**The Corporation of Newham Sixth Form College**

**Finance & Resources Committee**

**Minutes of the Meeting held on 28 June 2023**

**Members**

|  |  |  |
| --- | --- | --- |
| Kate Towner (Chair) | Independent Member | Present |
| 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**

|  |  |  |
| --- | --- | --- |
| Michael Gainlall | Vice Principal Finance & Operations | Present |
| Kevin Harmsworth | New Build Manager | Present |
| Robin Jones | Clerk to the Corporation | Present |

**1** **APOLOGIES FOR ABSENCE**

The Corporation NOTED that all Members were present from the beginning of the meeting.

The meeting was quorate from the beginning.

**2 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.

**3** **MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON 1 MARCH 2023**

The Minutes of the meeting of the Finance & Resources Committee held on 1 March 2023 were agreed to be a correct record.

**4 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON 1 MARCH 2023**

The Committee noted that, with one exception, there were no matters arising from the Minutes of the meeting of the Finance & Resources Committee held on 1 March 2023 which were not covered by the published Agenda.

The Committee recalled that the Executive had been asked to present a document setting out the Reserves Policy for consideration by Members. This was not yet available given the various and numerous issues currently being addressed but it would be included on the Agenda for the next meeting of the Committee scheduled for 17 October 2023.

**5 AGENDA – ORDER OF BUSINESS**

The Chair proposed and the Committee agreed to reorder the published Agenda and take the item on Estates at this point of the meeting.

*Note: Michael Gainlall joined the meeting during the following item*

**6 ESTATES**

The Committee received with the Agenda a brief update on estate related issues which included:

* The works carried over the past few months and the works planned including the remodelling of the front reception area and the provision of space for Foundation Learning
* Old CCTV equipment replaced and new and additional cameras installed to provide greater safety and security for students and staff
* Carpet to protect the Sports Hall floor when being used for examinations
* Drain survey carried out to address repeated blockages impacting on E Block
* Summer works which included improvements to C502 for T Level students

The New Build Manager was invited to make a presentation on the up-to-date position and the proposed approach to improving the College estate. This was far more comprehensive than the report circulated with the Agenda for the meeting.

The Committee was reminded that BU and G Blocks have temporary planning permission which ends in November 2024. It is apparent that, even with investment to improve the accommodation, the condition of both blocks is such that the Local Authority would not grant permanent planning permission and so a solution needs to be found so that the College had sufficient space for the course offer plus adequate toilet and staffroom facilities.

It was reported that the College had engaged architects and a support team, including a quality surveyor, to prepare an approach for consideration by the Committee. It was estimated that the fees etc would amount to around £200,000 to prepare up to RIBA Stage 3. This would be completed by about early November 2023.

The Vice Principal Finance & Operations advised that it should be possible to charge all of the £200,000 commitment to the current year, 2022/23, on the basis that the work on the feasibility study was underway in that year. The Chair of the Committee asked for clarification of the accounting policies being applied.

*POST MEETING NOTE: It was confirmed after the meeting, following discussion with the Auditors, that the cost of the work would be split between the current year (2022/23) and next year depending on when the work was undertaken – the work is already underway and so some costs will be charged to 2022/23*

A Member asked about the opportunity to convert specialist teaching spaces into general teaching spaces and it was confirmed that such areas would be available given the changes to the course offer but careful consideration would be given so as to make the best possible use to the space. This may include the installation of flexible walls that can be folded back to create larger spaces when needed.

Whilst in Higher Education there may be benefit by creating a Lecture Theatre from the space to be released by the courses that will not continue, the Principal & Chief Executive explained that there was no need for such a facility at NewVIc.

The Committee recognised that the current SPA being conducted with the FE Commissioner may lead to a merger. This would be a decision taken by the Corporation in the light of all available information and circumstances on 11 October 2023 (based on the current timetable of events). The improvements to the College estate were regarded as a high priority for the Corporation and Executive. Time was, therefore, of the essence in preparing a scheme to address the known issues so that decisions could be taken and contracts for the approved work agreed.

The Committee AGREED following a wide ranging discussion:

1. to note the presentation by the New Build Manager and report on the College estate and that it be circulated to all Members of the Committee and placed in the Agenda pack for future reference
2. in principle to the proposed arrangements for replacing BU and G Blocks
3. to APPROVE the spend of £200,000 to enable the surveys and design of schemes to be progressed for current BU and G Block replacement and improvements to A Block
4. to request the Executive to confirm the accounting treatment of the £200,000 and, specifically, if it was appropriate to charge the whole amount to the current year, 2022/23
5. to note that the College had engaged a firm to provide a comprehensive consultancy service and to deliver a Decarbonisation Strategy for the College
6. to look forward to receiving further updates at the next meeting (scheduled for 17 October 2023) and before then if this was thought to be appropriate so that Members were aware of developments

*Note: Kevin Harmsworth left the meeting at this point*

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

The Committee received the report relating to the Key Performance Indicators (KPIs) for the financial health and certain HR ones tracked by the Finance & Resources Committee on an ongoing basis.

The main aspect concerned the student numbers and, specifically, the point made previously to the Committee that the College had not achieved the target with 167 less students than projected in 2022/23. This had a material negative impact on funding in 2023/24 due to the lagged funding arrangements.

The Committee AGREED:

1. to note the up-to-date report on the KPIs for financial health and certain HR aspects of activity
2. to look forward to receiving further updates on the full range of KPIs at future meetings.

**8 ESFA LETTER – FINANCIAL STATEMENTS REVIEW 2021 TO 2022**

The Committee received and NOTED the ESFA letter dated 29 March 2023 relating to the review of the Financial Statements for 2021/22.

The key point highlighted was that, based on the information provided, the ESFA had confirmed that the College’s financial health grade for 2021/22 was “Outstanding”.

**9 ESFA LETTER – FINANCE DASHBOARD**

The Committee received and NOTED the Finance Dashboard provided by the Department for Education. Which covered such aspects of performance as:

* financial health
* forecasting
* reliance on income streams
* solvency
* profitability
* borrowing

**10 ESFA MPM RETURN**

The Committee received and NOTED the return provided by the College required under the Managing Public Money (MPM) arrangements as a result of the reclassification of colleges by the Office for National Statistics (ONS) in November 2023.

**11 MANAGEMENT ACCOUNTS – APRIL 2023**

The Committee received the comprehensive Management Accounts for April 2023 (Period 9 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.

It was appreciated that, having repaid the loan to Lloyds Bank, there was no longer the need to consider if the requirements of the bank covenants were being met in full.

Members took the opportunity to seek clarification of the current and projected financial position

A significant factor was that the Management Accounts show a surplus for the period of £2,792,893 compared to the profiled budget surplus of £1,265,311. It was explained that the main reason for such a large variance was staffing costs particularly for those in Administration and Central Services.

It was expected that the level of surplus would be reduced when the final pay settlement for teaching staff was agreed although it was appropriate to recognise that there were a number of staff vacancies with recruitment difficulties continuing across the college sector.

Another consideration when reviewing the level of surplus was noted to relate to High Needs Learners with the contribution from the home Local Authority already exceeding the budget and the end of year forecast position to be over £200,000 more than the original budget.

A Member asked for confirmation of the main unknowns in terms of the likely end of year position – there were, it was thought, two at present. Firstly the LGPS costs which were always uncertain at the point in the year and, secondly, the final staffing costs.

Given the relatively high level of surplus Members asked what more could be done to support students particularly given the financial challenges many families were facing due to the economy. It was confirmed that free breakfasts and additional free lunches continued to be provided and this would continue in 2023/24. However, the costs were being covered from the Hardship Fund which sat on the Balance Sheet until utilised. The costs did not, therefore, have an effect on the Income & Expenditure Account.

Finally, it was explained that the ESFA funding allocation for the Tuition Fund Grant (Covid) may be underspent and, therefore, subject to clawback. This was because it had been found to be difficult to meet the specified criteria. However, as this grant was held on the Balance Sheet there would be no impact on the College Budget and, therefore, the end of year surplus.

The Committee agreed following a wide ranging discussion:

1. to NOTE the Management Accounts for April 2023 which would now be made available to all Members of the Corporation for their information via the Governance Area on the College website
2. to NOTE the background information provided in response to the questions and comments from Members as outlined above
3. to request the Executive to consider, in the context of the current and projected level of surplus, what more could be done to support students such as providing additional sessions.

**12 INCOME & EXPENDITURE BUDGET 2023/24 AND FINANCIAL PLAN 2024/25**

The Committee received the proposed Income & Expenditure Budget for 2023/24 and the Financial Plan for 2024/25.

It was recognised that Members had been given limited time to review the report as it had only been published the previous day. This had been due to the number of priorities being addressed by the College. The Chair stated that, as Members had only just received the report, it was appropriate to give more time to the item than originally anticipated.

The discussion started with the question being asked of the Executive as to what were the risks for the College in what was bound to be a challenging time.

It was recalled that earlier financial projections presented to Committees of the Corporation with respect to the financial year 2023/24 had anticipated a funding shortfall of circa £600k. The updated forecast now removed this expected shortfall and shows the income as stable for the forthcoming year. This was explained in terms of higher than expected numbers of T Level students being funded plus a change in the mix of students towards bands with higher levels of funding. – the allocation for the 451 T level students (and only the T Level students) was based on a 10% increase in funding rates whereas the funding for mainstream students had increased by 2.2% . This funding allocation for T Levels will be regarded as on programme and not lagged and, therefore, any shortfall will be subject to clawback. The reality is that the College will not be anywhere near the enrolment of 451 T Level students and, therefore, it was appropriate to prepare for some clawback of funding for 2023/24.

This being so with regard to likely clawback of part of the allocation for T Levels, the Budget as presented for 2023/24 was based on the funding for 284 T Level students. The amount equivalent to 167 T Level students was held on the Balance Sheet.

So that there was a high level of transparency for all concerned, it was thought that it was essential that the Budget clearly separated out the mainstream ESFA funding received for the majority of learners and was guaranteed and the specific allocation for T Level students which may be subject to in-year clawback. The Executive was asked, therefore, to ensure that the report was updated for presentation to the Corporation and made clear in the Executive Summary and the summary table on page 2 below paragraph 1.12 the realistic expectations and risks associated with the income for T Level students.

Another current unknown in looking to the position in 2024/25 was the level of uplift for T Levels. It was thought to be unlikely that this would continue to increase year on year as it will be in 2023/24 with the 10% increase.

The funding allocation for 2024/25 would be known with a degree more certainty when the R04 return was made to the ESFA in December 2023. This would reflect the actual enrolment for the new teaching year less those who had withdrawn in the first few weeks and would, therefore, be disregarded when calculating the future finding allocation.

Another risk was the actual level of any pay settlements in 2023/24. The Budget was prepared on the basis of a 5% increase but this may be understated which would need to be addressed in-year.

The cost of utilities could also prove to be a risk as the new contract which provided far more certainty did not start until September 2024.

The changes to the course offer discussed earlier in the year would see some reductions in salary costs but it needed to be taken into account that the courses would continue for the current first year students progressing to year 2.

The Committee AGREED following a wide ranging discussion:

1. to note the draft Income & Expenditure Budget for 2023/24 and the proposed Financial Plan for 2024/25 including the basis for the estimates stated and the range of risks such as possible in-year clawback of funding due to not enrolling the number of T Level students covered by the allocation
2. to recognise that it was essential that the Annual Budget and the Financial Plan were approved by the Corporation on 12 July 2023 so that the College could function as from 1 August 2023 although it would be necessary to review projections early in the Autumn once there was a degree more certainty as to enrolment for 2023/24
3. to request the Executive:
   1. to make clear in the report to be presented to the Corporation on 12 July 2023 that the College would receive income from the ESFA for mainstream students which was guaranteed for 2023/24 but that the allocation for T Level students could be the subject of clawback to reflect actual enrolment
   2. to look to identify other ways and means of supporting students to succeed at NewVIc such as, possibly, additional English and Maths provision if that was thought to be appropriate and helpful
   3. to look for additional ways to use the predicted operating surpluses and strong reserves to support our students through the cost of living crisis and other pressures
4. to RECOMMEND to the Corporation on 12 July 2023 that the updated Income & Expenditure Budget for 2023/24 and the Financial Plan for 2024/25 be APPROVED subject to a further review in the Autumn in the light of experience including enrolment in 2023/24

**13 FINANCIAL REGULATIONS**

The Committee received the proposed update to the College Financial Regulations which had been prepared with regard to the implications of the reclassification of colleges by the Office of National Statistics (ONS) in November 2022.

The additions to the document included new or revised sections on:

* provision of indemnities
* letters of comfort
* guarantees
* DfE approval process
* Novel, contentious or persuasive transactions
* Compensation payments
* Severance payments
* Ex gratia payments
* Borrowings
* Treasury Management Policy

The Vice Principal Finance & Operations explained that the proposed changes to the Treasury Management Policy would enable the College to take advantage of the current relatively high interest rates when investing College funds.

The Committee AGREED to APPROVE the updated Financial Regulations and Treasury Management Policy as from 1 August 2023.

*Note: The Financial Regulations and Treasury Management Policy will be made available to all Members of the Corporation for reference as and when they wish via the Governance Area on the College website.*

**14 LOCAL GOVERNMENT PENSION SCHEME DISCRETIONARY POLICY**

The Committee received the proposed Local Government Pension Scheme Discretionary Policy which was required under the provisions of the Local Government Pension Scheme (Transitional Provisions & Savings) Regulations 2014 and was new for the College.

The Vice Principal Finance & Operations explained that the draft document had been reviewed by the College Solicitors.

The Committee AGREED to RECOMMEND to the Corporation on 12 July 2023 that the Local Government Pension Scheme Discretionary Policy be approved subject to correcting a typo in the section relating to Regulation 22 so that it read “Finance & Resources Committee”.

**15 FEES POLICY – 2023/24**

The Committee received and discussed the proposed Fees Policy for 2023/24.

The Vice Principal Finance & Operations explained that the Fees Policy had been reviewed so that it aligned with the College Exams Policy.

The Committee AGREED:

1. To APPROVE the Fees Policy for 2023/24 as presented
2. To place on record the wish of Members that the Executive took a generous approach when considering the fee assessment for those students wishing to take examination resits given the experience that they had had at NewVIc in the past year with lost learning opportunities as a result of the NEU industrial action.

**16 HEALTH & SAFETY – UPDATE**

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

The main areas covered in the update were noted to include:

* a number of Codes of Practice had been signed off by the College Health & Safety Committee – these included Working at Height and New & Expectant Mothers – the new Codes had been uploaded to the Staff Intranet
* there were less first aiders on rota with only member of staff volunteering to become a first aider – discussions were taking place on possible solutions in time for the start of the new teaching year
* changes had been made in the allocation of Fire Wardens following review given reallocations of rooms – training also continued to be provided
* plans for a range of staff training to be provided in the forthcoming academic year
* Accidents continued to be tracked – with one being RIDDOR reportable
* risk assessments for on and off site activities continued to be prepared and forwarded to the Health & Safety Consultant for checking and approval
* COVID risk assessments were now regarded by the College as being obsolete although Government guidance continued to be monitored
* two evacuation had taken place during the Spring Term due fire alarms being activated caused by the building works in the main reception area – these had run smoothly with good participation from staff and students – learning points had been addressed with clearer assembly point signage throughout the College having been put in place.

**17 HEALTH & SAFETY – INTRODUCTION OF KPIs**

The Committee noted that a set of possible KPIs relating to Health & Safety had not yet been prepared but would be presented to the meeting scheduled for 17 October 2023.

**18 CONFIDENTIAL ITEM OF BUSINESS – MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON 1 MARCH 2023**

The Confidential Minutes of the meeting of the Finance & Resources Committee held on 1 March 2023 were agreed to be a correct record.

**19 CONFIDENTIAL ITEM OF BUSINESS – NEU INDUSTRIAL ACTION**

The Principal & Chief Executive provided the Committee with an update on issues relating to the NEU industrial action including:

* Discussions with NEU with ACAS present on 12 June 2023 and the decision by NEU not to return the following day
* The ballot for strike action which was now underway with a closing date of 14 July 2023
* The letter to National NEU drawing attention to the 36 days of strikes in the current year whereas elsewhere it was understood that this was limited to no more than 8 days of support before NEU national officials got involved in the discussions
* The decision of NEU to bring in a different Regional Official from outside of London to progress discussions
* The willingness of the College to return to ACAS for discussions with NEU to bring to an end the industrial action – a date convenient for all parties was being checked .

The Principal & Chief Executive expressed his appreciation for the advice and support received from Members during the period of industrial action which had been a particularly challenging time for the College which included the adverse impact on students.

**20** **COMMERCIAL CONFIDENTIALITY**

The Chair of the Corporation advised Members of the Committee of a matter of commercial confidentiality.

**21 NEW BUILD GROUP**

The Committee AGREED that, given the decision not to proceed with a major capital new build project given the cost implications, it was not necessary for the current New Build Group to meet on a regular basis. Instead the estates related issues would be considered by the Committee but with the proviso that sufficient time was allocated on future Agendas for discussion and additional meetings could be called if the volume of business warranted.

**22 CALENDAR OF MEETINGS – 2023/24**

The Committee NOTED that, subject to the approval of the Corporation Calendar on 12 July 2023, the dates of the planned meetings of the Finance & Resources Committee would take place on the following dates in 2023/24:

* Tuesday 17 October 2023 at 4 pm
* Wednesday 29 November 2023 at 4 pm
* Wednesday 13 March 2024 at 4 pm
* Monday 1 July 2024 at 4 pm

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

**23 GOVERNANCE REVIEW**

The Members were invited to consider the operation of the Committee during 2022/23 and consider if there were any learning points to be addressed for the future.

Whilst it was AGREED that there was no need at this time to propose to the Corporation any changes to the Terms of Reference of the Finance & Resources Committee, Members requested that:

* All supporting reports are published with the Agenda so that Members have time to read them unless, of course, there are extraordinary circumstances for a paper to be late
* Financial amounts in papers are quoted to the nearest thousand and not precisely as at present

Members thanked Kate Towner for accepting the role of Chair of the Committee and for the way that she has conducted meetings during the past year.

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