

HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE CORPORATION
TUESDAY 9 OCTOBER 2007

1. CORPORATION DEVELOPMENT SESSION

A presentation was received from the College's Architects and PR team on progress with the College Building Project.

Members were advised of the progress with the design and a series of plans, elevations and a model were presented. It was noted that a series of PR events had been arranged for the week of 12 November, to which members were invited to attend.

The nature of the events was discussed and it was agreed that members would be briefed in advance to ensure that any queries or questions could be dealt with appropriately. It was noted that there were a number of committee meetings scheduled during that week and it was agreed that the Clerk would liaise with College management regarding the timing and location of the meetings to ensure that the most appropriate arrangements were put in place.

On behalf of the Corporation the Chair thanked the Architects and the PR team for an interesting and informative presentation.

2. PRELIMINARY PROCEDURAL MATTERS

2.1 ATTENDANCE & APOLOGIES FOR ABSENCE

Membership:	John Cowan		
	Gillian Eldridge		
	Barbara Field	(Principal)	(except item 4.1)
	Ken Goulding		
	Philip Harding		
	Marie Harrison		
	Clifford Hurst	(Vice Chair)	
	Yusuf Khaleqy		
	Therese Lorphevre		(except item 4.1)
	David Pearson	(Chair)	
	Jayshree Radia		
	Maryum Rahim		(except item 4.1)
	John Steady		
Leslie Wilson		(except item 4.1)	

In attendance:	Jayne Chaplin	(Clerk)	
	Susan Harrison		(except item 4.1)
	Rena Prindiville		(except item 4.1)
	Bob Vesey		(except item 4.1)
	Matthew Westmore		(except only 4.1)

2.2 CHAIR & CLERK'S ANNOUNCEMENTS

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

2.3 DECLARATIONS OF INTEREST, CONFIDENTIAL ITEMS & AGENDA ORDER

There were no declarations of interest declared.

It was **RESOLVED** that item 4.1 would be taken as:

- A confidential item.
- The last item of business.

2.4 MINUTES OF THE MEETING HELD ON 17 JULY 2007

The Minutes of the Meeting held on 17 July 2007, were agreed as a correct record and signed by the Chair.

2.5 MATTERS ARISING

2.5.1 Student Elections (Minute 2(iii))

It was reported that:

- Mr Shuaib Ali, one of the two Joint Student Union (SU) Presidents elected as student governor at the student elections, had decided not to return to studies and had resigned his post as the College's Student Governor accordingly.
- Ms Maryum Rahim, the other Joint SU President had been invited to attend Corporation meetings pending the outcome of a further election scheduled to take place in mid-November 2007.

3. ITEMS REQUIRING FORMAL APPROVAL OR ADOPTION

3.1 Minutes of the Special Meeting of the Audit Committee 19/06/07

The Committee Chair introduced the formal written minutes of the Special Meeting of the Audit Committee held on 19 June 2007, reminding members that the choice of internal auditors for the next three years had been endorsed at the last meeting.

It was **RESOLVED** to **APPROVE** the Minutes of the Audit Committee meeting held on 19/06/07.

3.2 Internal Audit Process

The Committee Chair reminding members that the internal audit process had been endorsed at the last meeting.

It was **RESOLVED** to **APPROVE** the Internal Audit process.

3.3 Draft Annual Accounts 2006/07

The draft Annual Accounts for 2006/07 was received from the Director of Finance.

It was reported that there had been a very successful external audit process with two adjustments required:

- 3.3.1 The income for Work Based Learning needed a downward adjustment of £22k as the accrual had been higher than planned.
- 3.3.2 Expenditure required a downward adjustment of £13k as the provisional allocation for external audit fees had been higher than the actual.

Members were advised that the overall net effect had been a surplus reduced from £355k to £346k

It was reported that other issues were primarily associated with the property project:

- 3.3.3 The College was currently holding net costs of £1.4million for professional fees. Members were advised that these had been shown in the balance sheet as debtors and that the plan was to convert them into capital works in progress.

3.3.4 KPMG had reviewed the LSC guidance and had advised that the preferred treatment for costs where specific to the project, including design costs, was that they should be capitalised from the point that the College was confident that the Project would proceed.

It was noted that the Audit had proceeded well and members extended their congratulations to all who had been involved.

After discussion it was **RESOLVED** to **APPROVE** the Draft Annual Accounts for 2006/07.

3.4 Management Accounts

The Management Accounts for the period 1 August to 30 September 2007 were received from the Director of Finance.

Members were advised that:

3.4.1 The budget for the year had been a planned surplus of £56k, with the assumption that the impact of the 2006/07 adjustments for FRS17 would increase the surplus by a further £54k.

3.4.2 Although the Collegiate had recruited to target, the recruitment of 16-18 year old students was down significantly, representing a projected shortfall in income of £1.5 million over the whole year.

3.4.3 Measures were already in place to continue recruitment and for further courses in January 2008 to offset the shortfall.

3.4.4 The LSC had been advised of the position and that confirmation had been received that currently there would be no in-year claw-back. It was noted, however, that the funding shortfall would mean an adjustment in the next year's allocation.

3.4.5 The other key issue of attention was the requirement to recruit to target for 19+ students; it was noted that:

3.4.5.1 The switch from ESOL provision to full level 2 and full level 3 programmes would be a challenge.

3.4.5.2 Recruitment to both levels was currently on target but a careful overview would be maintained to ensure achievement.

3.4.6 Pay and non-pay costs would also require adjusted down in readiness for the funding reduction next year.

There was consideration of the impact of the funding shortfall and the adjustment that would be required next year.

The measures being implemented to address the recruitment shortfall were discussed, including the ratio of applications converted into actual enrolments.

It was agreed that the issue of student numbers, along with a recovery plan, would be the subject of further discussion at the next meeting and that, in the meantime, the corporation would be kept updated on developments.

After discussion it was **RESOLVED** to **ADOPT** the Management Accounts.

3.5 NWLCC Report

The NWLCC Report was received from the Principal.

It was reported that:

- 3.5.1 The Company's business had changed from that of a learndirect Hub operator to that of a direct training delivery organisation offering training via learndirect and through Train 2 Gain contracts and consortia in the South East of England.
- 3.5.2 The changes and the challenges predicted as a result of those changes had come about following the decision by Ufi to take on the work of Hub operators itself; all of which had been reported to Governors at the time.
- 3.5.3 The Company had been operating under the new regime for a year.

The Corporation was advised that the new regime and payment profiles together with the inexperience of some staff, had made it a difficult year for the company in financial terms and that the forecast outturn, originally predicting a deficit of £260k, had now been revised to £310,633 deficit, which was attributable to a variety of factors.

It was reported that there were two issues requiring consideration:

- 3.5.4 Cash flow issues that had been identified.
- 3.5.5 The membership agreement.

With regard to the cash flow issues identified, it was reported that the Company's Business Plan and Budget for 2007-2008 had been considered, tested and approved by the Board of NWLCC Ltd. at its meeting in July 2007

It was noted that:

- 3.5.6 Although income had been profiled very carefully there was a cash flow issue, in that cash would dip low in the Autumn, which would necessitate the company needing to take a loan or debenture to cover the cash flow dips.
- 3.5.7 Historically cash flows dips had been addressed by members providing money in the form of a debenture, with an interest rate of 2% above base, if called upon to do so by the Company, with respective member colleges each providing up to £25,000.
- 3.5.8 At their last meeting, Board members had examined the final 2006-2007 outturn for NWLCC Ltd. and the management accounts for August 2007 and that the accounts showed a loss for that month of £50,393, although there were positive variances on direct and indirect staff costs.
- 3.5.9 Provided that the company performed to the income level now predicted, and once the short-term cash flow difficulty had been overcome, cash flow should return to a positive position resulting, later in the financial year, with a positive cash balance of around £90k after repayment of any borrowings.
- 3.5.10 In view of the cash flow issues identified the company was requesting that its member colleges each provide a debenture of £25,000 for one year at an interest rate of 2% above base.

With regard to the members' agreement it was noted that the various changes in the company's business, coupled with changes in the Instruments & Articles of colleges, had led to the Board's reviewing the joint venture agreement for NWLCC Ltd.

It was reported that agreement had become a very cumbersome document following amendments required over time to reflect changes in the company and that as a result the Board had agreed a much simplified document in the form of a Members' Agreement and requested the company secretary to inform the LSC of the change.

There was a discussion of the:

- 3.5.11 Company's cash flow, the cost to the College and the likelihood of repayment. It was noted that when debenture had been upon called in previous years, repayment had been made.

3.5.12 The members' agreement and in particular the appropriateness and cumbersome nature of the current structure requiring the Company to exercise its debenture option in such circumstances. The rationale for the structure in place was noted and it was agreed that it whilst retained, it should remain the subject of periodic review.

After discussion it was **RESOLVED** to:

- **APPROVE** the NWLCC Report; and
- **APPROVE** the debenture in respect of NWLCC, on the terms outlined.

3.6 Principal's Report

The Principal's report was received.

The 2006/07 overview was considered and noted.

With regard to 2007/08, the Corporation was advised that with the College faced a number of challenges in the coming year, in particular the Learning and Skills Council's (LSC) wish to see closer collaboration among FE colleges.

It was reported that within the London region, there was speculation that the LSC would like to see about ten 'clusters' of colleges and that it was encouraging discussions on different models for collaborative working.

It was noted that the College already worked closely with Stanmore, CNWL and Barnet College on various business focused projects and that the four colleges, in conjunction with two central London colleges, had commissioned a study by a team of consultants to look at models of collaboration.

Members were advised that over the summer the study had explored the scope for the colleges to collaborate on a number of initiatives:

- 3.6.1 A Joint needs analysis and planning to ensure the requirements of the sub-region's employers, learners and other stakeholders were met effectively and efficiently.
- 3.6.2 The Sharing of some key central functions.
- 3.6.3 The piloting a joint evaluation of the economic impact of the colleges' services to the sub-region.
- 3.6.4 The production of an overview of some of the current models of collaboration operating in the sector to help take discussions forward.

It was reported that concurrent with the work on collaboration between the six colleges there had been regular meetings with Jacqui Mace, the Principal of Stanmore College, in recognition of the need to realise greater effectiveness of joint working.

It was noted that the two colleges shared a great deal in common in terms of their fundamental values, aims and objectives and that:

- 3.6.5 The current climate was one of reducing 16-18 demographics, expansion of the supply of 16-18 places through presumption schools and academies and stasis in LSC funding for this age group; and a dramatic reduction in funding for traditional adult courses and growth in work on employer premises.
- 3.6.6 There was an urgent need for the renewal of the estates of both colleges.

It was reported that:

- 3.6.7 It was believed that more could be achieved for the local and sub-regional communities through working more closely together than as totally independent organisations.
- 3.6.8 The two colleges had agreed with the LSC to talk about deepening their collaborative relationships to achieve strategically coordinated planning of curriculum offer and services, and the production of a memorandum of co-operation setting out some principles and guidelines for such joint work.
- 3.6.9 It was proposed that the two colleges enter into discussions regarding the extent of such collaboration through a meeting of the respective Principals, Chairs and Vice-Chairs, during which an appropriate way forward could be explored.

The similarities between the colleges and the potential for collaborative relationships to achieve strategically co-ordinated planning of their curriculum offer and services was noted and considered.

After discussion it was **RESOLVED** to:

- **ADOPT** the Principal's report; and
- **APPROVE** proposals for the Corporation to enter into discussion around the extent of collaboration and work with Stanmore College through a meeting of the respective Principals, Chairs and Vice-Chairs.

4. ITEMS FOR ENDORSEMENT, NOTING OR FOR INFORMATION ONLY

4.1 CONFIDENTIAL ITEM

4.2 Update from Property & Accommodation Committee

A verbal update was received from the Chair of the Property & Accommodation Committee.

Members were advised that the Committee had been advised that:

- The overall spend, which had been slower than planned, up to July 2007 had been £1.7 million.
- The forecast showed that the College was projected to go into overdraft in January 2008.
- There had been a meeting with the LSC Area Director of London West, during which it had been confirmed unofficially that progress to date now made it unlikely that the College Project would not proceed.

After discussion it was **RESOLVED** to **NOTE** the verbal update from the Property & Accommodation Committee.

4.3 Members' Evaluation – see item 5.3

4.4 LSC, AoC & other Circulars & Responses Report

A report was received from the Clerk summarising the LSC, AoC & other Circulars & Responses received since the last meeting.

After discussion it was **RESOLVED** to **NOTE** the LSC, AoC & other Circulars & Responses Report.

4.5 Corporation Standing Orders & Committees' Terms of Reference

A report was received from the Clerk updating members on the review of the Corporation Standing Orders and the Committees' Terms of Reference.

It was noted that:

- 4.5.1 To ensure that standing orders and terms of reference remained in line with good Practice, it was necessary that they were periodically reviewed.
- 4.5.2 The Corporation at its 17 July 2007 meeting had also requested such a review of the Standing Orders, for subsequent adoption by the Corporation.

It was reported that the new clerkship service was in the process of reviewing the College's governance frameworks to confirm that the basics of governance and clerkship remained in accordance with best practice, including all committees' terms of reference, and that each would be put before the respective committee for comment in advance of formal approval by the Corporation at its next meeting.

After discussion it was **RESOLVED** to **NOTE** the Corporation Standing Orders & Committees' Terms of Reference Report.

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

5.1 Any Other Urgent Business

5.1.1 Keith Scribbins

Members were advised that the Principal and the Chair had been to see the former Clerk during the summer and that he was making good progress following his operation and was recuperating well.

5.2 Date of Next Meeting

Tuesday 4 December 2007 @ 7.00pm

5.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke ending in a small hook.