



## The Henley College Corporation

### MINUTES of the Meeting of the Finance & Resources Committee held on Thursday 25 April 2019 at 09.00

<b>Members present:</b> <b>Charles Wiggin</b> Ruth Hubbard Trevor Watkins Satwant Deol Martin Unsworth  <b>In attendance:</b> Ashok Patel Jacky Gearey			<b>Chair</b> Parent Governor Independent Member/Chair of Corporation Principal/Ex Officio Member Staff Governor  Director of Finance Clerk		
Agenda Item	Minutes	Action by			
4.1	<b>Opening of meeting</b> The meeting opened at 09.12				
4.2	<b>Apologies for Absence</b> Satwant Deol – conference There were no other apologies.				
4.3	<b>Declaration of Interests</b> No interests were declared.				
4.4	<b>Minutes of Previous Meeting:</b> The minutes of the Meeting of 18 March 2019 were agreed and approved.  <b>Resolved: the Committee agreed that the minutes were an accurate record of the meeting of 18 March 2019 and the minutes were signed by the Chair.</b>				
4.5	<b>Matters Arising from the Minutes (including review of actions)</b> There were no actions outstanding.				
4.6	<b>LEP Bid approval</b> The Chair wanted to thank the DoF for a comprehensive and well presented paper. The DoF briefed the committee on the proposed three new projects across the campus namely: <b>A. Digital Skills &amp; Enterprise Hub</b> - existing art facilities at Deanfield D1 to be converted to accommodate a digital skills café around which student services, including the careers service, pop-up enterprise space and larger digital skills teaching spaces will be created; <b>B. Digital STEM Hub</b> - transform the traditional library in D6 into a modern digital learning space that promotes collaborative learning and the application of digital technologies; and, <b>C. Digital &amp; Creative Arts Hub</b> - former art buildings at Rotherfield to be modernised through the addition of a Mac suite, a sculpture garden and digital arts facilities, and improved inter-connectivity between them to create a digital & creative arts hub.  Essentially it has been agreed that these projects will be delivered over two phases, starting summer 2019 and the second phase during 2020/21. The DoF explained that the OxLEP had agreed a capital sum of £500k to cover the whole scheme. This would be available for drawdown to the College if the College was able to invest £500k itself. The College has already spent £194k during 2017-18 and it was agreed that the LEP would regard this as a 'match' against the College share. On this basis, the College would need to invest a further £306k to drawdown the LEP's £500k. There is a commitment to use all of the allocation – approximately £300k and the first phase of this commitment is A & C above. The DoF said that application report attached provided further details, including some design ideas, but these would be developed to fit into the Henley College vision. The committee all felt that this had to be done as it was essential to invest in the College making it more attractive to students and remaining competitive at a very challenging time. The committee				



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	<p>also wanted assurances that this spend and the rationale therein would be explained to the staff in light of the current financial climate. The DoF confirmed that this would happen.</p> <p>In the interim the Heads of Terms needed to be approved and signed off and this will require some legal support requiring the College to engage its Solicitors to advice on the final acceptance. This is not expected to be a significant cost, but an estimate will be provided at the meeting. The committee unanimously approved the heads of Terms and for legal advice to be sought regarding this.</p> <p><b>Resolved that:</b></p> <p><b>(i) the report on the LEP Bid approval together with the full application report and the Heads of Terms were received by the committee</b></p> <p><b>(ii) the Heads of Terms was approved and to be signed off</b></p> <p><b>(iii) legal advice to be sought regarding advice on the final acceptance</b></p>	
4.7	<p><b>Summer Works</b></p> <p>The DoF briefed the committee that the substantive work on the Estates Strategy has been put on 'hold' pending further review on the overall financial &amp; solvency position, especially in delivering the approved recovery plan. However, the key plan for estates in the summer is to deliver the LEP approved projects, but there will be associated items that flow from that work and other minor works. A site audit is currently underway and will also better inform summer plans.</p> <p>At this stage, firm plans are not developed, but the following estates/facilities matters will be considered:</p> <ul style="list-style-type: none"> <li>• Some classroom adaptation may be necessary to accommodate changes in class/group sizes</li> <li>• Some incidental work may be necessary to support other associated work e.g. the LEP project. IT developments etc.</li> <li>• Replacement furniture &amp; fittings – to modernise as appropriate</li> <li>• Deal appropriately with any health &amp; safety/compliance concerns and emergency works</li> </ul> <p>The Chair asked about whether there was sufficient capacity in the budget to meet any immediate priorities, the doF confirmed that there was adding that there will also be an opportunity to link some of the investment to other capital funds e.g. LEP, ESFA capital grant funding. This will be given fuller consideration once all projects are aligned.</p> <p>A more developed plan of expenditure will be available for the next meeting. However, in order to plan and secure any immediate needs identified, a budget of £50k is recommended, to be updated at the June meeting if necessary. The Chair asked if this figure would be accommodated within the budget and the DoF confirmed that this was the case. DoF confirmed that there will be two cost centres and there would be a running commentary as the money is drawn down.</p> <p><b>Resolved that:</b></p> <p><b>(i) The report on the summer works was received by the committee</b></p> <p><b>(ii) That a budget of £50k was approved to plan and secure the immediate needs identified above.</b></p> <p><b>(iii) A running commentary of the money drawn down would be provided by DoF</b></p>	
4.8	<p><b>IT/MIS Projects</b></p> <p>The DoF explained that the College asset base required updating on a periodic basis and over recent years the College has continued to replace IT equipment on a prudent and as needed basis. The changes in IT management has resulted in a delay in developing the strategic vision in both areas. However, there is a potential risk that some equipment and software upgrades may need to happen this summer in order to avoid downtime and/or equipment failure.</p> <p>The reports on the laptop and PC replacement proposals would cost an estimated £132k plus an additional spend of £20k for the Unit-e upgrade software.</p> <p>Although it is recognised that the College's financial and solvency positions remain challenging, there is sufficient capacity in the budget to meet any immediate priorities. There will also be an opportunity to link some of the investment to other capital funds e.g. LEP, ESFA capital grant</p>	



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	<p>funding. The amount received by the College recently is £49k (regular grant) and £130k (Devolved Funding Capital Academies).</p> <p>The committee recognised that the College needs to carry out a strategic review, especially for IT and wanted that this was the current plan. The DoF confirmed this, however did highlight that without an IT Manager lead currently, this task will be delayed until an appointment is made. The Head of HR said that this was in hand. Currently it is not clear how critical the above replacement of equipment is, so the current recommendations are:</p> <ul style="list-style-type: none"> <li>(i) To approve a wider strategic review of IT, possibly undertaken independently by a consultancy firm or individual dependent on the recruitment of an IT Manager – estimate £10k</li> <li>(ii) To approve the estimates and potential spends (total £132k) if it is deemed essential for this summer</li> <li>(iii) To develop a plan for the £130k (DFCA fund) if an independent one is required</li> <li>(iv) To approve the MIS investment of £20k</li> </ul> <p>The DoF emphasised that the potential risk of not undertaking essential investment, could result in inadequate support for College students and staff, which could have adverse financial/funding consequences in the future.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the reports on the IT/MIS Investment, Henley College PC and Laptop Replacement Projects were all received by the committee</b></li> <li>(ii) <b>a wider strategic review of IT to be undertaken by the College</b></li> <li>(iii) <b>a maximum of £10k spend on an IT consultant if required was approved</b></li> <li>(iv) <b>the estimates and potential spends (total £132k) for the PC and laptop replacements were approved</b></li> <li>(v) <b>a plan for the £130k (DFCA fund) if an independent one is required to be developed</b></li> <li>(vi) <b>the MIS investment of £20k for the Unit-e upgrade software was approved</b></li> </ul>	
4.9	<p><b>HR &amp; Employment Law Updates</b></p> <p><b>(i) Staff Survey</b> – the Head of HR briefed the committee that due to the various changes in HR it is the intention that the survey now goes out in June. The results will be collated at the end of June and actions will be taken from the information once this has been reviewed by the SLT. The Board will receive an information paper on this at the beginning of the next academic year.</p> <p><b>(ii) Gender Pay Gap</b> The external HR Advisor confirmed that the 2018/19 Gender Pay Gap report (based on data as at 1 April 2018) had been completed and published in accordance with requirements. The specific actions that have been identified in relation to the gender pay gap were:</p> <ul style="list-style-type: none"> <li>(a) to continue to review the recruitment, selection procedures and practices to ensure that any gender discrimination is eliminated; and</li> <li>(b) to review the pay policies to ensure that any gender discrimination is eliminated.</li> </ul> <p>The external HR Advisor briefed the committee that the College will no longer be required to submit figures for 2019/20 as the number of staff as at 1 April 2019 has dropped below 250 but it may be something that the College wishes to do for its own benefit.</p> <p><b>(iii) Senior Post Holders (SPH) Policies</b></p> <ul style="list-style-type: none"> <li>(a) Disciplinary Procedures for SPH</li> <li>(b) Dismissal Policy for SPH</li> <li>(c) Grievance against SPH</li> <li>(d) Grievance Procedure for SPH</li> </ul> <p>The external HR Advisor had reviewed the policies as presented, however the committee had noted an anomaly in one of the policies - Disciplinary Procedures for SPH – wherein reference to the possible recording of meeting outcomes should remain consistent with other references within the other policies. The external HR Advisor said that would be rectified immediately. Subject to this amendment the committee recommended that this go forward to Remuneration and thence to</p>	



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	<p>the Corporation for approval. Finally the committee decided that these policies would in future be reviewed on a three year cycle unless there were statutory reasons or other changes to justify a review.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li><b>(i) the gender pay gap report was received by the committee</b></li> <li><b>(ii) the four Senior Post Holders policies above had been received by the committee</b></li> <li><b>(iii) the three SPH policies were approved by the committee together with and subject to the amendment referred to above for the Disciplinary Procedures for SPH policy and to go forward to the Remuneration committee for comment before final approval by the Board</b></li> </ul>	
4.10	<p><b>Financial Update</b></p> <p>The DoF briefed the committee that the 2018/19 financial outturn was now projected to be very close to break-even and any operating deficit is likely to be limited to the cost of restructuring, which was estimated to be £300k or less. There may be some final movements in terms of pension scheme adjustments, but this is not within the College's control, so not for consideration at this time.</p> <p><b>Income</b> - The only major item of shortfall is the £81k allocation for Work Placement Capacity build grant, which if not used is possibly subject to clawback by the ESFA. The College has subcontracted out its Adult Education Budget (AEB) allocation (£136k), but this is expected to be delivered. The College is still trying to secure an increase in the Local Authority High Needs claim (figure not specified), but at this time this is not secured.</p> <p><b>Pay Expenditure</b> – The original budget set was £6.75m and the current outturn projection is nearer £6.58m, which approx. £170k less.</p> <p><b>Non-Pay</b> – The original budget estimate was £2.43m, but the currently assessed outturn position is almost £280k less at £2.15m.</p> <p>At the year-end, the College will have around £3m cash and a very healthy net current assets ratio, which should potentially bring the College back to a 'good' financial health rating. The Chair was concerned again about the lagged funding especially looking at class sizes for the following academic years and this would help advise whether to keep money back for extra staff if required.</p> <p>The Chair asked again for one line on the Income and Expenditure account below the monthly and cumulative outcome to show the effect of lagged funding. The Chair said that from a day to day management view it would be better and DoF said he would do this. DoF said that was a macro level position.</p> <p><b>Capital Investment</b></p> <p>There proposals discussed under items 4.6, 4.7 and 4.8 which the committee has now approved:</p> <ul style="list-style-type: none"> <li>(i) D1 Digital Skills Hub &amp; R4 Digital &amp; Creative Arts Hub - £480k (fully LEP funded)</li> <li>(ii) General Summer Works - £50k (College funded)</li> <li>(iii) IT Replacement and MIS upgrade - £152k (Grant funded)</li> </ul> <p>It is envisaged that all projects will commence in the summer term, but D1 may not be fully operational until the end of this calendar year.</p> <p><b>Financial Outlook</b></p> <p>Financial Year 2019-20 – the original plan was to deliver an operating surplus of £210k. This was because of an anticipated further learner numbers reduction for 19-20, but as the College funding will be protected, this would create a natural surplus. The ESFA income for next year has now been confirmed and it is broadly as estimated back in January. All other income positions are as planned, although the AEB allocation of £136k will be significantly reduced.</p> <p><b>Pay Expenditure</b> – The College will still need to find efficiencies of approx. £1.1m from this current restructuring round. It is difficult to assess at this stage how much of this is already built on efficiencies from the current year (2018-19) and also how much of the current agency/interim element (£350k) will convert into permanent pay for 2019-20. The current planned efficiencies therefore do need to be delivered.</p>	



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	<p><b>Non Pay Expenditure</b> - There will be a need to increase some costs following a period of cost postponement, especially in relation to facilities &amp; maintenance, IT/MIS, staff development, marketing etc.</p> <p>The DoF also referred to:</p> <ul style="list-style-type: none"> <li>(i) HCT (Including AEB) – there is a draft plan prepared, but there are significant unknowns and it requires further work. For now the operational position is about cost neutral. It is anticipated that this will be brought back to the June meeting.</li> <li>(ii) The key uncertainty is still around recruitment of learners for 2019-20. Until there is further clarity on this, the current plan remains at risk.</li> <li>(iii) Any innovation strategy needs to be funded out of these forecasts</li> <li>(iv) Key College performance ratios are all in good positions</li> </ul> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the financial update report was received by the committee</b></li> <li>(ii) <b>the DoF to bring a draft HCT plan to the June meeting</b></li> <li>(iii) <b>the management account for March 2019 were received by the committee</b></li> <li>(iv) <b>that both the management accounts and financial update to be sent to the Board for information</b></li> <li>(v) <b>DoF to provide one line on the Income and Expenditure account below the monthly and cumulative outcome to show the effect of lagged funding</b></li> </ul>	
4.11	<p><b>Any Other Business</b>          There was no other business.          Meeting moved to the confidential agenda at 10.55</p>	
	<p><b>Confidential Agenda items – 4.12 – 4.14</b></p>	
4.15	<p><b>Items to be taken forward to next Corporation Meeting for approval:</b>          There were no items.</p>	
4.16	<p><b>Date and Time of Next Meeting</b>          The next scheduled meeting is 17 June at 09.00</p>	
	<p><b>Meeting Closure</b>          The meeting closed at 11.30</p>	
	<p>MINUTES of the meeting held on <b>Thursday 25 April 2019</b> were agreed and accepted as a true and accurate record and signed by the Chair.</p> <p>..... on .....</p>	