

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

CORPORATION MEETING

Minutes of the meeting held on Thursday 24 October 2019 - 8.30am – Harlow College

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

In attendance: W Allanson, Deputy Principal
P Whitehead, Vice-Principal
D Morgan, Executive Director – Finance and Facilities
R Lucas, Head of Governance

2175 Apologies for absence

Apologies were received from P Bartlett, J Breen, R Bristow, E Johnson and B Jones, Vice-Principal.

2176 Declaration of Interests

L Rowe declared that her father is a member of staff at Stansted Airport College.

L Lin declared that her company is supporting the College with its maths trip to China.

2177 Minutes of the Previous Meeting

The minutes and the confidential minutes of the meeting held on 11 July 2019 were approved by the Corporation as a true and accurate record and were signed by the Chair.

2178 Matters Arising from the Minutes

There were no matters arising from the minutes.

2179 Membership of Harlow College Further Education Corporation

P Taylor welcomed the new Student Governors, L Rowe and L Sherry, and they introduced themselves.

The Search Committee recommended the reappointment of J Bedford. The Corporation agreed to appoint J Bedford for a period of four years from 22 October 2019 to 21 October 2023.

2180 Election of Chair of Harlow College Further Education Corporation

P Taylor withdrew from the meeting and L Laycock took the Chair.

The Corporation was reminded that R Lucas had emailed asking for nominations for the position of Chair of Harlow College Further Education Corporation and only one nomination had been received, P Taylor's.

K Spencer reported that the FE Commissioner's Office had recently stated that it does not recommend Chairs being appointed for more than two terms however after a discussion with Governors, the Corporation agreed that this was not a major issue for Harlow College and that the Corporation was comfortable in re-electing P Taylor as Chair.

The Corporation unanimously agreed to reappoint P Taylor as Chair of Harlow College Further Education Corporation for the period 10 December 2019 – 9 December 2020.

2181 Predicted Financial Outturn 1 August 2018 – 31 July 2019

The Corporation received and considered the report on the predicted financial outturn 1 August 2018 – 31 July 2019, presented by P Whitehead, Vice-Principal and D Morgan, Executive Director – Finance and Facilities.

P Whitehead informed the Corporation that a different approach has been taken this year to presenting the predicted financial outturn. The paper provides Governors with an overview of the predicted outturn whereas previously Governors have received the full set of draft management accounts. Governors were informed that presenting the full, detailed figures at this time was not helpful as external audit has not yet commenced and there will be some movement in the figures as a result of external audit and the College's own internal review and verification of the accounts.

K Spencer informed the Corporation that the College has been subject to an ESFA and an ESF audit, both with successful outcomes, which puts the College in a good position going into the external audit. The Corporation thanked P Whitehead and the teams involved in the audit processes for their hard work.

Governors were informed that the predicted surplus is approximately £300k against the original budget of £170k. The majority of the increased surplus is due to the donation of assets and are non-cash items.

Governors noted that income is lower than predicted due to lagged funding, difference in achievement profiles for apprenticeships, challenges with the Adult Education Budget income and some adjustments linked to high needs funding reconciliations from 2017/18. Governors also noted that project income and high needs income have exceeded their targets.

Staff costs remain the College's largest area of expenditure however these costs have reduced in-year.

Changes and increases in the LGPS costs remains a big challenge. P Taylor asked if the costs were based on the actuary figures and it was confirmed that they were.

Governors noted that the College's financial health is predicted to be a strong good. Governors were informed that the current draft position exposes a potential risk that Test 1 of the bank covenants may not be met. The target ratio is 1.4 against a draft position of 1.33. After further work on the accounts, the covenant is being met, however this position could change as a result of external audit. Governors noted that the covenant is only not being met for one quarter and that the position changes to comfortably exceeding the target in October 2019. The bank has reviewed the way it calculates the covenant and will review the accounts in January 2020, taking into consideration the October 2019 as the figures are based on a rolling year.

P Taylor asked what the consequences would be of not meeting the covenant. Governors were informed that the bank has indicated it would not be overly concerned if the final position was 1.3 or above and would likely issue a letter of waiver as long as on-going financial performance was good. If the final position was less than 1, the bank would likely charge a fee or increase the interest on the College's loans. However this was felt to be unlikely.

P Taylor asked what the funding bodies would do if the College breached the covenant. Governors were informed that the funding bodies take financial health into consideration rather than bank covenants and that the ESFA have implemented a mid-year financial plan check which should highlight any decline in financial position. It was however noted that the ESFA are looking more closely at cash and the College is making its cash position clearer in the management accounts.

Governors were informed that the College has a strong relationship with the bank and that a more holistic approach is being taken. Governors noted that this was testament to the work that D Morgan does in managing the relationship.

Governors were informed that the College had intentionally built up cash to invest in schemes such as HAMEC and STAC, using it for a specific purpose based on an investment plan.

Governors noted that the College is predicting to exceed Test 2 of the bank covenants.

Governors were given the opportunity to ask any further questions and noted that the final outturn for 2018-2019 will be considered in detail by the Audit and Resources Committees at their meetings in December 2019.

The Corporation noted the report on the predicted financial outturn for 1 August 2018 – 31 July 2019.

2182 Sketch Management Accounts for 1 August 2019 – 30 September 2019

The Corporation received and considered the sketch management accounts for the period 1 August 2019 – 30 September 2019, presented by D Morgan, Executive Director – Finance and Facilities.

The Corporation noted that all forecasts are as originally budgeted and that the section on the bottom of page 2 details the accounting surplus and cash the College is generating, which demonstrates the current position against the cash target. P Taylor reported that splitting out the cash in the accounts makes a big difference

and is really helpful for Governors. P Whitehead offered to take further feedback on the format of the management accounts and informed Governors that further amendments to the format can be considered. Governors confirmed that they were comfortable with the way the accounts had been presented and the changes that had been made. D Morgan asked if Governors still wanted the payroll charts included in the management accounts and the Corporation confirmed that they would still like to see this detail.

Governors were informed that the income figures include the £6.7m expected transfer of UCH to the College as a donation.

A discussion was held around the College's borrowing and loans and options that would be available to the College in May 2021, where the College would either repay one of its loans or look at a new product with the Bank.

A Governor asked about the "borrowing actual" figures on the cash forecast graph. It was noted that the first three dots on the forecast line when actual figures were shown faintly in green rather than grey.

K Spencer informed Governors how the College regularly reforecasts its position across all lines with the management accounts.

Governors were informed that the College had secured an additional £100k in its Adult Education Budget allocation.

P Taylor asked about the number of cash days in hand. D Morgan reported that the actual year-to-date figure is 288 days against a budget of 44 and that the red dot in the accounts symbolises that whilst the figure is on target, caution needs to be exercised. K Spencer reported it would be useful to know the average cash days in hand for colleges.

K Spencer thanked the Principalship and Finance Team on behalf of the Corporation and Governors acknowledged that the College is in a strong position having grown and build new facilities in the current climate.

The Corporation noted the sketch management accounts for the period 1 August 2019 – 30 September 2019.

2183 Recruitment of Learners – Enrolment Report 2019/20

The Corporation received and considered the Recruitment of Learners – Enrolment Report 2019/20, presented by P Whitehead, Vice-Principal.

P Whitehead reported that Section A detailed the income targets across the different funding streams over the last three years. Governors noted that:

- 16-18 funding has grown due to the opening of STAC.
- The apprenticeship income had previously included employer incentive payments, however this year the target is aligned to the actual funding the College will receive if recruitment targets are met.
- The College has been allocated an additional £100k in Adult Education Budget funding however the funding it would have received from the

devolved authorities has been removed, resulting in the figures aligning with the previous budget.

- Higher education income has been reduced significantly and a realistic budget was set at the time however the College has over-recruited to its higher education target.
- Advanced Learner Loans allocations have increased year on year with a further increase in allocation this year.
- High Needs funding is in line with last year's allocation, however there is a difference in the levels of funding coming from differing Local Authorities.

P Taylor asked if there was a breakdown of levy and non-levy apprenticeship income and it was reported that this information is stated separately in the financial plan and management accounts.

P Taylor asked about Local Authorities and how they approach high needs funding. P Whitehead reported that the College has good working relationships with the Local Authorities it works with however there is disparity between what the Local Authorities will fund. L Laycock asked if different support is given to students from different Local Authorities however it was confirmed that all students get the same support despite the disparity in income received.

P Whitehead reported that 16-18 recruitment at Harlow College is currently in line with last year and that there has been positive recruitment at STAC, with growth expectations having been met. There are more apprenticeship enrolments at STAC than originally anticipated and there is more of a resource requirement as the apprentices are doing five days a week at STAC.

K Spencer provided the Corporation with an update on the devolution of the Adult Education Budget and the on-going issue of the College not having a contract with the Greater London Authority (GLA) which funds learners with a London home postcode. The College should have been invited to submit a business case to the GLA however the College has no record of this invitation. The College is therefore continuing to work with a significant number of learners from London without currently receiving any funding for them. A meeting has been arranged with the GLA to discuss arrangements for 2020/21 however the College is considering seeking a sub-contracting partner for the current academic year based on advice from the GLA. This is expected to be in place in November to minimise loss of income and turning learners away. The FE Commissioner and Ofsted have made it clear that there needs to be a clear rationale for all sub-contracting arrangements.

R Levy asked if the College entered into a sub-contract whether the money would be issued by the organisation the College has sub-contracted with and it was confirmed that this would be the case. G Wootton asked if the College secured a sub-contract with a London organisation would the learners have to have a postcode from that specific area of London. K Spencer reported that if the organisation is grant funded then learners can be resident in any part of London.

It was agreed that further updates on potential sub-contracting arrangements will be brought to the Standards and Curriculum Committee.

K Spencer reported on the issues that the College has had with being re-invited to reapply to the Register of Apprenticeship Training Providers and that the College

had not received the communication with details of the reapplication deadline or invites to the workshops. This has been raised directly with the ESFA who are investigating. The College is currently working on its submission and will meet the 31 October 2019 deadline.

P Whitehead informed Governors that the College had received a letter in error from UCAS asking for an update on Hadlow College going into administration.

P Taylor queried the difference in STAC learner numbers in this paper and the next paper on the agenda. It was confirmed that this paper only included 16-18 learners whereas the next paper also included 19+ learners.

Governors were informed that the final figures on which funding will be based on for next academic year will be confirmed in December.

The Corporation noted the Recruitment of Learners – Enrolment Report 2019/20.

2184 Principal's Report

The Corporation received and considered the Principal's Report, presented by K Spencer, Principal.

K Spencer reported that the strategic planning conference due to take place in January 2020 will be rescheduled to the Summer Term with a focus on reviewing the first year of the Strategic Plan. An event in January was felt to be too early for reviewing the plan.

K Spencer provided the Corporation with an outline of progress to date across the three headings within the Strategic Plan.

The CITB Construction Hub had a successful official opening, attended by E Johnson and L Lin, and it was agreed that a future Corporation meeting should be held there. K Spencer thanked Julien Sample, Assistant Principal, for his work in establishing the Hub and for organising the opening event and also thanked the Construction Team and students for their demonstrations at the event.

The College is an approved T-Level provider from 2021 and specific training for Governors will be held next year.

The College has been shortlisted for a Beacon Award for its "Not Just Courses, Careers" initiative. The outcome will be announced in February 2020. K Spencer thanked Simon Boyce, Head of Student Services, and Jane Hawkins, PA to the Principalship, for their work on the submission.

There is an ongoing risk with the Adult Education Budget funding due to the reliance on unemployed people accessing training opportunities, however the College's strategy has been reworked to minimise this risk.

K Spencer reported that the College had been successful in achieving Apple Distinguished Schools status once again and thanked Kelly Edwards, Director of Quality, and Leanne West, Marketing, for their hard work. It was agreed that the I-Book would be circulated to Governors.

K Spencer informed the Corporation that the College is in the process of finalising the outcomes from 2018-2019 ahead of the self-evaluation event taking place on 28 November. Improvements have been made in outcomes for 16 – 18 learners, those eligible for free school meals and bursary students. There has been an increase in functional skills outcomes and progress measures for English and maths however English and maths remains a challenge. The College is expecting a decline in its 9-4 rate due to more students with a grade 2 being entered onto GCSE rather than functional skills. It is anticipated that the English pass rate will be higher than maths as more students in the English cohort had a grade 3 before resitting the exams. K Spencer reported that it is hard for the weaker students to show progress with the new 9-1 grading system. Governors noted that the College had achieved strong A-Level results again.

K Spencer provided the Corporation with an update on the Maths Centre for Excellence project and informed Governors that there had been ongoing discussions with the DfE about funding for the China programme previously agreed.. Following on from detailed discussions and correspondence between the College and the DfE, it was agreed that partial funding for staff release costs could be claimed. Additional funding has been identified to cover the full cost of the trip and this had been discussed with and agreed by P Taylor in advance of the trip. The Corporation unanimously agreed and endorsed this approach. There is a substantial investment being made into Centre and a research report will be produced following on from the trip to China. L Lin reported that Chinese officials were interested in exploring a further exchange programme with the colleges involved.

K Spencer provided Governors with an update on STAC Phase 1.5 and 2 and that funding opportunities are being explored. The College needs to balance competing priorities for investment in both STAC and the Harlow College campus.

K Spencer highlighted the additional funding for 16 – 18 learners announced by the Government for 2020/2021, as well as the pension grant to continue into 2020/2021. It was however noted that this is a modest increase in funding set against a context of ever-increasing costs.

The Corporation noted the Principal's Report.

2185 Policies

The Corporation received and considered the following policies:

- Admissions Policy:

A section on appeals has been added into the Policy.

It was agreed to add in wording to Section B around failing to disclose anything that would have an impact on a student's programme or continuation on a programme.

The Corporation approved the Admissions Policy.

- The Anti-Fraud and Corruption Policy:

This Policy was reviewed by the Audit Committee at its meeting on 2 October 2019 and requested changes have been made, along with changes suggested by the College's lawyers. These changes were highlighted and it was noted that this Policy would be an appendix of the Financial Regulations rather than a standalone policy.

The Corporation approved the Anti-Fraud and Corruption Policy.

- The Disability Statement:

This Statement has been updated to include all College sites.

The Corporation approved the Admissions Policy.

- The Complaints Policy:

The changes to the Complaints Policy were highlighted which include having a dedicated complaints email address and an amended appeals procedure.

Governors were informed that complaints are dealt with by the College's Executive and Principalship and when necessary, the ESFA and are not handled by the Corporation.

The Corporation noted the Complaints Policy.

2186 ESFA Letter to Chairs

The Corporation received and considered the ESFA Letter to Chairs, presented by R Lucas, Head of Governance.

R Lucas reported that the letter had been sent to all Chairs following on from the findings at Bournville College.

The College has undertaken a mapping exercise against the 15 points set out in the letter and Bournville College's report to ensure that the College is compliant across all points.

The Corporation reviewed the mapping exercise and confirmed the College's response to each point.

The Corporation noted the report on the ESFA Letter to Chairs.

2187 Reports from Committees

2187.1 Audit Committee – 2 October 2019

The Corporation received and approved the minutes of the Audit Committee meeting held on 2 October 2019.

P Whitehead informed the Corporation that the Committee is looking at different formats for the annual data audit.

P Whitehead also informed the Corporation that the Audit Committee received verbal feedback from the ESFA audit. The College will receive an unqualified opinion however a management letter with actions to be taken forward will be issued.

2187.1.1 English Colleges Code of Good Governance

The Corporation received and considered the report on the English Colleges Code of Good Governance, presented by R Lucas, Head of Governance.

Governors were reminded that there is a requirement in the Accounts Direction that colleges report against a code of governance and that the College adopted the English Colleges Code of Good Governance in 2015. As part of the Statement of Corporation Governance which is included in the Financial Statements, there is a declaration of compliance with the Code.

Governors noted the status of all the recommendations in the Code and noted that where recommendations have not been adopted, an explanation or rationale for an alternative approach has been stated.

Governors were informed that the College's response to the Code had been discussed at the Audit Committee meeting held on 2 October 2019 and that the Audit Committee's recommendation is for the Corporation to approve the response.

The Corporation approved the College's reporting of compliance with the Code of Good Governance for English Colleges in the annual accounts.

2187.1.2 Regularity Audit

The Corporation received and considered the report on the Regularity Audit, presented by D Morgan, Executive Director – Finance and Facilities.

Governors considered the Corporation's responses to the questions contained within the Regularity Audit.

Governors were informed that the Regularity Audit and the Corporation's responses had been discussed at the Audit Committee meeting held on 2 October 2019 and that the Audit Committee's recommendation is for the Corporation to approve the Regularity Audit for signature by the Chair and Accounting Officer.

The Corporation approved the response to the Regularity Audit and approved its signature by the Chair and the Accounting Officer.

2187.2 Stansted Airport College Advisory Group – 16 October 2019

The Corporation received and noted the notes from the Stansted Airport College Advisory Group meeting held on 16 October 2019.

Governors noted that two students from STAC will be invited to join the Group and they could be invited as observers to the Corporation meetings.

The Corporation noted that Paula Hornett is no longer working for Essex County Council and noted its thanks to Paula for the support she provided to the College over a number of years.

2188 Any Other Business

P Taylor read out an email of thanks to the Corporation he had received from Debbie Sheridan following on from her retirement.

2189 Dates of Future Meetings

Autumn Term 2019	Thursday 28 November 2019	8.30am
	Self- Assessment Day	
	Thursday 19 December 2019	8.30am
Spring Term 2020	Thursday 26 March 2020	8.30am
Summer Term 2020	Thursday 21 May 2020	8.30am
	Thursday 09 July 2020	8.30am