

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## CORPORATION MEETING

### Minutes of the meeting held on Thursday 16 May 2019 - 8.30am – Harlow College

|                   |                    |             |             |
|-------------------|--------------------|-------------|-------------|
| Membership:       | * P Taylor (Chair) | * J Breen   | * R Levy    |
|                   | * S Adamopoulos    | * R Bristow | L Lin       |
|                   | * P Bartlett       | * C Chatt   | G Onyesoh   |
|                   | * J Bedford        | * A Durcan  | B Spencer   |
|                   | * J Bouffler       | * E Johnson | * K Spencer |
| * denotes present | E Boys             | L Laycock   | * G Wootton |

In attendance: W Allanson, Deputy Principal  
P Whitehead, Vice-Principal  
D Morgan, Executive Director – Finance and Facilities  
D Sheridan, Clerk to the Corporation  
R Lucas, Deputy Clerk to the Corporation

#### 2148 Apologies for absence

Apologies were received from E Boys, L Laycock, L Lin, G Onyesoh and B Spencer. Becky Jones, Vice-Principal, also sent her apologies.

#### 2149 Declaration of Interests

There were no additional interests declared beyond those already made known to the Corporation.

#### 2150 Minutes of the Previous Meeting

The minutes of the meeting held on 14 March 2019 were approved by the Corporation as a true and accurate record and were signed by the Chair.

#### 2151 Matters Arising from the Minutes

There were no matters arising from the minutes.

#### 2152 Management Accounts for the period 1 August 2018 – 31 March 2019 and Financial Planning 2019-2020

##### 2152.1 To receive the report on the Management Accounts for the period up to 31 March 2019

The Corporation received and considered the management accounts for the period up to 31 March 2019, presented by D Morgan, Executive Director – Finance and Facilities.

Governors noted that the predicted year-end forecast is a £13k deficit. This is mainly due to increase in the LGPS pension costs and the challenging

Adult Education Budget environment. Governors were informed that the income target has been adjusted and that there is a delivery plan in place to achieve income in June and July 2019.

Governors noted that staff costs are below target due to a recruitment lag, difficulty in filling hard-to-fill vacancies and holding posts. P Taylor asked if the predicted deficit was based on actual staff costs or budgeted staff costs. D Morgan informed Governors that the deficit is based on current forecasts and that reforecasting takes place on a monthly basis.

P Whitehead provided the Corporation with further detail on the lagged funding methodology, specifically linked to the business cases which the College has submitted to the ESFA. There is a systematic issue with the funding methodology and the College is being unfairly disadvantaged for opening a new campus. Uplift figures are based on actual student numbers two years prior as of 31 October. To date the College has enrolled an additional 37 students post 31 October 2018 and therefore no funding will be available for these students for another two years. The College's history assumes additional student numbers are NEET learners, however the current situation at the College is significantly different. There is a possibility that some funding might be made available however this would not be until April 2020. Governors were informed that the College will face the same issues with funding next year. K Spencer is pursuing this with the ESFA and Governors agreed that if necessary they would write to the Director of Further Education at the ESFA on behalf of the College.

R Bristow asked if the issues above are a cash flow or a funding issue. It was reported that this year it is a funding issue, however next year it will be a cash flow issue. It was confirmed that the forecast deficit does not include any additional funding being secured this year therefore all forecasts are based on a worst-case scenario. R Bristow asked to what extent challenges with the pension and the AEB cashflow would have in subsequent years. K Spencer reported that the cashflow should even out and that in relation with the AEB, as unemployment is low the College's core market is declining. The delivery cost of the courses to the unemployed are the same, irrespective of the learner numbers, therefore the College is not earning as much funding per course due to the lower number of unemployed. The College therefore needs to make a change to its offer to ensure the funding is achieved.

K Spencer reported that this issue is a systematic issue across the whole FE sector and agreed that the fiscal studies report be circulated to Governors.

R Bristow asked if the sector could apply more influence and K Spencer reported that Government needs to hear from local employers and that stakeholders should write to their local MP. The CBI national policy includes the need to end the under-funding of the FE sector and employers who are CBI members are encouraged to support this. Governors agreed to support the sector in any way they could and R Bristow agreed to have a further discussion with the CBI around the issues faced by the sector.

D Morgan provided the Corporation with an update on the increased pension costs and the uncertainty this brings. A Government grant is being made available to cover the first year's rise in TPS costs however there is no grant to cover any rises in the LGPS costs. An LGPS consultation is to be undertaken which could possibly include alternatives being offered and exit arrangements.

Governors asked if the overall situation is manageable. D Morgan reported that the lump sum service costs are classified as a non-cash item and the payments towards the deficit are classified as a cash item. At present it is manageable however it cannot be ignored. Governors noted that the figures are based on performance last year and the pay roll costs for April 2019.

Governors noted the section on the balance sheet and capital expenditure in the management accounts. Planned capital expenditure is included in the cash flow however it is under constant review and is based on managing need at present. Governors were informed that cash flow is monitored by the finance department on a daily and weekly basis. Governors noted that the forecast difference in October was due to the i-Pad refresh. P Bartlett asked what the £15m income and expenditure account referred to – this is the cumulative surplus and deficit since the Corporation began. K Spencer reported that the £17.6m total reserves figure relates to the total amount the College would have remaining if the College sold all its assets and paid all its debts.

Governors noted that the College's financial health rating remains as good and is forecast to be good at the end of the financial year, along with both banking covenants being met.

Governors discussed the need for an overdraft facility and it was agreed that, following discussions with the College's bank, a proposal will be submitted to the July Board meeting. R Bristow asked why an overdraft would be required and it was reported that this mirrored the payment of funding profile. It was also reported that the ESFA operates in years from April to March whereas the College operates from August to July.

The Corporation noted the report on the management accounts for the period up to 31 March 2019.

#### **2152.2 To receive and discuss the letter from the Education and Skills Funding Agency dated 21 March 2019**

The Corporation received the letter from the Education and Skills Funding Agency confirming that the College's financial health rating as good.

Governors were informed that the ESFA is changing its 'satisfactory' health rating to 'requires improvement' and that an updated financial plan needs to be submitted to the ESFA in January 2020.

The Corporation noted the letter from the Education and Skills Funding Agency.

### **2152.3 Financial Planning 2019-2020**

The Corporation received and considered the report on financial planning 2019-2020, presented by P Whitehead, Vice-Principal.

Governors were informed that the 16-18 income allocation has been updated and that the year 2 business case for Stansted Airport College has been submitted to the ESFA and the College is awaiting a response.

The College has received a reduced AEB allocation due to the devolution of the funding to the Greater London Authority and the Cambridge and Peterborough Combined Authority. The College was unsuccessful in its tenders to these two Authorities and is now looking at potential sub-contracting arrangements.

The apprenticeship numbers have increased and a slight increase has been profiled for next year. This is due to a higher number of employers engaging with the apprenticeship levy.

Advanced Learner Loans funding for 2019/20 has been increased.

Income from higher education has been set at £250k and will derive from the College's HNC / D work, as the final ARU learners are completing this academic year. It was acknowledged that this is a challenging market.

The College has been successful in accessing project income therefore an increased target has been set for next year.

High needs funding income has stabilised and the College's allocation from the ESFA has increased.

Governors were informed that there is an increase in staffing costs predominantly due to the increase in numbers of learners at Stansted Airport College and union negotiations for a 1.5% pay award. Governors noted that staff are not automatically replaced and all vacant posts are considered before they are advertised. The increase in TPS contributions will impact on the College's expenditure despite a grant is being made available for next year. All department budgets are expected to generate 10% savings for next year.

Governors noted and agreed that meeting the bank covenants and maintaining good financial health are key to next year and that the biggest challenge to the College for next year and subsequent years are the pension costs.

The Corporation noted the report on financial planning 2019 – 2020.

## 2153 Key Performance Indicators and Strategic Plan Update

The Corporation received and considered the key performance indicators and the Strategic Plan update, presented by K Spencer, Principal.

K Spencer reported that the College is transitioning from the old Strategic Plan to the new one and a new set of key performance indicators has been developed. Governors noted that most of the financial aspects of the plan and KPIs had already been covered in agenda item 2152.

K Spencer reported that GCSE English and maths attendance continues to be a challenge for the College. All students who had previously achieved a grade 2 or 3 are enrolled onto the GCSE, however some students are some distance away from achieving a grade 4 and to attendance is particularly challenging. Governors were informed that the College is reviewing its strategy for English and maths for the next academic year. All students who have previously achieved a grade 3 will be enrolled onto GCSE courses however those with a grade 2 will either be enrolled on GCSE or functional skills courses, depending on their pathway. The condition of funding has changed to offer functional skills to grade 2 students, however there will be new functional skills qualifications from the start of next academic year which are untested and they will be a straight pass or fail.

R Bristow asked if the College is concerned that the pass rate could be raised for the new functional skills qualifications and what is best for the students. K Spencer reported that the College is working this out as part of its strategy and that historically the College has gravitated to GCSE as have other colleges. R Bristow declared a conflict of interest as Pearson is a functional skills awarding body and offered to check the benchmark for the new qualifications.

K Spencer informed the Corporation that the College is working with L Laycock to review the College's quality processes linked to the Self-Assessment Report and the KPIs and an update will be presented to the Corporation at its meeting on 11 July 2019.

K Spencer presented the outline Strategic Plan covering the next five years. Governors noted that the three main intentions of the Plan are as follows:

- A Career-Led Curriculum:

This section focuses on partnerships, pathways into careers and student destinations.

- Quality of Education:

This will be a continual focus with particular attention paid to all-round quality, English and maths and digital learning. There is a review of qualifications planned and Government is pushing for two pathways, however the College has submitted a response outlining their concerns to this approach. This section also focuses on building on from the College's successful Ofsted inspection in January 2019. K Spencer reported that the College should be prepared to consider bidding for an Institute of Technology should the opportunity arise

again. P Taylor highlighted the reasons why the College had not previously bid for an Institute of Technology and the changes that have occurred which now makes bidding for one feasible.

- Resources:

This section focuses on staff and funding, including securing funding for an effective system for bringing industry specialists into teaching, estate rejuvenation and consolidation of the work being undertaken at HAMEC, with CITB and with the iPads.

K Spencer informed the Corporation that the next steps are to produce an operating plan which will detail how the elements within the Strategic Plan will be achieved. Governors were asked if the Plan captures all previous discussions, including those from the Strategic Planning event held in January 2019, and all Governors confirmed that it did.

R Bristow suggested producing a one page document which would sit above the Strategic Plan and the Corporation agreed that this would be beneficial.

The Corporation noted the update on the KPIs and Strategic Plan and agreed to the actions set out in the Plan.

## **2154 Governance Issues**

### **2154.1 Letter from the FE Commissioner**

The Corporation received and considered the termly letter from the FE Commissioner, presented by D Sheridan, Clerk to the Corporation.

D Sheridan highlighted that the letter recognises the challenging financial situation that the sector faces. Governors noted the ten points listed within the letter and that a mapping exercise against these points will be presented at the next Corporation meeting being held on 11 July 2019. Governors' attention was brought to point three which specifies that Corporations should have two financially qualified members of their Board. D Sheridan reported that the Corporation has considerable financial expertise to support and challenge College finances.

The Corporation noted the letter from the FE Commissioner.

### **2154.2 The Colleges' Senior Post Holder Remuneration Code**

The Corporation received and considered the report on the Colleges' Senior Post Holder Remuneration Code, presented by the Principalship.

Governors were informed that this voluntary code has been produced an appendix to the English Colleges' Code of Good Governance which has been adopted by the College and against which the College reports annually.

Governors were reminded that the Senior Post Holders in the College are the Principal, Deputy Principal and the Clerk.

The Corporation agreed the following:

- To adopt the Colleges' Senior Post Holder Remuneration Code;
- To include the Remuneration Annual report within the annual report and accounts of the Corporation to meet the requirement for a readily accessible annual statement.
- To review the membership and terms of reference of the Remuneration Committee to meet the Remuneration Code.

### **2154.3 Membership of Harlow College Further Education Corporation**

The Corporation received and considered the recommendation of the Search Committee following its meeting on 9 May 2019 to reappoint Brian Spencer as a Governor of Harlow College Further Education for a period of four years, commencing on 19 May 2019.

The Corporation approved the recommendation of the Search Committee as detailed above.

## **2155 Governor Training and Development**

### **2155.1 Governors to report on recent attendance at conferences and seminars**

J Breen reported that Raytheon had held a meeting with W Allanson and S Appleby, Executive Director – HR Services, to look at recruitment and associated strategies.

E Johnson attend the College open evening.

S Adamopoulos reported that he attended the AAT award ceremony at which the College won the award for best new provider and the College is now looking to deliver AAT Level 4.

R Levy attended the AoC Governance Summit with L Laycock and L Lin.

L Laycock also attended an Ofsted meeting and an ETF training session on chairing a committee.

P Taylor produced the Chair's Briefing which was circulated to all Governors, is mentoring a new Chair at a local institution and continues to visit the College regularly.

### **2155.2 To receive and consider the Principal's presentation on Ofsted**

The Corporation received and considered the new Education Inspection Framework which has been published by Ofsted, a copy of which was circulated to all Governors at the meeting.

K Spencer reported that the framework has been well received by the sector and highlighted the new judgments are follows:

- Overall Effectiveness.
- Quality of Education – this will focus on the 3 Is – intent, implementation and impact – and will form the largest part of the overall judgment.
- Behaviour and Attitudes.
- Personal Development.
- Leadership and Management

Types of provision that will be evaluated as part of the process are:

- Education programmes for young people.
- Adult learning programmes.
- Apprenticeships.
- Provision for learners with high needs (following the consultation, it was agreed for this category to be kept separate.)

K Spencer provided Governors with information of how the new framework is likely to work in practice and how the curriculum planning process will be aligned to the 3 Is detailed above.

R Bristow asked if the KPIs could be organised around the new judgement headings and be RAG rated.

The Corporation noted the new Ofsted Education Inspection Framework.

## **2156 Reports from Committees**

### **2156.1 STAC Advisory Group – 2 May 2019**

The Board received the notes of the STAC Advisory Group meeting held on 2 May 2019.

K Spencer and G Wootton reported that the meeting was very positive, the highlight being a presentation by three of the trainees studying at the College. Based on current application numbers, the College will be oversubscribed for September 2019. A discussion around transport was held and any feedback on the buses should be sent to T Durcan.

K Spencer and W Allanson reported on the two-phase growth plan for the College and the on-going discussions with Manchester Airport Group.

K Spencer also reported that Stansted Academy is performing well, with high achievement rates and being positively welcomed by the community and businesses.



## **2156.2 Resources Committee – 9 May 2019**

The Corporation noted that the minutes of the Resources Committee meeting held on 9 May 2019 will be presented at the next Corporation meeting on 11 July 2019.

E Johnson confirmed that most of the agenda items from the Resources Committee meeting had been covered throughout this meeting.

## **2157 Any Other Business**

P Taylor informed the Corporation that D Sheridan, Clerk to the Corporation, will be retiring from Harlow College at the end of the academic year and that a formal farewell and thank you will take place at the next Corporation meeting.

## **2158 Dates of Future Meetings**

|             |                       |        |
|-------------|-----------------------|--------|
| Summer Term | Thursday 11 July 2019 | 8.30am |
|-------------|-----------------------|--------|