

HILLS ROAD SIXTH FORM COLLEGE

Corporation

Minutes of the Meeting (Ordinary Business) held on Monday 13 July 2015

Present:

Corporation Members Edna Murphy (Acting Chair), Hazel Borrett – agenda 1-15 only, Peter Brindle, Edmund Brookes agenda 1-12 only, Jonathan Culpin, Uvini Edirisinghe, Ian Harvey, Anna Moore, Johnnie Sam, David Secher, Linda Sinclair, Julie Taylor – agenda 9-35 only

Clerk to the Corporation Robert Smith

Observers Jill Aberdour (Assistant Principal – Resources), Jo Trump (Deputy Principal)

1 Apologies for Absence and Quoracy

Apologies were received from the following Members of the Corporation: Peter Southwick, Frankie Williams.

Members also recorded their appreciation of the service afforded to the Corporation by Hazel Borrett, who had served as Parent Nominee member from August 2014 to July 2015.

The meeting was quorate.

2 Declarations of Interest

No declarations of interest were made in relation to the business to be transacted.

3 Minutes of the Meeting held on 10 June 2015

The minutes were approved as a correct record of the business transacted, and *prima facie* evidence of the proceedings to which they relate.

4 Matters arising from the Minutes of the Meeting held on 10 June 2015

None.

5 Draft Minutes of Committees

The following committee minutes were received for information:

Audit

17 June 2015

6 Re-Appointment of Independent Member of the Corporation: Peter Southwick

The following resolution was approved:

THAT, on the recommendation of the Search and Governance Committee, Peter Southwick be re-appointed to serve as a Member of the Corporation for the period from 1 January 2016 to 31 December 2019.

7 Appointment of Independent Member of the Corporation: Frankie Williams

The following resolution was approved:

THAT, on the recommendation of the Search and Governance Committee, Frankie Williams be appointed to serve as a Member of the Corporation for the period from 13 December 2015 to 12 December 2019.

8 Appointment of Parent Nominee Member of the Corporation: Dinesh Jacob

The following resolution was approved:

THAT, Dinesh Jacob, having been duly nominated by the Parents' and Friends' Association, be appointed to serve as the Parent Nominee Member of the Corporation for the period from 1 August 2015 to 31 July 2016 or, if earlier, until such time as his child may cease to be a student of the College.

9 Development Agendum: New Ofsted Inspection Framework

A paper setting out the implications of the new Ofsted Common Inspection Framework for the College, prepared by the Assistant Principal (Planning and Quality) was received, together with an Ofsted document: The Future of Education Inspection Understanding the Changes.

It was noted that for so long as the College remains Outstanding it will not be subject to inspection unless College data or adverse safeguarding event gives rise to concern on the part of Ofsted. It was also observed that, in the light of the grade descriptors for the new personal development behaviour and welfare grade of Outstanding, the College would be reviewing its approach to the acquisition of employability skills and the promotion of students' emotional and mental wellbeing.

10 Principal's Report (Paper C 14/40)

The report - including information on applications from year 11 students for 2015-16, 16-18 student retention, adult education enrolment, Government response to 'Drop the Learning Tax' petition, the SFCA summer conference, examination disruption, parking petition and the College diary was received.

It was particularly noted that:

- 1882 applicants had placed Hills Road as their first choice centre, 1369 of these being in-area applicants and 513 out-area;
- the retention rate for 16-18 students is 99%, which is similar to recent years;
- adult education enrolments during the summer term 2015 were almost 150 more than the previous year;
- despite strong national support for the 'Drop the Learning Tax' Petition there was a negative reaction from the Treasury;
- at the SFCA Summer Conference it was agreed that colleges and the Association should forge closer links with schools, academies and free schools, should explore conversion to becoming 16-19 academies or 16-19 free schools, and should broaden membership to become the voice of 16-19 education. Members of the Maple group of sixth form colleges had offered to be at the forefront of these explorations, and members will receive an update on relevant progress at the next meeting. In the meantime the College is modelling on the basis of a further 10% funding reduction (i.e. to £3600 per student) using Option C.

11 Current Year Financial Report to Period 10 (Paper C 14/41)

A report prepared by the Assistant Principal (Resources) was received for consideration.

It was noted that:

- the current ratio at 31 May is 6.0 (target 2.0);
- the Group operating surplus as percentage of income before Financial Reporting Standard (FRS) 17 at 31 May is 0.62%;
- the cash-based operating surplus at 31 May is 4.5% of income;
- borrowing as a percentage of net assets at 31 May is 12.6%;
- there are 94.6 cash days in hand (target 25);
- the Group forecast operating surplus at 31 July 2015 before application of FRS17 and exceptional items is circa £68,000 (target £50,000);
- the Group forecast operating surplus at 31 July 2015 after application of FRS17 but before exceptional items is circa £45,000;
- the forecast profit at 31 July 2015 for Cantabrigian Limited is circa £74,000 (target breakeven); *and*
- the financial health category at 31 May is Good, and is forecast to be Outstanding at 31 July 2015 (target Outstanding).

It was additionally noted that:

- the Bank of Ireland loan had been repaid, and the attendant charge is being lifted; *and*
- an exceptional item accelerated depreciation (stable block) of £85,000 had been incurred in-year.

The Assistant Principal (Resources) and her team were congratulated on the excellent financial control achieved.

12 College 2nd (Final) Draft Budget 2015-16 (Paper C 14/42)

A second draft budget prepared by the Assistant Principal (Resources) was received and considered.

It was noted *inter alia* that:

- a Group consolidated surplus of around £60,000 (comprising £78,000 from Cantabrigian Limited and an £18,000 College deficit) is provided before the application of FRS 17 (treatment of pension liabilities in accounts), and is consistent with modelling undertaken by the College Strategy Team as set out in the Strategic Plan 2014-16 reviewed and updated in May 2015;
- the College is still expecting to implement Option C updated to take into consideration other changes affecting its financial position including increased employer contributions for the teachers' pension agency; *and*
- the College's 16-18 allocation amounts to £9,116,330 inclusive of £76,285 Student Financial Support funding and £6,000 High Needs student.

In relation to specific measures, it was noted that the second draft budget provides for:

- 2,164 16-18 students;
- lagged funding for 2,096 students;
- Devolved Formula Capital allocation, primarily for maintenance of just over £50,000 confirmed by the EFA;
- 16-19 Discretionary Bursary Fund of £68,000;
- 16-19 Free Meals support of £8,000;
- High Need support of £6,000 which will support one student and a budget figure of £36,000 from the local authority;
- an increase in Adult Education fee income of 7% on the current year;
- a level of interest which reflects the College's cash balances in the assumed context of no change to the current Base Rate;
- inflation of 1% applied to non-discretionary budgets, with most other budgets receiving a 5% reduction (saving around £10,000) - reductions to budgets are part of a planned strategy which has been phased in gradually over recent years;
- a Long Term Maintenance budget of £45,000;
- an IT replacement budget of £80,000 to cover PC's and other IT hardware costing less than £1,000 – improved on recent years;
- a non-pay expenditure contingency of £25,000;
- changes in staffing consistent with the restructuring and succession planning carried out by the College, the delivery periods in the College's most recent draft timetable and other known changes;
- depreciation from April 2016 in respect of Phase V of the College's Property Strategy; *and*
- six months interest liability on the loan taken to support Phase V assumed at variable rate agreed plus 0.5% Base Rate.

The second draft budget, being the annual estimates of income and expenditure, was approved. A target of breakeven for the group for 2015-16 was also approved.

13 Financial Forecast 2015-16 to 2016-17 (Paper C 14/43)

A draft financial forecast prepared by the Assistant Principal (Resources) in the prescribed form was received for consideration.

The following key points were particularly noted:

- the current financial plan produces a score of *outstanding* in the current year with *good* during 2015-16 and 2016-17 as a result of the cash invested in Phase V, the most recent stage of the College's Property Strategy, returning to *outstanding* in 2017-18;
- the cost of Phase V is in the region of £4.6 million funded by a loan, BCIF grant and college reserves;
- it is anticipated that the Group will return a surplus (before the application of FRS17 or other adjustments) just short of breakeven in the current year (an exceptional item of accelerated depreciation of £85,000 is included), and 0.5% of income for the years ending July 2016 and July 2017 and just over 1% in July 2018 - this is lower than in recent years and reflects the current financial context;
- the College is increasing its funded 16-19 students over the forecast period from 2041 in the current year to 2,200 by 2017-18;
- during the forecast period non-pay expenditure is expected to be at a similar level in each of the years in the three year period ending in July 2017 with inflation forecast at 1% and 1.5% in 2016 and 2017. It is planned to increase Long Term Maintenance in the 2018 year which will increase overall expenditure relative to the other years in the forecast. Inflation is forecast at 2% in that year;
- staffing costs will rise as a percentage of income to 72% in 2015-16 and then reduce to 71% in 2017 and 2018 - for many years the College has been able to maintain pay expenditure at below 70% of income but the College's forward forecast demonstrates that this is unlikely to be sustained and that the ratio may settle at around 71% in future years;
- the College has budgeted for an annual pay rise of up to 1% throughout the forecast period;
- cash is forecast to decrease in 2015-16 before increasing again in 2016-17 - cash inflow from operating activities being maintained at around £500,000 in each year of the forecast period;
- the College's net asset base is forecast at £1.3 million at the end of 2014-15 and is projected to reduce significantly to £150,000 in 2015-16 as a result of Phase V of the College's Property Strategy rising to £500,000 in 2016-17 and to just short of £900,000 in 2017-18 - it is recognised that this will require careful monitoring and possibly some short term financing already agreed in principle with Barclays, the College's bankers;
- the budget for examination fees has been reviewed and increased in the light of increased student numbers and the anticipated outturn for the current year - fees from most exam boards for the new specifications are still awaited, therefore only modest reductions in fees are assumed in 2017 and 2018; *and*
- because of the good repair of the estate, the budget for long term maintenance has been reduced to £45,000 per annum in 2015-16 and 2017-18 with an increase to £100,000 in 2017-18.

Members approved the two-year financial forecast, and noted the outline forecasts for the following year.

14 How the Corporation Monitors College and Group Finances

The recommendation of the Search and Governance Committee was approved, namely that Corporation oversight of College and Group finances be assisted by the appointment, when required, of task and finish groups which will operate as their members see fit and will report to the Corporation.

15 Student Surveys (Paper C 14/44)

A paper prepared on behalf of the Assistant Principal (Planning and Quality) was received.

It was noted that curriculum level results are generally very strong but that departmental drill down is required to apply them at a useful level of detail.

The response rate was 55%, and a range of suggestions was offered to improve the rate in future years.

16 Report of the Audit Committee

Members were referred to the Audit Committee minutes received under Agendum 5 above for details of the business transacted.

The increased importance and workload of the Committee was described by its Vice-Chair who drew attention to the inadequate level of attendance achieved in the current and previous years. It was agreed that members appointed to the Audit Committee are expected to attend its meetings assiduously given its crucial role in Corporation assurance in a time of increased environmental uncertainty.

17 Election of Chair of the Corporation

The election of Peter Southwick was notified.

18 Election of Senior Vice-Chair of the Corporation

The election of Edna Murphy was notified.

19 Election of Vice-Chairs of the Corporation

The elections of Edmund Brookes and Johnnie Sam were notified.

20 Risk Management Registers (Paper C 14/46)

Risk registers, prepared by the College Strategy Team and the Clerk to the Corporation were received.

The content of the registers is reported in Minute 13 of the Audit Committee meeting (17 June 2015) received under Agendum 5 above.

The registers were approved.

21 Internal Audit Report: Phase V Capital Project (Paper C 14/47)

A report prepared by Baker Tilly was received and approved.

22 Internal Audit Report: College Study Programmes (Paper C 14/48)

A report prepared by Baker Tilly was received and approved.

23 Internal Audit Strategy 2015-16 (Paper C 14/49)

A paper prepared by Icca Education Training and Skills was received and approved.

24 Financial Statement Audit Plan for the year end 31 July 2015 (Paper C 14/50)

A paper prepared by MacIntyre Hudson was received and approved.

25 Annual Health and Safety Review Statement (including Annual Health and Safety Report) (Paper C 14/51)

A paper prepared by the Estates Bursar was received.

26 Annual Safeguarding Report (Paper C 14/52)

A report prepared by the Assistant Principal (Resources) was received.

27 Memorandum of Understanding between Cantabrigian Limited and Hills Road Sixth Form College (Paper C 14/53)

A draft memorandum prepared on behalf of the Assistant Principal (Resources) was approved.

28 Confidential Reporting for Members of the Corporation (Paper C 14/54)

A policy prepared by the Clerk to the Corporation was received and approved.

29 College Policy: Admission of Part-time Students (Paper C 14/55)

A policy prepared by the Assistant Principal (Planning and Quality) was received and approved.

30 College Policy: Age Retirement (Paper C 14/56)

A policy prepared by the Assistant Principal (Resources) was received and approved.

31 College Policy: Procurement (Paper C 14/57)

A policy prepared by the Assistant Principal (Resources) was received and approved.

32 College Policy: Admission of Full-time Students (Paper C 14/58)

A policy prepared by the Assistant Principal (Planning and Quality) was received and approved.

33 Any Other Competent Business

None.

34 Schedule of Meetings (Paper C 14/59)

The schedule of meetings for the 2015-16 academic year was received for information.

35 Date and Time of Next Meeting

Wednesday 2 December 2015 (6.30pm).