

HOPWOOD HALL COLLEGE

Minutes of a meeting of the **Corporation** held on 14 July 2011 at 1700 hrs.

Present	Sultan Ali	Phil Chadwick	Robert Clegg (Chairman)
	Linda Feerick	James Gallagher	Daryell Grahame
	Vanda Hagan	Karen Harris (Item 51-56/10 only)	Anne Holt
	Huw Morris	Derek O'Toole (Principal)	Dennis Payne
	Clive Reid	Clint Street	
In Attendance	Ralph Devereux (Clerk)	Lesley Hawkins (AP)	Monica Monaghan (FSA)
	John Spindler (VP (F&CD))		
Apologies	Cheryl Eastwood		

The recent OfSTED inspection had resulted in an excellent report; the college was “Good” with “Outstanding” features and the narrative contained examples of good practice. The Corporation recorded thanks for the many instances of determination and teamwork and congratulations were recorded to all concerned.

Additionally in parallel with that inspection the SFA completed a full PFA audit and had been graded overall as “Good” but the Financial managements aspects were graded “Outstanding”, thanks were recorded to all in the Finance Department for their performance.

51/10 ELIGIBILITY, QUORUM AND DECLARATION OF INTERESTS

The apologies were accepted. No notice had been received of any member becoming ineligible to hold office, the meeting was quorate and no interests were declared.

52/10 MINUTES OF THE LAST MEETING AND NOTIFICATION OF URGENT BUSINESS

- a. The Minutes of the meeting held on the 13 May 2011 were confirmed and signed.
- b. It was agreed to consider the Chairman’s term of office as an item of urgent business.

53/10 MATTERS ARISING FROM THE MINUTES

There were no matters arising.

54/10 MINUTES OF COMMITTEE MEETINGS (UNCONFIRMED)

- a. Standards Committee. (16 June 2011). re 13/10. The minutes were received.
- b. Audit Committee. (23 April 2011) The Audit Committee had referred the following to the Corporation:
 - (i) re 23/10. Internal Audit Plan 2011/12. The Internal Audit Plan required 39 days, at a fee of £18,525, which had been recommended for approval; and
 - (ii) re 24/10. External Audit Plan 2010/11. The External Audit Plan, which would include the AFS, Quest Pennine and the TPA work, at a fee of £18095, had been recommended for approval.

Both recommendations were accepted and the Plans were approved.

- c. E&F Committee. (23 June 2011). The following points were considered and the minutes were received:
 - (i) re 38/10. Budget. The Committee had recommended the 2011/12 budget and this would be considered later in the meeting;
 - (ii) re 39/10. Bursary Fund. Detail of the proposed Bursary Funding was noted.
- a. **The Internal Audit Plan 2011/12 and fee was approved;**
- b. **The External Audit Plan 2010/11 and fee was approved; and**
- c. **The minutes were received.**

55/10 EXECUTIVE REPORT

- a. Principal. The Principal's Report focussed on 3 main areas:
 - (i) the Minister for FE (John Hayes) recent speech on the future of FE;
 - (ii) the HE White Paper; and
 - (iii) reflection from the recent Corporation Strategic Workshops.

The first two items were related and the opportunities and challenges for the next few years were discussed. It was clear that HE in FE was a potential growth market as the effect of higher fees and student payments take effect. However the freedom for colleges to enrol 14 year olds was felt to be of even greater significance. Schools were simply not performing well enough to equip young people properly for the world of work and many local school leavers faced a bleak prospect. Achievements were unacceptably low particularly amongst the most deprived. There was a moral obligation to provide high class education for all students and the recent initiatives to attempt collaboration should be widened to allow co-ordinated delivery with federated members providing according to their strengths. Competition was welcomed as it continued to drive up performance but it did not have to be the overriding criterion. The facilities and skills are available to bring this age group on, evidenced by the recent OfSTED Inspection report. The recent cancellation of the UTC, which would have helped significantly with raising standards, provided an opportunity to the College to offer high-grade, well-delivered provision. This was a significant strategic issue and would be addressed and resourced accordingly; plans would be brought to the first Corporation meeting of the next academic year. The digest of the strategic planning session had focused on 6 areas and these were considered in turn, influenced by the consideration of the former discussions. Finally growth, sustainability and excellence were considered in the same context.

- b. Learner Voice. The continuing emphasis of "Learner Voice" continued to have high priority and relevance and had been graded as "Outstanding" in the recent OfSTED Inspection. Learning Participation Officers and The Student Leadership Team had facilitated cross fertilisation of ideas between all groups and the Student Council continued to hold a high profile. The detailed and comprehensive report was then considered and discussed item by item. The popularity and success of "Principal's Question Time" was welcomed and the "Enjoyment and Improvements" comments were explored and noted. Students were now widely represented locally, including as part of the EWR process and nationally at the National Learner Forum. Future plans were noted and welcomed as imaginative and challenging. The comprehensive report was welcomed and thanks recorded for the obvious progress being made in this important aspect of college life. The 2 current student members had contributed much to the success of these initiatives and thanks for their enthusiasm and commitment through the year were recorded.

Karen Harris left the meeting.

56/10 EXECUTIVE REPORT (Curriculum & Quality)

The C&Q Report closely examined aspects of the recent highly successful OfSTED Inspection and the areas were comprehensively discussed informed by the extremely detailed accompanying paper. Of particular note were:

- a. T&L. The percentage of "Good" or "Better" teaching continued to improve and stood at 77.7% (74.1% & 65% 2009/10 and 2008/9 respectively) for the current year and this was likely to improve further after incorporation of the year-end statistics; the philosophy that satisfactory is not good enough and the journey to outstanding (J2O) appeared to be having an effect. Reduction in sample size year on year was the deliberate result of concentrating on lower achievers and their numbers were reducing proportionately.
- b. Success Rate. Headline Success Rate. Headline and Long Course Success rates were considered by curriculum area; leaders' predictions were progressively becoming more accurate and stood at 83.62% (H) and 82.23% (LC) helped by improved overall retention, which had increased by 1% over 2010/11.

The information was received.

57/10 EXECUTIVE REPORT (VP (F&CD))

- a. Finance. Comprehensive changes to the Report format were explained, elements of the information were now presented as discrete appendices supporting the main narrative and all had been scrutinised by the E&F Committee. The Report was then discussed in detail, The current surplus stood at c£2.7m against a forecast c£961k a favourable variance of c£1.7k, however this surplus would be eroded over the remainder of the year mainly due to a combination of a SFA clawback (c£280k) and some sub-contractor payments; notwithstanding the budgeted surplus of £525k was expected to be met. YTD income was c£19.72m (profiled evenly across the year) £154k below expectations due to lower than expected 14-16 delivery. YTD expenditure was c£17.1m, to the good by £1.8m, mainly because of a lower level of pay award, and unfilled posts. All variations were now listed in a table with full explanation as fully attributable and were analysed and discussed, in particular the successful ALR numbers, which had benefited from the recently introduced flexibility in adult skills funding. Challenges with both 16-18 and 19+ apprenticeships were noted, as was the purchase of additional modules for the student records system.
- b. Rochdale Refurbishment. A tender exercise had been completed to determine the most favourable bank facility to finance the Rochdale project; there were 3 alternatives detailed and these had been individually considered by the E&F Committee. If European Investment Bank funds were available, as had been the case for the Technology Centre arrangement with Barclays, then the optimum solution was to proceed with Lloyds, although to obtain the most favourable rate it would be necessary to transfer the main banking facilities to them. The Committee had agreed that this would be acceptable, had approved initiation of the retendering process of the College banking facilities and this was endorsed and approved. The £3m loan offer letter from Lloyds (To Option 1 in the accompanying paper) was discussed and provisionally agreed (subject to the necessary enabling EIB agreement) and authorised for signature. Full and final details of terms and covenants would be brought to the next meeting. Should the loan be finally arranged then details of covenant compliance would be incorporated into the financial KPIs. The full resolution detailed below was signed by the Chairman and the Clerk on instructions from the Corporation.
- c. BTP. The BTP process was approaching completion and a net reduction 72 posts, all detailed in the accompanying papers, was expected to yield £2.7m against the aimed for £3.1m.
- d. Luis Michael Training (LMT). The SFA had now ruled that all 8 colleges involved in the LMT situation would be subject to clawback resulting locally in a c£280k repayment. Legal action to recover the funds from LMT continued through Evershed's and this would proceed when investigations by the SFO and Newport Police were completed.

- e. Bad Debts. The bad debt situation had improved greatly because of a more focused, persistent approach and this was welcomed. Some debts had been written off by the E&F Committee.
- f. Boilers. The E&D Committee had met immediately before this meeting and had considered the upgrading of replacement boilers for the Ashworth and Littleborough Buildings; they had recommended the replacement at a cost of c£170.5k, a variance of c£50.5k over budget. The additional cost would contribute to the carbon reduction target of 20% and funds were available. The recommendation was accepted and the additional cost was approved.
- g. Bank Signatories. The E&F Committee had recommended amendment of the list of cheque signatories to reflect changes due to the BTP and personnel changes, the amended list was agreed as detailed below:

SMT. All to sign.	Over £50k - add
Derek O Toole	Lesley Hawkins
John Spindler	Monica Monaghan
Lesley Hawkins	
Caroline Street	
Diane Warburton	
Monica Monaghan	
Luke Goodlet	
Simon Evans	
Saf Arfan	

- h. HR Report. The full review of policies and procedures continued and a further 7 would be taken to the next E&F Committee meeting for consideration. Full details of the effect of the BTP was discussed, after voluntary agreements there had been 35 compulsory redundancies (Some requested), 12 contract reductions and 23 remained at risk. After a successful consultation, implementation of the variable hours contract was planned for 1 August. The situation surrounding the appointment of the AP had been considered by the Audit Committee earlier that day and was noted. The growth strategy for apprenticeships, which had now been determined after full consultation, was explained and the consequent planned reorganisation of Orchard Training Solutions was discussed, informed by the comprehensive Annex attached to the Report; all was noted. Grievances and disciplinary details were noted. Staff sickness levels continued to vary across departments the average across the college, determined by the improved data system, showed a total cross-college absence of 3.49% (Long term 2.35% and short term 1.14), an improvement in all 3 areas against the previous month.

- a. **The information was received.**
- b. **Additional expenditure of the Boilers was approved.**
- c. **Banking services would be put to tender.**
- d. **The Budget 2011/12 and 3-year Financial Forecast was approved.**
- e. **It was Resolved** that a loan facility in an original principal sum of up to £3,000,000 (the “**Facility**”) be arranged with Lloyds TSB Bank plc (the “**Bank**”) and that the offer of such Facility made by the Bank in a letter dated 6th July 2011 (the “**Facility Letter**”) be accepted and that **Robert Clegg and Derek O’Toole** be authorised to make the necessary arrangements with the Bank and to sign on behalf of the Borrower the Facility Letter which was produced to the meeting and its terms and conditions approved.

Resolved further in respect of the operation of the Facility that:

- (a) **any one of John Spindler and Derek O’Toole** are hereby authorised on behalf of the Borrower to give telephone instructions to the Bank for the purpose of (i) selecting interest bases or (ii) selecting certain interest periods, that are to apply from time to time to an amount outstanding under the Facility;

- (b) **any one of John Spindler and Monica Monaghan** are hereby authorised on behalf of the Borrower:
- (i) to give all written instructions to the Bank in respect of the drawdown and continuance of the Facility; and
 - (ii) to give written confirmation of all instructions that are not given to the Bank in writing.
- (c) **any two of the governors** be and are hereby authorised on behalf of the Borrower to appoint in writing additional authorised officials of the Borrower for the purposes of Resolutions (a) and/or (b) above and that, on receipt of a certified copy of such appointment (together with a copy of their specimen signatures), the Bank be authorised to act on the instructions of such additional authorised officials;
- (d) the Bank be furnished with a list of the names of the governors, Secretary and other Officers of the Borrower and that the Bank be authorised to act on any information given by any member of the governors or the Secretary as to any changes therein; and
- (e) the foregoing Resolutions do not in any way prejudice or affect the instructions to the Bank contained in Resolutions of the governors constituting the bank mandate of the Borrower.

We certify that this is a true copy of Resolutions which have been duly entered in the Minute Book and that such Resolutions were duly passed in accordance with the constitutive documents of the Borrower. **We further certify** that the passing of these Resolutions and the completion of the transactions thereby contemplated do not, and when completed will not, contravene any provision of the constitutive documents of the Borrower or of any loan agreement, trust deed, bond, mortgage, charge, contract or other instrument binding upon the Borrower or the governors. **We confirm** that the signatures furnished to the Bank herewith are those of the duly authorised officials at the date hereof.

58/10 BUDGET 2011/12 AND 3-YEAR FINANCIAL FORECAST.

- a. Budget. The revenue budget for 2010/11 was considered; planning assumptions and the I/E streams were fully discussed item by item and agreed as prudently realistic in the light of the possible effects of the fully detailed and discussed associated risks. Total income was as expected, £2.15m less than in 2010/11 however expenditure was £2.6m less than last year and may support a modest pay award (1%) and a capital expenditure budget of c£357k on estates related issues and c£276k on ICT. The surplus was planned as £1.02m and, at 4.2%, was well above the 2% target; this was however due to the transitional funding which would reduce in future years. All planning numbers were detailed in the supporting papers and were explained and considered. The budget was recommended to the corporation.
- b. 3-Year Financial Forecast. 3 Year Financial Forecast. The first year of the 3-year financial forecast was the budget for 2011/12 which had been approved above. Several assumptions were detailed and it was noted that budget surplus as a percentage would be planned to increase to c6% to give comfort regarding the loan covenants. Notwithstanding the uncertainty and anticipated funding challenges and the progressive reduction in transitional protection, the financial health as defined by the old criteria remained "Good" for year 1 rising to "Outstanding" thereafter under the new FFE criteria it was "Outstanding" throughout. The 3-year financial forecast was approved.
- a. **The information was received.**
- b. **The Budget 2011/12 and the 3-Year Financial Forecast was approved.**

58/10 SCHEDULE OF MEETINGS

The schedule of meetings for 2011/12 was approved and the Strategic Planning Session 11/12 May was noted. Each Committee would consider whether the start times were convenient for members at the first meeting in the next academic year.

The Schedule was approved.

Meeting start times would be discussed.

60/10 URGENT BUSINESS

The recent OfSTED inspection had precluded a Search Committee meeting and the Chairman's term of office would expire on 16 July, accordingly it was agreed to extend his term until the next Corporation meeting tbh on 13October.

61/10 DATE OF NEXT MEETING

The next meeting would be at 1700 on 13 October 2011.