



## The Henley College Corporation

### MINUTES of the Meeting of the Finance & Resources Committee held on Tuesday 28 June 2022 at 09.00 via remote participation

<b>Members present:</b> Charles Wiggin James Lingard Vince Maltese Mike Ashton Chris Reeve	Independent Member/Chair Independent Member Independent Member Board Chair and ex officio Co-opted	
<b>In attendance:</b> Eamonn Egan Mark Griggs Roxy Iqbal Jacky Gearey	Vice Principal Finance Resources & Control (FRC) HR Advisor Clerk	
Agenda Item	Minutes	Action by
	<p><b>Opening of meeting</b> The meeting was opened at 09.03 and the Chair welcomed Chris Reeve to his first meeting.</p> <p><b>Apologies for Absence</b> Apologies had been received from Satwant Deol due to Covid</p> <p><b>Declaration of Interests</b> No interests were declared.</p>	
3.1	<p><b>Minutes of Previous Meeting</b> (i) Minutes of the meeting of 9 March 2022 The committee approved as an accurate record the minutes of the meeting held 9 March 2022 <b>Resolved that the Committee agreed that the minutes were an accurate record of the meeting held 9 March 2022</b></p>	
3.2	<p><b>Matters Arising from the Minutes (including review of actions)</b> Item 2.3(b) provide benchmark data on ratios for all colleges of similar size when available – data was provided to the committee and noted.  All other actions had been closed off and there were no further matters arising.</p>	
3.3	<p><b>Management Accounts for April 2022</b> As previously minuted the current financial health of the College was already very positive with the injection of additional ESFA in-year growth funding and the unexpected capital grant receipt. The projected outturn will therefore be around break-even for the financial year. The committee was asked to note that the College has a very good level of cash days at 147 and healthy working capital ratio at 4.07 (or 5.18 if restricted cash included), both tracking the plan plus a strong balance sheet. The draft budget plan for 2022/23 will be subject to refinement once the projected final learner number position is established, the curriculum plan is finalised and ESFA allocation is determined for that year. Additionally the FRC advised the committee on the negative variance on non-pay costs relating to additional costs associated but not limited to staff recruitment, energy and legal costs. The Chair asked for any comments:</p>	

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	<ol style="list-style-type: none"> <li>1. The Board Chair questioned if it was a good use of resources to have such a high ratio of around 4.07 – 5.18 and whether it would be prudent to invest more into the College and that this should be considered going forward. The Chair concurred with this observation and that a separate discussion on this should be had in the future. FRC said that the College needed to be able to react to any capital bids which required matched funding citing the recent grant application and additional applications for a gross bid of £1.3m which would require a bid match funding of 50%.</li> <li>2. The Chair asked for reassurance regarding the £600k additional funding as a one off payment. FRC said the main income stream is lagged funding.</li> <li>3. The Chair asked about the budgeting for student numbers for 22-23 which implies breakeven, and what would happen with an increase in student number. The FRC advised that the ESFA would award an uplift.</li> <li>4. Issues with staffing and recruitment were referred to and FRC confirmed that the gaps had been identified and will be discussed under item 3.9 but that the current situation was fluid with the benchmark above the contract delivery of 1900, the College was aiming for 1950 students.</li> <li>5. The committee asked if there were insufficient staff would impact the quality of provision. VP said that it would mean adapting the recruitment of new teachers in the early stages of their careers and that there were pinch points in certain subjects. The HR Manager confirmed this approach providing information on the new Level 5 teacher training programme which will help boost the quality for students.</li> <li>6. The issue of any Increase of rate per learner grant for 22-23 was raised with FRC saying that the funded income will increase by around £300 per learner.</li> </ol> <p>There was a discussion on the LGPS and Teachers Pension schemes which both had to be reported in the balance sheet. The FRC felt that going forward it might be useful for this subject to be presented to the Board for information. The committee agreed</p> <p>There were no further questions.</p> <p><b>Resolved that the Management Accounts for April 2022 were received and noted by the committee</b></p>	
3.4	<p><b>Budget and Financial Forecast - 2022/23 &amp; 2023/24</b></p> <p>The Budget and Financial Forecast - 2022/23 &amp; 2023/24 presented to the committee was for review and approval and included much of which had been previously discussed:</p> <ul style="list-style-type: none"> <li>• Financial Health rating "outstanding"</li> <li>• Strong Balance Sheet with excellent net current assets and cash positions</li> <li>• Significant learner growth achieved during 2021-22 and applications for 22-23 looking reasonable with income growing</li> <li>• Good outcomes from recent capital bid applications</li> <li>• ESFA funding improved 2021-22 additional in-year growth funding plus a significant rate/learner increase for 22-23</li> <li>• The position for 23-24 is an estimate at this stage and requires further planning and assessment later in the year.</li> <li>• Pay costs need to be kept within 70% of costs which is expected from the ESFA.</li> <li>• Energy costs are being looked at for savings to offset some of the non-pay costs.</li> </ul> <p>The FRC drew the committee's attention to the following:</p> <ul style="list-style-type: none"> <li>• The ESFA funding allocation for 22-23 is now agreed.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• The income &amp; Expenditure &amp; Balance Sheet plan for 22-23 is for information currently and may be subject to change, especially given the current economic climate.</li> <li>• The key risk is staffing levels with expected increases in pay and non-pay expenditure.</li> </ul> <p>The committee asked staff pay award costs, any proposals that may arise out of union negotiations (AoC and/or SFCA) costs and how these would affect the budget. The FRC said that various scenarios had been generated allowing for incremental percentage increases in excess of the one to be discussed under item 3.5, every 1% increase costing £70k and that there was flexibility for recruitment. The committee referred to the pay benchmarking information showing the College to be in the higher quartile and HR Manager explained how that this had been carried out and the results borne out in the number of applicants for the vacancies offered. If as was suggested the College was recognised as one of the highest payers in the area, the committee suggested that this be promoted to the staff. There were no further comments and the committee recommended that the budget be presented to the Board for approval.</p> <p><b>Resolved that Budget and Financial Forecast - 22/23 &amp; 23/24 was received and recommended to the Board for approval</b></p>	
3.5	<p><b>Pay Award recommendation 22/23</b></p> <p>The ESFA 'core' funding allocation for 2022-23 was materially increased and reflects the significant growth in learner numbers achieved during 2021-22, but also a built-in rate/learner increase which is designed to cover pay differentials, more support to students post pandemic, national increases in NIC etc. In terms of the specific conditions for the College, the salient issues are as follows:</p> <ul style="list-style-type: none"> <li>• A pay award of 1.5% was made in 2021-22 and implemented in March 22.</li> <li>• The financial position of the College has improved year on year since 2017-18 and a 'better than expected' operating position was achieved in 2020-21, resulting in a much healthier financial position.</li> <li>• A significant growth in student numbers requiring additional staffing investment and resulting in growth funding allocation in 2021-22 and for 2022-23.</li> <li>• The College pay rates were broadly in the top quartile of similar FE sector colleges in the previous financial year, but a further assessment will be undertaken in readiness for 2022-23 to ensure that the College does not fall behind again.</li> </ul> <p>The FRC advised that a 3% pay award would cost approx. £210k (inclusive of on-costs) and is approx. 1.8% of college turnover. Additionally future funding scenarios may be restricted due to government public spending constraints and this award is in recognition of staff input, innovation and support during a difficult year and which continues to be exceptional.</p> <p>The committee agreed with the comments above and recommended a 3% staff pay award to be implemented in October 22 to the Board the approval.</p> <p><b>Resolved that:</b></p> <ol style="list-style-type: none"> <li><b>the Pay Award Report for 22/23 was received and noted by the committee</b></li> <li><b>the Pay award recommendation of 3% to be implemented in October 2022 was recommended to the Board for approval</b></li> </ol>	



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3.6	<p><b>Estates Project – R1</b></p> <p>Before outline the estates project for R1, the FRC explained the intention going forward is to provide a running schedule of all projects summarising all projects completed, underway and those to start in the short term.</p> <p>In brief the R1 refectory facility is recognised as being too small for the number of users at the Rotherfield centre and the overall plan is to increase the seating capacity of the refectory area by at least 50%. Work would be undertaken during the summer 2022 closure period. Obtaining three quotes has been unachievable under current conditions and the current contractor for T-Level work Morris &amp; Blunt is willing to extend this project to include the R1 refectory at the agreed rates provided for D5 on a budgeted cost of £50k. The College's Estates consultants PMC have also advised that they have benchmarked those rates with other work being undertaken with other clients and they are competitive. Additional expenses will be for the procurement of furniture for the refectory area at approx. cost £20k.</p> <p>The committee appreciated that tendering for such work was very challenging, acknowledging that contractors' rates were increasing by up to 40% and supply chains were proving very unreliable. The committee felt therefore that it was prudent to keep the current contractors but concerned about the surety of doing the work. The FRC reassured the committee that the costs quoted were based solely on labour and there was no requirement to buy materials. Due to the restrictions in the Financial Regulations (currently under review) the project amount would need to be signed off by the Board Chair. The committee approved the project work.</p> <p><b>Resolved that:</b>  <b>{i} the Estates Projects update was received, and the work approved by the committee</b>  <b>(ii) Board Chair to sign off project paperwork</b></p>	
3.7	<p><b>Catering – extension of current contract</b></p> <p>The FRC advised of the tendering process undertaken for the catering contract, however as the current contractor had been the only interested party it seemed prudent to allow Chartwells to continue for one more year as there are no other options available. Reasons for the lack of interest in the tender centred on the staffing of two sites and the required capital investment to modernise kitchens, servery and seating. The committee agreed the request to extend the existing contract for 2022-23. The committee asked if there had been any feedback from the steering committee as some governors had expressed interest in this. The FRC was unable to provide information on this. Going forward the committee suggested that this process needed to be tighter.</p> <p>Chris Reeve left the meeting at 09.58</p> <p><b>Resolved that:</b>  <b>(i) information on the catering contract was received and noted by the committee</b>  <b>(ii) the extension to the current catering contract (Chartwells) was approved by the committee</b></p>	



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3.8	<p><b>ESFA benchmarking</b></p> <p>The College has received confirmation of its outstanding financial health grade, and the dashboard presented includes key performance indicators and measures those against target benchmarks and sector benchmarks based on the latest assessment of the College's financial health. A PDF version will be sent to all governors following the F&amp;R meeting. The committee said that this was good and needed to be reviewed on a regular basis.</p> <p><b>Resolved that the ESFA benchmarking dashboard was reviewed and noted by the committee</b></p>	
3.9	<p><b>HR Report &amp; Employment Law update</b></p> <p><b>Staff Survey</b></p> <p>The staff survey 2022 was conducted with a response rate of 70.65% and compared favourably to the average response rate of 51% from 48 FE Colleges. All survey data was presented to the committee with the HR Manager explaining that it was recognised that there were some disengaged members of staff and that solution based focussed groups were being planned to address this. The committee drew attention to the issues raised in the survey and whilst they acknowledged the initiatives being planned, the committee felt strongly that this needed to be highlighted to the Board and asked for a summary report to cover what was the position currently, the plans going forward and their implications, any mitigations and what progress milestones the Board could expect to see. Additionally the committee also wanted to know if there were any reasons why the survey results had not been shared with the staff now, with the HR Manager explaining that this was being done at the staff conference to be held 15 July. For reinforcement the Board Chair said it was critical to have a greater level of precision and focus on this, identifying, where did this place the College and what were the next steps. The Chair and committee concurred.</p> <p><b>Recruitment</b></p> <p>Staff recruitment within the education section is a national problem and has continued to be increasingly more challenging with the anticipation this will continue over the next year. The College has conducted benchmarking which shows that the College is in the upper quartile, however there is a record number of live vacancies for both teaching and support staff. Reasons for leaving were identified and discussed and included what could be done to improve the recruitment process. The Board Chair asked for a perspective on the length of time it was taking to fill vacancies and asked for a summary report on the future strategic direction in addressing the effectiveness of recruitment with this to be provided for the next board meeting in July.</p> <p><b>HR Employment Law Update</b></p> <p>The compensation limits had been revised for unfair dismissal and the amounts notified to the committee.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>HR Report &amp; Employment Law update were received and noted by the committee</b></li> <li>(ii) <b>HR Manager to provide a brief summary report on the staff survey as agreed for the Board meeting 11 July 22 together with all supporting data</b></li> <li>(iii) <b>HR Manager to provide a summary report on the future strategic direction on recruitment for the board meeting 11 July 2022</b></li> </ul>	



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3.10	<p><b>Review and Approval of:</b></p> <ul style="list-style-type: none"> <li>(i) Standing Agenda – no changes</li> <li>(ii) Terms of Reference – minor changes to the titles of those invited to attend</li> </ul> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the standing agenda was received and noted by the committee</b></li> <li>(ii) <b>the terms of reference were received and recommend to the Board for approval</b></li> </ul>	
3.11	<p><b>Committee self-assessment</b></p> <p>It was asked that all responses to be returned to the Clerk by 15 July. Chris Reeve re-joined meeting at 10.33</p>	
3.12	<p><b>Any Other Business</b></p> <p>There was no other business</p>	
3.13	<p><b>Items to be taken forward to next Corporation Meeting for approval and /or information:</b></p> <ul style="list-style-type: none"> <li>(i) Budget and Financial Forecast - 22/23 &amp; 23/24</li> <li>(ii) Staff Pay award at 3%</li> <li>(iii) Staff survey summary statement – for information</li> <li>(iv) Staff recruitment summary report</li> <li>(v) Committee terms of reference</li> </ul>	
3.14	<p><b>Date and Time of Next Meeting</b></p> <p>The next scheduled meeting is 15 November 2022 at 09.00</p>	
	<p><b>Meeting Closure</b></p> <p>The meeting closed at 10.35</p>	