was felt that the predictions are achievable.</p> <p>The Committee asked if the College have made any projections of capital investment costs, and it was confirmed these are not included. It was acknowledged that the College may have to invest significantly in order to grow student numbers.</p>	Paper - 122
18.	<p>ANY OTHER BUSINESS</p> <p>There was none.</p>	Verbal
Meeting Closed at 18:15 hours		

*Confidential items

Signed:

Peter Lambert

(Chair) Date:

27 Aug 2024



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