

# Minutes

## FINANCE & RESOURCES COMMITTEE MEETING

Date:	3rd July 2023	Time:	4.00 PM
Chairperson:	Glyn Howells	Location:	Via Microsoft Teams

Present	Name	Role
Membership	Glyn Howells (GH)	External Member - Chair
	Iain Wolloff (IW)	Principal & Chief Executive
	Sally Osmond (SO)	External Member
	Julian Cooper (JC)	External Member
	Peter Lambert (PL)	External Member – Vice Chair
	Sue Richardson (SR)	Staff Member
	Julian Cooper (JC)	External Member
Apologies:	Cathy Wright (CW)	Vice Principal – Central Services (VPCS)
In Attendance:	Rachel Southall (RS)	Executive Assistant – Minute taker
	Don Everitt (DE)	Interim Finance Director (FD)
	Jo Houghton (JH)	Vice Principal – HE & Skills (VPHEs)
	Lee Hunt (LH)	Deputy Principal & Vice Principal – FE & Curriculum (VPFEC)
Quorum:	Three Members required	Meeting quorate

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Item No.	Part 1	Reports
1.	<b>APOLOGIES FOR ABSENCE</b> There were apologies for absence received and accepted for Cathy Wright.	Verbal
2.	<b>DECLARATIONS OF INTEREST</b> There were no declarations of any pecuniary, conflict or business interests in any of the agenda items.	Verbal
3.	<b>MINUTES OF THE PREVIOUS MEETING</b> To approve the Minutes of 13 March 2023, these were duly agreed.  To approve the Confidential Minutes of 13 March 2023, these were duly agreed.	Paper – 2  Paper - 9
4.	<b>MATTERS ARISING FROM THE PREVIOUS MEETING</b> <ul style="list-style-type: none"> <li>Volunteers for the position of vice Chair should notify SO or RL. <b>Peter Lambert was duly nominated as Vice Chair. Finance Committee duly elected Peter Lambert as Vice Chair. Complete</b></li> <li>Future IT updates should include key College KPIs. <b>Complete</b></li> </ul>	Paper – 11

	<p>The Committee asked if there is a plan to have an integrated performance report that picks up all aspects. The Principal confirmed there is, and it was discussed as part of the Further Education (FE) Commissioner discussion. There are several KPIs across the College, but it now needs pulling together into an agreed college format and then reporting back to Corporation on a regular basis. It would be for the Corporation to determine if they wish to see a deep dive on specific KPIs such as Curriculum and Quality for example and if they should go to their appropriate Committee for review before going to Corporation.</p> <p>The Chair agreed to send a template KPIs from the 'Well Led Framework' used in the NHS, which may be useful for the College, especially as they are meeting to discuss KPIs with the FE Commissioners tomorrow.</p> <p><b>Action: Chair to send template on 'Well Led' KPIs to Principal</b></p>	
5.	<p><b>MONTHLY MANAGEMENT ACCOUNTS</b></p> <p>The Committee were informed that the forecast continued to show a planned deficit of £1.47m and a small contingency of just over £30k. As previously discussed, the cash balance will become marginal without the planned land sale receipts for December. The Committee were happy with the balanced and measure trend of the accounts. The Committee questioned the depreciation figure showing £25k negative on what was originally in the plan and were informed by the College that this was down to an original error in the plan.</p> <p>The Committee questioned how certain the College could be of the first receipt from the land sale in August. The Committee were informed of the Solicitor exchange and how the College is protecting its interests in how it can limit the risk involved in the new proposal. It was further confirmed the College would not be taking a charge on the land. A further alternative is being explored where a restriction is put on the Land Registry registration which would mean NCII could not sell or lease it without the necessary payments having been made to the College. Solicitor guidance and direction on this will be brought to full board meeting on the 17<sup>th</sup> July.</p> <p>The Committee were assured that the latest advice will go to August Planning Committee, where the College have been informed it is likely to get approval from the Planning Officers. The Committee were advised of the unconditional agreement which should result in an initial payment of £1m to the college.</p> <p>The Committee expressed their concern that the late payment would have on College cash flow, which could potentially mean the cash position could be down to £250k at end of October. The Committee were informed of how the tranche payments could come in by August/September and confirmed that the £1m payment this side of Christmas is essential. The Committee were of the opinion that it should report to Corporation that the cash flow has been reviewed in detail and are assured that the College do not need to seek any urgent emergency funding from the ESFA because matters are in hand. It had been recorded during the Strategy Day that the ESFA have changed the rules so that College is permitted to use capital receipts for supporting the cash flow</p>	Paper – 12

	<p>position if it is necessary. Forms have been provided for this purpose and the ESFA have confirmed that permission is not needed for the restructured payment schedule. The Committee were in agreement that the College should continue to progress this.</p>	
6.	<p><b>FINANCIAL PLAN 2023-28 &amp; BUDGET 2023-24</b></p> <p>The Committee reviewed the CFFR model and narrative and the five year financial plan of income and expenditure. The DF took the Committee through the various adjustments that had been made to the financial plan (set out in detail in the paper), since the first version was produced in May Student growth figures were also reviewed and it was explained that UCN income assumes modest growth in student numbers by just 50 year on year. The cash flow model was reviewed which goes to the end of July 2025.</p> <p>The Committee noted that there is now a better understanding of the CFFR model, which suggests a £3m cash balance for July 2028, though this does not include the additional cost of managing the building after the end of the PFI in 2027. In term of financial performance there is an improving trend of deficit , leading to a surplus over this planned period. The Committee asked about the forecast increase of delivery costs, and it was explained that this related to the growth in 16-19 students which does require resourcing at a cost of £430k. The Committee were also asked to note the potential sensitivities listed at the end of the document.</p> <p>The Committee asked if the additional £700k PFI premises costs is in addition to the numbers or if it is an alignment of the £610k in the schedule and were informed this is in addition. The Principal explained how the figures had been calculated when the PFI ceases, and the College bears the full cost. It was agreed that further work is needed to clarify the likely costs of the facilities function after end of the PFI contract. The Committee were informed that the additional cost that has been included is the cost of a Head of Estates at c.£400k over the five years. The College reported to Committee the next steps with surveys on the buildings arranged by the Infrastructure and Projects Authority (IPA) with the support of the DfE and how costs for legal advice have been included. Savings have, therefore, been made on consultant fees and these have been incorporated into the forecast.</p> <p>The Principal explained that the calculation of the need of a £1m extra over the next five years has been highlighted in order to secure necessary support from the ESFA. If that funding is not secured, then the College will need to re-evaluate what it needs. The actual figure includes the cost of the Director of Estates &amp; Facilities.</p> <p>The Committee further requested that a line for Governance Costs of £10k should be included for the Governance External Board Review.</p> <p><b>Action: Finance Director to add cost centre line of £10k for Governance Costs</b></p> <p>In relation to the five year financial plan, the Committee asked whether the College will be showing a small deficit or a small surplus once the PFI has gone.</p>	Paper – 22

	<p>It was agreed that it should be planned as a surplus and there should be other savings or increased income to show how the College is achieving that position.</p> <p>The Committee discussed whether staff pay rises could match inflation, in the five year modelling. It was suggested to the Committee that a modest assumption around the pay rise could be added and anything else that could be afforded for pay rises added in December. The College further advised the Committee on minimum wage criteria that apply to around a third of staff and how these significant rises could be more than inflation.</p> <p>The Committee asked for an update on the consideration of pension options in order to make savings of around £100k a year. The College advised that they had consulted widely, including with the AOC's Finance Director and the view was that it was not specifically disallowed by the redesignation of colleges into the public sector but cautioned it could be problematic.</p> <p>The Committee asked if corporation tax applies to an organisation that makes a surplus and were informed that it does not.</p> <p>The Committee agreed to recommend the Financial Plan and Budget for Board Approval.</p>	
7.	<p><b>CAPITAL EXPENDITURE</b></p> <p>The Committee were informed that SLT had carefully considered all of the capital requests and felt that, in the circumstances of the planned budget, it was possible to restrict the spend to £15k for this academic year. This was made possible by the fact that the College had a capital allocation for T levels of £620k in February 2023 to support the delivery of the T level offer, of which there is around £150k left, with £100k of that allocated to construction programmes for the second year of delivery. The balance of £50k can be matched with IT capital spend under the SEA Grant of around £40k. That return will be completed for July and the spend mapped out after that throughout September to November.</p> <p>For Foundation learning, requests were made for specific items of equipment which included a hoist of £3.5k and communication equipment, both of which will be allocated against Element 3 funding. There is further capital spend from the £160k allocated when the College was re-classified into the public sector arrival, which will be spent on security for the building including swipe access turnstiles for entrances/exits though the costings have yet to be finalised. A further £60k was given by the DfE for energy efficiency which has not been spent yet and is planned to provide solar PV cells for the Sports Hall 7 Construction building. The Committee asked the Finance Director to provide a list of all the assets the College is planning on buying and how they will be sourced.</p> <p><b>Action: Finance Director to provide a list of all the assets the College is planning on buying and how they will be sourced.</b></p> <p>The Committee agreed to recommend the Capital expenditure plan for Board approval..</p>	Paper – 28

8.	<p><b>FINANCIAL REGULATIONS</b></p> <p>The Committee were informed of the public sector requirements related to ‘Managing Public Money (MPM)’ and the guidance provided by the Government on this. The Financial Regulations had therefore been further reviewed to ensure compliance with MPM. This included adjustments to the tendering process, the authorisation of bad debt write offs and a suggestion for a modest increase in the authorisation financial limits for the Financial Director of £500, and £3000 for Finance Committee.</p> <p>The Committee pointed out that the values listed at Section 6.1 are out of date, which the College agreed to update. The Committee also suggested that all write offs should be reported to the Audit Committee and that line 15.6 should remain in the regulations.</p> <p>With these adjustments, the Committee agreed the revised Financial Regulations.</p>	Paper – 29
9.	<p><b>HR REPORT</b></p> <p>The Committee received the update HR report. The report highlighted the results of the annual staff survey, at the end of a challenging year for many staff. Overall, the effect of these challenges suggests has been to bring staff together and has resulted in an improved view of working roles and leadership. There are stronger arrangements for foundation learning support staff with the commitment of additional resources. Training compliance is very high, though recruitment in some areas remains a challenge. Safer recruitment practice has been reviewed and enhanced by the appointment of the HR Manager starting in the new academic year, to help drive improvements in that area. Senior Post Holder recommendations will be made at the Remuneration Committee in the new academic year.</p> <p>The Committee asked that HR send out to Corporation the training linked to safer recruitment and encourage them to complete it.</p> <p><b>Action: CW to circulate details of safer recruitment and statutory training required of Corporation members.</b></p> <p>The Committee queried the data recording of new starters and leavers for foundation learning. The figures were explained to the satisfaction of the Committee, who acknowledged the difficulties of recruitment in this area. It was explained to Committee the work that HR have completed on the support staff career structure. The Committee duly noted the HR report.</p>	Paper - 88
10.	<p><b>IT SECURITY REVIEW</b></p> <p>The Committee noted the summary of the efforts being made to protect the college from Cyber-attacks and the importance of the ‘Cyber Essentials’ accreditation. The Committee felt that the accreditation was mainly an audit to ensure that College is doing what it should be doing to ensure cyber security and did not necessarily add value. The Committee asked that the IT manager raise any concerns to the attention of the Corporation. if IT are not getting what it needs Committee duly noted the IT Security Review Report.</p>	Paper – 92

<b>11.</b>	<b>MARKETING UPDATE</b> The Committee received the Marketing Update which included the benchmarking of the KPI's introduced three years ago. The areas of red predominantly link to Adult & Community Learning (ACL) and to Foundation Learning. In this area there have been a lot of curriculum offer changes, in line with the Skills Bill. The needs of Foundation learners are very specific, and the curriculum has been re-designed to meet the expectations of the SEND community and the seven Local Authorities the College works with. The Committee were content, as they understood the reasons for this but would monitor the progress in those areas. Student numbers are increasing but the Committee felt more could be done to increase the numbers and the College explained the limited resources currently committed to marketing activity. The Committee challenged Appendix A, asking why data is not shown against the KPI's and were informed it will be incorporated into the integrated performance report. The Committee asked if there could be more detail incorporated.	Paper - 96
<b>12.</b>	<b>STRATEGIC DEVELOPMENT COMMITTEE*</b> The Committee received a briefing on the items, relevant to finance and resources, discussed at the recent SDC meeting. These included an update on the Ofsted inspection, the work with the FE Commissioner team, the progress with the development of the campus , and the position with planning for the end of the PFI contract.	Verbal
<b>13.</b>	<b>AOB</b> There was none.	Verbal

- Confidential items

Signed:

*P Lambert*

Peter Lambert (Jan 7, 2024, 6:22pm)

(Vice Chair) Date: 07 Jan 2024



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