

HART LEARNING GROUP

Minutes of a meeting of the Hart Learning Group Board, held on Friday 28 June 2019 in the Council Chamber, the old Town Hall, The Broadway, Letchworth.

PRESENT

Andrew Simmons (Chair)
Liz Calver (Staff Governor)
Kit Davies
Peter Johnston
Vernon McClure

Liz Mitchell
Jacky Price
David Stern
Rhys Thomas (Observer, ESFA)

IN ATTENDANCE

Lucy Hann (Chief Operating Officer)
Paul Harte (Group Finance Director)
David Hitchen (Corporate Services Director)

Gary Phillips (Director, Quality, Curriculum and Organisational Transformation)
Robert Dale (Company Secretary)

MEMBERSHIP MATTERS

- Since the last meeting, Jack Tomlinson had submitted his resignation because of increased pressure of work at St George's University of London. His contribution would be missed. Daniel King had also come to the end of his studies and would step down as Student governor shortly; he was unable to attend this meeting. Members recorded their thanks for his contribution during the year and noted that a new student governor would be elected in the autumn.

ITEM 1A: APOLOGIES FOR ABSENCE

- Apologies for absence had been received from Lynne Ceeney, Danny Malyon and Lindsey Sherring.

ITEM 1B: DECLARATIONS OF INTEREST

- The Chair declared that he was a Trustee of Herts for Learning.

ITEM 1C: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meeting held on 1 April 2019 were approved and signed as an accurate record of proceedings.

ITEM 1D: MATTERS ARISING/ACTIONS

- Actions had been addressed as follows:
 - Issue re-appointment letter and invite the Search Committee to consider a successor Vice-chair. **Action carried forward.**
 - Circulate links for online training to the Board again. **Action ongoing.** Most Board members have now completed the Prevent and Safeguarding on-line training programmes. Reminders have been issued and will be chased.
 - Report on bringing the 2018/19 budget back in line with plan at the next meeting. **Action complete.** This would be addressed within the Finance Committee report at Item 4.

- Remind absent Board members that their feedback on the initial draft Strategic document would be welcomed. **Action complete.** Feedback was requested.
- Publish the updated Fees and Charges Policy for 2019/20 on the NHC website. **Action complete.** The updated policy for 2019/20 has been published on the website.
- Invite Board members to attend Hart L&D and ECC business planning meetings. **Action complete.** Invitation issued by email on 15 April 2019.

ITEM 2: DRAFT 2019/20 BUSINESS AND FINANCIAL PLAN

- Governors considered a presentation on the draft budget and financial plan for the next academic year, including key risks and a cash-flow forecast. Key points were:
 - In line with the approved financial recovery plan, the proposed budget for 2019/20 showed a deficit of £339k, with a surplus before Interest, Tax, Depreciation and Amortisation (ITDA) of £1.5m. This was a key measure for the bank (one of the covenants associated with the Lloyds loan agreements)
 - Pay costs had been reduced between 2017/18 and 2019/20 by nearly £2m, although at the same time, there had been a shift in focus to more delivery in-house (rather than via sub-contractors) of apprenticeship and Adult Education Budget (AEB) outcomes. Non-pay costs were also down.
 - Revenue assumptions for 2019/20 were prudent but included a modest increase in apprenticeships and Higher Needs Funding (HNF) delivery.
 - There were – of course – some risks to income, but a more rigorous process of challenge to projections had been applied to this year's plans and there was better evidence and modelling to support the forecasts.
- Governors asked:

Question: *How secure was the HE recruitment forecast?* A lower level of recruitment than had actually been achieved in 2018/19 was assumed (45 vs 60) but nothing was certain until prospective students had received offers for university places in August and September.

Question: *Was the Group able to offer its own HE programmes?* After an initial response from the Office for Students (OfS) that it was not minded to accept the college as a provider of HE, the college had successfully appealed the decision. Initial rejection had been a common experience across the FE sector and the Association of Colleges (AoC) had been lobbying on the sector's behalf. Although the process had been onerous, it had been worth undertaking to protect the Group's ability to offer HE courses; there was scope to grow such programmes eg via degree apprenticeships and other level 4 and 5 delivery. HE was not just about traditional bachelors or foundation degrees.

Question: *Where in the HE market would the Group's specialism and differentiation be?* Governors were correct to identify this as the right way forward. Engaging with HE institutions as well as using the college's strengths (eg in Sports) would be a good way to mitigate the decline in Foundation Degree offers.

Question: *When will it be necessary to take on extra staff to support apprenticeship growth?* We expect to finish 2018/19 with 780 apprentices on the books and to recruit an extra 42 in 2019/20. The forecast staffing numbers can cope with this level of growth. Were this to be exceeded, we would need to consider how this could be managed. No resource allocations had been made for pipeline projects that were still uncertain.

Question: *What assumptions were made about apprenticeship client plans?* Pipeline assumptions were developed as a result of ongoing engagement and models now had some historic data to help make them more robust. Around four months before an anticipated start

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date, engagement with the client would take place to identify individual candidates. We would then agree locations and cohorts and consider staffing needs. Six to eight weeks before the anticipated start date, staff allocation and (if necessary) recruitment would begin. The resource allocation process was a continuing balancing of availability against need. The client relationship was key. In general, larger employers were more likely to be accurate in forecasting their recruitment plans than smaller ones.

- The Board recognised that although there were significant inherent risks in the apprenticeship business, it remained one area where significant growth was possible and continued to be an important government policy goal. The Quality & Innovation Committee would continue to take a close interest in the activity. Because of the financial exposure to several key clients, it would be sensible for the Finance Committee to pay close attention to progress.
- An area where costs had increased substantially in 2018/19 was exam fees. There was limited competition for many qualifications and achievement now required more exams because of a government policy change – but funding had not risen to recognise this. The AoC was lobbying but the likelihood of material change was small.
- The Board identified four key risks to the overall 2019/20 budget and business plan:
 - Achieving forecast delivery for AEB funding (and in the longer term, the impact of devolution and the risk to a Greater London allocation);
 - Loss of a key apprenticeship client or material decline in their apprentice recruitment plans;
 - A further decline in HE recruitment in 2019/20;
 - Inability to achieve the targeted growth in full-cost delivery.

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Question: *Did the budget strike the right balance between maintaining quality and financial control?* The Board was right to make this challenge; while financial sustainability was essential for the future of the college, enabling quality outcomes for students was its core purpose. The curriculum teams had continued to focus on quality while the senior team had focussed on enablers and encouraged creativity in accessing national networks and project funding. The budget provided for some capital investment – eg in the teaching environment and to update key equipment. The most significant area of concern would be upward pressure on staff pay although this was not excessive at present.

- The Board agreed that its focus had necessarily been on financial and other business matters in 2018/19, and it would spend more time on quality matters in 2019/20.

Question: *What would the impact of the VR/VS scheme undertaken in 2018/19 be?* The cost of this had been c£224k in 2018/19, but the budget had taken account of pay savings resulting from this of c£600k in 2019/20. There will be some growth in Hart L&D staffing in the year – because of the forecast apprenticeship growth and the increased proportion of direct delivery. Sub-contractor costs (in the non-pay line) were reduced accordingly.

Question: *How were apprenticeship staff appointed?* Broadly speaking, appointments were made on a permanent basis. Experience of delivery using temporary staff had been less than optimal, particularly as the quality of relationships for the larger clients was a key driver of success. This approach was recognised to have its own risks, but staff turnover in this kind of business was relatively high so it was possible to manage without too big a risk of redundancy costs arising.

Question: *Was the proposed capital expenditure covering the right things?* The proposed expenditure is included in cash flow forecasts, though larger items would need Agency approval too. The plan included c£300k of repair and maintenance plus £100k on new IT kit as part of a rolling programme. Reactive 'must do' maintenance came first. There was a need to improve the working environment, but some of the 'must do' 2019/20 investment (eg the enhanced student and staff environment at the ECC, the new restaurant floor and the new IT labs) was a start. Staff had made successful applications to external sources of capital funding in the past to supplement the Board's spending and would continue to do so.

- The student Last Impressions survey would include a question on resources and a Student Council was being considered for introduction in 2019/20.
- **The Board unanimously approved** the Draft 2019/20 Business and Financial Plan.

ITEM 3: CHIEF EXECUTIVE'S OVERVIEW

[REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

Teaching, learning and assessment

- Forecasts for student outcomes remained consistent with previous expectations and there had been good attendance at Maths and English exams (slightly up on 2017/18). There was reasonable confidence that outcome data would show continuing improvements, including apprenticeships – although Timely Achievement rates would take longer to turn round.
- The college was participating in several national initiatives (such as a project to support preparation for T-levels, or a Work Placement Readiness programme for students working with two other colleges and an independent training provider) that would benefit students and broaden staff experiences. A link with a Centre of Excellence for Maths teaching had been established.

- Staff well-being was another focus, with a Staff Wellbeing Action Group (SWAG) having been set up as a result of feedback from the December 2018 staff conference. This was an active group, already examining several wellbeing projects and had launched a range of social activities. The SWAG was chaired by Liz Calver.
- A leadership development programme had been launched affecting around 50 middle and senior leaders. Content for the programme had been informed by guidance from a steering group of managers. Members felt that these innovations demonstrated the Group's commitment to supporting staff development and that it listened to staff.
- Quality monitoring processes were being adapted to the new expectations in the Education Inspection framework.

Student recruitment – 2019/20

- Applications for full time study programmes were running well, with a budgeted intake of 1,970 students, but a plan to deliver 2,014, so as to build future revenue.
- **The Board welcomed** the report.

ITEM 4: FINANCE COMMITTEE REPORT

- The Committee had met three times since the previous meeting, most recently on 27 June. The April Management Accounts had been circulated to the Board with the papers for this meeting, and the May report would be circulated shortly, having been reviewed and endorsed by the Finance Committee. There had been little change between the April and May reports. There were three significant updates:
 - Financial covenants included in loan agreements with Lloyds Bank and the Department for Education (DfE) were monitored regularly. [REDACTED]
 - The 2018/19 budget was on track to deliver the latest forecast deficit (£470k on normal operations against a plan of £325k) with the one-off redundancy costs of c£220k taking the reported deficit to c£690k. There were some risks to revenue remaining, which were being monitored and mitigated.
 - Andrew Simmons would step down as Finance Committee Chair on 31 July and the Committee intended to appoint David Stern as Chair from 1 August 2019. This addressed a recommendation made by the FE Commissioner's team in January 2019. Andrew would continue to serve as a member of the Committee.
- **The Board endorsed** the appointment of David Stern as Chair of the Finance Committee.

ITEM 5: QUALITY & INNOVATION COMMITTEE REPORT

- A key concern at the Committee's recent meeting related to the Engineering and Construction Campus (ECC). A 'deep dive' report providing analysis of performance across the different areas of delivery at the campus had been provided which demonstrated that some curriculum areas were performing better than others.
- The Board had been aware of challenges relating to the quality of delivery at the ECC for some time and several attempts had been made to improve performance, which had varying degrees of success. Attendance and examination outcomes were (in aggregate) historically lower than the rest of the college's delivery, and although

following interventions there was now an upward trend, there remained a worrying gap and self-assessment of the ECC remained 'Requires Improvement'.

- More granular analysis clearly showed some curriculum areas at the ECC performing better and others that remained more challenging. This presented a more nuanced picture and helped influence targeted plans for improvement. Changing culture was difficult and could take time.

Question: *Would continuing lower performance at the ECC compromise any future Ofsted assessment of the rest of the delivery?* Failing to improve performance of this campus was likely to limit the possibility of achieving an Outstanding Assessing from Ofsted.

Question: *What was the prospect of turning the ECC round in the coming year?* There had been good progress made in 2018/19 and there were some areas of strong performance and good practice. It was right to see the positive aspects of activity at the campus as well as the areas that needed to improve. Nonetheless, it was important that the Board had the chance to discuss the options for future direction, including the costs and income from delivery, and the constraints on change and this process should start in the autumn term informed by continuing input from the Quality & Innovation Committee.

Action: Include a strategic discussion about the delivery of engineering and construction skills in the autumn agenda plan for the Board and Q&I Committee.

Question: *What had led to the termination of the apprenticeship contract with Barchester Healthcare?* This was delivery for the health and social care market; although full-time college study programmes in this area were successful, achieving success in a sector in which employment was often quite transient and low margins meant that employers could be reluctant to release individuals for training and assessment purposes was much harder. Nor did delivery produce a good financial return. Governors could be assured that there was no intention to withdraw from the wider healthcare sector, but to be more selective about the partners chosen and the programmes offered.

- **The Board welcomed** the report.

ITEM 6: AUDIT COMMITTEE REPORT AND CORPORATE RISK REGISTER

- The Board noted the Audit Committee report and endorsed the appointment of new auditors (Buzacott) taking over from KPMG for the 2018/19 financial statements.
- The Corporate Risk Register appeared to have captured the key financial and performance risks. More detailed risk registers existed for each area of the business identifying the risks affecting these areas. The principal corporate risks related to revenue streams and the Hitchin land sale; these were being mitigated as much as possible and were all classed as Amber. There were no current Red corporate risks.

ITEM 7: SEARCH COMMITTEE REPORT

- Having received a recommendation from the Search Committee, **the Board approved** the appointment of Geoff Lambert to the Board and as Chair of the Audit Committee with effect from 1 August 2019.

Action: Issue letter of appointment and arrange induction programme.

ITEM 8: POLICY REVIEW – HART L&D FEES AND CHARGES 2019/20

- **The Board approved** the proposed Fees and Charges Policy for 2019/20 for Hart Learning & Development. The policy was similar to that previously approved by the Board for the College and it was appropriate to have considered it before the start of the new academic year.

Action: Add the Hart L&D Fees and Charges Policy to the website.

ITEM 9: DRAFT 2019/20 MEETING CALENDAR

- The Board approved the proposed calendar of meetings for 2019/20. Members agreed that – particularly for smaller groups – teleconferences could be used to assist with members' participation, recognising that there could be issues around confidentiality if speakerphones were used in open plan environments.

Action: Issue diary appointments for Board and Committee meetings.

ITEM 10: ANY OTHER BUSINESS

Hitchin Redevelopment Project Governance

- **The Board approved** the establishment of a Project Board to oversee the Hitchin redevelopment project to replace the current Property Working Party. Prospective members would be contacted over the coming weeks and a programme of meetings set up. The tempo of work would increase ahead of the anticipated submission of a planning application in December 2019.

Action: Develop a programme of meetings for the Project Board and appoint members.

ITEM 11: DATE OF NEXT MEETING

- The next meeting would take place on Wednesday 11 September 2019, starting at 18.30, at the old Town hall, Letchworth.

ITEM 12: GOVERNOR DASHBOARD

- The dashboard for April 2019 had been circulated with the pack.

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Signed – Chair of Governors

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Date

ACTION LOG

Meeting	Minute Reference	Summary of Action	Who	When
01/04/19	2.	Issue re-appointment letter and invite the Search Committee to consider a successor Vice-chair.	Robert Dale	26/04/19
01/04/19	3.	Circulate links for online training to the Board again.	Robert Dale	12/04/19
28/06/19	5.	Include a strategic discussion about the delivery of engineering and construction skills in the autumn agenda plan for the Board and Q&I Committee.	Robert Dale	31/08/19
28/06/19	7.	Issue letter of appointment and arrange induction programme.	Robert Dale	31/07/19
28/06/19	8.	Add the Hart L&D Fees and Charges Policy to the website.	Lindsey Sherring	31/07/19
28/06/19	9.	Issue diary appointments for Board and Committee meetings.	Robert Dale	31/07/19
28/06/19	10.	Develop a programme of meetings for the Project Board and appoint members.	Robert Dale	30/09/19