**The Corporation of Newham Sixth Form College**

**Finance & Resources Committee**

**Minutes of the Meeting held on 30 November 2022**

**Members**

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| --- | --- | --- |
| Kate Towner (Chair) | Independent Member | Present |
| Karen Flanagan | Staff Member – Support | Absent |
| Mandeep Gill | Principal & Chief Executive | Present |
| Martin Rosner | Independent Member | Present |
| Federico Valori | Independent Member | Present |
| Graham Willson | Independent Member | Present |

**Non-Members in attendance**

|  |  |  |
| --- | --- | --- |
| Susanne Datta | Executive Director Human Resources & Organisational Development | Present |
| Michael Gainlall | Vice Principal Finance & Operations | Present |
| Robin Jones | Clerk to the Corporation | Present |

**1 MEMBERSHIP OF THE FINANCE & RESOURCES COMMITTEE**

The Committee noted the current membership of the Finance & Resources as approved by the Corporation on 12 October 2022:

* Karen Flanagan
* Mandeep Gill
* Martin Rosner
* Kate Towner (Chair)
* Federico Valori
* Graham Willson

The Clerk explained that Karen Flanagan was leaving the College and, therefore, had resigned from membership of the Corporation as from 31 December 2022. Arrangements were being progressed to seek to appoint a new Support Staff Member to join the Corporation and the Finance & Resources Committee.

**2 APOLOGIES FOR ABSENCE**

The Corporation NOTED that Karen Flanagan was not present and had not submitted apologies for absence and so it was possible that she may join during the meeting.

The meeting was quorate from the beginning.

**3 DECLARATION OF INTERESTS**

The Members confirmed that there were no declarations of interest to be recorded on this occasion at this stage of the meeting based on the published Agenda.

**4 AGENDA FOR THE MEETING – ADDITION OF ITEMS**

The Committee agreed to add the following items to the Agenda:

* Office of National Statistics (ONS) – reclassification of colleges
* Written Resolution – approval to progress works funded from the Capacity Fund allocation

**5** **MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON 19 OCTOBER 2022**

The Minutes of the meeting of the Finance & Resources Committee held on 19 October 2022 were agreed to be a correct record.

**6 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON 19 OCTOBER 2022**

The Committee noted that there were no matters arising from the Minutes of the meeting of the Finance & Resources Committee held on 19 October 2022 which were not covered by the published Agenda.

**7 FINANCIAL FORECASTING RETURN 2022 - 2024**

The Committee received and was pleased to note the letter dated 25 October 2022 from the ESFA which confirmed that the financial health of the College remained “outstanding” based on the latest out-turn forecast for 2021/22 and the projected out-turn for the current year, 2022/23.

**8 KEY PERFORMANCE INDICATORS APPROPRIATE TO THE FINANCE & RESOURCES COMMITTEE**

The Committee received the report relating to the Key Performance Indicators (KPIs) for the College and, specifically, the ones tracked by the Finance & Resources Committee on an ongoing basis.

In financial health terms the College continued to be in a good position although it was explained that the ESFA funding profile skewed the ratios in the early part of the year.

The student enrolment in 2022/23 was less than projected with the actual position to be confirmed in early December 2022 when the return was made to the ESFA. At present the headcount was 166 less than the original projection.

The Chair took the opportunity to confirm that all Members understood the ratios including EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation.

The Committee appreciated that the approach of the College over the last few years was to build up the cash reserves to fund the anticipated building project to improve accommodation and facilities for the benefit of students and staff.

It was recalled that at the recent Corporation Planning & Development Session on 19 November 2022 Members expressed concern as to the apparent high turnover of staff at the College. The attention of the Committee was drawn to the Staff Annual Report included on the Agenda for this meeting which provided data on the basis for the current turnover. Unfortunately there was no FE sector wide data on turnover which could be used for comparison purposes as this had not been provided since 2019/20. However, network discussions suggested that NewVIc was not out of step with many colleges with, for example, staff reviewing their personal and professional priorities post Covid.

The Executive Director Human Resources & Organisational Development explained that one of the current activities was to review the basis for 121s between staff and their line manager including how often they should take place and what constituted a good 121. The new HR system which would be in place from April 2023 included a means of tracking 121s to ensure that they are taking place. This was important as it ensured that staff had the opportunity on a regular basis to discuss issues with their line manager and vice versa.

The Committee AGREED:

1. to note the report on the KPIs which it was noted had been developed with Members in the light of experience
2. to look forward to receiving further updates at future meetings including data on staff utilisation which had been delayed given the impact of the cyber attack experienced by the College in September 2022 but was now being addressed.

**9 STAFF SURVEY – UPDATE**

The Committee received the report of the Executive Director of Human Resources & Organisational Development which provided an update on the actions taken and being taken following the Staff Survey which was carried out in March 2022.

The particular attention of the Committee was drawn to the “You Said, We Did” analysis covering such themes as:

* improving wellbeing
* workloads
* safeguarding training
* change management and consultation
* improving staff development
* bullying of staff and poor management practices

A Member asked how could further improvements be made to the College in terms of staff views? It was explained that there had been some positive feedback from staff such as at the recent CPD session held on 21 October 2022. The views received from staff continued to be analysed and a new action plan would be prepared.

The next survey was scheduled to be arranged for March 2023.

The Committee agreed to note the update on the actions taken following the last staff survey and to look forward to receiving the outcomes from the survey to take place in the new year.

**10 STAFF ANNUAL REPORT – 2021/22**

The Committee received and discussed the comprehensive Staff Annual Report for 2021/22.

In reply to a Member it was confirmed that the new HR system would enable far more comprehensive analysis of, for example, recruitment data so that the profile of applicants was known at the application, shortlisting and appointment stages on the basis of all of the protected characteristics.

The recruitment of BAME staff was highlighted particularly at middle management level with a number of new appointments recently made.

The Committee was interested to note that the College had reviewed the Managing Staff Absence Procedure and a particular focus was being given to intermittent absences.

The Committee agreed:

1. to note with interest the Staff Annual Report for 2021/22
2. to request that in future reports a table rather than a pie chart were included when covering such factors as sexual orientation by population and the College.

**11 GENDER PAY GAP**

The Committee received as part of the Staff Annual Report for 2021/22 data on the Gender Pay Gap.

The Committee agreed:

1. to note that the Gender Pay Gap data for 2021/22 – mean is 6.48% and median is 11.39%
2. that, as with many UK organisations, the College had a high proportion of women in part time roles and the College has an equality objective aimed at further supporting and embedding gender equality
3. that, as in past years, the data on the Gender Pay Gap would be published on the College website

**12 ETHNICITY PAY GAP**

The Committee received and discussed the Ethnicity Pay Gap Report as at August 2022.

It was appreciated that, unlike the Gender Pay Gap, it was not a requirement to review and publish a report covering ethnicity. However, it had been thought by the Corporation to be good practice and was now part of annual reporting cycle.

The latest report showed that the ethnicity pay gap at NewVIc was 0.20% which was significantly below the London ethnicity pay gap average of 23.8%. In 2021 the pay gap at NewVIc was 1.69%. The 0.20% represents a difference of 5 pence between BAME and non BAME staff.

The Committee agreed following discussion:

1. to note with interest the Ethnicity Pay Gap Report and to congratulate the College on the position and the positive impact on the recruitment and retention of minority ethnic staff
2. that the data would be shared with all staff and, as in the previous year, the data would be published on the College website
3. that the data would be shared with the Black Leadership Group

*Note: Susanne Datta left the meeting*

**13 MANAGEMENT ACCOUNTS – OCTOBER 2022**

The Committee received the Management Accounts for October 2022 (Period 3 of 2022/23).

The Vice Principal Finance & Operations provided an overview of the key issues with the overall College financial position being regarded as healthy and the requirements of the bank covenants being met in full.

In response to a question from a Member it was explained that the provision for the staff pay awards had not yet been used – support staff would receive the increased amounts in December and the award for teaching staff had yet to be agreed. This meant that budgets appeared to be underspent which would not be the case once the pay awards had been processed.

It was also explained that, given recruitment difficulties, agency cover had been engaged. However, appointments had recently been made to several positions including Head of MIS.

The salaries of posts at the College were comparable with those offered in neighbouring colleges.

The Committee agreed to NOTE:

1. the Management Accounts for October 2022 which would now be made available to all Members of the Corporation for their information
2. the background information provided in response to questions from Members as outlined above.

**14 BUDGET – 2022/23 – END OF YEAR FORECAST**

The Committee received the report of the Vice Principal Finance & Operations which provided an update on known and anticipated increases in energy and other costs.

It was recalled that the Budget approved earlier in the year made provision for a pay award to staff of 4%. The Support Staff had been awarded 5.48% which, in financial terms, was £106,000 more than originally anticipated and discussions continued with the teaching staff unions.

Overall to date there had an increase in revenue costs of £806,951 and capital costs of £120,000 based on known and forecast amounts but these were bound to change by the end of the year.

The amounts quoted included provision for the improvement in the College information systems discussed at the last meeting of the Committee.

The Committee agreed after discussion:

1. to note the update on the known and forecast expenditure in 2022/23 and that as yet a revised end of year position had not been prepared but would be for consideration by the Committee and, as appropriate, the Corporation
2. to note that the pay award for teaching staff had not yet been agreed but it was bound to be more than included in the original budget
3. to recognise that in managing the current budget due regard needed to be given to the fact that, based on actual enrolment in 2022/23, the College would receive less ESFA funding in 2023/24 – at present it is assumed that this will be a reduction of around £1m (see also item 15 below)
4. to place on record the view that, whilst there would need to be a review of staff and services in preparing for 2023/24, it was important that the affect on the student experience was minimised.

**15 LEARNER NUMBERS**

The Committee noted that, based on the national funding methodology, it was anticipated that the College would receive approximately £1m less in 2023/24 than in the current year. This was because of actual enrolment and the number of students still with the College when the RO4 return was submitted to the ESFA in early December.

It was appreciated that approximately 70% of costs related to staff pay and, therefore, it would be necessary to look at all posts across the College as a whole – support, teaching and management.

The approach would be to review if it was possible to do things differently so as to save on expenditure. Also to look at enrolments by course over a period to identify trends.

The Curriculum, Quality & Engagement had been briefed at the meeting on 17 November 2022 when it was proposed to arrange a joint meeting with the Finance & Resources Committee in late January 2023 to consider how best to progress the challenge of such a substantial reduction in funding.

The Committee agreed:

1. to note the anticipated funding position in 2023/24 which would see a reduction in ESFA finding of around £1m at a time when costs were rising above the projections used when preparing the Budget for the current year which were bound to impact on 2023/24 and probably beyond
2. to support the suggestion that a joint meeting of the Curriculum, Quality & Engagement Committee and the Finance & Resources Committee be arranged for late January 2023
3. to note that the Clerk had identified Monday 30 January 2023 at 5.30pm as the date preferred by the majority of Members

**16 FINANCIAL STATEMENTS – 2021/22**

The Committee received the draft Financial Statements for 2021/220 and, for information, the Management Report prepared by the Auditors as presented to the Audit & Risk Committee on 23 November 2022.

The one main item to be addressed before the Financial Statements could be finalised concerned the position with regard to the Local Government Pension Scheme (LGPS) to take into consideration the high period of inflation to 31 July 2022. A report was awaited from the Pension Administrators and once this was shared with the Auditors the amounts and text would be completed in the Financial Statements and the Auditors Management Report would be updated.

It was explained that the Auditors had advised on the accounting treatment of the Capacity Fund allocation of £2.4m although this did not impact on the financial performance in the year.

The Committee agreed, following discussion:

1. to RECOMMEND to the Corporation on 14 December 2022 that the Financial Statements be signed for publication subject to consideration being given to the advice of the Audit & Risk Committee
2. to ask that the Committee was kept informed of any developments with regard to LGPS including anticipated increases in costs impacting on the College budget in future years
3. to congratulate the Vice Principal Finance & Operations, the Finance Manager and all staff involved in the financial management of the College which showed a very different organisation to that of three years ago when the FE Commissioner had reviewed the operation in detail with all that was involved from such scrutiny.

**17 BANK LOAN**

The Committee received and discussed at length the report prepared by the Vice Principal Finance & Operations on the issue of the financing of the bank loan.

The key issue is that, following the insolvency of 2 colleges, banks were now seeking greater protection for the loans made to support college developments. Consequently, Lloyds Bank has asked for a charge on the whole of the College site which would mean having a valuation and incurring legal fees to put the arrangements in place.

A significant factor for the College would be that if there was a wish to sell an area of land the agreement of the bank would be required which added to the complexities and time involved in progressing an initiative.

The outstanding amount of the NewVIc loan is £2.2m (rounded). At present the College had cash reserves of approximately £12m which would be increased to about £14m at 31 July 2023.

The report set out options for addressing the loan including paying in full or in part an amount immediately bearing in mind that the College had built up cash reserves to help fund the planned development on the College site.

The Committee agreed unanimously, following a wide ranging discussion of the pros and cons of the different options:

1. to recommend to the Corporation on 14 December 2022 that the outstanding amount of the bank loan was repaid in full so as to avoid the bank taking a charge on the College site with that this would involve in terms of valuation, legal fees and the need to have the approval of the bank before any sale of land could be progressed
2. to note that, based on the current amount and the projections for the year 2022/23, the College would have cash reserves of approximately £12m to support the College including any building and refurbishment works
3. to recognise that, as a result of the ONS announcement with regard to Sixth Form Colleges being reclassified as public sector organisations, it would no longer be possible for colleges to borrow money to support building and other projects although it was anticipated that Government allocations would be provided – this would be addressed at the forthcoming webinars arranged for the coming weeks

**18 QUALITY IMPROVEMENT PLAN**

The Committee received and noted the proposed Quality Improvement Plan (QIP) for 2022/23.

It was explained that the approach was for the Executive to draft the QIP for presentation to and consideration by the Curriculum, Quality & Engagement Committee. The 2022/23 version had been considered by the Committee on 17 November 2022 when it had been agreed to forward to the Corporation on 14 December 2022 subject to the addition to the final column of the schedule an indication of the expected impact so that it was possible to measure the position and progress against the proposed actions at the year end. In doing so it would be possible to hold the Executive to account.

Whilst much of the QIP fell within the Terms of Reference of the Curriculum, Quality & Engagement Committee, there were aspects which were within the remit of the Finance & Resources Committee. This being so, the QIP would, from now, be presented to this Committee for review.

The areas to be progressed in 2022/23 included the following for the Finance & Resources Committee:

* creating a better physical environment
* creating an HR Charter
* reviewing and implementing new staff and management development programmes
* developing a workforce development strategy
* reviewing student accommodation

The Committee agreed following discussion:

1. to note the Quality Improvement Plan for 2022/23 to be presented to the Corporation on 14 December 2022 for approval subject to the amendment of the final column so that the expected impact could be tracked
2. to request that, to enable the Committee to focus on those areas within the remit of the Finance & Resources Committee, the items to be reviewed by the Curriculum, Quality & Engagement Committee were shaded out
3. To look forward to receiving the updates at future meetings so that the progress against the areas to be addressed could be evaluated and commented on in the event of any slippage

**19 ESTATES STRATEGY – RECOMMENDATION FROM THE NEW BUILD GROUP**

The Committee noted the following recommendation from the New Build Group which had met on 28 November 2022:

*The Group agreed, following a wide ranging discussion on the Estates Strategy and related matters, to recommend to the Finance & Resources Committee on 30 November 2022:*

1. *Given the anticipated reduced level of receipts from the sale of land on the College site for the purposes of housing would at present be insufficient to enable the new build project to proceed, to defer the decision on the progression and further development of any of the concept options for at least 12 months subject to a periodic review of the land sales market.*
2. *In the meantime to continue to prepare the details of alternate project options including:*
   1. *The approach to the London Borough of Newham to seek permanent planning approval for blocks with temporary consents due to expire November 2024*
   2. *A comprehensive refurbishment programme for the existing A Block with a focus on the small number of high priority items (colour coded red on the condition appraisal) so that improvements in conditions are not delayed.*
   3. *A detailed schedule and programme of works to make the College buildings more sustainable in line with the provisions of the Sustainability Strategy.*
   4. *To ensure that any refurbishment works unless absolutely essential for the safety and wellbeing of staff and students were long term investments and would not be removed should financial market conditions permit a new build project on the College site be brought forward.*
3. *To prepare briefing notes appropriate for staff, students and parents to explain the current position and the proposed way forward.*

The Committee agreed, following discussion:

1. To support the recommendations from the New Build Group on 28 November 2022 with regard to the Estates Strategy as set out above and to forward to the Corporation on 14 December 2022 for approval
2. To note that the Executive had been asked by the New Build Group to prepare a high level summary of the projected costs of the refurbishment of A Block with an indication of the split between capital and revenue.

**20 ESTATES - UPDATE**

The Committee received an update on estates related issues which had been addressed in detail by the New Build Group which had met earlier in the week (28 November 2022).

The use of the Capacity Fund allocation was outlined including the approach to the repurposing rooms to increase teaching spaces.

The New Build Group was scheduled to meet again in February 2023 to review progress and consider where there had been any developments such as with the Local Authority on achieving permanent planning permission where at present there was only temporary approval.

**21 SUSTAINABILITY STRATEGY**

The Committee APPROVED the College Sustainability Strategy as recommended by the New Build Group subject to make the point clear that the College will target significant progress towards being carbon neutral by 2030.

The document would be subject to ongoing review having regard to experience and changes in circumstances and would be scheduled to be updated by November 2024 at the latest.

It was appreciated that the document had previously been reviewed by the New Build Group and a number of amendments had been made to the earlier draft such as making a clear reference to the AoC Climate Road Map initiative.

The Sustainability Strategy would be made available to all Members of the Corporation via Google Docs so as to increase awareness of this important initiative.

**22 HEALTH & SAFETY – UPDATE**

The Committee received and noted the Health & Safety Update Report presented by the Vice Principal Finance & Operations.

The main areas covered were noted to include:

* a number of Codes of Practice had been signed off by the College Health & Safety Committee with more scheduled for the next meeting
* the first aid rota continued to be reviewed in the light of experience
* Changes had been made in the allocation of Fire Wardens following review
* Risk Assessment training was scheduled for the coming weeks for those staff involved in student work placements
* Accidents continued to be tracked – it was thought that most could be regarded as “natural causes” such as fainting episodes – the improved reporting and recording arrangements were helpful in preparing and reviewing risk assessments
* A full evacuation fire drill had been arranged in October and the response was thought to be commendable.

The Committee also noted that, as a result of the recent self-assessment of governance discussed at the Corporation Planning & Development Session on 19 November 2022, it had been suggested that KPIs for health and safety should be introduced.

The Committee agreed:

1. To note the Health & Safety Update
2. That Martin Rosner as the Link Member for Health & Safety should meet the Vice Principal Finance & Operations to draft some possible KPIs for presentation to the next meeting of the Committee – by way of an example one KPI could concern risk assessment and if all areas and activities had such an assessment and if they were kept up-to-date
3. That, as suggested during the recent Corporation Planning & Development Session, the College should look at the Institution of Occupational Safety and Health (IOSH) and the Health & Safety Executive (HSE) for possible KPIs and other examples of good practice when reviewing the College arrangements.

**23 OFFICE FOR NATIONAL STATISTICS – CLASSIFICATION OF SIXTH FORM COLLEGES**

The Committee noted that it had been announced the previous day, 29 November 2022, by the Office for National Statistics (ONS) that colleges had been reclassified as public sector bodies having been regarded for the past 10 years as private sector – for General FE Colleges the reclassification is from 1 April 1993 and for Sixth Form Colleges it is from 1 April 2012.

The reclassification would have a number of implications some of which would need time to be clarified but most significantly there would new controls on borrowing.

It had been hoped that the reclassification which, it recalled had been the subject to reconsideration over the last 6 months, would enable colleges to reclaim VAT but this has been denied.

The Committee agreed after discussion:

1. to note the reclassification of Sixth Form Colleges as public sector organisations as from 1 April 2012
2. to look forward to receiving further updates on the impact of the ONS reclassification on the College as and when information became available.

**24 WRITTEN RESOLUTION**

The Committee noted that the Members of the Committee had agreed, via Written Resolution, to the approval of expenditure of £576,624 to enable works to be carried out to the front reception area including new barriers and enclosing some of the area to exclude cold. Overall the works would provide an improved experience for students and staff.

The reason for the Written Resolution was to enable orders to be placed for the works to be progressed and in doing so not risk losing any of the external grant funding.

The costs would be a charge against the Capacity Fund allocation to the College of £2.4m which had to be spent by 31 March 2023.

**25 BUDGET – IMPACT ON STUDENTS OF COST OF LIVING CRISIS**

The Committee agreed to request that the Executive prepared a report for circulation via email and not to wait until the next meeting addressing the impact on students of the cost of living crisis – specifically has the College got enough resources to meet the needs of students and what else could be done to alleviate the challenges faced by students as a result of the current economic circumstances.

**26 CALENDAR OF MEETINGS – 2022/23**

The Committee NOTED the dates of the planned meetings to take place in 2022/23:

* Wednesday 1 March 2023 at 4 pm
* Wednesday 28 June 2023 at 4 pm

It was recognised that other meetings will be arranged if and when thought to be appropriate to address issues.

Chair: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_