

## Newbury College Corporation Finance & Resources Committee

### Minutes of a meeting held on Monday 22<sup>nd</sup> November 2021 at 4pm via Microsoft Teams

Present		Role
<b>Membership:</b>	Mike Farwell (MF)	External Member – Chair
	Sally Osmond (SO)	External Member
	Sue Richardson (SR)	Staff Member
	Iain Wolloff (IW)	Principal & Chief Executive
<b>Apologies</b>	Martin Hamer (MH)	External Member
	Derek People (DP)	External Member – Vice Chair
<b>In Attendance:</b>	Glyn Howells (GH)	External Member (Observer)
	Chris Mantel (CM)	External Auditor (Item 8)
	Jo Houghton (JH)	Director of Business and Partnerships
	Lee Hunt (LH)	Vice Principal
	Jayne Steele (JS)	Director of Finance and Estates
	Tom Barlow (TB)	Interim Finance Director
	Cathy Wright (CW)	Director of Human Resources and Support Services
<b>Quorum:</b>	Three members required	Meeting quorate, four members present

Item No.		Action
1.	<b>COMMITTEE MEMBERSHIP</b> The Committee noted the planned end of Chair's term of office at Easter. GH has confirmed he is interested in being considered as Chair. MF recorded the Committee's thanks to JS, who is leaving the College in November.	
2.	<b>APOLOGIES FOR ABSENCE</b> There were no apologies.	
3.	<b>DECLARATIONS OF INTERESTS</b> Members confirmed that they had no declarations of interest to make.	
4.	<b>MINUTES OF THE PREVIOUS MEETING</b> The Committee approved both the minutes and separate confidential of the meeting held on 28 <sup>th</sup> June 2021.	
5.	<b>MATTERS ARISING FROM THE MINUTES</b> Progress on previous actions was reviewed on the Action Tracker. There were no additional matters arising.	

6.	<p><b>REVIEW OF TERMS OF REFERENCE</b></p> <p>The Committee reviewed the Terms of Reference .MF suggested that the reference in the resources section on whistleblowing should be in the Audit TOR.</p> <p><b>The Committee agreed the TOR, subject to this change.</b></p>	
7.	<p><b>MONTHLY MANAGEMENT ACCOUNTS</b></p> <p>TB highlighted the main points of the management accounts to October 2021. The key points to note from the accounts were:</p> <ul style="list-style-type: none"> <li>• ESFA funding for 16-19s is in line with the budget which is based on the lagged funding allocation and monthly funding profile received from the ESFA. The budget did however anticipate an award of growth funding later in the financial year of £221k. Anticipated growth in 16-19 recruitment is lowered than anticipated and this income has therefore been removed from the full year forecast.</li> <li>• ESFA Adult (AEB) funding income is recognised in line with the profile of receipts received from the ESFA each month. Activity levels will be closely monitored throughout the year to identify any potential risk of not achieving the funding threshold of 97% of the ESFA allocation of £1m. No adjustment is made to the full year forecast at this point.</li> <li>• ESFA Apprenticeship funding is forecast to achieve the budgeted level as recruitment numbers are currently expected to exceed those budgeted.</li> <li>• High Needs Income is both from the ESFA grant allocation (based on 121 learners at the standard rate of £6k per learner for Element 2 funding) and payments from local authorities for additional student numbers and learner specific support requirements. Numbers for students with EHCPs exceed the number anticipated by the funding allocation and invoices to all relevant local authorities will be raised in the current term.</li> <li>• Grant income shows a year to date release of £20k which related to additional costs being eligible to be claimed following the estate condition survey undertaken in the summer.</li> <li>• Invoiced Fee income (including loans): these are currently showing a positive variance which is expected to reverse throughout the year as due to timing rather than additional activity. A potential risk area relates to loans as the College is still awaiting the communication from the ESFA on increasing the loan funding allocation. £84k of forecast uplift in loan income is contingent on a positive outcome.</li> <li>• Staff Costs: After two months staff costs show a positive variance of £65k but £29k of Football Staff costs budgeted as payroll but actually paid on invoice need to be offset against this. Following review, the October forecast of a full year saving of £28k is considered prudent.</li> <li>• Other Costs: At this early point in the financial year the key variances and trends to point out are as follows: <ul style="list-style-type: none"> <li>○ Utilities price rises, a full year impact of £26k has been included in the forecast.</li> <li>○ Impact of inflation on indexed pricing elements of PFI, currently included in the forecast at £15k.</li> <li>○ Some reductions in variable teaching and examination costs (forecast impact £25k).</li> </ul> </li> </ul>	

	<p>MF queried the position with regard to the margin land sale. IW confirmed that it remains likely that the payments will be received within the academic year.</p> <p>MF asked about the insurance claim for pandemic related losses. JS provided an update on the context and that the loss adjustors appear to be positive about the claim; only querying the loss for the refectory (£30K). JS also highlighted the fact of the business case to the ESFA for the AEB. The deadline for response from the ESFA was 15<sup>th</sup> November but this has been delayed. MF asked how likely it was that the insurance claim would be successful. JS confirmed that she is optimistic, based on discussion with the loss adjustor.</p> <p>MF asked about the debtor position. TB clarified that the figure is affected by the invoice to the LEP, which has now been received.</p>	
<p><b>8.</b></p>	<p><b>FINANCIAL STATEMENTS YEAR ENDED 31<sup>ST</sup> JULY 2021</b></p> <p><b>1. Audit Management Report 2020-21</b> The Committee noted the Audit Management Report, which will be reviewed in detail by the Audit Committee.</p> <p>MF welcomed CM and asked if there were any concerns arising from the Audit. CM confirmed that Alliotts are at the final stage of the audit and that there are no significant concerns arising. He confirmed that auditors have had to undertake additional audit work this year, as they can't now rely on ESFA audit. CM highlighted the large additional charge (£600K) that is being levied as a result of the pension but confirmed that this is not a cash item. He feels that the key matter for the College is the PFI costs, which continue to be the main financial challenge for the organisation. The Auditors have concluded that, outside of the challenges of the PFI, everything else is 'as tight as it needs to be'. Any issue with cashflow will be mitigated by the land disposal, providing this is achieved within 12 months; if this moves out to 18 months, it could be more problematic.</p> <p>MF asked about 'going concern' judgement and CM confirmed that this relates to the next 12 months, therefore there is not an issue with the judgement.</p> <p><b>2. Statutory Accounts 2020-21</b> JS summarised the key points from the Statutory Accounts. MF asked about staff numbers, which have risen due to the refectory staff transferring to the College, the development of the football academies, and the changes in support staff requirements in Foundation Learning. MF suggested that it would be helpful for staffing figures to be stated as full time equivalent number FTE.</p> <p>MF asked CM for any other audit points arising from the statutory accounts. CM confirmed that legal fees for the land sale (£79K) are being carried forward and also that the primary School building is included in the NCAT accounts.</p> <p>The Committee discussed a matter of related party transactions with reference to the Education Business Partnership (EBP) and it was agreed that there should be a straightforward disclosure of these point in the accounts.</p>	

	<p>With respect to the detail on Board membership, it was agreed that there should be confirmation of the date of the sabbatical and subsequent resignation of CB.</p> <p>The Committee discussed the matter of how to treat a decision on the business case that had been submitted to the ESFA in respect of the Adult Education Budget (AEB). CM confirmed that the auditors will review the question of materiality, if this does occur.</p> <p>JS summarised the fact that, overall, income had been higher than forecast and savings had been made on costs, particularly staffing costs.</p> <p><b>Action – JS will make the adjustments arising from the Committee’s discussion for the final version of the financial statements; which will be presented to the Board for approval.</b></p> <p>3. Letter of Representation 2020-21 The Committee reviewed the draft Letter of Representation and had no further comments.</p>	JS
9.	<p><b>ESFA FINANCIAL HEALTH &amp; DASHBOARD</b> The Committee reviewed the ESFA letter confirming the financial health rating and the accompanying dashboard.</p>	
10.	<p><b>STUDENT ENROLMENT</b> IW outlined the current position in relation to student enrolments, including:</p> <ul style="list-style-type: none"> <li>• 16-18 Full-Time – growth of 80 students to date this year, due to the Milton Keynes &amp; Newbury football academies. However, the forecast is that the total figure will now be 164 less than the budget target, leading to a reduction in the growth funding included in the budget.</li> <li>• 14-16 School links – growth of 16 students at this point, as this provision is re-established following the pandemic restrictions.</li> <li>• 19+ Full time – reduction of 8 students at this point, who are largely adults over 19 joining full-time courses for young people. This appears to be due to some applicants taking jobs in the shortage sectors.</li> <li>• 19+ Part-Time – the reduction of 161 enrolments at this point in the year is almost entirely due to a reduction of students studying English as a second language, linked to reduced demand from EU residents. There are plans to address this reduction with other courses and the forecast is to achieve the overall target for the year,</li> <li>• Community Learning – there is a reduction of 26 students at this point, but we are forecasting that the target of 620 will be achieved this year.</li> <li>• Apprenticeships – there is a current growth of 66 apprentices compared to last year and the forecast is to exceed the budget target by 26. The apprentice numbers include those undertaking higher and degree apprenticeships in the UCN.</li> <li>• UCN – the growth of 26 students in the UCN at this point is due to a significant increase in those undertaking Access programmes. The number of Access students has exceeded the loan facility, therefore, having consulted with the ESFA, we have agreed to take on additional students in the expectation that</li> </ul>	

	<p>additional funds will be added to our loan facility later in the term.</p> <p>GH asked about the effect of young people moving directly into employment. IW confirmed that figures provided by the Local Authority confirmed that there was a significant increase in the number of young people who were employed but not engaged in education or training.</p>	
<p><b>11.</b></p>	<p><b>FORECAST &amp; CASHFLOW</b></p> <p>The Committee received the current cashflow projections and forecast for 2021-22. TB confirmed that the October meeting of the Board received an update to the original budgeted 2021/22 position to take account of enrolment for the current academic year and any other known changes to costs and income since the approval of the budget in June. Following the production of the management accounts for September this updated forecast has been revisited and reviewed. At that time, no further changes to the October forecast have been identified.</p>	
<p><b>10.</b></p>	<p><b>HUMAN RESOURCES</b></p> <p>The Committee received the latest HR Report and CW summarised key points from the report, including:</p> <ul style="list-style-type: none"> <li>• Self Service system has been introduced</li> <li>• New payroll provider has been introduced</li> <li>• There has been a focus on wage cost reduction</li> <li>• Aspects of Wellbeing strategy have been implemented</li> <li>• There is some concern about absence levels within Foundation Learning</li> <li>• There is additional forecasted agency spend within the Technology area, due to hard to fill vacancies</li> <li>• The team have been supporting the continued impact of COVID on staff</li> </ul> <p>MF asked about the effect of absence in Foundation Learning (FL). CW confirmed that 60% of all recorded staff absences were for support staff in FL. This was actively managed by the HR team and the FL Manager was working to ensuring that the student experience remained positive.</p> <p>MF asked about the teaching to support staff ratio in the benchmarking data and CW explained how AoC calculate these figures.</p> <p>MF asked if it was felt that the spend on staff training was too low and CW agreed that she would like to see this increased.</p> <p>The Committee discussed the average teaching salary in the College and the potential effects of it being comparatively low for the sector.</p> <p>MF asked about the HR work plan for the coming year and CW confirmed the focus on health &amp; safety, succession planning and continuing the accreditation for Investors in People (IIP).</p> <p><b>Action: CW will incorporate in future reports some analysis of the reasons given for staff leaving.</b></p>	<p><b>CW</b></p>

<p><b>13.</b></p>	<p><b>MARKETING REPORT</b></p> <p>The Committee noted the progress with the implementation of the Marketing Plan. LH summarised key points from report including a positive improvement in KPIs and specifically the areas for improvement identified in the last report These were:</p> <ul style="list-style-type: none"> <li>• Maintaining, responding and communicating to all target audiences across multiple social media platforms</li> <li>• Creating targeted digital and print collateral relevant to events, campaigns and audiences</li> <li>• Engagement activities that communicate the college intent and develop support from the local community and key external stakeholders</li> </ul> <p>The overall assessment based on twenty indicators is that marketing is good in one area and requires improvement in the other two, although these have improved since the last report. Curriculum and Marketing teams continue to work to improve these areas.</p> <p>GH raised the importance of digital communications for young people and LH summarised the team’s approach in this area.</p>	
<p><b>14.</b></p>	<p><b>IT SERVICES</b></p> <p>The Committee an update on IT Services in the College, including:</p> <ul style="list-style-type: none"> <li>• Achievement of Cyber Essentials Plus accreditation</li> <li>• Additional CCTV installation</li> <li>• Offline backups now in place</li> <li>• Migration away from Moodle (Virtual Learning Environment) to Teams</li> <li>• Trialling power management software for PCs, to reduce energy usage</li> </ul> <p>MF thanked RE for the hard work in sustaining College systems during the challenging period of the pandemic and for achieving the Cyber Essentials Plus accreditation. RE highlighted that the accreditation is most useful for helping the College to focus on cyber security on an ongoing basis.</p> <p>MF asked about the support for the Primary School. RE explained that this was reasonably demanding in the set-up period but should now be less time-consuming. IW and JS confirmed how the NCAT will be paying for IT and other back-office services.</p> <p>MF asked about cyber insurance and JS confirmed that the College does have this and wanted to highlight the positive work of RE in taking action such that the insurers were happy to continue this insurance.</p> <p>GH asked about controlling access to the system (e.g. password requirements, Multi Factor Authentication (MFA)) RE confirmed the current password requirements and that staff have MFA. The team is seeking to move to MFA for students and reports show that this is reasonably manageable for students. However, students don’t have access to the network or to the VPN off-site and the risk is, therefore, low.</p>	

15.	<p><b>MANAGEMENT INFORMATION SYSTEM</b></p> <p>The Committee was asked to consider a proposal for capital expenditure to support the purchase of a new Management Information System. CW outlined the background to the need to re-tender for the College MIS. The review had identified that other systems may be more effective than the current system.</p> <p>MF and GH expressed concerns about the opportunity to make a capital investment at this point, as it is not currently included in the budget and cashflow assumptions. The Committee agreed that further work would be required, to consider whether capital funds should be committed.</p>	
16.	<p><b>STRATEGIC DEVELOPMENT COMMITTEE</b></p> <p>The Committee received the minutes of the SDC and noted the work of the Estate Strategy, the management of the PFI and the progress with climate and sustainability issues.</p>	
17.	<p><b>ESFA UPDATE*</b></p> <p>Recorded as a confidential minute</p>	
18.	<p><b>AOB</b></p> <p>There was no other business. The meeting finished at 6pm.</p>	
19.	<p><b>PAY &amp; CONDITIONS REVIEW*</b></p> <p>Recorded as a confidential minute</p>	

Confirmed as a correct record:

*Sally Osmond*  
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Signature of Committee Chair

27 Jul 2022

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 Date



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### Parties involved with this document

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