

## Newbury College Corporation Finance & Resources Committee

**Minutes of a meeting held on Monday 25<sup>th</sup> November 2019  
at 4pm in the College Restaurant**

		<b>Present</b>	<b>Role</b>
<b>Membership</b>	Mike Farwell (MF)	*	External Member – Chair
	Chris Boulton (CB)		External Member – Vice Chair
	Geoff Knappett (GK)		External Member
	Jane West (JW)	*	External Member
	Iain Wolloff (IW)	*	Principal
	Sue Wood (SW)	*	Alternate Member
<b>In Attendance</b>	Jayne Steele (JS)	*	Director of Finance & Resources
	Jo Houghton (JH)	*	Director of Business and Partnerships
	Cathy Wright (CW)	*	Director of Human Resources
	Naomi Cripps (NC)	*	Marketing Manager – for Item 12
	Gill Parkinson (GP)	*	Clerk to the Corporation
<b>Quorum:</b>	Three members required		Meeting quorate, 4 members present

### AGENDA ITEMS

<b>Item No.</b>		<b>Action</b>
<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b> There were apologies from Chris Boulton and Geoff Knappett. Sue Wood (SW) had agreed to act as an alternate. The meeting was quorate.	
<b>2.</b>	<b>DECLARATIONS OF INTERESTS</b> Members confirmed that they had no declarations of interest to make.	
<b>3.</b>	<b>ELECTION OF CHAIR AND VICE CHAIR</b> It was agreed by the Committee that the Chair would serve 3 years and the Vice Chair 2 years, to avoid their positions expiring at the same time. Sue Wood proposed Mike Farwell (MF) as Chair and this was seconded by Jane West (JW). Chris Boulton was proposed as Vice Chair and this was seconded by Iain Wolloff (IW).	

	<p>MF expressed concern at the low number of external governors on this Committee.</p> <p>IW explained that the person who filled the Governor vacancy would hopefully join this Committee.</p>	
4.	<p><b>ADOPTION OF TERMS OF REFERENCE</b></p> <p>MF distributed the Business Plan.</p> <p>IW noted that there were many business items in March but this will be amended over time.</p> <p>IW explained that the SMT had started to consult on a new digital strategy, which could be considered in the final meeting of the year. MF suggested inviting the relevant staff to address the meeting.</p> <p>Cathy Wright advised reviewing the employee survey in the June meeting and considering any pay review in the March meeting. IW to consider this. JS suggested that Health &amp; safety matters could be moved to the Audit Committee, though, after consideration, it was agreed that this responsibility should remain with the F&amp;R Committee</p> <p>Financial Regulations listed approval limits and would be reviewed and approved at a future meeting of the F&amp;R Committee. This should be annually.</p> <p>GP to make changes to the Finance &amp; Resources Committee business plan.</p> <p><b>The Committee approved the ToRs, subject to Corporation approval on 16<sup>th</sup> December.</b></p>	<p><i>IW</i></p> <p><i>GP</i></p>
5.	<p><b>TIMETABLE OF FUTURE COMMITTEE MEETINGS</b></p> <p>JS asked members to note that the timing of the meeting in the Autumn term needed to be later in the term so that the full impact of student recruitment could be considered.</p> <p><b>Action: timings of committee meetings to be reconsidered by the Search &amp; Governance Committee.</b></p>	<i>IW/GP</i>
6.	<p><b>FINANCIAL STATEMENTS YEAR ENDED 31<sup>ST</sup> JULY 2019</b></p> <p>The Committee considered and reviewed the reports:</p> <p><b>6.1 Audit Management Report 2018/19</b></p> <p>JS highlighted:</p> <ul style="list-style-type: none"> <li>• The unqualified Opinion;</li> <li>• That the College is a 'Going Concern';</li> <li>• The pension deficit is significant and fluctuates, but is outside of College control;</li> <li>• The recent land sale receipt will improve cashflow;</li> <li>• There were no significant recommendations;</li> <li>• There was no benchmarking included albeit this may be provided before the December Corporation meeting.</li> </ul>	

6.2	<p><b>Statutory Accounts 2018/19</b></p> <p>JS noted:</p> <ul style="list-style-type: none"> <li>• The audited accounts for 2018/19 showed a deficit of £407k, compared with a deficit of £837k in 2017/18 and budgeted deficit of £553K.</li> <li>• PFI costs – policy changed on grants and now released on a straight-line basis after discussion with ME resulting in a £80K reduction.</li> <li>• Restructure costs, Prince’s Trust and staff costs lower.</li> <li>• The land sale capital receipt moved forwards into the 2019-20 financial year (post balance sheet event).</li> <li>• Teachers’ Pension Scheme – the AOC advice is that the government will continue to fund the additional contribution costs but there is a risk that this won’t be maintained (£120-140K pa).</li> <li>• Changes required in the accounts format– these included staff numbers, and the calculation of the Principal’s salary as a multiple of average staff salaries</li> </ul> <p>MF noted the UCN costs. This was treated as an asset on the balance sheet as the Corporation had confirmed its intention to proceed with the new building in future. This would be confirmed with the Auditors.</p>	JS
6.3	<p><b>Letter of Representation</b></p> <p>This is a standard letter which the Chair of the Corporation will sign. There were no comments.</p>	
6.4	<p><b>Management Accounts 2018/19</b></p> <p>JS presented and noted the variance analysis. In summary:</p> <ul style="list-style-type: none"> <li>• Financial Health had improved to Good as the deficit improved. The ESFA recognised the College was on the borderline of Good/Requires Improvement. The SMT expected this year to be more challenging, therefore financial health is likely to be scored as Requires Improvement, following the significant changes to some areas of the curriculum;</li> <li>• The remainder of the land sale proceeds would be received at the end of February;</li> <li>• The provision for bad debt had increased by £20k despite close monitoring. Multiple small invoices went back as far as 2013. Focus was on current debt. Student withdrawal reports now sent to finance straight away to enable speedy recovery. The on-line payment option had worked well.</li> </ul> <p>There were no further questions.</p>	
7.	<p><b>MONTHLY MANAGEMENT ACCOUNTS</b></p> <p>The Committee reviewed the monthly management accounts for October 2019.</p> <p>JS had provided an analysis of fee income compared to last year. This year there was a calendarised budget.</p> <p>JS was satisfied that progress was being made in monthly reporting.</p>	
8.	<p><b>STUDENT ENROLMENT</b></p> <p>The Committee considered current student enrolments for each funding stream. IW noted there were 8 key funding streams:</p>	

	<ol style="list-style-type: none"> <li>1. ESFA 16-18s Similar number of enrolments as 2018/19, despite removal of some courses. However, targeted growth not achieved</li> <li>2. Pre-16s – following the closure of new full-time Pre-16 provision, there was a small final cohort of students in year 11.</li> <li>3. ESFA funding for adults – on target.</li> <li>4. Loan income for adults undertaking courses at level 3 and above– likely to go slightly above budget.</li> <li>5. ESFA and Local Authority funding for students with high needs – the number of students with high needs has decreased this year, due to more students with EHCPs being retained within schools. <b>MF asked what could be done to improve the numbers.</b> JS confirmed that the curriculum offer was being substantially revised, in partnership with local authorities, in order to better meet needs across the range of students with EHCPs.</li> <li>6. Levy or ESFA derived funding for apprentice – likely to meet budget.</li> <li>7. OfS income for some aspects of HE delivery - reduction in overall numbers but in line with budget target.</li> <li>8. Fee income for some HE programmes, some adults on funded courses and full-cost, commercial delivery – marginally higher than last year. On target at present.</li> </ol> <p>IW noted that this paper would be also be discussed at the Curriculum &amp; Quality Committee. MF asked that the report also be considered by the Corporation – GP to add to the agenda.</p>	<b>GP</b>
<b>9.</b>	<p><b>CASHFLOW</b></p> <p>The Committee considered the current cashflow projections for 2019/20. Cash at the end of October was £3.1m.</p> <p>JS noted that the key changes to the cashflow since the July submission are:</p> <ul style="list-style-type: none"> <li>• Removal of the University Centre construction costs and income associated with the proposed curriculum.</li> <li>• TPS pension grant of £90k received in October instead of September 2019.</li> <li>• ESFA funded apprentice income adjusted to £486K for 2019/20</li> <li>• LA funded contracts reduced £294k annually to £564k per term based on actual EHCP students enrolled</li> <li>• 2020/21 16-19 ESFA income reduced by growth amount of £212k based on actual students enrolled Oct 19</li> <li>• £240k LA funding due Dec 19 received Oct 19</li> </ul> <p>JS confirmed that the theoretical threshold to meet monthly outgoings for two months was £1.5m.</p> <p>There were no further questions or comments.</p>	

<p><b>10.</b></p>	<p><b>HUMAN RESOURCES</b></p> <p>CW presented the 2019 HR report:</p> <ul style="list-style-type: none"> <li>• Recruitment continued to be difficult within the College and across the sector for key roles. The College recruited 77 new employees in 2018-19, ranging from Support Assistants to SMT members;</li> <li>• Turnover of staff during 2018-19 had improved year on year, in line with national College statistics;</li> <li>• Absence Levels across the College were higher than the national average despite a reduction of 2 days per employee, with the highest levels of absence amongst support staff in Foundation Learning;</li> <li>• Staff Engagement had improved year on year and positive feedback received via the annual survey and Investors in People interim visit.</li> <li>• All budgets were met in 2018-19, except recruitment advertising; and the Agency Budget. Although a £65,000 reduction was achieved on the agency budget, this was still £30,000 over budget;</li> <li>• Training during the year focused on managing behaviours to improve the classroom experience and improving the wellbeing of staff and students.</li> </ul> <p>MF suggested including a dashboard detailing KPIs and benchmarks. CW to action prior to March meeting.</p> <p>There were no further questions.</p>	<p><b>CW</b></p>
<p><b>11.</b></p>	<p><b>CAPITAL EXPENDITURE APPROVAL</b></p> <p>In April 2019 the HR &amp; Payroll Audit proposed that a new HR System be introduced to ensure accurate records and management information. The Corporation approved the Capital Spend of £30,000 on purchasing a new HR System as soon as possible.</p> <p>Following a tender process which involved three suppliers, a preferred supplier has been identified. The overall 5-year spend would be £56K with the recommended supplier (£16K in Year 1).</p> <p><b>The Committee approved capital expenditure above £50,000 for a new HR system with the recommended supplier.</b></p> <p>CW left the meeting at 17.19</p>	

12.	<p><b>MARKETING REPORT</b></p> <p>JH introduced Naomi Cripps (NC) the College Marketing Manager. NC explained the report provided an overview of marketing strategy and key target activities. She summarised the factors relating to each key market segment:</p> <p><b>16 – 18 Full Time:</b></p> <p>Focus is on promoting ‘Careers not Courses’ and that young people gain effective employment routes from participating in courses at the College. Parents’ evenings and careers events are targeted in local schools; however, it is still challenging to be able to market directly in the majority of local schools. In light of this we are increasing social media activity highlighting the expertise of tutors, positive destinations and student experience. More work is needed in capturing the student experience through case studies and videos.</p> <p><b>Adult Learning:</b></p> <p>Each course is added as events on social media so that people can express an interest and share with others. Key targeted advertising linked to events during the year is carried out and targeted mailings are distributed through the CRM.</p> <p><b>Apprenticeships:</b></p> <p>A monthly employer newsletter is distributed via the CRM to all employers on the database. An apprenticeship brochure is distributed via the sales team and open events. Job roles are promoted via social media platforms and linked to employers where possible. More work is needed to improve the website to market this area effectively.</p> <p><b>Higher Education:</b></p> <p>A designated webpage and social media channels are being set up to promote the University Centre Newbury (UCN). Flyers and promotional materials have been created to promote the centre and its courses. Advertising schedules have been set up.</p> <p><b>Foundation Learning:</b></p> <p>A new brochure has been created to reflect the new offer. Care networks have been created to increase awareness and promote the College offer. The 21/22 offer and supporting material is scheduled for delivery by June to better support timelines for recruitment which commences in September 2020.</p> <p>Room hire is performing well in 2019-20. There is a target of £100K revenue and current bookings are already forecast to achieve £91,500. A stretch target of £120K has been set to be achieved by 31<sup>st</sup> July 2020. Many new hirers have secured long term agreements this year.</p> <p>MF suggested that benchmarking against other Colleges and KPI measurements would be useful when considering whether the marketing team needed more Resources. There was work on-going on this.</p> <p>Good progress was noted in engaging with local secondary schools in order to ensure that young people are aware of the breadth of the local offer but challenges remain in this area of work.</p> <p>The Chair thanked NC and she left the meeting.</p> <p>JW left the meeting at 17.40.</p>	
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13.	<p><b>CONTRACTS - SUBCONTRACTING</b></p> <p>The Committee noted a report on College compliance with Sub-Contracting rules for 2019-20.</p> <p>There were no further questions or comments.</p>	
14.	<p><b>POLICIES - Whistleblowing</b></p> <p>IW highlighted the changes to the policy, which were minor.</p> <p><b>The Committee approved the Whistleblowing policy.</b></p>	
15.	<p><b>AOB</b></p> <p><b>1. MIS system renewal</b></p> <p>JS distributed a paper. The MIS system 3-year contract would expire on 30<sup>th</sup> November. It was noted that it was complex to re-tender the contract as MIS systems are specific to particular companies and any decision to replace would require a minimum two year period in which to migrate to a new system. It was agreed that a full re-tendering exercise should be undertaken at the end of the next contract period.</p> <p>The MIS team considered support to be excellent with the current supplier and the company had provided a competitive price for a 5-year contract after cost negotiation. A new module within the system would allow online payments.</p> <p><b>JS and MF queried whether 5 years was too long because of technological changes. MF recommended 3 years.</b> IW noted competitors update software constantly and a 2-year minimum was needed.</p> <p><b>The Committee recommended approval of renewal of the REMS contract for 3 years to the Corporation – this would be approved via email as the contract expired on 1<sup>st</sup> December.</b></p> <p><b>2. University Centre</b></p> <p>IW updated the Committee. A bid for £425K had been submitted to the LEP in respect of Phase 1 of the UCN project. MF asked whether any further expenditure approvals were needed. IW confirmed that the bid was match funded against the expenditure already incurred by the College, therefore, there were no further costs to the College. To be added to the Corporation agenda.</p>	<p><i>JS</i></p> <p><i>GP</i></p>

Confirmed as a correct record:

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Signature of Committee Chair

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Date