



HADLOW
COLLEGE

Innovation. Experience. Excellence.

MINUTES OF THE PART I MEETING OF THE BOARD OF GOVERNORS HELD 10 JULY 2014

Present:	Mr N Coffin	-Chairman
	Ms T Bruton	
	Mr P Dubrow	
	Mr P Hannan	
	Mr B McNicoll	
	Ms S Lowen	
	Ms S Shelton	
	Ms L Currie	
	Mr J Standen	
	Mr C Porter	
	Ms S Hart	
In attendance:	Mr J Allen	-Clerk to the Governors
	Ms L Brown	-Vice Principal
	Mr M Lumsdon-Taylor	-Director of Finance & Resources

Section A: Formal Agenda Items

APOLOGIES, QUORACY, DECLARATION OF INTERESTS & WELCOMES

191. Apologies were received from Mr P Morris and the two student governors. The Clerk confirmed that the meeting was quorate. There were no declared interests against any agenda item. Mrs Sue Hart was welcomed back to the Board after an agreed period of 'leave'.

MINUTES

192. It was **RESOLVED** the minutes of the Part I meeting of the Board held 27 March 2014 be approved and signed by the Chair as a correct record (Paper 1).

MATTERS ARISING

193. A progress update was made available on the agreed process for developing the next College Strategic Plan. The outcomes of the focus groups meetingS will be reported to the Strategy Group and a further update to the Board will be made available at the December meeting.

Section B: Agenda items of Strategic/High Importance

K COLLEGE & HADLOW GROUP

194. Due to commercial financial information discussed under this agenda item, it was **RESOLVED** to declare this agenda item 'confidential' and for the minutes to be recorded separately.

HADLOW GROUP BUDGET 2014/15 & 3 YEAR FINANCIAL FORECASTS

195. The Corporation received the 'Hadlow Group Budget 2014/15' and '3-Year Financial Forecasts 2013-2016' for both Hadlow College and West Kent & Ashford College (WKAC) (Paper 7, Paper 8 & Paper 9). The reports were supported with a presentation on the budget made by the Director of Finance.

196. The budget continues the twelve-year trend of returning positive budgets which was welcomed by the Corporation. It was noted that this was the first Hadlow College Group (HCG) structured budget. The 2014/2015 budget takes into account continued control of staffing positions and a tight control of expenditure for the Group within appropriate controls in turnover (student growth targeted) with the expansion of new segments (Free school, Betteshanger & WKAC).

197. In summary, HCG is profiling a £569,000 group profit (£321,000 Hadlow College & £248,000 WKAC respective) and group cash movement of £498,000 (£250,000 Hadlow College & £248,000 WK.AC respective).

198. The budget outlined a clear vision for the enlarged Group with appropriate risk structures and contingency to ensure all targets are adhered to.

199. The Director of Finance informed Governors the budget forecasts for WKAC are derived from the work arising from Due Diligence and best estimates on information made available from 'K' College. As there is some risk around the robustness of finance information from 'K', the forecasts have a 'health warning' attached to them.

200. The College Group financial objectives are structured to ensure a virtuous circle of positive financial performance; surplus, liquidity, debt management & stable reserves. The fundamental risks for the Hadlow College Group relate to the achievement of above target Further Education recruitment (16-18 Hadlow: 1,100; WKAC: 3,330), Higher Education global numbers (Hadlow: 650; WKAC: 400), and continued containment of cost base. The Hadlow 'Group' forecasts are as follows:

SEGMENT	FORECAST TURNOVER 2014/15	FORECAST SURPLUS 2014/15	CASH HOLDINGS JULY 2015
Hadlow College	£16,974,000	£285,000	£1,450,000
Betteshanger	£234,000	£15,000	£2,520,000
WKAC	£24,115,000	£248,000	£1,000,000
Hadlow Rural Community Free School	£625,000	£1,000	£100,000
Grove Park Ltd	£150,000	£-	£300,000
Hadlow Pre-School	£100,000	£10,000	£10,000
Hadlow Produced in Kent	£265,000	£10,000	£30,000
HADLOW GROUP	£42,463,000	£569,000	£5,410,000

201. It was confirmed that five key fiscal drivers underpin the budgetary process:

- All Curriculum divisions must return a baseline contribution of 50%
- All Curriculum divisions must return and show net 5% growth in either FE or HE student count

- Net contribution from core business must be equal to or greater than commercial net profits
- All College overhead, unless specifically cannot grow by more than 5%
- Any commercial loss positions must show improvement of baseline 25% for the forthcoming year (against in year budget)

202. The risk and sensitivity analysis confirmed the following 'High' risks and the budget paper outlined the actions to be taken to mitigate against each of the 'High' risks.

- 16-18 Student numbers are not achieved – For both Hadlow College and WKAC profitability is geared on achieving 16-18 student numbers
- HEFCE Main Recurrent Grant envelop is not achieved
- Budgeted levels of tuition fee income are not achieved
- Other income streams fail to deliver in both revenue and profit
- Pay expenditure is exceeded
- Net income from Commercial activities is not achieved
- Cash balances fall significantly below minimum levels due to unidentified causes – WKAC only.

203. The College Capital Programme 2014/15 is divided into three segments:

- Hadlow College Core Investments - £400,000. To be funded through Grants (£150,000), Reserves (£150,000) and Leases (£100,000)
- WKAC Exceptional Developments & Planning Investment - £18,150,000 with £12,900,000 for WKAC infrastructure improvements. WKAC capital to be funded through transitional budgets
- Hadlow College Group Investment - £2,575,000 to be funded through Grants.

204. The forecasts in the '3 Year Financial Forecasts' for both Hadlow College and West Kent & Ashford College were completed in the template prescribed the Skills Funding Agency. The forecasts for Hadlow College confirm a financial health assessment of 'Good' for 2013/14 and 2014/15; and 'Outstanding' for 2015/16. The forecasts for West Kent & Ashford College confirm a financial health assessment of 'Satisfactory' for 2013/14 and 2014/15; and 'Good' for 2015/16.

205. It was **RESOLVED** to approve:

- (i) Hadlow Group Budget 2014/15 including the Hadlow College Performance Pay Structure for 2014/15 outlined in Appendix 1 in the Hadlow Group Budget;
- (ii) Hadlow College Commentary & 3 Year Financial Forecast; and
- (iii) West Kent & Ashford College Commentary & 3 Year Financial Forecast

BOARD ASSURANCE FRAMEWORK AND KPI MONITORING

206. The Corporation received for final approval the Board Assurance Framework (Paper 10) that had been worked on by the Audit Committee and whose work on the framework had been reported to the Board throughout 2013/14.

207. Also made available for review was the draft of the '*Performance Dial Monitoring Framework*'. It was agreed that as the dials was still work in progress, the existing monitoring framework on College performance and risk would continue to be used.

208. It was **RESOLVED** to approve the '*Board Assurance Framework*'.

Section C: Committee Reports

REPORT FROM THE CURRICULUM & QUALITY COMMITTEE

209. The College report '*Unconfirmed Minutes of the Curriculum & Quality Committee held 12 June 2014*' was received (Paper 11). The Chair of the Committee presented the report. The Chair confirmed that the Committee received and considered reports on:

- Quality Improvement Action Plan
- Lesson Observation Profile
- Student Attendance Report
- FE Residential Inspection Pilot
- Monitoring of College performance in the area of student experience.

210. Made available was a copy of the Ofsted inspection report on College residential provision and services (Paper 12). It was confirmed that the College agreed to take part in the residential inspection pilot and the report circulated was part of the 'pilot' and therefore is not a public report. The overall assessment from the Ofsted inspection was that the college was 'Good'. It was confirmed that the areas for development identified through the inspection would feature in the College's Self Assessment Report and Quality Improvement Plan.

211. It was **RESOLVED** to note the minutes of the meeting of Curriculum & Quality Committee held 12 June 2014 and to note the Ofsted inspection report on residential provision.

REPORT FROM THE AUDIT COMMITTEE

212. The College report '*Unconfirmed Minutes of the Audit Committee held 19 June 2014*' was received (Paper 13). The Chair of the Committee presented the report. The Chair confirmed that the Committee received and considered reports on:

- Audit roll Forward Action Plan
- Internal Audit Annual Report
- Internal Audit Plan 2014/15
- Financial Statement & Regularity Audit Plan 2013/14
- Risk and Assurance Framework
- Finance Directorate Internal Control Systems Framework
- Termly Report on Risk Management

213. The Chair confirmed that this was the last meeting of the Hadlow Audit Committee. All audit matters will now fall under the jurisdiction of the Hadlow Group Audit Committee that will oversee audit arrangements for Hadlow College, West Kent & Ashford College, and other entities within the Hadlow Group.

214. It was **RESOLVED** to note the unconfirmed minutes of the Audit Committee meeting held 19 June 2014.

REPORT FROM THE FINANCE, COMMERCIAL & RESOURCES COMMITTEE

215. The College report *'Unconfirmed Minutes of the Finance, Commercial & Resources Committee held 25 June 2014'* was received (Paper 14). The Chair of the Committee presented the report. The Chair confirmed that the Committee received and considered reports on:

- Management Accounts/Financial Performance Report
- Capital Portfolio
- Projects & Partnerships
- Tenders
- HR Exceptional Report
- Health & Safety
- Monitoring of College performance in the area of finance and estates.

216. It was **RESOLVED** to note the minutes of the meeting of Finance, Commercial & Resources Committee meeting held 25 June 2014.

BETTESHANGER SUB GROUP

217. The minutes of the Betteshanger Sub Group meeting held on 19 June 2014 were received and noted (Paper 15).

Section D: Monitoring

MONITORING OF COLLEGE PERFROMANCE – OVERALL SUMMARY ASSESSMENT OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

218. The College report *'Monitoring of College Performance – Overall Summary Assessment of College Performance & Assessment of Risk'* was received (Paper 16). The monitoring framework, approved by the Board, requires the overall assessments, undertaken by each Committee during the term, to be made available to the Board. This is to be undertaken in line with reporting on performance against significant KPIs identified by each Committee.

219. It was **RESOLVED** to note the following overall summary of College performance and assessment of risk:

1	The Student Experience, Teaching & Learning (Agreed by the Curriculum & Quality Committee)	No Concern/No Risk
2	Financial & Estates (Agreed by the F,C&R Committee)	No concern/risk
3	Audit (Agreed by the Audit Committee)	No concern/risk
4	Staff & Human Resources (Agreed by the F,C&R Committee)	No concern/risk
5	Governance, Leadership & Management (Agreed by the Governance & Search Committee)	No concern/risk

220. The Board noted 'Amber' assessments on HE recruitment, forecast financial outturn against the set budget, student attendance and lesson observations. The latter two 'Amber' assessments have to be viewed in the context of very demanding and stretching internal targets that are way above the norm for the sector.

221. It was **RESOLVED** to note the report.

HADLOW COLLEGE STRATEGIC AND OPERATIONAL OBJECTIVES

222. The annual review of strategic and operational objectives was undertaken and, for reference, Governors received a copy of the 2010-2015 Strategic and Operational Plan (Paper 17).

223. It was **RESOLVED** to note the report.

ANY OTHER BUSINESS

224. The Chair placed on record the Boards sincere appreciation of the hard work of the Executive, College Managers and all College staff during 2014/15. The Chair asked the Principal to feed this back to staff.

225. The Chair thanked all governors for their participation in a significant number of meetings held during the year. The Chair was conscious of the demands placed on governors and thanked them for giving up their time to assist the College.

226. The Chair also thanked the Clerk for all the support and procedural advice made available during the year.

227. In response, Governors placed on record their thanks to the Chair for his leadership of the Board.

DATE OF NEXT MEETING

228. The meeting list 2014/15 was circulated.

The meeting closed at 13.15

Signed: _____ Date: _____