



DIRECTORS' MEETING

Minutes of the meeting on 13 December 2018

Present: Mr Adrian Allan, Mr Vernon Amor, Mr Peter Cooper (Principal), Dr Marion Hawkins, Dr Ken Hopkins (Chair), Mr James Miller (Deputy Chair), Mr Andrew Parsons, Mr Phil Tranter, Mrs Shirley Tully, Ms Emma Telford, Mrs Andrea Marshall, Mrs Danielle Thompson, Mrs Catriona Ward (13)

In attendance: Jacquie Lake (Deputy Principal), Mr Robert Gorman (Clerk), Mrs Sallyanne Griffiths (Finance Director), Miss Rose Ruggiero (Student)

1. APOLOGIES FOR ABSENCE

Ms Michelle Balcombe, Mr Callum Berry (Student) (1)

2. DECLARATIONS OF INTERESTS AND GIFTS

None

3. MINUTES OF THE MEETING HELD ON 11 OCTOBER 2018

The minutes were approved as an accurate record and signed.

4. MATTERS ARISING FROM THE MINUTES

None.

The Chair confirmed that when the proposed Multi Academy Trust (MAT) comes into being on 1 April 2019, he will become its first Chair, and it seemed sensible to hand over the chairmanship to James Miller (Deputy Chair) at this point.

5. CLERK'S REPORT

The Clerk gave a verbal report and thanked Directors for returning completed Skills and Training Needs checklists. The Clerk went on to draw attention to a safeguarding training update for Directors, focused on "Keeping Children Safe in Education 2018", indicating that a link will be emailed out in the next few days.

The new Directors' Shared section on the College website was now the source for meeting papers. Papers and written reports for each Committee and Board meeting can be accessed via folders for each Committee name, holding folders for each date of meeting.

6. PRINCIPAL'S REPORT

The Principal presented his report, and highlighted the considerable challenges facing the College from financial pressures of 'frozen' funding and demographic downturn to opportunities of conversion to a MAT.

Retention and Attendance remain at a very high level. Overall attendance is running at 94.2% for 2018/19 with Retention to November at 97.2%. UCAS applications had been made by 636 students, and 539 of all applications (85%) gained places, including 21 Oxbridge offers, of which 19 had been met.

Two projects will be submitted to the Condition Improvement Fund (CIF) and Urgent

Capital Support Fund; repair of roof to Aconbury link block; and removal of old mobile classrooms with a £2.2m replacement block, including various sports facilities. The opportunity for the College to make a part payment of £240k was discussed, and Directors **AGREED** that this was appropriate.

National issues included the ongoing negotiation of the national pay award to teachers and support staff, with 1% as from 1 September 2018 being offered, although teaching unions are looking for a considerable increase as school teachers received on average 2.2%. The Finance Director confirmed that Employer's contributions to Teachers and Local Government Pension schemes are also set to increase. Unions, AOC and SFCA are doing what they can to bring college funding problems to the attention of Government.

A more local issue had been the disruption to train routes from South Wales, where a new rail provider has failed to run over a third of its services, which in turn has significantly affected students travelling to the College, and their retention.

The Principal confirmed that Worcester Head Teachers' Board had given its support to the application to form a MAT, and the College is expected to 'multi-academise' by 1 April.

The Principal went on to give a presentation – Challenging Times, Action Needed, Hope Ahead. Average annual education funding per student for 16-18 is £4545, against £5341 for 11-16 and £8905 for HE. SFCA and Unions are pressing for an increase to £4760. HSFC roll at end November 2018 was 1995 against 2172 at same point in 2016 due to demographics. Future forecasts indicate a worsening position, but as a MAT, HSFC will be judged on EBITDA and the target is to break even. It was noted that demographics from the census numbers in Herefordshire will increase, and are holding up at the moment. The Principal went on to indicate how the College will try to do this, and how the MAT will help. The funding gap can be managed by carefully looking at payroll costs, and drawing on cash reserves if need be. Action can be taken over a couple of years in a controlled way, and has to have the least effect on students. The Principal outlined ways of saving costs, including redundancies, other pay cost savings and managing set sizes. Redundancies would be managed over a period of time, together with natural wastage and retirements. All activity over the period of the forecasts would be reviewed by the Board, to ensure plans remain on course.

MAT Update

The Principal circulated the draft three year Strategic Development Plan for the new MAT, The Heart of Mercia Academy Trust, covering 2019 to 2021. The Principal indicated that there is a narrative running through the document, with some exciting educational opportunities, and asked Directors for thoughts, ideas or concerns to be made known to him. Dr Ken Hopkins is Chair of the shadow MAT Board, which has met twice already. Dr Jonathan Godfrey will be Clerk to the new MAT. The Regional Schools Commissioner's office have been very supportive through the process, with the effective date planned as 1 April 2019. Directors asked questions about the advantages and disadvantages of the MAT model. The Principal felt that Local Governing Bodies (LGB) should expect trust and responsibility rather than interference. Future years may see a deepening and widening of other institutions joining. In response to a Director's question about the new Cwmbran SFC, it was confirmed that it would be run by Coleg Gwent, and local Sixth Forms will close.

The draft Plan was **NOTED**.

7. REDUNDANCY PROCEDURES AND BOARD RESPONSIBILITY

The Principal presented the College's redundancy procedures to Directors, confirming that there were no changes from the previous version other than date. The measures to be followed, including consultation and other alternatives were outlined, as was the issuing of notice by the Governing Body and appeal process. The Board then **AGREED TO APPROVE** the Redundancy Procedures 2018/19 with no changes other than date.

8. COLLEGE SELF-ASSESSMENT REPORT ON THE ACADEMIC YEAR 2017-18

The Deputy Principal presented the SAR report, giving an overview its purpose and the way it is constructed, looking back at the previous year. It provides a narrative about the College demonstrating how it functions and its strengths and weaknesses. All departments, staff and Directors contribute to what is considered to be a valuable and robust process for the whole College.

The 2017-18 report headings draw on the Ofsted Common Inspection Framework (CIF), which gives Leadership and Management a high priority. Other sections cover:

- Quality of Teaching Learning and Assessment
- Personal Development, Behaviour and Welfare of Learners
- Outcomes for Learners
- Departmental Grading
- Outcomes of previous year's development plan
- Development Plan for 2018-19

The Deputy Principal indicated that Departmental grading is drawn from value added performance of students, retention and achievement rates and observation feedback, which, in turn, all leads to areas for development and future action plans.

The College's Overall Effectiveness and other CIF Criteria were all assessed as 'Outstanding, Grade 1. Key strengths and areas for development were summarised. Key strengths are seen to include ambitious vision and culture of continuous improvement, challenging and inspirational lessons, and developing independent learners, especially outside the classroom through directed learning. Safeguarding is very thorough with students knowing how to keep themselves safe and stay healthy.

Performance remained strong with outstanding outcomes, top 25th percentile, for students in the majority of areas, 19 Oxbridge places and good outcomes overall on vocational courses.

In response to a Director's question about Gatsby benchmarks, the Deputy Principal Confirmed that curriculum should not be just about the outcomes but linking the curriculum to careers, and HSFC Careers leaders try to deliver against the benchmarks. The Gatsby Benchmarks are a framework of 8 guidelines that define the best careers provision in schools and colleges, from the Gatsby Foundation.

Future Plans include:

- ensuring Study Programmes meet the needs of students and enable progression
- improve standards and success rates on a small number of courses
- maintain value added achievement rates
- embrace continuing assessment, revise procedures, review and recap over two years
- broaden the curriculum provision to meet wide range of abilities in learners
- embed lesson observation/sharing good practice

- Ofsted criteria is changing in Sept19 with greater emphasis on meaningful work experience, staff well-being and the educational experience

The Deputy Principal went on to give a Curriculum update, outlining new and removed courses for 2018. Other changes include:

- reviewing careers provision
- GCSEs moved to 9-1 grading
- embedding vocational courses

Directors were asked to review the document and email any particular queries to the Deputy Principal.

The Board **AGREED** that the Self-Assessment Report is a robust and realistic summary of the College's strengths and areas for development, and **NOTED** the outcomes of the previous plan and areas for improvement for 2018-19. The Chair congratulated the Principal and Deputy Principal, on the management of the self-assessment process and the Report. In turn the Principal thanked the Deputy Principal for doing such a good job on the Report.

The Board then **AGREED TO APPROVE** the Self-Assessment Report 2017-18 and the SAR Development Plan 2018-19.

9. COMMITTEE REPORTS

i. Finance & Premises Committee on 29 November

The Committee Chair reported that the Committee had discussed Treasury Management, Monthly Management Accounts for October, looked in detail at the Report and Financial Statements to August 2018, and received premises and IT updates. The Committee had also discussed the options for paying off WSFC loan debt on joining the proposed MAT.

Treasury Management Policy

The Committee had reviewed the updated Treasury Management Policy and Procedures with only minor changes for dates and references.

Report and Financial Statements

The Committee had given detailed consideration to the Report and Financial Statements for the year to 31 August 2018. The format was in accordance with Company Law, Charity Law, Charities SORP, FRS102 and the Academies Accounts Direction issued by the EFSA.

The operating statement, now within the Statement of Financial Activities (SOFA), produced a Surplus for the period of £166k. The Balance Sheet remained strong with Net Current Assets of £3.0m, and total Reserves of £12.3m. Reserves had been boosted by the change in treatment of capital grants as assets applicable to Academies. The performance against financial targets for the year was strong, and the operating surplus was helped by close control on Payroll costs. The Financial Health grade of the College is Outstanding.

The Finance Director confirmed that the College is currently evaluating new accounting software to better deal with new reporting structures.

All audit reports were unqualified, and the Committee had recommended the Report and Accounts for approval, subject to the report from the Audit Committee.

The Board considered the Committee's Report but resolved to defer approval until after the report from the Audit Committee (see Minute 8ii).

Management Accounts for October

The Committee had reviewed the Management Accounts for the 2 months to October, and had recommended the accounts for approval. Net Surplus for the 2 months is £194k against the budgeted deficit of £73k. The projected outcome for the 12 months to 31 August 2019, at this stage, is the budgeted £454k deficit, against the budgeted deficit of £95k.

The Balance Sheet remained strong at end October with Net Current Assets of £3.0m. The financial forecasts 2018-22 had been revised, revisiting assumptions made in June, but still based on HSFC remaining a SAT, and further revision will follow the plans described in the Principal's Report above. The importance of controlling payroll costs was stressed.

The Premises update indicated – risk assessments completed for each building and six monthly Fire Management and Safety survey carried out. It update indicated – self-service laptop loan scheme now available to all students and MFD photocopier/printer replacement completed.

Options for WSFC Loan

The Committee had discussed the options for paying off the WSFC loan debt on joining the proposed MAT with HSFC. The Finance Director had confirmed that timing needs to be carefully planned. The Committee supported option 4 which had been proposed by the FE Commissioner's advisor, at the most mutually favourable interest rate and with the transactions carried out by solicitors.

In response to Directors' questions, the Finance Director confirmed that WSFC's budget and three year forecasts had not yet been seen, and the taking of a charge over assets would be investigated.

The Board considered the Committee's report, and then **AGREED TO APPROVE:**

- the College's Treasury Management Policy and Procedures 2018-19
- monthly Management Accounts for October 2018
- option 4 for repaying WSFC Loan debt on joining the proposed MAT.

The Committee's Minutes were then considered and **APPROVED AS A CORRECT RECORD**

ii. Audit Committee on 29 November

The Committee Chair reported that the Audit Committee had examined all aspects of the Report and Financial Statements for the year to 31 August 2018, which were to be examined by the Finance & Premises Committee later the same evening (see 9i above), and noted that Audit opinions in the Statements are unqualified. The External auditors had praised the College's Finance team for their contribution to the smooth running of the audit process, and the Committee had expressed thanks to the Finance team for their work at year end and throughout the year.

The Committee had examined the Financial Statements Auditors' Academy Audit Review including Management Letter, where no material funding or regularity issues were noted. There were only two points of moderate concern

around:

- current financial accounting system software - where the College is currently evaluating the latest version
- fund accounting - a purely accounting issue where some re-analysis was required. Updating the software would eliminate such issues.

The Trustees' Report had been prepared in accordance with applicable legal requirements, and the Financial Statements:

- give a true and fair view of the Academy's affairs at 31 August 2018
- have been prepared in accordance with UK GAAP
- have been prepared in accordance with requirements of the Companies Act, Charities SORP 2015 and Academy Accounts Direction 2017-18.

The Independent Auditor's Report to the Members was unqualified.

The opinion in the Assurance Report on Regularity was that expenditure disbursed and income received during the period have been applied to the purpose intended by Parliament. The two Letters of Representation for Financial Statements and Regularity Audit, prepared in Charity format, had also been scrutinised.

The Finance Director had outlined the Trustees' Report to the Committee, and it was confirmed that the format of the Report and Financial Statements complied with all the relevant guidance (as 9i above). Achievements against target for the College's strategic financial objectives and performance against financial targets were largely met. The Finance Director had added that awareness of payroll creep is essential.

The Committee had also reviewed the Statement of Accounting Policies within the Notes to the Financial Statements and recommended them to the Board. There were no significant changes from those previously reviewed.

The Committee had also reviewed the Risk Management Action Plan 2018/19, with no new risks added. The Plan covers risks that would have a significant impact if they were to arise, and all risk and RAG ratings are reviewed by the Senior Management Team, and continues to be received and reviewed at all Audit Committee meetings irrespective of any new risks or information being added. The Committee Chair had suggested that 'conversion to MAT' be added to the register.

After discussion, the Board **AGREED TO:**

- approve the Accounting Policies within the Report
- adopt the Report and Financial Statements for year to 31 August 2018
- approve the Letters of Representation
- authorise the Principal and Chair to sign off the above documents

The Board again expressed thanks to The Finance Director and her team for all their work.

The Committee Minutes were then considered and **APPROVED AS A CORRECT RECORD.**

10. ANY OTHER BUSINESS

The Chair wished all a very merry Christmas.

10. DATE OF NEXT MEETING

Thursday 31 January 2019, at 6.00pm