

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE CORPORATION
WEDNESDAY 18 DECEMBER 2013**

1. CONFIDENTIAL CORPORATION DEVELOPMENT SESSION

2. PRELIMINARY PROCEDURAL MATTERS

2.1 Attendance, Apologies for Absence, Welcome & Introductions

Membership: Yvette Adu-Mante
Nick Davies (Chair)
Mark Eastwood
Sandra Ernstoff (From Item 3.3 to Item 4)
Talwyn Hayes
Tony Medhurst
Steve Owen
Sachin Shah (To Item 4)

Mumtaz Van Der Vord
Elizabeth Warriner

In attendance: Judith Abbott
Pat Carvalho
Jayne Chaplin (Clerk)

Apologies: Jay Jobanputra
Victoria Njoku
Ketan Sheth
Karen Tyerman
Antonio Weiss

2.2 Chair's & Clerk's Announcements

The Chair:

2.2.1 On behalf of the Corporation, welcomed the new members to their first meeting.

2.2.2 Thanked the former Chair of the Corporation, Sandra Ernstoff, for her leadership during her time as Chair.

2.2.3 Thanked members for the feedback received following his appointment and in encouraging the continuation of such dialogues, confirmed his welcome of members ongoing contribution in moving towards becoming an Outstanding College

2.4 Declarations of Interest

A Declaration of Interest was received from Sachin Shah in his capacity as a Councillor of Harrow Council.

2.5 Minutes of the Corporation Meetings, 22 October 2013

The Minutes of the Corporation Meeting held on 22 October 2013 were agreed as a correct record and signed by the Chair.

2.6 Matters Arising

Year-end 31 July 2013 – Draft Annual Accounts (Minute 3.1.2a)

Following up on discussions at the July 2013 Corporation meeting, concerning the system failure that contributed to the year-end deficit position, members were advised that the matter had been referred to and would be followed up by the Audit Committee with an update report to be provided in due course.

3. ITEMS REQUIRING FORMAL APPROVAL, ADOPTION OR ENDORSEMENT

3.1 Summary of & recommendations from the Learner Voice Committee, 11/12/13

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.1.1 Committee Annual Report 2012/13

The annual report for the Learner Voice Committee was received. The annual report for the CQS Committee was received. The report, reviewing the business of the Committee during 2012/13 and the impact of its contribution to the work of the Corporation that period was considered and noted.

After discussion and on the recommendation of the CQS Committee, it was **RESOLVED** to:

- **APPROVE** the Committee's Annual Report for 2012/13.

3.2 Summary of & recommendations from the CQS Committee, 11/12/13

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.2.1 Committee Annual Report 2012/13

The annual report for the CQS Committee was received. The report, reviewing the business of the Committee during 2012/13 and the impact of its contribution to the work of the Corporation that period was considered and noted.

After discussion and on the recommendation of the CQS Committee, it was **RESOLVED** to:

- **APPROVE** the Committee's Annual Report for 2012/13.

3.2.2 Corporation Self-Assessment Report 2012/13

A report was received advising members on the process and outcome of governance self-assessment for 2012/13, the conclusions of which it was noted contributed to the leadership and management element of the College's Self Assessment Report.

The key strengths and areas identified for improvement were summarised; along with an action plan for 2013/14. It was noted that a Grade 2, Good, was proposed as a contributory grade towards the College's overall grade for leadership and management, concurring with

the assessment by Ofsted at the recent Inspection and reflecting the impact of the work of the Corporation evidenced by the upward trajectory in improved success rates and financial performance.

There was a discussion of the areas identified for improvement, which had been carried forward into the 2013/14 improvement plan, noting in particular the focus of development on further enhancing members' knowledge to ensure the appropriate rigor and challenge of management in order to move the College to Outstanding status.

After noting and endorsing the change proposed by the CQS Committee, for the amendment of the report text under CIF3/4 to expand the breadth of the diversity narrative to encompass gender, age and disability, it was **RESOLVED** to:

- **APPROVE** of the Corporation SAR 2012/13 and the Contributory Grade towards leadership and management, Grade 2.

3.2.3 College Self Assessment Report 2012/13

The report commentary and the overall and subject sector grades were summarised advising members that having reviewed internally the full academic performance for year, the College concurred with the Ofsted judgements as to why the College was "Good" but not yet "Outstanding".

Reviewing the grades in each area of the College SAR, members were advised of amendments made to reflect the outcome of discussion at the CQS Committee, for an overall re-focus on those areas to be addressed in order to become outstanding. Reporting on the Subject Sector Area (SSA) reviews, members were advised of the Committee's general observation of the need for more judgmental narrative to be provided, which would more clearly indicated both how overall conclusions were reached and the further action required. Reflecting further on specific overall SSA grades, there was particular discussion of the:

- SSA Maths, originally identified as Grade 1 overall, Outstanding. It was reported that the Committee had discussed the College's performance in the overall context of the nationally GCSE A - C rates, concluding that although the College performance exceeded the national benchmark, A – C grades nationally were low. Acknowledging the Committee's observations that such a judgement of grade 1 necessitated further and more solid evidence to support such an assessment, members were advised that the grade was subsequently re-assessed as Grade 2, Good.
- SSA Travel, Tourism and Hospitality, assessed as Grade 4, Inadequate. Reviewing the period over which performance had been identified as declining the correlation was noted of the impact on the quality of delivery and learner achievement and experience with staffing issues highlighted in the report. Acknowledging its necessity as one national priority for meeting local community and economic needs, in response to questioning there was confirmation of managements' confidence in the action already taken and being implemented to ensure improved future performance.

After consideration and on the recommendation of the CQS Committee, it was **RESOLVED** to:

- **APPROVE** the College SAR for 2012/13.

3.2.4 Quality Improvement Strategy

A report was received outlining proposed amendments to the College's Quality Improvement Strategy.

Members were advised that amendments were proposed in order for the Strategy to reflect more comprehensive Quality Assurance of the learner journey and revised KPIs. The amendments were reviewed and in the context of discussion of the various mechanisms in place for obtaining and making use of learner feedback, including the use of social media, it was suggested for:

- Student representatives to work with the College marketing department in maximising more instantaneously publicity opportunities through the use of live twitter-feeds, Facebook and similar media.
- Members to receive a presentation at a future meeting, highlighting the various strategies used.

After consideration, and on the recommendation of the CQS Committee, it was **RESOLVED** to:

- **APPROVE** the amended Quality Improvement Strategy

3.3 Summary of & recommendations from the Audit Committee, 04/12/13

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.3.1 Internal Audit Annual Report 2012/13

The 2012/13 Annual Report of the Internal Audit Service was received.

Members were advised of green ratings overall for the opinion for governance, risk management and internal controls and that based on the audit work undertaken, it was the opinion of the audit service that the College had adequate and effective management, control and governance processes to manage its achievement of the College's objectives.

After discussion and on the recommendation of the Audit Committee, it was **RESOLVED** to:

- **APPROVE** the Annual Internal Audit Report for 2012/13

3.3.2 Financial Statements & Audit Management Letter for the year-ended 31/07/13

The Financial Statements and Audit Management Letter for the year-end 31 July 2013 were received.

It was reported that:

- The audited financial statements confirmed a cost deficit for the year-end of £610k which, as had been reported at the July 2013 Corporation meeting.
- The audit of the Financial Statements was substantially complete with the issue of an unqualified audit opinion for the year anticipated subject to confirmation of certain matters identified in the Management Letter. Of particular significance, members were

advised, was the need for the finalisation of the College's new borrowing facilities with Barclays Bank to fund operating cash needs over the coming 12 month period, noting the necessity for ensuring that the facility was in place by the time the accounts were approved, in order to support the going concern assessment in the Financial Statements.

- Barclays Bank also had been requested to provide a bank loan to cover College investment in the new building at Harrow on the Hill with the existing bank loan to be re-provided and paid back over a longer period of time, and with the existing bank covenants changing accordingly.

Expressing concern in the delay in the finalisation of the College's new borrowing facilities to support the College's going concern assessment members were advised that the delays had arisen from a subsequent change in Bank policy. In response to questioning it was reported that:

- The changed policy had resulted in the Bank revisiting the advice it provided originally when the College was finalising its financial planning for 2013/14.
- Any new borrowing facility had been declined pending further review by the Bank.

Discussing in detail the potential implications, practicalities and the timescales and deadlines for completion the filing of the Financial Statements, members were advised:

- That a clean audit opinion was the preferred option to the alternative of a note in the Financial Statements with the securing of new borrowing facilities essential to be able to do so.
- That to progress the securing of such borrowing facilities, discussions with the Skills Funding Agency (SFA) had been necessary regarding the feasibility of the re-profiling of the College's future funding payments to mitigate the extent of borrowing.
- Of the other action being taken to further mitigate the position, including the submission to the SFA of a bid for growth funding, the outcome of which was anticipated by 19 December 2013.
- That a meeting involving all parties had been scheduled for 19 December 2013 in order to resolve the Bank's concerns and conclude matters satisfactorily, at which time the outcome of the growth funding bid was also expected to be known.
- That as the submission of the Financial Statement by the required deadline was unlikely; an extension for submission by 31 January 2014 had been approved by the SFA.

After consideration, and on the recommendation of the Audit and Resources Committees, it was **RESOLVED** to:

- **NOTE** the confirmation of the audited year-end position in the Draft Financial Statements and Management Letter for the year-end 31 July 2013;
- **APPROVE** the Draft Financial Statements and Management Letter for the year-end 31 July 2013, subject to the conclusion of those matters concerning the year-end and the securing of new borrowing facilities; and

- **AUTHORISE** the signing of the Financial Statements and Management Letter for the year-end 31 July 2013 by the Chair of the Corporation once all outstanding matters had been concluded.

3.3.3 Risk Management Update

The risk management update was reviewed.

Discussing the ratings of and rationale for some of the key risks highlighted, it was noted that the register would be the subject of its second review of the year in the spring term, at which time amendments would be made to reflect the changing environment since the last assessment.

Confirming that that the revised register would be presented to the Audit Committee at its next meeting, members were advised that bi-annual reviews were in-line with good practice and that the risks were an integral part of on-going monitoring arrangements by management in the meantime.

The report was noted.

3.3.4 Audit Committee Annual Report 2012/13

The Audit committee Annual Audit Report 2012/13 was presented summarising the activity of the Committee during the year and advising the Board on the adequacy of the operation of the internal control systems in the College.

Based on the audit work undertaken during the year and the conclusions and recommendations made and reviewed by the Committee, members were advised of the Committee's conclusion that:

- A fair assessment had been presented of the College's internal control systems and arrangements for the adequacy and effectiveness of its systems and arrangements for risk management; and the extent to which they could be relied upon.
- It had taken appropriate steps to perform its duties as delegated by the Corporation and that it has had no cause to raise any issues of significant concern with the Board arising from its work during 2012/13.
- It would continue to vigorously monitor and review performance.

After discussion and on the recommendation of the Audit Committee, it was **RESOLVED** to:

- **APPROVE** the Audit committee Annual Audit Report 2012/13

3.4 Summary of & recommendations from the Resources Committee, 09/12/13

An overview of the business of the meetings was presented noting those items appearing elsewhere on the agenda for information and reviewing the recommendations regarding the main items of business:

3.4.1 Financial Statements & Audit Management Letter for the year-ended 31/07/13

See Minute 3.3.2

3.4.2 SFA Financial Health Letter

The SFA Financial Health Letter was received.

It was reported that the letter showed provisional assessment grades of Satisfactory for 2012/13 and Inadequate for 2013/14 which, in the context of the College's budgeted deficit for the year, was not unexpected.

Noting that such a situation would normally trigger a Notice of Concern, members were advised that the SFA had decided, however, to give the College time to improve its financial position before arriving at a final decision on its health grade for the year, indicating the requirement for additional information in support of an improved financial position, the detail of which had been the subject of discussion under Minute 3.3.2.

The report was noted.

3.4.3 Bank Overdraft Status

See Minute 3.3.2

3.4.4 October 2013 Management Accounts & Financial Risk Analysis

The Management Accounts and update on Learner Numbers and Sub-contractors for the period ending 31st October 2013 were received.

It was reported that the income and expenditure account for year to date October 2013 showed a surplus £16k better than the year to date budget. Reviewing the position in further detail it was noted that:

- Many of the key positive variances were attributed timing differences.
- Whilst the year to date shortfall on fee income was likely to impact on the full year, the recruitment of 16-18 learners was above Education Funding Agency (EFA) target and whilst short of the notional internal target of an extra 200 learners, the full-time learner numbers was higher than in previous years. In response to questioning, it was confirmed that under the lagged learner model and current funding assumptions, the profile was on schedule to generate funding next year in-line with the target in the College three year plan.
- Cash remained a short term concern as a consequence of the deficit budget, with discussions with the bank on-going and noting the opportunities being explored to secure additional funding in addition to the bid for SFA growth funding, through ESF and ERDF bids.

The report was noted.

3.4.5 Fees & Refunds Policies 2014/15

A report was received outlining proposals for the Fees and Refunds Policies for 2014/15. Noting the overall intention for fees set to be competitive with local colleges but for the Policy to contain sufficient flexibility to be able to respond to market conditions, members were advised that:

- The policy had been reviewed and aside from one change to the Section concerning Additional Learning Support, to reflect changes in funding methodology, no changes were proposed.
- Further monitoring of other colleges' fees would be conducted, prior to presenting the final fees policy for approval in June 2014 at which time any changes to national Agency funding rates would be known.

Noting that the final Fees Policy would be presented for approval in June 2014, following confirmation of National Agency funding rates, on the recommendation of the Resources Committee, it was **RESOLVED** to:

- **APPROVE** the 2014/15 draft Fees & Refunds Policies.

4 ITEMS FOR INFORMATION ONLY

4.1 Summary of & recommendations from the Property Committee Meeting, 09/12/13

An overview of the business of the meetings was presented and the substantive items for consideration presented:

4.1.1 Capital Projects Updates

Members were advised of developments with the College's capital projects.

It was reported that the biggest challenges currently concerned the limited nature of the timescales for completion of the projects and the project costs. It was noted in particular that with regard to the Business Enterprise Centre Project:

- It was imperative for the College to adhere to its expenditure plan, in order to draw down the correct amount of SFA funding in each of their financial years, but that expenditure was currently behind schedule due to various unavoidable and unforeseen delays. Members were advised of plans to get the Project back on track noting however, that whilst it had the potential to add to the overall project overall, it currently represented the better option, as any slippage in timing of expenditure would mean the College would be required to make up the difference as the SFA cannot carry budget forward.
- With the Stage C review indicating the building was £165k over budget, it had been requested for an update to be provided to the Resources Committee at its 31 January 2104 meeting.
- The Committee had also considered a proposal for agreeing delegated authority for specific committee members to be the appropriate signatories for the signing of the appropriate documentation as and when required during the various stages of the project; and that it was recommended for the Corporation to approve the proposal for delegated authority to be given for the Corporation Chair and Committee member, Nick Davies, and the Principal and Committee member, Tony Medhurst, to be the appropriate signatories.

After discussion and on the recommendation of the Property Committee, it was **RESOLVED** to:

- **APPROVE** proposal for agreeing delegated authority for specific committee members to be the appropriate signatories for the signing of the appropriate documentation as and when required during the various stages of the project; and
- **APPROVE** the proposal for delegated authority to be given for Nick Davies and Tony Medhurst to be the appropriate signatories.

4.2 Clerk's Update

The Clerks' report was received updating members on the latest national governance developments, the Corporation's performance against its targets for the year to date; and presenting the calendar of College events that members may wish to attend.

The report was noted.

4.3 Annual Health & Safety Report 2012/13

The Annual Health & Safety Report 2012/13 was received and noted.

4.4 Minutes of the Health & Safety and Equality & Diversity Committee Meetings

The Minutes of the Health & Safety and Equality & Diversity Committee Meetings were received and noted.

5. PRINCIPAL'S REPORT

5.1 Principal's Report & College Development Plan

The Principal's Report and the Development Plan for the year was received.

The Report was reviewed. There was particular discussion of the recent announcement of changes to the 2014/15 EFA Funding rates, for the funding rate for full-time 18-year-old students to be 17.5% below the rate for full-time 16- and 17-year-olds. Noting that this would apply to all elements of the formula except the flat rates for disadvantaged students without GCSE grade C or above in English or mathematics, and recognising the importance of English and mathematics for disadvantaged 18-year-olds, members were advised that further review was required in order for a more accurate assessment of the impact on the College and its future planning. In response to questioning members were advised that political lobbying already taking place.

Following discussion and after commending the efforts of all those involved in the success of the awards ceremonies, the report was noted.

6. OTHER BUSINESS, MEETING EVALUATION & DATE OF NEXT MEETING

6.1 Any Other Business

There was none.

6.2 Date of Next Meeting

Corporation Conference, Friday 31 January 2014

Corporation Meeting, Wednesday 26 March 2014

6.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.