

## Newbury College Corporation

### Minutes of a meeting held on Monday 13<sup>th</sup> July 2020 via Microsoft Teams

Present	Name	Present	Role
1.	Mike Farwell (MF)	*	External Member
2.	Matt Grimston (MG)	*	Student Governor (19+)
3.	Jonathan Hopson (JH)	*	External Member
4.	Glyn Howells (GH) – Vice Chair from Item 2	*	External Member
5.	John Knight (JK)	*	External Member
6.	Sally Osmond (SO) – Chair from Item 2	*	External Member
7.	Derek Peaple (DP)	*	External Member
8.	Tom Rossiter (TR)	*	External Member
9.	Simon Thompson (ST)	*	External Member
10.	Jane West (JW)	*	Staff Member
11.	Iain Wolloff (IW)	*	Principal
12.	Sue Wood (SW)	*	External Member
<b>Apologies</b>	Sandy Fernandez (SF)	*	Student Governor (14-19)
<b>In Attendance</b>	Jackie Heggs (JHe) (From Item 2)	*	Teaching & Quality Manager
	Jo Houghton (JoH) (From Item 2)	*	Director of Business & Partnerships
	Jayne Steele (JS) (From Item 2)	*	Director of Finance & Resources
	Lee Hunt (LH) (From Item 2)	*	Deputy Principal
	Gill Parkinson (GP)	*	Clerk to the Corporation
	Cathy Wright (CW) (From Item 2)	*	Director of HR
<b>Quorum:</b>	7 required		12 present (at start), meeting quorate

#### PART 1

#### NON-CONFIDENTIAL MATTERS

4.00pm		ACTION
1.	<p><b>Election of Chair and Vice Chair</b></p> <p>Following the resignation of Geoff Knappett, the Corporation was required to elect a new Chair.</p> <p>Corporation members had been invited to express their interest in this role, and two members, Sally Osmond and Tom Rossiter had volunteered.</p> <p>Following questioning of both candidates by the Corporation, an anonymous vote was held via Microsoft Teams after which it was announced that Sally Osmond had received the most votes.</p> <p>GH was the only candidate, and was appointed as, Vice Chair.</p>	

	SO took the Chair and the Senior Management Team joined the meeting. All present agreed to GP recording the meeting.	
<b>2.</b>	<b>Apologies for absence</b> There were no apologies although SF was not in attendance.	
<b>3.</b>	<b>Declaration of interests</b> There were no declarations of interest made.	
<b>4.</b>	<b>GOVERNANCE</b>	
<b>4.1</b>	<b>Minutes of the previous meeting</b> The minutes of the meeting held on 30 <sup>th</sup> March 2020 were approved and signed by the Chair.	
<b>4.2</b>	<b>Matters arising from the minutes</b> All outstanding items were covered in the agenda.	
<b>4.3</b>	<b>Corporation Membership</b> SO welcomed DP to the Corporation and he thanked the Corporation.  JH expressed the Corporation's thanks to Geoff Knappett who had resigned as Chair and Board Member in June. He was appointed in 2009 and became Chair in 2017. He was calm and experienced and had been valuable in coaching the Principal when he joined the College in 2018. The Corporation looked forward to thanking Geoff more formally in the future.	
<b>4.4</b>	<b>Report from Search and Governance Committee</b> SO reported on the Search and Governance Committee which had taken place on 6 <sup>th</sup> July: <ul style="list-style-type: none"> <li>• The Committee would be advertising for more Governors and were keen to enhance the Corporation's diversity.</li> <li>• The Committee discussed using the Governor portal for dissemination of Corporation and Committee papers. Any thoughts and concerns from Board members would be welcomed.</li> <li>• The Evaluation form was discussed, and it was agreed it does not add value. This could be part of annual Governor feedback discussions and proposals would be made.</li> </ul> IW noted this was the last meeting for JW. She had completed 3 terms diligently with consideration and fairness. Two staff Governors had been appointed - Shelly Van Meter would be the teaching staff governor and Sue Richardson would be the support staff governor, both starting from September. SO thanked JW on behalf of the Corporation for her welcoming attitude and the many skills she had brought.	
<b>4.5</b>	<b>Principal's Report</b> IW presented the Principal's Report. The key points for the Corporation to note from the report were: <ul style="list-style-type: none"> <li>• Covid-19 Pandemic Policy &amp; Response – new guidance had been implemented in planning for Waves 2 and 3.</li> <li>• Financial support during the Pandemic for school meals, job retention bonus, support for employers/ees and Kickstart programme and high</li> </ul>	

	<p>value programmes for 18-19s would be provided, with more details to be provided for some of these schemes.</p> <ul style="list-style-type: none"> <li>• Gavin Williamson (Secretary of state for Education) had made an incredibly positive speech on FE Colleges during the previous week – this was very welcome. IW thanked all staff once again for their pandemic response.</li> <li>• The refurbishment of the UCN was on target and the Virtual Open week and Newbury College at Home were successes.</li> </ul> <p>The report also highlighted the Climate Action Roadmap and a Primary School Update.</p> <p>Comments from Governors:</p> <ul style="list-style-type: none"> <li>• SO was encouraged that the Newbury News had highlighted new members of staff.</li> <li>• In response to a Governor question IW noted that Laura Farris, the Newbury MP, had met with the College prior to the pandemic and been in touch the previous week.</li> <li>• <b>Was the Govt Digital Equipment fund likely to be available?</b> Possibly based on the number of students.</li> <li>• <b>Was there a risk on time allocated until the start of the UCN for the technology to be running and staff to be trained?</b> JoH noted there was a contingency plan in place for the whole of September. Equipment was currently being purchased and staff could be trained before the rooms were set up.</li> </ul>	
<p><b>4.6</b></p>	<p><b>Student Governor Report</b></p> <p>MG presented his written report. This year was the first year where there had been Board representation from both the 16-19 and 19+ students. Feedback from students had identified strengths as being support with soft skills, induction, course structures, good teaching, and empowerment of students.</p> <p>Areas for development were around representation and the learning environment including the disruptive behaviour of some younger students, yhe need for a dedicated study area for HE learners,the development of the 19+ student voice, the need to improve the Student Council to reflect the college 16-19 community, the need for a P/T ACL 19+ student council review to consider how the adults are represented across the whole college and the need to represent SEND learners more fully with a focus group is to be established to support the SEN student voice.</p> <p>The College had evolved significantly over the past few years for HE learners, and MG was able to recommend the College to colleagues, being proud of the College, especially in the pandemic response.</p> <p>Development would be addressed through the Student Council and there was a need to broaden the response for new types of students. LH to report back to the Corporation.</p> <p>On respect and diversity MG noted the lecturers were diverse and Careers not Courses was an important mantra.</p>	<p><b>LH</b></p>

•	<b>CURRICULUM &amp; QUALITY</b>	
5.1	<p><b>Report from the Curriculum and Quality Committee</b></p> <p>SW gave an overview of discussions at Curriculum and Quality Committee (C&amp;QC) meeting held on 8<sup>th</sup> June, including:</p> <ul style="list-style-type: none"> <li>• Construction, Foundation Learning and the UCN developments.</li> <li>• LH explaining the L3 degree academy and how this would develop students similarly to 6th Form Colleges.</li> <li>• The UCN move towards offering apprenticeships and full-time courses in collaboration with several Universities.</li> <li>• The introduction of Sixth Form plus programme working with St Bart’s providing Maths &amp; English for Year 12s onwards, controlled by the College. (DP agreed partnership working could increase in the future and this was an opportunity which Park House was likely to be interested in).</li> <li>• Commending the College on assessment without exams this year.</li> <li>• QIP actions – work placements could not be completed but adaptations were possible.</li> <li>• An FE White Paper in September.</li> <li>• On-line and blended learning issues being developed with LH writing a paper on this. Social distancing was key to the delivery plan, but the B Smart programme was focused on bringing students together.</li> <li>• Tutorials being a weakness which would be addressed in 2021.</li> </ul> <p>There were no questions.</p>	
5.2	<p><b>Student applications and Planned Enrolments</b></p> <p>LH noted that retention and recruitment were the two key areas. Retention was 97.4% overall – a significant improvement. His report provided an overview of the current position for Student Applications along with the planned enrolments, including the strategy to support conversion from application to enrolment.</p> <p>Based on the current application intelligence it was predicted that the total enrolments for 16-19 learners for 20/21 would be:</p> <ul style="list-style-type: none"> <li>• 16-19 Mainstream = 479 (including 35 EHC(P) Students)</li> <li>• 16-25 (fall into the 16-19 classification) Foundation Learning = 86</li> <li>• 16-19 Total Learners = 565 (Curriculum plan was 654)</li> </ul> <p>Note: this does not include the Six Form + cohort (prediction 30 learners) and there will be 19+ learners who are undertaking a FT course and will be funded through learner loans or full cost the current prediction based on last year’s figure is 70).</p> <p>LH added that there was obviously an element of nervousness and uncertainties about the future.</p> <p>There were no questions.</p>	
•	<b>AUDIT</b>	
6.1	<p><b>Report from the Audit Committee</b></p> <p>SO had provided a written report on the meeting held on 1<sup>st</sup> June. In summary:</p>	

	<ul style="list-style-type: none"> <li>• Good progress was being made towards the action items noted by both Internal and External Auditors and the new tracker was particularly useful in keeping track of actions.</li> <li>• The risk register was reviewed, and it was noted that a separate risk had been created covering the situation with the Covid 19 pandemic.</li> <li>• Two risks were discussed in detail: plans for the University Centre and delivery by Sept 2020 and the financial/cashflow position of the college. Both matters appear on the Corporation agenda for in depth update and discussion.</li> <li>• The selection of external auditors was on the Corporation agenda. Some timings had been difficult to adhere to due to current circumstances.</li> <li>• The new financial regulations were discussed, and it was recommended that these be approved at the Corporation meeting with a few minor amendments.</li> </ul> <p>There was no further discussion.</p>	
<p><b>6.2</b></p>	<p><b>Risk Management – Pandemic Response (July Update)</b>  The key risk areas identified included those related to:</p> <ul style="list-style-type: none"> <li>• Health, safety, and safeguarding</li> <li>• Curriculum &amp; Quality</li> <li>• Income</li> <li>• Costs – Mitie had made some contribution towards the pandemic costs. The catering contract was ending and there would be a new approach in September.</li> <li>• Staffing - returning safely was being led by CW and LH.</li> </ul> <p>CW explained there were 20 staff members shielding, although several had been since allowed by doctors to return contact in a controlled way. Return to work support would be given over the Summer. Some had returned and been supported.</p> <p>There was one apprentice who had been made redundant and both the employer and College were helping in seeking new employment.</p> <p>There were no further questions.</p>	
<p><b>6.3</b></p>	<p><b>Appointment of External Auditors*</b>  JS detailed the process.</p> <p>It had been agreed at the February Committee meeting to undertake a tender for services for the 2019-20 year-end audit onwards. The incumbent had been in place for ten years.</p> <p>A full tender process was undertaken after which there were 5 responses, one of which was not pursued. The incumbent was one of these.</p> <p>These were then scored, and presentations took place from the two top scoring audit firms (Hazelwoods and Alliotts) and the incumbent on Tuesday 7th July. These were attended by the Chair of the Audit Committee, the Director of Finance &amp; Resources, and the Finance Manager. Alliotts was the highest performer and the Incumbents did not perform well, reaffirming the decision to retender.</p>	

	<p>Subsequently Alliotts were the recommended supplier. They had one College client, but had recently won three others for the next financial year. They demonstrated good sector understanding and were part of the ESFA funding audit team. Governor responsibility and Governor training were highlighted and SO thought they listened to the College and were responsive to its needs.</p> <p>After negotiating on pricing on pricing the total cost had been reduced to £84,085 over a 3-year period, of which £75,845 related to the College and the rest to the School.</p> <p>Resourcing had been discussed with Alliotts in respect of the fact that they were rapidly growing, to the interviewing Panel's satisfaction.</p> <p><b>The Corporation approved the appointment of Alliotts as the College's External Auditors.</b></p>	
6.4	<p><b>Financial Regulations</b></p> <p>The Financial Regulations were approved by the Senior Management Team in May 2020. The regulations incorporated the recommendations from the auditors. Some key changes to the document to note were:</p> <ul style="list-style-type: none"> <li>• The inclusion of delegated approval for the Finance &amp; Resources Committee for contracts between £50,000 to £150,000 (p.26)</li> <li>• Specific reference to Mitie change orders in relation to obtaining three quotations and transparency of costs between labour and materials (p.26)</li> <li>• Scheme of Delegation changed to remove unlimited cost commitment for the Principal. The limit is now £10,000 with payments and cost commitment greater than £10,000 requiring the Director of Finance approval in addition to the Principal. (P.46)</li> <li>• Expense claim thresholds and requirement for Director level approval for mileage claims included (P.35)</li> <li>• Details of staff that can approve the payroll BACS payment included (P.34)</li> <li>• Debt write off time limit of next financial year added. (P.21)</li> </ul> <p>The regulations were also reviewed by the Audit Committee on 1st June 2020, with two recommendations made to increase the threshold for capitalisation of assets from £500 to at least £1000 and to include regulations regarding the crediting of invoices.</p> <p>Finally, the regulations were reviewed by the Finance &amp; Resources Committee on 15th June 2020 and were recommended to the Board for approval.</p> <p>GH noted that the whole document had not been provided - GP to circulate the whole document for approval via email.</p> <p>NB The financial regulations were subsequently distributed, and no comments made. Approval was given remotely on 20<sup>th</sup> July 2020 (email records retained by the Clerk).</p>	GP
7	<b>FINANCE &amp; RESOURCES</b>	
7.1	<p><b>Report from the Finance &amp; Resources Committee</b></p> <p>MF reported from the Committee held on 15<sup>th</sup> June. He thanked SW for attending as an alternate. He highlighted:</p> <ul style="list-style-type: none"> <li>• F &amp; R covers marketing, health &amp; safety, and HR.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The budget was the main item and would be covered at Item 7.3. The Committee felt this was unsustainable and did not feel able to recommend it in its current form. Subsequently MF, SO, JS and IW had met to make revisions. They agreed to meet early in the new academic year when student numbers were clearer.</li> <li>• Cashflow became critical in March 2022.</li> <li>• The capital budget was agreed (£125K).</li> <li>• Employees felt well-supported during the pandemic.</li> <li>• A Black Lives Matters response would be considered by the SMT.</li> <li>• Health and Safety, the Digital Programme and Marketing was discussed including potential for reskilling of adults.</li> <li>• The risk register was reviewed.</li> <li>• The financial regulations were discussed.</li> <li>• PFI and the land sale and development of the other site were also discussed.</li> </ul> <p>£60K for site security would be funded by the College.</p> <p>There were no questions.</p>	
7.2	<p><b>Monthly Management accounts</b></p> <p>JS presented the results to 31st May 2020:</p> <ul style="list-style-type: none"> <li>• Income for the ten-month period to the end of May was £7.0m, £212k lower than year to date budget, and £477k lower than the comparable period in 2018/19. The key variance from the prior year was the reduction of funding for Pre-16 which is paid in April and the reduction in High needs funding.</li> <li>• Costs to the end of May were £7.5m, £298.2k lower than the YTD budget, with savings on staff costs of £159.7k as a key part of this variance.</li> <li>• Staff costs were £202k lower than the comparable period in 2018-19, 61.9% of income versus a year end forecast of 64.3% and a year-end budget of 61.9%.</li> <li>• The YTD operating deficit was £561.5K moving to a £1.033m surplus when land sale proceeds were included. The year-end forecast operating deficit was £1m vs a budget of £652k. Negative variances on High needs and fee income had been reported previously, resulting in a forecast deficit in February of £818K. The pandemic had further exacerbated the position by an additional £182k.</li> <li>• Financial Health was rated as “Requires Improvement” although it had previously been forecast as “Good.”</li> <li>• The cash and bank balance was £3.194m.</li> <li>• Debtors were £362.5k of which £100k was received in June.</li> <li>• JS noted Chartwells were leaving and a different provision would be made.</li> <li>• Savings of £27K had been negotiated with Mitie due to the pandemic and savings from one furloughed staff member passed on.</li> </ul> <p>There were no questions.</p>	
7.3	<p><b>Budget 2020-21</b></p>	

In February 2020, the Corporation had approved the ESFA plan, which had Income of £9.74m and an operating deficit of £627k. Financial health was rated as 'good' as the EBITDA was just over 1%. This would usually provide the basis for the budget with some minor adjustments; however, the pandemic had impacted College finances significantly.

JS explained that a proposed budget was presented to the Finance and Resources Committee on 15th June 2020 with a deficit of £1.134m, which the Committee did not feel it could recommend to the Corporation for approval.

Since the meeting further detailed work had been undertaken to ensure income was more appropriately matched to the growth in salaries planned for the new UCN programmes, and to agree a target for staff in consultation with the Chair of the Finance & Resources Committee, however the level of deficit was still of significant concern.

The Management team were tasked with taking the necessary action to try and improve upon the budget when enrolment numbers are known in September.

Key points of the budget were:

#### **Income & Expenditure**

- Income had been revised to £9.45m. This reduction consisted of £449k pandemic related reductions for apprenticeship income, fees, LA funding, lettings, restaurant, salon, and interest. In addition, there were corrections to assumptions for the allocations from the ESFA and OFS which result in a decrease of £97k. These reductions had been partially offset by an increase of £258k in the forecast income from Local Authorities for high needs students.
- Staff Costs had been revised from £5.98m to £6.059m due to an increase in 16-19s in September, the strategy to develop the UCN programmes this year and the uncertainty around class sizes due to social distancing. This was 64% as a percentage of income below the FE Commissioner guidance of 65%. (NB 2019-20 was forecast at 65%).
- Other Operating Expenses had been revised from £3.43m to £3.36m, a reduction of £64k. Cost savings of £144k had been identified across several cost lines, including some related to the pandemic. The PFI charge had been reduced by £24k as inflationary increases were predicted to be lower. Subcontracting costs of £80k had been added to our budget due distance learning increases.
- Assessor costs had increased as apprenticeships were increased. Once student numbers were known this could change.

#### **Capital**

The proposed capital budget for 2020-21 was £125k, a reduction from £150k in 2019-20. LEP funding towards the UCN and financial pressures both contributed to this reduction. Any excess of this should be funded by grants.

#### **Cash**

With capital expenditure of £125k included, the underlying cash was an outflow of £846k with the cash balance forecast to be £1.882m in July 2021.

#### Comments

JoH noted that employer confidence had been affected by Covid which could delay starts to January rather than September.



	<p>(DP left at 18.00).</p> <p>MF stated that £350K of the deficit was depreciation.</p> <p>GH enquired whether there was a contingency. No, but JS noted that the budget was very conservative and not included furlough costs over Summer. MF agreed that the degree of uncertainty was unprecedented which made budgeting exceedingly difficult.</p> <p>MF left at 18.07.</p> <p>JS added that 2020 was an unusual year with much more uncertainty than in previous years and this would mean that the budget would have to be reviewed by the SMT and Corporation once there was less ambiguities.</p> <p>There would be financial training provided for Governors in the new academic year.</p> <p>LH highlighted that T-Levels should provide growth and assured the Corporation that costs were continuously under review by the SMT.</p> <p><b>The Corporation approved the Revenue and Capital Budget for 2020-21.</b></p>	<b>SMT</b>
7.4	<p><b>Cashflow</b></p> <p>The Cash position at 31st May 2020 was £3.2m with a forecast at 31<sup>st</sup> July 2020 of £2.8m.</p> <p>The forecast has been updated to reflect the proposed budgeted deficit position for 2020-21 of £959k and a capital budget of £125k. The balance predicted for July 2021 was just under £1.9m.</p> <p>The cashflow for 2021-22 had been modelled on the worse case assumption that the college continued to lose cash at a similar level to 2020-21, leading to the liquidity position becoming critical from February 2022. Activities had been underway to address falling class sizes and the increasing cost of the PFI contract (approx. £2.0m pa with annual increases of at least £100k pa). Student numbers and timing of the land sale receipts were key.</p> <p><b>MG questioned whether contingency planning should be considered should the land sale not take place.</b> This was being considered as the ESFA had indicated that they would not provide bailouts (albeit this may change) and Colleges should first approach the banks for financial assistance.</p> <p><b>The Insolvency regime would be on the agenda at the next Corporation.</b></p> <p>Another 3-year plan would be presented in January 2021 when there would hopefully be more certainty.</p>	<b>GP</b>

Confirmed as a correct record: .....

Date ..... Signature of Corporation Chair