

Newbury College Corporation Finance & Resources Committee

**Minutes of a meeting held on Monday 15th June 2020
at 4pm via Teams**

Present		Role
Membership	Mike Farwell (MF)	External Member – Chair
	Sue Wood (SW)	External Member – Alternate
	Jane West (JW)	External Member
	Iain Wolloff (IW)	Principal
In Attendance	Jayne Steele (JS)	Director of Finance & Resources
	Lee Hunt (LH)	Vice Principal
	Jackie Heggs (JHe)	Teaching and Quality Manager
	Jo Houghton (JoH)	Director of Business and Partnerships
	Cathy Wright (CW)	Director of Human Resources
	Gill Parkinson (GP)	Clerk to the Corporation
Quorum:	Three members required	Meeting quorate, 4 members present

Item No.		Action
1.	APOLOGIES FOR ABSENCE There were no apologies. Chris Boulton was currently on sabbatical as a Governor due to a conflict of interests and Geoff Knappett had recently resigned from the Corporation, so SW was acting as an alternate. The meeting was quorate.	
2.	DECLARATIONS OF INTERESTS Members confirmed that they had no declarations of interest to make. It was agreed that GP would record the meeting and delete it once she had completed the minutes.	
3.	MINUTES OF THE PREVIOUS MEETING The Committee approved the minutes of the meeting held on 2nd March 2020.	
4.	MATTERS ARISING FROM THE MINUTES Item 3 It was agreed to put in place a process to ensure that the renewal of the MIS system contract would be planned for in advance in the future. <i>This was a work in progress.</i>	

	<p>Item 7 CW to make suggested changes to dashboard if possible. <i>CW had reviewed other Colleges and the information currently provided is similar.</i></p> <p>Item 7 CW would provide Governors with details of any training requiring completion. <i>This had been completed.</i></p> <p>Item 7 CW to provide more details on CSE training in dashboard if possible. <i>93% had completed the training.</i></p> <p>Item 8 GP to confirm best practice for staff attendance at meetings where a pay increase of 0% was on the agenda. <i>GP noted Instrument 14 – 5c. a member of the Corporation who is a member of staff at the institution, including the Principal, shall withdraw: from that part of any meeting of the Corporation, or any of its committees, at which the matter under consideration concerns the pay or conditions of service of all members of staff. NB where the pay increase was 0% it was at the Committee’s discretion whether staff should be in attendance – MF noted he thought staff should leave the room.</i></p> <p>Item 9 Gender Pay Gap report to be included in Corporation agenda. <i>This had been included in the agenda of the 23rd March meeting.</i></p> <p>Item 10 Health & Safety report - more detail on accidents to be provided in future. <i>More detail to be provided in the end of year report.</i></p> <p>Item 11 ICT Report - MF to review the Disaster Recovery Plan – <i>JS to send to MF.</i></p> <p>Item 12 Marketing Strategy & KPIs - JoH to consider the comments made. <i>The Marketing team are considering the comments made and factoring them into the KPIs and action plan.</i></p> <p>MF highlighted that in Item 10 it was noted that an action plan was being drawn up which would be used to engage the students. JS explained there was an action plan as part of the sustainability policy reviewed by the SMT. Circulation had been delayed by the pandemic. IW added that this was part of the Health & Safety report – this should be added to the Corporation business plan.</p>	<p>JS</p> <p>GP</p>
5.	<p>MONTHLY MANAGEMENT ACCOUNTS</p> <p>JS had provided accounts to 30th April 2020. These had been sent out earlier in the day. Key points were:</p> <p>Income & Expenditure</p> <ul style="list-style-type: none"> Income for the nine-month period to the end of April was £6.3m as reduced high needs and fees. This is £236k lower than year to date budget, and £535k lower than the comparable period in 2018/19. The key variance from the prior year is the reduction of funding for Pre-16s which is paid in April. Costs to the end of April were £6.8m. This is £202.6k lower than YTD budget, with savings on staff costs of £121.8k as a key part of this variance. There were some vacancies and staff reductions during the pandemic. Other costs had decreased due to the pandemic such as subscriptions, staff courses etc. The Year to date operating deficit was £533.3k v £500K. The year to date surplus when the proceeds on the land sale were included were £1.061m. <p>Forecast</p> <ul style="list-style-type: none"> The forecast operating deficit for the year was £1.0m (half of this being depreciation) vs a budgeted deficit of £652k. This was £818K in February, an additional £182k. JS hoped this would not worsen. 	

	<p>Cash</p> <ul style="list-style-type: none"> The cash and bank balance was £3.174m. <p>Debtors</p> <ul style="list-style-type: none"> Total Debtors were £415.3k. <p>IW noted the financial position was concerning and the next year did not show an improved position. The ESFA had confirmed the whole sector was destabilised and the pandemic had affected 2% of total income adversely, whereas the College's decrease was slightly larger at 3%. The PFI was still of concern.</p>	
6.	<p>BUDGET 2020-21</p> <p>JS presented the budget and reiterated that the February submission to the ESFA would usually be the final budget, with a few minor changes later, however this had changed due to the pandemic affecting income and costs significantly. The paper presented compared the position to that submitted in February:</p> <ul style="list-style-type: none"> An overall £1.134m deficit was budgeted (£627k in February). Income had moved negatively from £9.74m to £9.29m, a reduction of £450K. This consisted of £611k pandemic related reductions for apprenticeship income, fees, LA funding, lettings, restaurant, salon and interest and corrections to assumptions for the allocations from the ESFA and OFS which result in a decrease of £97k. These reductions were partially offset by an increase of £258k in the income anticipated from Local Authorities for high needs students based on knowledge of students progressing onto the 2020-21 academic year and new consultations that were undertaken. The number of students with an EHCP was expected to increase from the current cohort of 118 to 124 overall but included a higher proportion of students with greater needs and thus a higher rate of funding per student. Staff costs had been revised from £5.98m to £6.1m, an increase of £126k. it was felt by the SMT that staff cuts would jeopardise growth plans. There was also an increase of £181k for additional learning support assistants in relation to the £258k income growth for High Needs students, and an additional £11k in LGPS costs after reviewing the take-up from staff this year. 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 the budget as this forms part of the distance learning provision which is increasing because of the pandemic. Cash would become critical in 2022. This was based on a prediction in Feb of 16-19s of 546 although current predictions were higher. The pandemic could have affected the mix of students. When the sector budgets are submitted in July the ESFA could revisit their decision not to offer financial assistance to the sector as other Colleges were considering redundancies, although there is no current indication that they will. The PFI contract limited scope to make savings on lifecycle costs. 	

	<ul style="list-style-type: none"> • With capital expenditure of £125k included, the underlying cash is an outflow of £985k. The cash balance was budgeted at £1.67m in July 2021, nearing the informal threshold of holding 2 months operating costs. • Financial Health had fallen from 'good' to 'requires improvement' due to a reduction in EBITDA and the Current ratio was 0 and 1.67 respectively. <p>SW asked whether class sizes would be limited to 15 and would that mean more teachers and accommodation. Yes, but the plan for blended learning should mitigate this although there would be pinch points.</p> <p>MF asked whether staff costs should be reviewed. Lagged funding should lead to an improvement in the figures and this would be reviewed in more detail prior to the Corporation meeting. IW had explored why there was no commensurate decrease in staffing costs to income, but this was not likely.</p> <p>Other Colleges were in a similar position and NC was not one of the worst performing. Recruitment and Marketing were key as well as the PFI negotiation and land sale. CW stated that other Colleges were making redundancies in catering, nursery and cleaning staff which wasn't an available option for Newbury and JS highlighted that lifecycle reductions (replacement costs) could not be made as these were met by the PFI company. She thought the reputation of the College had been immensely improved since the decision to cease taking 14-16s had been made. Initiatives such as Sixth form plus would help to improve the figures.</p> <p>MF did not feel able to recommend the budget due to the poor financial situation. It was agreed that JS, IW, Sally Osmond (Acting Chair of the Corporation) and MF would meet after the meeting to discuss the budget and discuss any savings which could be made.</p> <p>JoH highlighted possible upsides from conversations with some large employers which were not included in the budget.</p> <p>There were no further questions.</p>	<p>JS, IW, SO, MF</p>
7.	<p>CASHFLOW</p> <p>The Cash position on 31st May 2020 was £3.2m with a forecast at year-end of £2.8m. This would become critical in February 2021.</p> <p>The current ratio was 1.67 – this was previously always above 2.0 and was included in the financial health calculation which together with the EBITDA reduced the financial health points by 20.</p> <p>JS confirmed to MF that the Internal Auditors had confirmed that there was no need for a formal Reserves policy.</p> <p>The whole Corporation was responsible for Insolvency. There should be strong financial management, a professionally qualified finance director, risk assessment and questioning on funding allocations. The Audit Committee was responsible for risk management. JS to send MF Insolvency guidance. Cashflow and Insolvency requirements and the new regime to be added to the Corporation business plan for the December 2020 meeting.</p>	<p>JS GP</p>

	<p>On the budget MF noted that sensitivity analysis had been included but there was low certainty on some of the figures – JS and IW agreed that uncertainty was very high as learner numbers were very difficult to ascertain for 2020-21, as well as other variables. MF reiterated that it was important to review the numbers regularly in the new year as variables become more known.</p> <p>The proposed capital budget for 2020/21 was £125K. Both Curriculum and Business Support Managers had submitted their bids, and this was an ongoing process. The LEP was funding a considerable amount of technology with the opening of the UCN and other sources of funding were being explored.</p> <p>There were no further questions from the Committee.</p>	
8.	<p>HR DASHBOARD</p> <p>CW presented her report. She had not yet completed requested benchmarking.</p> <ul style="list-style-type: none"> • Recruitment – costs kept down and the omission of pre-16s had reduced costs. • Retirement had driven some staff reductions. • Well-being support for Covid and weekly newsletters were being provided. Well-being had been surveyed in May and in general staff felt supported. MF noted comparisons to previous year were helpful on the HR dashboard as this was developed. • The new HR system had been implemented. • The College was registered with the NHS service for testing. <p>CW and IW confirmed that the SMT would consider whether actions were needed to reflect the recent Black Lives Matters agenda.</p> <p>There were no further questions.</p>	
9.	<p>HEALTH & SAFETY UPDATE</p> <p>The report summarised key areas of H&S provision including:</p> <ul style="list-style-type: none"> • Health and Safety Committee • Incidents • First Aid • Emergency Procedures • Risk, COSHH, DSEAR assessments • Water Quality • COVID-19 • Environmental • Policies and Procedures • Safety Culture <p>MF enquired about the carpal tunnel syndrome incident which had been logged as an “Incident” and was being investigated. CW confirmed that this was not significant.</p> <p>CW also confirmed to MF that all staff entering the College were required to complete Infection Prevention and Control training which explained why the uptake was low at present as most staff were still working from home.</p> <p>There were no further comments from the Committee as the Covid situation was addressed later in the meeting (Item 13).</p>	

10.	<p>I.T SERVICES UPDATE</p> <p>JS highlighted the following:</p> <ul style="list-style-type: none"> • The IT strategy had been integrated into the Digital Strategy, which was being led by the Vice Principal, and reported in Agenda item 11. • Covid response from an IT perspective had been a success in terms of business support and teaching. Staff webcams and microphones had been ordered and IT were assessing which staff required laptops – additional ESFA funding of £47K had been applied for. • Cyber essentials accreditation was a funding requirement and Richard Elwell was working with jisc on password management, access to data from home compliance and mobile phone compliance. • An IT homeworking policy would be developed if necessary. In response to MF JS stated that there was a key member of staff readily available should the Head of IT be on leave. <p>IW added that Richard Elwell had identified external companies who could be called on should the IT team be unavailable.</p> <p>There were no questions from the Committee.</p>	
11.	<p>DIGITAL STRATEGY</p> <p>LH presented.</p> <p>In 2018 a working group was established to review the current delivery practices linked to online learning and the use of VLE. This was the first step in the college understanding the operational needs related to its core business; the delivery of outstanding teaching, learning and assessment. LH had set up a working group to look at platforms.</p> <p>Microsoft Teams was the preferred platform across the sector. SW noted that on-line learning needed to be evaluated as the school experience was that many students were not engaged by it. These issues would continue to be considered by the C & Q Committee.</p> <p>There were no further questions.</p>	
12.	<p>MARKETING UPDATE</p> <p>JoH stated that a successful week-long virtual open event had been held with feedback indicating this was judged highly when compared to other Colleges.</p> <p>NC were considering the opportunities arising to reskill adults including access courses, and the Government may allocate extra funding for upskilling due to redundancies.</p> <p>There were no further questions.</p>	
13.	<p>PANDEMIC RESPONSE</p>	

	<p>IW noted the risks arising from the pandemic had been discussed at the Strategy Day. These focused mainly on Health, Safety and Safeguarding, Curriculum & Quality, Income, Costs and Staffing. Additionally, the senior team were continuing to meet online daily and had updated the analysis of risks to the College arising from the pandemic. He noted:</p> <ul style="list-style-type: none"> • The College had been opening wider and additional vulnerable students would be using the College with some other students attending daily where needed – these had been staggered and a one-way system had been developed. • Marketing and open days were a focus – see Item 12. • Assessment of students was still ongoing. • Work on the University Centre had progressed. MF queried the student numbers – these had changed and were reflected in the budget. • JoH noted conversations indicated employer confidence in the future. <p>MF queried the yellow parts of the report. These were updated parts for the Board meeting of 22nd May and the green were the update for this meeting.</p> <p>MF enquired what the plans were for the return of staff and students. LH noted there were three waves. Wave 1 was now; Wave 2 was the Summer School (including the B-Start programme starting from 3rd August led by Steve Greenwood and Jane West) and Wave 3 was normal delivery from 9th September which would involve blended learning.</p> <p>Would the programme include the use of digital technology? SW Yes this would be included under B-Smart including use of the Moodle and Teams and preparation for employment.</p> <p>MF also enquired whether staff “bubbles” were necessary. CW replied that all staff were in bubbles. 50% staff were keen to return to College and 50% were wary.</p> <p>MF suggested that a Covid update be sent to Governors.</p> <p>There were no further questions.</p>	
14.	<p>POLICY REVIEW</p> <p>Financial Regulations</p> <p>JS explained that the financial regulations should be reviewed and approved by the Corporation on an annual basis after review by the Audit Committee and review and recommendation from the Finance & Resources Committee. Key changes were:</p> <ul style="list-style-type: none"> • Capitalisation increased from £500 to at least £1000 as recommended by the Audit Committee. • Crediting of invoices now reported to SMT. • Delegated approval for contracts increased from £50K to £150K. • Specific reference to Mitie change orders in relation to obtaining three quotations and transparency of costs between labour and materials. • Scheme of Delegation changed to remove unlimited cost commitment for the Principal. The limit is now £10,000 with payments and cost commitments greater than £10,000 requiring Director of Finance approval in addition to the Principal. 	

	<ul style="list-style-type: none"> • Expense claim thresholds and requirement for Director level approval for mileage claims included – these were increasing due to more assessment costs and work placements. • Details of staff that can approve the payroll BACS payment included as requested by the auditors • Debt write-off time limit of end of next financial year added. <p>On questioning JS stated the finance department also had detailed procedures and approval of payments was signed off by two SMT members but the commitment to pay was prior to this.</p> <p>The Committee recommended the financial regulations for approval by the Corporation.</p>	
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Confirmed as a correct record:
	Signature of Committee Chair

	Date