



The Henley College Corporation

MINUTES of the Meeting of the Finance & Resources Committee held on Monday 17 June 2019 at 09.00

<p>Members present: Trevor Watkins Ruth Hubbard Satwant Deol</p> <p>In attendance: Ashok Patel Jen Jackson</p> <p>Jacky Gearey</p>	<p>Vice Chair/ Independent Member/Chair of Corporation Parent Governor Principal/Ex Officio Member</p> <p>Director of Finance Head of HR</p> <p>Clerk</p>	
Agen da Item	Minutes	Action by
5.1	<p>Opening of meeting The meeting was opened at 09.07 by the Vice Chair who explained that the Chair was unable to attend as his ferry from France had been cancelled.</p>	
5.2	<p>Apologies for Absence Charles Wiggin – out of country (cancelled ferry) There were no other apologies.</p>	
5.3	<p>Declaration of Interests No interests were declared.</p>	
5.4	<p>Minutes of Previous Meeting: The minutes of the Meeting of 25 April 2019 were agreed and approved.</p> <p>Resolved: the Committee agreed that the minutes were an accurate record of the meeting of 25 April 2019 and the minutes were signed by the Chair.</p>	
5.5	<p>Matters Arising from the Minutes (including review of actions) Item 4.5 Restricted Reserve – legal advice had been obtained and was presented. The Chair of the committee had sent an email to say that it would make sense for the funds to be put into a separate bank account so that there is clear visibility on what can only be spent from the restricted fund and how much is available for normal trading activities. The Vice Chair asked the DoF to do this identifying exactly what should be moved into this account by 31 July 2019. In addition, any interest attributed to this fund should go into this fund. The DoF said that the College must be advised that the P & L account will have to be adjusted accordingly as this will come out of revenue so is a prior year adjustment. The Vice Chair asked the DoF to speak to Chair of Finance about this. The Vice Chair wanted to thank committee member Ruth Hubbard for all her hard work in finally getting this matter clarified and resolved. Item 4.7 – Summer Works – this had not been initiated yet. Item 4.8 – (a) IT - waiting for input from the new Head of IT who should be in post who should be in early July. (b) MIS - still going through upgrades</p> <p>The DoF advised the committee that the LEP work had started and that the College was going to market for costs. The Vice Chair asked about computer and laptop replacement and the DoF confirmed that these would happen on an as required basis.</p> <p>There were no further actions outstanding.</p>	



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	<p>Resolved that: DoF to set up as separate bank account for the restricted reserve identifying what could be moved into it and to ensure that all interest is added to it by 31 July 2019.</p>	
5.6	<p>HR Update</p> <p>(i) Staff Satisfaction survey College Engagement Survey – the last staff survey was conducted in 2013 and although no statutory requirement to carry out a survey it is a requirement of the committee's terms of reference to review a staff satisfaction survey annually. The Head of HR confirmed that this survey would be biannual and a schedule would be issued in future to revitalise the staff as it was generally known that staff morale was very low. The aim was to obtain constructive feedback from staff which was the reason why the survey was being issued so late as the restructuring process had now been completed and staff now understood their individual outcomes from the organisational changes. The Vice Chair asked for the survey to close on 26 June and not the 28th June so that raw data available from the anonymised electronic replies could be provided to the Corporation. The committee on reviewing the questions asked for question 9 to be split into two elements one for line managers and the other for SLT. The Head of HR confirmed that these would both be done. The Head of HR outlined the programme for steps to be taken on receipt of the data and recommendations would be shared at the next F & meeting in November.</p> <p>(ii) Performance Management system The Head of HR outlined the steps taken in designing a new performance management system to include carrying out a half day development session with all managers on the importance of such a system and then preparing and presenting a proposal to the managers approved by the SLT.</p> <p>After initial reluctance to the new scheme due to the changes and fears around staff morale, this is going to be presented to the unions for information before its introduction. The scheme will be launched in the admin week of this term and the managers trained in the third week of July. The focus will be on development and the committee said that this had to happen as a matter of urgency. The committee thanked the Head of HR for all her work and that she would be missed when she leaves in August.</p> <p>Resolved that:</p> <p>(i) The staff engagement survey was received by the committee (ii) The Head of HR to provide feedback to the Corporation from the colleague engagement electronic replies – survey to now close 26 June 2019. (iii) The Head of HR to split question 9 of the survey into two elements one for line managers and one for SLT. (iv) The report on the performance management system was received by the committee</p>	
5.7	<p>Latest Management Accounts and financial update</p> <p>(i) April 2019 & May 2019 The Vice Chair thanked the DoF for both sets of accounts but asked for the update to centre on May's report. DoF told the committee that the College's had updated its original planned budget following a mid-year review and was now projecting a forecast operating deficit of £425k which included a £300k provision for restructuring. It had continued to deliver a better position and the year to date position is that the operating surplus is £442k (the budget was £20k) and the current estimated forecast for 18/19 is likely to deliver an overall operating deficit of £323k which includes the £300k provision for restructuring which means that without this latter cost the College should achieve a break-even outturn for 2018/2019. May's accounts show that the actual position continues to improve as the College has controlled pay expenditure much better than previously anticipated. The position on agency/interim staffing is also slightly better than forecast at the mid-year point although more critical interim input is likely to be essential over the remaining months of this financial year. The current assessment is that reliance on flexible employment will remain for this financial year as the College will remain under FEC diagnostic assessment. Recruitment to permanent posts would be extremely challenging under this current scenario.</p>	



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	<p>The key concerns regarding the Local Authority High needs is being resolved with the contracts and invoices settled and an increase in income from the authorities achieved.</p> <p>The Vice Chair asked about depreciation which had been reduced by £50K and the DoF confirmed that this was now correct.</p> <p>DoF said that a lot of the contracts still need to be reviewed for savings but that alot of good work had been done by the Purchasing Officer.</p> <p>The DoF also covered the following:</p> <ol style="list-style-type: none"> 1. The College is currently working though the post section 188 notice. The outcome of which will determine the extent of the Recovery Plan for 2019-2020 being successful. Mindful that the curriculum management is still top heavy however it was not the right time to challenge this as interim support is required albeit long term this was not sustainable. 2. The options to undertake further work associated with the estates strategy is being considered, although the intention currently is to suspend non-essential elements. Need a fresh look at building for functionality. The College is developing a scheme approved by the LEP and is now in the planning stage for commencement summer 2019. The Vice Chair asked the DoF to provide an update at the Corporation meeting 27 June. In addition he asked if there was any mileage in subletting some of the estates building but DoF said that this was very challenging plus there would be safeguarding issues and the concerns from the residents around the Rotherfield site. The Vice Chair asked if the College could operate on just one site and the DoF said no at the moment as this would be problematic. 3. Meeting with ESFA intervention team took place 2 May 2019 and they were generally content that the College is making good progress towards a full recovery, future conversations with them will be via telephone. 4. All key financial ratios are improving and are on track to deliver a "good" financial health rating possibly by 31 July 2019 5. FEC review – the College is working on the recommendations which appear more weighted towards improvements in the quality process and outcome for students. <p>The Committee asked why there was no apprenticeship income for July and the DoF replied that this was to do with cash flow and therefore had not been added.</p> <p>Resolved that:</p> <ol style="list-style-type: none"> (i) the managements accounts for April and May 2019 were received by the committee (ii) the financial update report was received by the committee (iii) DoF to provide an update on LEP summer work to the Corporation 27 June 2019 	
5.8	<p>Review and approval of:</p> <ol style="list-style-type: none"> 1. Reserves Policy – the purpose of the policy was for the College to safeguard/improve its current reserve values and allow the College to draw on these reserves in emergencies and to take advantage of unexpected opportunities. The committee asked about the 3 months referred to and whether it ought to be increased to 6 months. The DoF confirmed that 3 months was a minimum criteria and that most colleges adhered to this. 2. Insolvency Policy – the Insolvency Act now applies to FE colleges and it was essential that governing bodies consider the impact especially in setting future strategies. The policy had been written to secure and/or improve the College overall solvency policy. The policy was approved 3. Terms of Reference (ToRs) – minor amendments to (i) Clause (a) regarding ESFA and (ii) membership were agreed. <p>The committee also asked about the annual HR reports referred to in the ToRs which had been missing and the Head of HR said that with the introduction of the new HR system this would now be possible. In the past it had been underestimated how difficult it was to provide the data as it manually very intensive and in the main unreliable. Vice Chair asked about the new HR system and its ability to provide key staff metrics and Head of HR confirmed that this would now be possible and would be provided,</p>	



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	<p>4. Standing Agenda – addition of committee self-assessment to Summer term approved</p> <p>Resolved that the following were received by the committee and to be put forward to the Corporation for approval subject to the amendments above.</p> <ol style="list-style-type: none"> 1. Reserves Policy 2. Insolvency Policy 3. Terms of Reference 4. Standing Agenda 	
5.9	<p>Update on insurance Policies</p> <p>The DoF informed the committee that the College had moved its insurance brokerage service to FE Protect last year and is therefore in a contract period to July 2021. The renewal for 2019-20 is still being processed, but the premium and cover levels are not expected to change significantly. As the College is associated to this group, it will benefit from assessments made by the broker following input from a number of similar FE institutions in this association. As the College is not experiencing any service level issues with FE Protect and that it is in a term arrangement with them, there are no real grounds or reasons to review other options at this time. The vice chair thanked the DoF for the update.</p> <p>Resolved that: the report on Insurance Policies was received by the committee</p>	
5.10	<p>Financial Planning & Forecast 2019–20 to 2021-22</p> <p>(i) Overall 3 year budget forecasts (2019-2021)</p> <p>The DoF briefed the committee that the College is required to submit a detailed financial forecast and commentary to the ESFA by 31 July 2019. The revised financial strategy approved by the Corporation in December 2018 has had a positive financial impact and is expected to deliver well in during the forecast period. The balance sheet is also in a much better position with improved ratios and the overall financial health rating as measured by the ESFA is likely to be “good” from the existing “satisfactory” position, however the DoF did point out that some of the ESFA assessments are changing and it is hoped that the financial health rating should change to good or if not be at least be close to it. The Vice Chair noted that the College had attempted to address the potential for further leaner number reductions for 2020-2021 by addressing this in the 2019-2020 financial plans but also that if the loss of learners was greater than 40 this could negatively impact the 2020-21 financial year. Moreover if there were more learners for courses this could cause an issue regarding over recruitment but this can only be assessed at the time. The DoF said that the College was constantly factoring in retention and down side risk. The Committee asked about 2020-22 noting the amount paid for admin support, however DoF clarified this explaining that admin support covered a wide variety of roles including mental health advisors, technicians, LSAs and that this was the same for all colleges. The Vice Chair said that this issue becomes worse the smaller a college is and it is always about student numbers. This year too much money had been spent on teachers due to lower numbers. The key issues was the target number and the ability of the College to retain them. The DoF said that retention is about the quality. As a final point the committee also wanted the budget to be amended regarding the cash days due to the resolved action for restricted reserves.</p> <p>The committee reconfirmed the overall financial strategy to deliver break-even financial operating positions in each of the forecast years and agreed the overall outline financial forecast for the three years with the first year (2019-2020) forming the basis of the operating budget for that year.</p> <p>The Vice Chair asked the DoF to speak to the Chair of Finance on his return regarding this.</p> <p>Resolved that:</p> <p>(i) The committee reconfirmed the overall financial strategy to deliver break-even financial operating positions in each of the forecast years</p>	



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	<p>(ii) Overall 3 year budget forecasts (2019-2021) was received by the committee and approved as presented and to be put forward to the Corporation for approval.</p> <p>(ii)Business Draft Plan – Apprentices</p> <p>The DoF presented the business plan on apprenticeships and business development advising the committee that there is a significant government strategy to push apprentices and it appropriate for the College to review its current activity and importantly wider options. The strategy would most likely be staged delivery and the financial outcomes may take time to deliver. Currently there is likely to be a period of operating deficit in year 1 (2019-20) but given the right investment in time, resources and expertise, the three year plan is beginning to look more positive. The report presented is a first draft and initial views from the committee were sought. The committee's agreed was that there was no interaction with curriculum which the report identified. The Vice Chair asked how the College finds apprenticeship providers and the Principal said by using the capacity fund there was now someone dedicated to do this. The committee was concerned and asked if concentrating on apprenticeships for a small cash return, was this in fact a distraction from the A levels and BTEC provision especially in the light of the problems with quality. The principal said that this would not happen and that keeping the apprenticeship provision small for the next three years was better as it meant the College still had a presence in this area. The DoF posed the question as to whether apprenticeships fit in the College's provision and whether there was any value in continuing with it, all of this had to be agreed upon. The Vice Chair said that whilst the College was predominantly an A level provider it also had a history of apprenticeships and that it was a question of making it work. Principal confirmed that it has to dovetail with BTEC students. As this was only an initial draft more work would need to be done to produce a structural plan with links with A levels, BTECs and apprenticeships. In addition the DoF confirmed that there was more money within the system. The committee asked for a report on apprenticeships to go to the Corporation and that this would be a good topic for discussion at the Governors Away Day.</p> <p>Resolved that:</p> <p>(i) The draft Apprenticeship and Business Development Plan was received by the committee (ii) DoF to produce a report on Apprenticeship Provision for the Corporation.</p>	
5.11	<p>Any Other Business</p> <p>There was no other business. Meeting moved to the confidential agenda at 10.25.</p>	
	<p>Confidential Agenda items – 5.12 – 5.15</p>	
5.16	<p>Committee Self-Assessment</p> <p>The Clerk asked for the forms which were asked to be completed and were duly handed in.</p>	
5.17	<p>Items to be taken forward to next Corporation Meeting for approval:</p> <p>(i) Overall 3 year budget forecasts (2019-2021) (ii) Reserves Policy (iii) Insolvency Policy (iv) Terms of Reference (v) Standing Agenda</p>	
5.18	<p>Date and Time of Next Meeting</p> <p>The next scheduled meeting is 11 November 2019 at 09.00</p>	
	<p>Meeting Closure</p> <p>The meeting closed at 10.50</p>	
	<p>MINUTES of the meeting held on Thursday 25 April 2019 were agreed and accepted as a true and accurate record and signed by the Chair.</p> <p>..... on</p>	



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