

EALING, HAMMERSMITH AND WEST LONDON COLLEGE FE CORPORATION MEETING

Date	22 May 2019	Time	18.00
Venue	Hammersmith and Fulham College, Room LT3, Gliddon Road, London W14 9BL		
Chair	Ian Comfort		

Present: Ian Comfort; Adrian Asuquo; Julia Clements-Elliott; Phillip Kerle; Karen Redhead (CEO); Peter Chapman; Roslyn O'Garro; Cllr. Yvonne Johnson; Sundeep Sangha; Callum Anderson; Maria Vetrone; Wasim Mohammed.

In attendance: Anil Nagpal (Executive Director, Finance & Resources); Laurie Morley (Project Director); Andy Smith (Interim Deputy Principal, Curriculum); Girma Ejere (ESFA Observer).

Observer: David Paine

Attendance at the Meeting: 86%

No.	Minute
1.	Apologies for Absence Received from Denise Waldron.
2.	Minutes The minutes of the meeting held on 13 February 2019 were approved as a correct record.
3.	<p>Matters arising The matters arising report tracking actions from the previous minutes and other items carried forward was received and noted. Other matters of report were as follows: -</p> <p>CEO's Report: Funding Report A detailed funding report based on the latest Individualised Learner Record (ILR) returned to the ESFA was presented. The report updated governors about the current status of College income streams as reported to the previous meeting. It was noted as follows: -</p> <p>16-18 Learner Funding 16 – 18 College performance was 1,808 learners against an allocation target of 1,842. This was an increase of 65 learners (1,743 learners) compared to the report to the February board meeting. Funding is lagged so any shortfall in the current year impacts upon the funding allocation in the following year.</p> <p>Adult Education Budget (AEB) Performance on this funding strand was strong since the report made to the February</p>

board meeting with a level of high confidence that the 97% threshold will be achieved. AEB funding was at 93.8% of the target compared to 70% in February, inclusive of a prudent assumption of 80% achievement funding. Subcontractor performance had increased to £2.84m and 64.8% of target (£1.29m and 29% of target at the last board meeting). Last year the College did not achieve the 97% threshold resulting in claw back of around £700k. AEB claw back is on a pound-for-pound basis in the current year.

Governors were also advised that the College was making final checks that all students were active. Any non-active students would be withdrawn promptly in order to minimise funding risks, in contrast to the situation last year when notifications of withdrawal were received too late in the year, leading to a funding claw back.

In response to questions from the board, the CEO indicated that her confidence level in the achievement of the AEB was in the high 90% range.

Apprenticeships

Current income from apprenticeships was at £797k or 96.4% of the target , an increase from £719k or 87% of target reported in February,

COR19.25 Governance Skills and Recruitment Policies

The Clerk advised the board that Ray Hilditch had resigned from the Corporation in March as he had relocated out of the London area. Cllr. Binda Rai had also stood down because of time pressures in her work and elected councillor roles. The Board wishes to extend their sincere gratitude to both Ray and Binda for their service and commitment to the College and its students and it wished them well for the future. It was also reported that Sundeep Sangha had announced that she was relocating out of the country and would be stepping down at the end of the current academic year. Warm thanks were extended to Sundeep for her support to the College over nearly five years' service on the board.

It was reported that the Search and Governance Committee had interviewed a prospective new governor and that the Committee was continuing to search for new governors with the appropriate skills, knowledge and experience.

4. Declarations of Interest

Cllr. Yvonne Johnson is an elected councillor and Cabinet member at Ealing Council.

5. FE Commissioner's Stocktake Report (March 2019)

The board noted the FE Commissioner's recent stocktake report following the intervention at the College in August 2018. The CEO summarised the main features of the report and there was a discussion about the main recommendations and proposed responses and actions.

There was board discussion about the report's recommendation that 'the recovery plan should set a greater pace in addressing the college's underlying financial challenges. Given the uncertainties around future revenue streams, cost savings and capital receipts the college should develop a budget for 2019/20 which at least breaks even on its cash generated from its trading activities.' It was noted that the approved College recovery plan

was based on achieving three key performance indicators i.e. 65% staffing cost to income by 20/21; cash neutral by 19/20; a break even outturn by 20/21. It was clear there was pressure from the FEC and ESFA to accelerate the pace of recovery which would have implications particularly for expenditure reductions including the staffing base.

It was **AGREED** that the board would review the pace of recovery in the forthcoming strategy session and when reviewing the draft financial plan and draft strategic plan prior to their final approval.

The CEO commented on the reference in the report to the need to appoint a permanent deputy principal responsible for curriculum as soon as possible. It was unfortunate that the previous appointment had not worked out but the post was out to advert and interviews would take place in early June. There was an ongoing concern about the ability of the College to attract a high calibre field for senior and middle manager posts whilst the College remained in recovery. Nonetheless strong and effective interim management was in place for the leadership of the curriculum area.

Good progress was being made to the development of a robust and detailed costed curriculum plan for 2019/20 that would show contribution rates at curriculum and campus levels. A draft would be made available to the ESFA and FEC later in the week and well in advance of the scheduled case conference on 07 June. The curriculum plan would allow the budget to be prepared for board approval in July.

Monthly management accounts were now being produced on a routine basis and distributed to all governors in accordance with best governance practice. The strategic risk register would be presented to the Audit Committee in June.

The Chair summarised the considerations for the board. It was clear from discussions he had had with the ESFA that the College needed to provide assurance in the form of firm evidence that it was moving quickly to put in place the foundations necessary for the swift recovery of the College. The board needed to support the College and its senior team to do this as quickly as possible. It was clear from the discussions that the College was close to meeting regulators' expectations and if the board needed to support the College it would do so.

RESOLVED: that the report on the FE Commissioner's March Stocktake report be noted.

6. College Recovery Plan: Progress Tracking Report

The board reviewed the updated College recovery plan tracking document. Significant progress was being made in the implementation of actions. 28 actions (41.8%) were now assessed as Green and 47 (70.2%) as either Green or Amber/Green. This compared with 16 Green (23.9%) and 34 Green or Amber/Green (50.8%) the last time progress was reported to the Board. Strong progress was being made in the area of governance (88% assessed as Green), estates (57%) and finance (47% Green). Areas for development were market assessment and opportunities (0% Green), curriculum efficiency and effectiveness (22%)

	<p>and workforce reform (29% Green). It was anticipated that rapid progress would be made in relation to curriculum efficiency upon completion of the curriculum planning process, which would be finalised in early June.</p> <p>RESOLVED: that the update report on progress in implementing the College recovery plan be noted.</p>
7.	<p>Quality Improvement Action Plan</p> <p>It was noted that progress in the delivery of the quality improvement action plan had been scrutinised at the recent Curriculum, Quality and Performance Committee. The changes to the Ofsted inspection Education Inspection Framework (EIF) that would be introduced from September 2019 were noted. The College was preparing for the new framework which was significantly different from the current approach.</p> <p>It was also noted that whilst progress has been made on many of the targets the focus for improvement needed to be tutorial reviews, particularly with 16-18 year old students and apprentices and improving teaching, learning and assessment</p> <p>RESOLVED: that the quality improvement action plan be noted.</p> <p>Mr Smith left the meeting at this point.</p>
8.	<p>Estates Strategy</p> <p>Governors were advised about progress in the implementation of the estates strategy. The disposal of Hanson Gardens had been completed and a receipt of £694k realised. Details of the marketing of the Southall disposal were circulated and noted. An update of the valuation by the agents handling the disposal was given and noted. The timeline for the project was discussed; an indication of likely disposal values would be available on the 05 June. It was AGREED that a panel of governors comprising Mr Peter Chapman, Mr Phillip Kerle and Karen Redhead be convened on 19 June to consider the shortlisted bids. The timetable for the project was challenging and it would be difficult but not impossible to achieve exchange and completion on the same day. The Chair suggested that the College's legal advisors be asked to put in place the necessary arrangements to expedite the sale according to the timetable.</p> <p>Governors asked that updated cash flow forecasts be made available that modelled the impact of the range of possible receipt values and completion dates (ACTION: AN). Following discussion the board concluded that without the capital receipt from Southall the College's cash position would be perilous by Christmas 2019.</p> <p>RESOLVED: that the estates strategy update report be noted.</p> <p>Mr Morley left the meeting at this point.</p>
9. 9.1	<p>Finance Reports</p> <p>Management Accounts</p>

The management accounts for the month ending March 2019 were received. It was noted that the accounts were presented in the format that is in line with best practice in the sector, as recommended by the FE Commissioner's team. The cash flow template used was as recommended by the ESFA.

The Executive Director (Finance and Resources) commented that the forecast was in line with the budget: a deficit of £2.635m was predicted. There was an adverse variance of £900k reflecting a shortfall in income of £1.949m, a saving of £1.432m on non-pay expenditure and an over spend of £383k in pay expenditure. It was noted that 69% of the income shortfall was directly attributable to AEB and subcontractors. Part of the lag was due to cash flow pressures at the beginning of the year leading to a freeze on new starts and also the risks relating to a particular contractor. The College believed it will achieve the 97% threshold for AEB. Sensitivity analysis indicated net risks amounting to circa £1.5m which would require careful management. Significant progress had been made in curtailing pay expenditure which was forecast to reduce from £22.45m (excluding LGPS and restructuring costs) in 2017/18 to £19.45m in 2018/19. Major savings had been made in the use of agency staff. Robust cost control measures in payroll expenditure including freezing and deleting of support staff and management vacancies had had a positive impact. The CEO and the HR Director are conducting a robust "top down" review of support staff and management resources, department by department. The target savings from the above measures and this exercise will take the combined savings to circa £1m in 2019/20.

Cash flow forecasts showed a current cash balance of £1.32m as at 31 March. The cash flow position remained extremely challenging. Supplier payments were being managed carefully and the cash flow position was being reviewed on a daily basis.

Members of the board made a number of suggestions regarding the presentation of financial information: -

1. In due course, a detailed variance analysis report for income and expenditure be included in the accounts;
2. It was noted that the ESFA 'Satisfactory' financial health rating had now been changed to 'Requires Improvement';
3. A 3-5 year finance strategy be developed; and
4. 'Best case', 'Likely case' and 'Worst case' outturn forecasts be included.

(ACTION: AN)

The Executive Director (Finance and Resources) reported orally on the April management accounts which had just become available. The forecast outturn remained as per the budget.

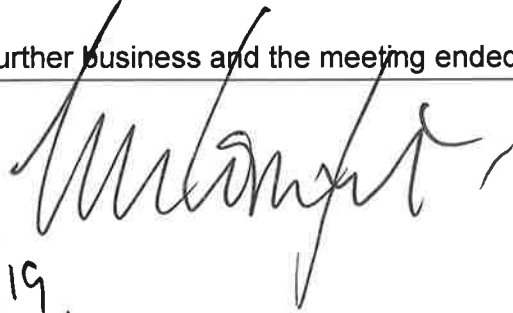
Reflecting the requirements of the new insolvency regime for FE colleges, the board was advised that the College remained a going concern at this moment in time, taking into

	<p>account the current cash position and the continuing focus on the careful management of payments.</p> <p>RESOLVED: that the management accounts as at 31 March 2019 be noted.</p>
9.2	<p>Independent Business Review (IBR)</p> <p>The board was advised that there could still be a requirement to undertake an IBR but, with the agreement of the ESFA, the matters was on hold pending reports about the realisation of the Southall receipt.</p>
10.	<p>Audit Committee report and minutes, 03 April 2019</p> <p>The minutes of the meeting of the Audit Committee meeting held on 03 April 2019 were noted. The Committee had reviewed the audit plan for the coming year. The Committee had urged the internal auditors to provide a final audit opinion based on the planned audit work programme. Following discussion and some adjustment of the programme, the auditors had agreed to provide an audit opinion. The Clerk reported that the audit of governance had taken place in the previous week and although the draft report had not yet been received it was anticipated that the report would be positive with few if any recommendations.</p> <p>A further priority for the Committee was the development of a robust College-wide strategic risk register.</p>
11.	<p>Finance and General Purposes Committee report and minutes, 04 April 2019</p> <p>The minutes of F&GP Committee held on 04 April 2019 were noted. It was recognised that there was a lot of pressure on the finance team at present but that in due course a suitable financial information dashboard be made available to governors.</p>
12.	<p>Curriculum, Quality & Performance Committee, 08 May 2019</p> <p>The minutes of the Curriculum, Quality and Performance Committee held on 08 May 2019 were noted.</p>
13.	<p>FE Commissioner's letter to College Boards, May 2019</p> <p>The board noted the FE Commissioner's letter to the sector. The Clerk advised the board that following the Search and Governance meeting earlier that day, it was anticipated that the Corporation would shortly comply with the FE Commissioner's requirement that there be two qualified accountants on the board.</p>
14.	<p>Colleges' Senior Post Holder Remuneration Code</p> <p>Following discussion it was RESOLVED that the Corporation adopt the Colleges' Senior Post Holder Remuneration Code.</p>
15.	<p>Settlement payments (2018-19)</p> <p>The board received the report on approved settlement payments made in the 2018/19 financial year. Payments to the value of £222k had been made to 22 individuals, 14 of which were in respect of voluntary redundancies, 2 for compulsory redundancies, 2 payments categorised as 'other' and 3 settlement payments.</p>
16.	<p>Bank Mandate</p> <p>The board approved changes to the bank mandate to remove the former interim Finance Director and to appoint the new Executive Director (Finance & Resources), Mr Anil Nagpal.</p>

17.	<p>Draft meeting schedule 2019/20 Governors were requested to advise the Clerk of diary clashes in the circulated draft meetings schedule for the next academic year (ACTION: All).</p>
18.	<p>Confirmation of Written Resolutions RESOLVED: that the following written resolutions be confirmed: -</p> <p>18.1 Land at Hanson Gardens, Southall, London, UB1 1BP <i>Circulated 08 March 2019</i></p> <p>Pursuant to Article 3(d) of the Instrument and Articles of Government of Ealing, Hammersmith and West London College Corporation, it is RESOLVED that approval be given to the sale of the land at Hanson Gardens, Southall, London, UB1 1BP to Holbrook Investments for the sum of £745,000 with agreed timings to exchange and complete by 21st March 2019 as defined in the draft Memorandum of Sale dated 08 March 2019 circulated to the members of the Corporation by the Clerk in the above email.</p> <p>Members of the Corporation are requested to give their assent to the resolution by responding to the Clerk by email. A simple majority of the members giving their assent is required to give effect to the resolution which shall lapse if it is not passed before the end of the period of 28 days beginning with the circulation date.</p> <p>If passed, the resolution shall be confirmed at the next scheduled meeting of the Corporation.</p> <p>18.2 Business Overdraft Facility – Barclays Bank <i>Circulated 01 April 2019</i></p> <p>Pursuant to Article 3(d) of the Instrument and Articles of Government of Ealing, Hammersmith and West London College Corporation, it is RESOLVED that approval be given to the agreement of an business overdraft facility with Barclays with a limit of £500,000 until 20 May 2019 on terms set out in the offer letter from Barclays circulated with this resolution.</p> <p>Members of the Corporation are requested to give their assent to the resolution by responding to the Clerk by email. A simple majority of the members giving their assent is required to give effect to the resolution which shall lapse if it is not passed before the end of the period of 28 days beginning with the circulation date.</p> <p>If passed, the resolution shall be confirmed at the next scheduled meeting of the Corporation.</p>
19.	<p>Meeting Evaluation Governors were invited to comment evaluatively regarding the conduct of the meeting, the information presented in reports, the effectiveness of scrutiny and challenge and the opportunities for debate. The unanimous view was that the meeting had been chaired adeptly and that it had been an effective meeting.</p>

20.	Date and Time of Next Meeting Strategic Planning Workshop - 5 th June 2019 at 17.00; Board - 17 July 2019 at 18.00.
21.	Any other Business Mr Chapman asked whether the College intended to explore letting out office space at the Park Royal site as it was under-utilised. It was agreed that College officers, Mr Morley and Mr Stevens would be asked to provide an update to Mr Chapman (ACTION: LM). The Clerk was asked to include a note on the agenda that any members wishing to raise AoB items should notify them in advance (ACTION: DR). There was no further business and the meeting ended at 19.30.

Chair's signature:



Date:

17/07/19.