

Newbury College Corporation Finance & Resources Committee

**Minutes of a meeting held on Monday 7th December 2020
at 4pm via Microsoft Teams**

Present		Role
Membership	Mike Farwell (MF)	External Member – Chair
	Sally Osmond (SO)	External Member
	Derek Peale (DP)	External Member
	Sue Richardson (SR)	Staff 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, 5 members present

Item No.		Action
1.	<p>COMMITTEE MEMBERSHIP Approval of New Members ACTION: Sue Richardson and Derek Peale were approved by the Committee as new members.</p> <p>ACTION: Election of Vice Chair – after discussion MF proposed DP as Vice Chair, seconded by SO. This was approved unanimously.</p> <p>ACTION: GP to update records.</p>	GP
2.	<p>APOLOGIES FOR ABSENCE There were no apologies.</p>	
3.	<p>DECLARATIONS OF INTERESTS Members confirmed that they had no declarations of interest to make.</p>	

4.	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>ACTION: The Committee approved the Part 1 minutes of the meeting held on 15th June 2020.</p> <p>ACTION: GP to send any outstanding minutes to MF for his signature and return to the College.</p>	GP
5.	<p>MATTERS ARISING FROM THE MINUTES</p> <p>ITEM 4.11 MF had reviewed the Disaster Recovery Plan and discussed with JS. Jisc provide all colleges with support for forensic analysis of any IT attacks. Did the College have cyber-attack and fraud insurance? MF Yes.</p> <p>ITEM 8. HR Benchmarking – CW noted that the national benchmarking data had recently been received by the College and would be included in future dashboards.</p> <p>ITEM 9 Health & Safety – MF asked whether more resources were needed to cope with COVID-19 issues? CW replied that the College was coping well given the challenges and had dedicated staff member time to this. It was noted that the Audit Committee would now take the lead on H&S matters – see Item 6.</p>	CW
6.	<p>REVIEW OF TERMS OF REFERENCE</p> <p>The Committee reviewed the Finance & Resources Committee Terms of Reference. Changes had been made following the Audit Committee meeting held on 23rd November:</p> <ul style="list-style-type: none"> • Health & safety responsibilities moved to Audit from Finance & Resources Committee. • Whistleblowing policy added to Finance & Resources from Audit Committee. <p>The Committee made an additional change:</p> <ul style="list-style-type: none"> • ESFA monitoring to be added <p>ACTION: GP to amend the Terms of Reference to be taken to the Corporation for approval on 14th December.</p>	GP
7.	<p>MONTHLY MANAGEMENT ACCOUNTS</p> <p>1. July 2020</p> <p>JS noted that whilst better than forecast (-£1M), the operating deficit of £929K represented a deterioration of £277K when compared to the budget of £652K.</p> <p>When the operating deficit, UCN write off and the profit on sale of land (£1.643M), were combined, a surplus of £353.6K was reported for the year.</p> <p>As reported earlier in the year the 2019-20 financial results put the College into the Requires Improvement category for Financial Health.</p> <p>The pandemic had resulted in reduced income (including apprenticeships being £65K lower than forecast), but on a positive note, the situation with debtors was improved as local authorities were paying invoices on a more timely basis.</p> <p>2. October 2020</p> <p>Income – £2.4M YTD</p> <p>JS explained the first 3 months income was £442.8K lower than budgeted. In-line with the forecast discussed at the Extraordinary meeting held in October. There</p>	

	<p>were reduced student numbers in some curriculum areas and an MIS issue had resulted in a reduction in apprentices on the system, which combined with a lower number of apprentices had resulted in apprentice income being £67K below budget.</p> <p>ACTION: After discussion with MF, JS would amend the model to spread fee income more evenly across the year.</p> <p>Costs – £2.3M YTD Pay costs were £28K above budget - Football Academy and Refectory staff had been added. Other costs were showing a £92K favourable variance resulting in an overall £64K favourable variance.</p> <p>Student Numbers IW noted 16-19s were 101 higher than last year (now finalised) but lagged funding meant income would be received in 2021-22. The ESFA were currently considering whether any of this funding can be brought forward into the current year. The growth of 16-19s includes 53 additional students in the new Football Academy.</p> <p>MF asked whether management accounts should be produced on a monthly or quarterly basis? JS replied they would be monthly in the future - time restraints due to land sale, enrolments and new External Auditors etc. had led to quarterly accounts in this cycle. MF commented that for many educational establishments monthly or termly accounts were considered adequate, but the ESFA currently required monthly management accounts.</p> <p>SO asked for a pension liability update. JS explained that during the pandemic, the discount rate was changed so the liability increased, reflecting bond yield reductions. The actuaries would be explaining this more fully.</p> <p>ACTION: JS and MF to liaise on the discount rate used which was lower than that used by Schools.</p>	<p>JS</p> <p>JS/MF</p>
<p>8.</p>	<p>FINANCIAL STATEMENTS YEAR ENDED 31ST JULY 2020 JS explained that the External Audit partner had attended the Audit Committee and the auditors had reviewed the reports. The College was adjudged to be a Going Concern but, as it was currently undergoing a funding audit, the signing of the accounts would be delayed until the audit was complete in January.</p> <p>1. Audit Management Report 2019-20 IW thanked the finance team who had worked very hard on the production of the year end accounts. JS thanked Barbara in particular - as Alliotts were the new external auditors this year, they were required to document the systems from first principles as they were not allowed to place reliance on any third-party bodies including the internal auditors.</p> <p>Going Concern (p37) SO asked whether the need for cash facilities to meet 12 month’s liabilities align with the need to meet 2 months operating costs? JS confirmed that this was the case.</p> <p>2. Statutory Accounts 2019-20</p>	

	<p>MF noted these were drafted by the Auditors and there were some presentational issues. He presented the report. Outstanding issues were:</p> <ul style="list-style-type: none"> • COVID-19 disclosures were still to be included before the FCM. • MF asked whether a statement on VFM should be included? ACTION: JS would check this. • SO noted there was no mention of the potential future capital receipt. It was agreed that, due to considerations of commercial confidentiality, wording would be added to address this. ACTION: JS to include appropriate explanation on this point. • Actuarial valuation – MF queried the discount rate applied to the pension valuation and asked for clarification from the actuaries. ACTION – JS to seek clarification • Depreciation rates – ACTION: JS to check. <p>Additional Questions P83 - Why had premises costs increased – PFI costs had increased by over £100K PA reflecting the initial contract. P83 – To what does the line ‘Auditor’s remuneration: Internal audit’ refer? -JS confirmed that this related to Teachers pension audit and should be renamed as Other services: ACTION: JS.</p> <p>3. Letter of Representation 2019-20 There were no additional comments - this had been discussed by the Audit Committee</p>	<p>JS</p> <p>JS</p> <p>JS</p> <p>JS</p> <p>JS</p>
<p>9.</p>	<p>STUDENT ENROLMENT IW presented the report which considered current student enrolments for each funding stream. Highlights were:</p> <ul style="list-style-type: none"> • 16-19s recruitment now increased to 603 v 503 last year, with 50% of the growth relating to the Football Academy. • Apprentices – 162 v 143 last year. Although lower than the budget target, recruitment was very positive in the light of the economic effects of the pandemic. It was noted that many providers had experienced significant reductions in apprenticeships compared to last year. JoH noted there were a significant number of new employers and thanked the apprenticeship team for recruitment work carried out before the lockdown. • HE student numbers 118 v 152 last year, with numbers being affected by the impact of the pandemic. • Adults (*R04 completed) Income was currently very similar to last year (£272K v £282K). 	
<p>10.</p>	<p>FORECAST & CASHFLOW JS presented the Paper. Issues were:</p> <ul style="list-style-type: none"> • The finances of the College sector for 2021-22 look challenging, with an estimated 40% of Colleges needing emergency funding. • Restructuring College staff had led to a £32.3K cost saving this year and £209K in 2021-22. • The forecast had been negatively impacted by the EFSA’s intervention into the College’s £220K capital grant allocation. This may now be clawed back, despite being previously approved, due to the College’s PFI agreement. The 	

	<p>I&E forecast and cashflow had been adjusted but the College are making a case to seek to reverse this decision. Action – IW</p> <ul style="list-style-type: none"> • With regard to the LEP funded Renewables project, this could create cashflow difficulties in the Summer. Therefore, the College is seeking agreement from the LEP for earlier payments for the project. • The College does not believe that emergency funding will be needed in 2020-21 but was still looking at actions to be taken to improve the position. • The report flagged that forecasted cashflow would go below the threshold of holding 2 months operating costs in October 2021. This may be mitigated by other capital receipts but student recruitment remains the key driver of income. • It is understood that any emergency funding provided to the sector is likely to take the form of loans; though it is understood that at least one College is receiving grants. • SO asked whether any more significant future capital receipts has been included? JS confirmed that such receipts were not included in the report as it was assumed that they would be outside of the period covered by the report. • JS had worked on a 7-year cashflow scenario, which highlighted the importance of growth in income in order to ensure that future capital receipts would enable further investment in facilities and resources. IW will outline the importance of this modelling in his Principals report to the 14th December meeting. 	IW
<p>11.</p>	<p>HUMAN RESOURCES CW presented the report:</p> <ul style="list-style-type: none"> • New payroll and HR systems had led to better outputs and time savings. • Agency cost savings had been made by filling vacancies without agency input. • There had been positive staff feedback despite COVID-19. Support had been provided for staff as required. • MF asked whether the HR dashboard would be provided? CW confirmed that this will be provided. • MF asked whether the College considered it was prepared for the end of the transition period for the UK leaving the EU? CW confirmed that this would have only limited impact on the College and involved ensuring that 3 EU staff had settled status. • MF asked how the College is addressing equality & diversity issues, particularly in the light of the Black Lives Matter movement? CW confirmed that E & D issues are considered actively throughout the College. The annual E&D Report will be considered by the Curriculum & Quality Committee and the Corporation in the next cycle. 	
<p>13.</p>	<p>MARKETING REPORT LH presented the Marketing report as he had taken over lead responsibility for marketing at the beginning of 2020-21. He noted:</p> <ul style="list-style-type: none"> • The overall assessment of the quality and impact of marketing activity was based on twenty indicators to assess three key aspects. The current review indicates that marketing activity is good in one area and required improvement in the other two. 	

	<ul style="list-style-type: none"> The indicators were RAG rated based on evidence, or judgements made linked to feedback and intelligence gathered. <p>ACTION: LH would report again to the next Committee meeting.</p> <p>MF thought KPIs should be minimised for simplicity (below 20).</p>	LH
14.	<p>IT SERVICES</p> <p>JS presented a brief overview of developments outlined in the IT services report, including the work undertaken on digital systems for the UCN, Laptop purchases and the connection of the Primary School to the College network.</p>	
15.	<p>STRATEGIC DEVELOPMENT COMMITTEE</p> <p>IW noted that the Finance & Resources Committee considered issues relating to campus development and PFI options from a financial viewpoint and these issues were also considered more broadly by the SDC, which will also consider issues such as Climate Change. The Committee considered the minutes of the SDC. DP left the meeting.</p>	
16.	<p>AOB</p> <p>ACTION: The Committee approved the Part 2 minutes of the meeting held on 15th June 2020. There were no matters arising.</p>	
17.	<p>COMMITTEE SUMMARY</p> <p>Matters to be reported to Corporation board were all on the Corporation agenda as it followed on from the Finance & Resources Committee. The meeting closed at 6:12pm.</p>	

Confirmed as a correct record:

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Signature of Committee Chair

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Date