



The Henley College Corporation

MINUTES of the Meeting of the Finance & Resources Committee held on Monday 16 November 2020 at 09.00

<p>Members present: Charles Wiggin Satwant Deol James Lingard Trevor Watkins Vince Maltese Chris Murray</p> <p>In attendance: Debbie Lindsley Ashok Patel Jacky Gearey</p>	<p>Chair Principal/Ex Officio Member Independent Member Independent Member/Chair of Corporation Independent Member Independent Member</p> <p>Finance Manager Finance Director Clerk</p>	
Agenda Item	Minutes	Action by
1.1	<p>Opening of meeting The meeting was opened at 09.02 – The Chair welcomed Chris Murray to his first meeting.</p>	
1.2	<p>Apologies for Absence 1. Eric Burrow – college issues There were no other apologies.</p>	
1.3	<p>Election of Chair & Vice Chair Charles Wiggin and Chris Murray were unanimously elected as the Chair and Vice Chair respectively.</p> <p>Resolved that Charles Wiggin and Chris Murray were respectively elected as the Chair and Vice Chair of the Finance & Resources committee</p>	
1.4	<p>Declaration of Interests No interests were declared.</p>	
1.5	<p>Minutes of Previous Meeting: (i) The minutes of the Meeting of 16 June 2020.</p> <p>Resolved: the Committee agreed that the minutes were an accurate record of the meeting of 16 June 2020 and the minutes to be signed by the Chair.</p>	
1.6	<p>Matters Arising from the Minutes (including review of actions) Item 5.4(III) – Capital Projects - list of items to be paid from restricted reserve – this will be done for projects during 2020-2021 and previous projects mostly funded partly by LEP grant Item 5.5 – Digital Project Aims – this project is on-going and has resulted in a spend of circa £50k so far.</p> <p>All other actions had been closed off and there were no further actions outstanding.</p>	
1.7	<p>Draft Statutory accounts for 2019-2020 The FD advised that the Statutory Accounts is broadly consistent with the management accounts that have been seen by the committee, subject to the final adjustments associated to FRS102 pension adjustment. Subject to those 'exceptional' adjustments, which are not within the College's overall control, the financial operating surplus is better than expected because of the cost savings in-year resulting mainly from the Covid-19 position. These accounts have been subject to external audit and the outcome is that these accounts are "unqualified" in terms of audit opinion. The FD wanted to stress that that the Audit Findings Report was considered by the Audit Committee at their meeting on 9 November 2020 and there were no significant or material recommendations. The key highlights are:</p>	



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- Strong 'underlying' operating surplus of £478k (2019 - £139k) due to MIS/IT purchase straddling two years – check Audit report
- Improved cash/solvency and cash days positions
- Improved working capital position
- Significant provisions made for pension fund liabilities in year (£1.57m)
- Investment of £800k+ in fixed assets (buildings & equipment)
- Delivered unqualified 'internal' and 'external' audit outcomes – the FD asked for this thanks to be minuted to the finance manager and her team for all their work on this
- Maintained "outstanding" financial health position

In addition, the FD said that there were a few minor final drafting matters to complete, which will be done prior to the signing of the accounts on 7 December 2020. It is not envisaged that any of the financial numbers would change during this finalising phase, although some notes to the accounts may be updated i.e. Principal's remuneration in respect of PRP.

FD advised on the going concern and that he will at the mid-year point advise about IT requirement, the impact of possible further lockdowns and the estates development strategy especially on classroom development especially as the next stage is likely to be funded by the College alone.

Finally, the FD reassured the committee that there are no immediate implications or risks associated to these accounts and audit report. This outcome continues to place the College as having an "outstanding" financial health rating as confirmed by the ESFA's own assessment provided in a letter to the College and that the College was in a better place than a few years ago.

Chair wanted to say thank you to the FD and the finance team for maintaining such strong control.

Chair then asked about the income drop of £700k and the staff costs. FD advised that the income had dropped because of the under recruiting in the previous year (18/19) which the ESFA contracted number of students is then adjusted for 19-20 i.e. 2018-19 recruited 1737 students instead of the original ESFA contract of 1904, however any under-recruitment is funding protected in-year. Currently for 20-21, the student intake is slightly higher than contract but there might be slighter higher retention issues as the enrolment was based on assessment grades, throughout the sector.

Chair then asked about the LGPS scheme and FD advised that the College is responsible for the uplift in employer contributions, which went up by 4% this year and that every 1% increase is around £7k which has to be college funded. But that the main pensions schemes (teachers and support staff schemes) are underwritten by Government and if the College were to have financial difficulties e.g. liquidation, then the government would cover this overall liability and that there is standard wording to this effect in the document.

Committee asked if the College was using or had used any third-party consultants in regard to the estates strategy and FD confirmed that in the past, the College has used Peter Marsh Consulting.

Chair asked if there was anything to be concerned about and about the drop in reserves - FD reassured the committee that there were no issues and that the reserves are dropping due to the pension adjustments but that this did not affect the operating position.

The Chair noted that there had been a substantial increase in the audit fees albeit this was the sector norm.

Chair asked if there were any further queries and there were none.

Resolved that the Draft Statutory accounts for 2019-2020 were received by the committee and were recommended to the Board for approval



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1.8	<p>Management Accounts 30 September 2020</p> <p>The College has planned to deliver a small operating deficit of £204k the financial year and whilst this was the position back in July 20, there will be a need to reassess this position based on new information now available and the post 42 day census period being over. The SLT are considering a number of investments that are essential for this financial year, some of which were previously planned for 19/20, but had to be delayed/postponed due to Covid-19 factors and some new ones that have become concerns.</p> <p>The College is reviewing its position in terms of enhancing the overall IT security and back-up systems and these costs whilst not significant for 2019/20, could be for 20/21 and beyond.</p> <p>The current financial position has the capacity to deal with any minor negative positions resulting from the Covid-19 pandemic situation, but if something material was to originate i.e. funding adjustment, then the SLT would need to reassess this overall assessment. The College continues to have:</p> <ol style="list-style-type: none"> i. Good level of cash days and healthy working capital ratio, both tracking the plan ii. The year-to-date position is slightly stronger than budget, and this is explained in the commentary. iii. Other key ratios remain as planned or close to the plan <p>It was too early into this financial year to make any proper assessment regarding funding but that the College had met contract, the amount would be advised later on in the year but it was the aim to have 1900+ students. Investment in MIS, IT and curriculum delivery was necessary, especially if there is the need to operate remotely for a further long period.</p> <p>The Chair asked if the College had the data on this, FD said that there were issues with some of the budget for IT/MIS and would come back at the next meeting with costings.</p> <p>Student registrations were slightly disappointing at 1650 with a loss of just under 100 from the enrolment day, the Principal agreed and was trying to find out the reasons for this but that the numbers were still sufficient for funding. Marketing impact was strong due to all the virtual visits. New courses and teacher recruitment have both gone well. FD advised that the area is still in a demographical dip and that this should be recovering from next year.</p> <p>The committee asked if there were any analogies with the funding numbers referring to the FEC - FD advised that FEC picked up figures that had been provided by the College and their focus is usually on student achievement and retention. There is no clear evidence of student recruitment across the area or sector at this time.</p> <p>The £288k in pay support – what was this increase based on? This was due to the continuing use of Interim staff covering budgeted posts. One variance offsets the other as a result, but no overall increase in cost.</p> <p>FD explained lagged funding to the new committee member and how to present this information to the committee in future, given that the College has moved from 'protected' funding to 'under-funding'</p> <p>Resolved that the Management Accounts 30 September 2020 were received by the committee</p>	
1.9	<p>Student Union Accounts for 2019-2020</p> <p>Due to the nature of the rolling student programme, the Student body has not elected a formal executive committee to take day to day control over the union funding or bank account. This is common in other similar colleges. The Finance team of the College supports this element by maintaining the accounting records and bank account on the Student Unions behalf.</p> <p>The Union fund was approx. £7k at the start of the financial year and income from student union membership cards was the only substantial income (£1,328). The key expenditure for the year was £1,429 for social events.</p> <p>The students were further restricted this year due to Covid-19 issues, especially the long period of lockdown.</p>	



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	Resolved that the Student Union Accounts for 2019-2020 were received by the committee	
1.10.	<p>Update on Financial Regulations The FD confirmed that these would normally go through audit committee first but there were no updates to the current regulations.</p> <p>Resolved that the verbal update on Financial Regulations was received by the committee</p>	
1.11.	<p>Annual Report on the use of the College Seal Clerk advised that as at the November Finance & Resources meeting in 2019 the only use of the seal was on 6 August 2019 when it was applied to the Funding Agreement as required by the Oxfordshire LEP in regard to the local growth funding for advanced digital and science centre between Oxfordshire County Council and The Henley College as agreed in the Finance & Resources committee meeting held 17 June 2019. Since that date there had been no other further use of the seal for the academic year 2019- 2020.</p> <p>Resolved that the Annual Report on the use of the College Seal was received by the committee and recommended for approval by the Board</p>	
1.12	<p>HR Report The Chair asked that the report be taken as read and asked for questions about the key points. The Principal spoke about the ongoing issues around Covid namely the increase in student infections and advised of the actions taken and the plans going forward should the College have to go to blended learning to reduce the number of students on campus. The committee further asked about the staff who wanted to address their concerns regarding working at the College and Principal said that they were working with the unions on this.</p> <p>Committee said that they would want to see the results of the staff survey on the annual HR report. Principal agreed and advised that the main staff survey was going out 17 November 20. The committee asked if the same questions were being used so that a like for like comparison could be made when the results are analysed and that these results should be provided to the Board for 7 December 20. Principal said this would be done Staff pay award for staff – FD advised that the College was talking about a proposed 1% pay award however it was agreed that this is to be discussed at a later date and the FD confirmed that a retrospective award from 1 August 2019 can be made. The Chair asked the FD for the costs for the Board meeting 1 February 2020. The FD agreed that this would be done. There were no further questions.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the annual HR Report was received by the committee (ii) Head of HR to provide the staff survey results to the board meeting 7 December 20 (iii) FD to provide costs for a proposed 1% pay award to staff for Board meeting 1 February 2020 	Head of HR FD
1.13	<p>Employment Law updates & Approval of HR Policies if required In the absence of the Head of HR, the Clerk had been advised that there were no employment updates nor polices to be approved due to the impact on work under Covid.</p>	
1.14	<p>Committee self-assessment The comments from the committee self-assessment forms were duly noted. Chair said that working with FD had been very positive.</p> <p>Resolved that the compilation of replies on the committee self-assessment was received by the committee</p>	
1.15	<p>Any Other Business Chair asked about the estates' strategy and the forward planning to enhance the student experience and were there figures around this?</p>	



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	<ul style="list-style-type: none"> • The Principal advised the committee on what the College is planning to do in particular looking at a sports academy, T levels and digital computing. These ideas were to be brought to the strategy planning day. • FD said that the original estates' strategy had to be reviewed due to financial constraints, however, four projects have been completed as part of the LEP funding grant. The next phase is a clear plan for summer 2021 and will include not only estates but also, IT and MIS. • A fully costed estates strategy to be provided by the summer with the Principal confirming that this was all within the planning cycle. <p>Regarding strategic planning, the committee wanted to know had the strategy changed post pandemic in respect of IT requirements e.g. blended learning investment in combination with investment to attract students to the college and whether curriculum can be adapted to that study. FD said the pandemic had forced this issue, and that working off site has had to improve. The Principal advised on the bigger picture going forwards in particular the new IT developments with specific organisations, plus looking especially those students who do not have access to the IT. Chair asked when would this strategy document be ready? FD advised that a costings document would be provided at the next F&R meeting 8 March 2021.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) FD to provide a fully costed estates strategy for summer meeting (ii) FD to provide a costings document on the IT strategy for March meeting. <p>There was no other business.</p>	<p>FD FD</p>
<p>1.16</p>	<p>Items to be taken forward to next Corporation Meeting for approval:</p> <ul style="list-style-type: none"> (i) Draft Financial Statements for 2019-2020 (ii) Annual Report on the College Seal for 2019-2020 	
<p>1.16</p>	<p>Date and Time of Next Meeting The next scheduled meeting is Monday 8 March 2021 at 09.00</p>	
	<p>Meeting Closure The meeting closed at 10.20.</p>	
	<p>MINUTES of the meeting held on Monday 16 November 2020 were agreed and accepted as a true and accurate record and signed by the Chair.</p> <p>..... on</p>	