



The Henley College Corporation

**MINUTES of the Meeting of the Finance Committee
held on Monday 23rd November 2015 at 6:30pm**

<p>Members present: Jayne Davis (JDav) Sam Juthani (SJut) Peter Le Conte (PLeC) Tony Sanderson (TSan) Tom Godfrey (TGod)</p> <p>In attendance: Louise Adams (LAda) Kulbir Sethi (KSet) Simon Cuthbert (SCut) Jacky Gearey (JGea)</p> <p>Apologies: Jasminder Love (JLov)</p>	<p>Principal/Ex Officio Member Incoming Chair Vice Chair Outgoing Chair Committee Member</p> <p>invited by Jasminder Love in her absence Director of Finance Deputy Principal Corporation Secretary</p> <p>Ex Officio Member</p>
---	--

Agenda Item	Minutes	Action by
1.1	<p><u>Opening of meeting</u> The meeting opened at 6.35 pm. The Chair welcomed Tom Godfrey as a new committee member to the meeting.</p>	
1.2	<p><u>Apologies for Absence</u> Jasminder Love</p>	
1.3	<p><u>Declaration of Interests</u> No other interests were declared.</p>	
1.4	<p><u>Minutes of the Meeting of 16 June 2015</u> Action: The Committee agreed that the minutes were an accurate record of the meeting of 16 June 2015 and the minutes were signed by the Chair.</p>	
1.5	<p><u>Matters Arising</u></p> <p>1. PLeC referred to P.7 regarding the Expenses Policy and said it would be good to have a clear policy on the Governors' expenses. Committee was informed that JLov had said routine travel to the College would not be covered, however if the governing body required a governor to travel or undertake a specific job then the College would pay expenses.</p> <p>Action: A short policy on this was to be formulated.</p> <p>2. LAda advised that there was going to be a committee reporting on and recording alternative revenue streams.</p>	<p>Chair of Corporation</p>
1.6	<p><u>Student Applications, Enrolments and Funding Against Plan</u> JDav went through the enrolments report for 2013 – 2015 – see Appendix 1.6.</p>	



The Henley College Corporation

	<p>In summary:</p> <ol style="list-style-type: none"> 1. 2015/2016 applications down by 171, however conversion of students applying was better at 59%. 2. Maintaining enrolments was positive particularly as there was a lack of marketing from Aug – Dec 2014. 3. Need to improve number of applications despite increasing competition from new market entrants e.g. Oxfordshire UTC 4. Maintain positive interest in The College despite possible uncertainty cause by the area based reviews 5. Manage a demographic dip that is expected between 2017 -2019 <p>PLeC highlighted that the College had in total lost 53 enrolments (3 from this year in addition to the 50 forecasted additional enrolments). However he did point out that having seen information on the projected building plans for the 3 counties, the bottom line on demographics for 2026 was that, should there be an increase of 242,200 new dwellings, one would hope as a consequence this would mean more students wishing to apply to the College.</p>	
<p>1.7</p>	<p><u>Income and Expenditure Report, Balance Sheet and Cash Flow as at 31 October 2015</u></p> <p>The Director of Finance circulated the following – see Appendix 1.7</p> <ol style="list-style-type: none"> 1. Income and Expenditure Statement dated October 2015 2. Balance sheet as at 31 October 2015 3. Forecast Cash flow – for year August 2015 – July 2016 <p>In summary, although income will fluctuate, costs are relatively flat, the cash flow was very healthy and some of this money had been put in a notice account to earn additional interest. However, KSet did point out that the EFA programme funding would determine the bottom line.</p> <ul style="list-style-type: none"> • TSan raised the following point that 3 months into the financial year – educating 53 fewer students should therefore mean that there should be some savings, however he thought that next year will be really tough. • JDav replied that it evened itself out because of the variance of classes and number of students in those classes. • LAda was concerned and wanted to ensure that balancing the budget and maintaining the teaching quality were considered. • TSan asked JDav whether there were any plans to spend monies currently held in reserve to help mitigate the forecast deficit. <p>JDav said it could be part of a mixture of what the College does.</p>	
<p>1.8</p>	<p><u>Financial three-year forecasts 2015/16 to 2016/17</u></p> <ul style="list-style-type: none"> • KSet said the College had outstanding status but that financial accounting reporting rules are also changing which will have an impact on the reporting of the accounts. • TSan reviewed main summary and asked why the summer projects amounts were higher than originally reported. KSet replied that project costs for 2014-2015 and 2015-2016 were amalgamated with the majority of the costs occurring in 2014-2015. • TSan asked about number of student implicitly taken in 2016/17 income – KSet said that the College recruited 1764 in September 2015. • TSan asked about the growth. KSet said that the College expected to recruit 1832 but that the actual enrolments were 1764 giving a shortfall of 68. • PLeC – asked whether additional 50 students for 2016/2017 was achievable. JDav said that this would depend on the announcement from Sector on Wednesday 25 November 	



The Henley College Corporation

	<p>2015. If no changes to funding then College could achieve target of additional 50 students, if funding were to change then the whole process would have to be revisited.</p> <ul style="list-style-type: none"> • SJut asked if Deficit and Income Reduction Report was to be recommended to Corporation, however JDav said depending on the outcome of Wednesday's Annual Spending Review announcement this report may have to be redone. • PleC suggested the College might have to do this report in stages dependent on the outcome from this Review. • SJut - Recommend that the updated revised financial forecast 2014/2015 to 2015/2016 was for information with a new report tabled at the Corporation Meeting but that this was likely to be incomplete with many options in it. • SCut raised the question about survivability of the College dependent upon cash reserves in the bank. KSet replied that survivability was dependent on how long the College maintained a deficit. In light of the forecast deficit, the target was to grow the intake by 50 students in September 2015. • LAda asked what the difference was between retention and progression. JDav and SCut both explained that retention meant that students stayed on the course they were on. Progression meant moving from one course to another. When linear A-Levels come in, there may be less movement, as the results at the end of Year 1 won't count towards the end mark. Bad results in the year won't have an end negative result so this should improve retention. The additional students gained through improved retention could make a large financial impact of up to £200,000. As re-iterated in previous meetings conversion to real-live enrolments was key. • PleC asked what the financial impact would be. KSet confirmed that 50 students will bring the College £200,000 in the following year, but would cost £100,000 to teach in the immediate year. The College did have cash reserves and would run a deficit in the confidence of knowing it would be paid in the future. 	
1.9	<p>Pay Award</p> <p>JDav informed the Committee that The Association of Colleges had recommended that no pay award should be given for this year. An increase of 1% has been recommended by the sector for teaching and support staff however the unions have yet to respond. There may be a possibility that any increase would have to be funded by the College.</p> <p>SJut did reiterate that the College has always tried to look after tis staff and that nothing has been agreed and no date set for this. As soon as any announcement is made the College will make a decision – any pay rise has not been accrued for in the current budget. He further said that the College had always given what had been recommended.</p>	
1.10	<p>Draft Statutory Accounts 2014/15</p> <p>The draft Report and Financial Statements for 2014 - 2015 are contained in Appendix 1.10. The Director of Finance directed everyone to page 28 where the actual figures start. He confirmed that the Audit committee had already gone through the accounts. Income from the funding bodies has reduced but other income is fairly stable. Staffing costs have reduced due to restructuring. Other operating expenses vary due to the funding of long-term maintenance and grants received for this. Cash reserves are just over £4million but interest rates are extremely low and the concern now was how the money can be invested in order for the College to gain a return. The money from the land sale, can go back into the estate. Ultimately, the College has a high value of cash.</p> <p>KSet then went on to explain the operating deficit of -3.2% and said that the three year plan (up to 2017/18), showed a £0.5 million deficit per year. About £100,000 related to pension adjustment. He explained the aim is to bring the deficit down in three years to break-even</p>	



The Henley College Corporation

	<p>and that a specific plan had been identified in order to make savings and that this will be monitored.</p> <ul style="list-style-type: none"> • PLeC referred to the following pages of the report with the comments below: On page 4: 1. one of the strategic objectives should be 'suggestion for change' On page 5: 1. Performance Indicators –this should be on the first page <p>SJut thanked KSet for a very comprehensive set of accounts. Action: The Committee unanimously agreed to recommend the Report and Financial Statements for 2014/2015 to the Corporation for approval.</p>	
1.11	<p><u>Student Union Accounts 2014/15</u> The Students Union accounts are still showing a large amount of unspent funds. It was agreed that they need to find a suitable way of spending their funds.</p> <p>Action: The SU Accounts were unanimously recommended for approval by the Corporation.</p>	
1.12	<p><u>Discretionary Learner Support Fund 2015/16</u> KSet asked the committee if there were any questions regarding Appendix 1.12. There were no questions as the Appendix 1.12 was self-explanatory.</p>	
1.13	<p><u>Deficit Reduction and Income Generation</u> <u>Deficit Reduction Strategy</u> JDav presented a very detailed report on expenses reduction using a SWOT analysis of the College's current situation, please see Appendix 1.13 which highlighted 10 items for quick savings. Other additional savings which could be used to reduce the deficit were: 1. Middle management restructure however the cost benefit of losing some of the quality of the staff would not necessarily make this a really viable option. 2. Enrichment changes – JDav was very loathe to do this as the College prides itself on offering this diversified program and its reduction would have negative impact on enrolments.</p> <ul style="list-style-type: none"> • JDav said that it is a priority to cut the budget deficit and that this overrides what the College should do with money. • SJut highlighted that even in doing all of the above that the College would still be running a deficit and that there is a strong risk that this could be even more damaging to the attractiveness of the College if not managed <p><u>Income Generation</u> JDav outline 3 options here: 1. Increased income from apprenticeship growth 2. Exploration of income from grants 3. Income from college Facilities</p> <p>Finally this whole situation may need to be re-evaluated in light of the following two external events:</p>	



The Henley College Corporation

	<p>1. Autumn Spending Review (25th November 2015). It is likely that full-time 16-18 funding will be cut and announced in this spending review. The cut is expected to be up to 10%. Should this occur the College can expect a negative impact of up to £800,000 per annum on income</p> <p>2. Area-based Review – the South Thames Valley area review has been announced and will commence mid-January 2016. The results of the review are unlikely to support the College remaining as it is in terms of structure. Merger with at least one other college is likely though not certain.</p> <ul style="list-style-type: none"> • TSan commented that adopting the strategy to save £100,000 instead of spending it was expedient. • PLeC offered an alternative view in that the money could be used to invest in a major build item and therefore longer term could be income generating and adding value to the assets. 	
1.14	<p>Annual Report of Use of College Seal The Corporation Secretary presented a report (Appendix 1.14) on the authorised use of the College Seal since the last meeting. This report is provided as a safeguard against potential fraud.</p>	
1.15	<p>Confidential Items Confidential items are noted separately.</p>	
1.16	<p>Any Other Business</p>	
1.16(a)	<p>SJut asked LAda to brief the committee on the Accommodation Strategy Group albeit that it was not tabled under Any Other Business. LAda said that complex projects in the summer were completed and within budget. See attached Appendix 1.16 for details. In brief there were 3 points.</p> <ol style="list-style-type: none"> 1. The College was now looking at 2016 projects: R1 roof repairs; improvements to security; replacement of light fittings under energy savings. 2. Planned maintenance program – and there will be cost implications of the survey. 3. Security – prevention of public access to the Deanfield site. <ul style="list-style-type: none"> • PLeC asked about the change from Accommodation Strategy Committee (ASC) status to an Accommodation Strategy Group (ASG) and how the Finance committee was now involved. There was a lively debate about this. • SJut advised that the process was that the Chair would make a report for the Corporation and put in anything significant and then this goes through to the Corporation via the Corporation Secretary. • LAda stressed that she wanted the ASC to remain as was, but the College's priorities have changed. SLT now recognises that security and safeguarding are very important issues. • SJut said that the ASG was a test for 12 months to be reviewed before the end of the academic year. Reports from the ASG would be added to the finance report. 	
1.16(b)	<p>It was the last finance committee meeting that TSan would be attending, he thanked the College for supporting him and believes the College is in good shape for the future.</p> <ul style="list-style-type: none"> • JDav thanked him for all his hard work and leaving everything in good order. • SJut further emphasised this as the incoming Chair. • JDav thanked SJut as Chair at his first meeting. • PLeC expressed his thanks on behalf of the Committee to KSet for such detailed financial accounts in very difficult times. 	

