



The Henley College Corporation

MINUTES of the Meeting of the Finance & Resources Committee held on Tuesday 13 June 2023 at 09.00 via remote participation

Members present: Charles Wiggin Satwant Deol Vince Maltese Mike Ashton Chris Reeve	Independent Member/Chair Principal independent Member Board Chair and ex officio Co-opted	
In attendance: Mark Griggs Liz Guerin Jacky Gearey	Finance Resources & Control (FRC) Head of HR Director of Governance	
Agenda Item	Minutes	Action by
	<p>Opening of meeting The meeting opened at 09.02 with the Chair welcoming everyone and thanking them for their attendance.</p> <p>Apologies for Absence 1. James Lingard – work - out of country There were no other apologies for absence.</p> <p>Declaration of Interests There were no declarations of interests.</p>	
5.1	<p>Minutes of Meeting (i) Minutes of the meeting of 7 March 2023 The committee approved as an accurate record the minutes of the meeting held 7 March 2023. Resolved that the committee agreed that the minutes were an accurate record of the meeting held 7 March 2023</p>	
5.2	<p>Matters Arising from the Minutes (including review of actions) Item 4.3(i) provide an action list on the recruitment of staff and a paper on addressing the skill shortage as discussed – Head of HR advised that the College is following all actions on the HR plan with continued upskilling of staff and improving the employment brand. Closed. (ii) send out the benchmarks for outstanding financial health rating - FRC provided further clarification to the paper presented, explaining that the updated financial health scoring method involves retaining two of the three existing ratios. The ratios for solvency (adjusted current ratio) and performance (EBITDA) would remain, but the ratio for borrowing would be dropped. The scores for solvency and performance are uplifted by a factor of 1.5 to give individual scores for each out of 150 and a total financial health score out of 300. The new methodology also involves the introduction of two new limiting factors for financing: debt service cover - the ratio of debt repayments (capital and interest) to operating cashflow and cash generated from operations - cash as a percentage of adjusted income. Closed Item 4.6(ii) provide the pre-communication concerning the staff survey to the committee before releasing it to the staff – it was decided not to send out a pre-</p>	



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	<p>communication. Head of HR provided an update on the survey which included working with an external provider was happy to use the basis of the College's previous survey and who also provides various tools, add-ons and other pulse surveys. For the assurance of the staff this survey would be totally confidential and would be going out shortly. The Board Chair asked about the topics and whether these would mirror previous surveys. Head of HR confirmed that in the main the questions would be similar with some of the questions adjusted with additional content. A like for like comparison will be able made to show a progress before and after.</p> <p>(ii) provide Head of HR with agencies who undertook survey work. Closed</p> <p>There were no further matters arising or were covered off under this agenda.</p>	
5.3	<p>Management Accounts for April 2023</p> <p>The FRC advised that a budget has been set to deliver an operating surplus for the year amounting to £44k, with an outturn turnover expected of £ 11.5m based on the ESFA grant contract to deliver 1,912 learners, which was the outturn for 2021 /22. The actual recruitment of students for the current year was confirmed as 1,921 and the initial funding allocation statement for 2023-24 has been received which confirms funding for 1,915 learners, amounting to funding of £10,573,636 (2022/23 £10,369,354).</p> <p>Based on the current staffing levels and the increased pressure on non-pay costs, the April management accounts reflected a revision to the original budget, which incorporated the in-year changes and provided a revised outturn for the year. The overall position at P9 has changed in terms of an additional £190k income, a £720k reduction in pay costs and an increase in non-pay costs of £758k. These changes all amounted to an increase in the operating surplus from £44k to an expected outturn of £196k. Principal said that the strategic development fund had been really helpful in this respect. The Chair and the committee had no questions on this.</p> <p>Resolved that the Management Accounts for April 2023 were received and noted by the committee</p>	
5.4	<p>Budget and Financial Forecast - 23/24 & 24/25</p> <p>The budget centres around a curriculum plan which has been developed to reflect the outcome of needs established from the Local Skills Improvement Plan and a growing student population. Consideration was given to balancing the needs of the curriculum, support services and inflationary costs, with the available funding for 2023-24.</p> <p>The main increase in ESFA funding of £200k as a result of the increase funding rates from T-Level students. The funding from ESFA for 23-24 which is around 2% increase per student. The Chair asked about the 2% increase which the Principal said the ESFA had given 2% per student and that this was generally across the sector but that it reduces to 1% due to the funding model.</p> <p>Additionally an increase in the number of higher needs students is expected, which is the driver behind the local authority high needs funding. The FRC further explained that regarding this the intention is to claim lost funding of c. £35k.</p> <p>The outturn position on pay is projected to be approx. 70% of income and factors in a pay award of up to 2% potentially, although this will be reviewed in year if other savings can be made. The Board Chair asked for the FRC to provide context and rationale on</p>	FRC



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	<p>this at the next board meeting and how this compares to other colleges for this and next year.</p> <p>The committee asked about the need to grow the number of teaching staff and the expected student growth of a further 50 learners with 3 new T-Levels starting which would provide an additional lagged funding income of £250k for 24-25. The Principal assured the committee that staff have been recruited to teach these expected cohorts. The model supports these growth expectations.</p> <p>To be noted there are still significant concerns regarding non-pay costs e.g. energy, cost inflation and recruitment costs due to a lack of candidates which will all be further assessed.</p> <p>In essence the FRC said that the College is building from a position of 'outstanding' financial health, a strong Balance Sheet, a healthy liquidity position in terms of available and long-term funds and successful capital bids. The committee was asked to approve the budget deficits for 23-24 of £249k and for 24-25 of £70k.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Financial Forecast - 23/24 & 24/25 final draft budget was received and recommended to the Board for approval (ii) FRC to provide context on the 2% staff pay award proposal for 23-24 	
5.5	<p>Additional Staff Pay Award 2022-23</p> <p>At the previous F&R Committee meeting it was agreed that a proposal for a possible additional pay award would be shared for consideration should there be any expected surplus towards the year. The outturn for the year is estimated to be in the region of £190k surplus. A 4% pay award was made in year. For consideration the College looked at one off ex gratia payments to all staff pro rata to their FTE position and pro rata to those employed part way during the year and still in employment at the time of the award.</p> <p>The committee discussed the following two options at length:</p> <ul style="list-style-type: none"> (i) a flat rate of £650 gross per staff member, amounting to approximately an additional £400 net pay dependent on their tax position. This would cost about £135k and increase the pay cost ratio from 62.6% to 63.8%. The operating surplus would be roughly £55k. (ii) a flat rate of £850 gross per staff member, amounting to approximately an additional £500 net pay dependent on their tax position. This would cost about £176k and increase the pay cost ratio from 62.6% to 64.1%. The operating surplus would be roughly £15k. <p>The FRC further explained that in looking at the two options, the additional award of £850 would be the equivalent of another 2% pay award to a teacher on the highest scale and over 4% pay award for the lower paid staff and will not affect the draft budget for next year. Additionally whilst the pay cost ratio would increase to 64% this year, it would go up to 70% the following year due to the appointment of new teachers at the beginning of the next academic year, new young teachers will also be going up through their increments and there would be more staff in situ than in 2022-23. The committee approved the one off payment and for this to be recommended to the Board.</p>	

Approved by Chair



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	<p>Resolved that:</p> <p>(i) the paper on Additional Staff Pay Award 2022-23 was received and noted by the committee</p> <p>(ii) the committee agreed to recommend to the Board a £850 one off ex gratia payment for 2022-23 to all staff pro-rated to their FTE position and pro-rated to those employed part way during the year and still in employment at the time of the award</p>	
5.6	<p>Estates and Infrastructure Strategy update</p> <p>The FRC advised of the main projects for summer 2023 which covered the delivery of three T-Level suites within Deanfield campus D5. The tender process has been completed with SM5 contractor appointed to deliver the project. Estates is working with the contractors and work is to commence from 19 June 2023. Another room for engineering has been brought into scope plus an M&E survey highlighted that circuit boards, ac units and network switches need also to be upgraded and therefore there will be additional costs of c.100k. The committee approved this.</p> <p>Additionally the FRC advised that the speculative bid for an 85% 'Post 16 Capacity Funding grant' with matched funding of 15% from the College at a total cost of approx. £1.8m (inclusive of VAT) had been successful. This is for zoning work (D1, D2 and D6). The Principal wanted to thank the committee for their support in this application.</p> <p>The Board Chair commented that what was presented was very good but asked going forward for an estates strategy tracker to easily identify what has been completed. FRC agreed to provide this for future meetings.</p> <p>Additional work discussed covered:</p> <ul style="list-style-type: none"> • Replacement of a significant area of D5 flat roof where patching is no longer an option and there is risk to the new T-Level workrooms • Replacement of the fresh air ventilation to Deanfield campus D4, to eliminate the risk of carbon dioxide pollution. Funding had been received for this. • Replacement of failing end of life heating systems in Deanfield D1 and Rotherfield R3. Improve energy efficiency and costs. • Replacement of the IT switches in order to future proof the network and preserve both efficiency and maintenance of equipment. <p>The Board Chair asked the Principal to provide an estates strategy for the next board meeting and for this to be added to the agenda.</p> <p>The Chair thanked the FRC and his team for all the work that had been done on this.</p> <p>Resolved that:</p> <p>(i) the Estates and Infrastructure Strategy update was received and noted by the committee</p> <p>(ii) FRC to provide an estate strategy tracker for all future estates' items</p> <p>(iii) Principal to provide an estates strategy for the next board meeting</p>	<p style="text-align: center;">FRC</p> <p style="text-align: center;">Principal</p>
5.7	HR and Employment Law Updates	



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	<p>The Head of HR provided a verbal update on the current employment law and said that a brief paper on this would be circulated with the minutes. The updates covered:</p> <ol style="list-style-type: none"> 1. Living wage – previously notified 2. Holiday pay for part time workers – also previously notified 3. Flexible working – an employee can request flexible working from their first day of employment. The number of requests allowed will increase from 1 per 12 months to 2. Employers will be required to consult with their employees, as a means of exploring the available options, before rejecting flexible working request. 4. Changes around redundancy payments 5. 4 day week pilot with 2000 companies with results indicating that it worked well, and productivity went up 6. Fire and rehire policy i.e. dismissing an employee and offering them a new employment contract on new terms - statutory code to be introduced 7. Brexit - working time regulations and TUPE could be changed 8. Menopause –this is largely covered under three protected characteristics: age, sex and disability discrimination under Equality Act 2010. Menopause Employment Champion to be introduced to improve the support offered to women in the workplace. 9. Neurodiversity - this is often a 'hidden' disability and can affect an individual's ability to carry out normal day-to-day working activities. The legal definition of 'disability' under the Equality Act 2010 means that neurodivergent workers are likely to meet the conditions. <p>Resolved that the verbal report on Employment Law was received and noted by the committee</p>	
5.8	<p>Approval of: The aim of a Gifts and Hospitality policy is to guard against the risk of allegations of impropriety by individuals. Gifts generally refer to items of value given to or by employees and governors. Hospitality includes meals, beverages, and travel and accommodation expenses. Many colleges operate registers in which gifts and hospitality over a stated value are recorded to ensure that they are not being used for undue influence. A gift and hospitality register has been set up will record gifts offered and given to others, as well as any gifts received or accepted by the College. The committee approved the policy.</p> <p>Cycle of Business – no changes</p> <p>Terms of Reference – minor change to the titles of those invited to attend. The committee approved the Terms of Reference.</p> <p>Resolved that the following were received and recommended by the committee for approval by the Board:</p> <ol style="list-style-type: none"> (i) Gifts and Hospitality Policy (ii) Terms of Reference <p>Resolved that the cycle of business was received and approved by the committee</p>	
5.9	<p>Committee self-assessment The committee self-assessment form had been sent out for completion by all committee members and it was asked that it be returned by the end of June.</p>	



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5.10	<p>Any Other Business Principal wanted to thank the committee for their support of the capital one off bid which had been successful won. There was no other business</p>	
5.11	<p>Items to be taken forward to next Corporation Meeting:</p> <ul style="list-style-type: none"> (i) Draft Budget 2023-24 and 24-25 (ii) Staff one off £850 ex gratia payment for 2022-23 (iii) Conflicts of Interests Policy (iv) Terms of Reference 	
	<p>Date and Time of Next Meeting The next scheduled meeting is 14 November 2023 at 09.00</p>	
	<p>Meeting Closure The meeting closed 10.39</p>	