

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Thursday 29 June 2017

Membership: *E Johnson (Chair)
*J Bedford
*J Breen
*B Spencer
*K Spencer
P Taylor

** Denotes Present*

In attendance: M Stokes, Deputy Principal
W Allanson, Vice-Principal
D Morgan, Executive Director – Financial Services
P Whitehead, Executive Director Information, Data & Support
D Sheridan, Clerk to the Corporation
R Lucas, Deputy Clerk to the Corporation

708 Apologies for absence

Apologies for absence were received and accepted from P Taylor.

709 Declarations of interest

There were no interests declared.

710 Minutes of the previous meeting

The minutes of the Resources Committee meeting held on 11 May 2017 were agreed as an accurate record and signed by the Chair.

711 Matters arising from the minutes (not mentioned elsewhere on the agenda)

There were no matters arising.

712 Management Accounts for the period 1 August 2016 – 31 May 2017

The Resources Committee received and considered the Management Accounts for the period 1 August 2016 – 31 May 2017, presented by D Morgan, Executive Director – Financial Services. The management accounts were discussed in detail. Governors asked questions and noted the following:

- The forecast end-of-year surplus is currently £521k against a budgeted target of £218k, mainly due to the increase in high need funding and advanced learner loans.
- The forecast income for adult work has been reduced.
- The staff cost graph has been added back into the management accounts, at

Governors' request. Governors noted the steep rise in staff costs in July, mainly due to the amount allocated for restructuring costs and new starters. The staff cost forecast is split evenly across the year, however the actual costs dip and rise throughout the year however costs remain overall within budget.

- Operational expenses remain within budget.
- Capital expenditure is on target.
- Cash in the bank is in a very good position.
- Banking covenants are being comfortably met. D Morgan confirmed that it is easier for the College to meet Test 1 as the forecast loan replacements next year have reduced. All the ratios are being met however the College is closely monitoring the current ratio, which looks at cash and assets to pay liabilities, as this is an area where the College could improve
- The College's financial health rating remains good.

D Morgan informed Governors that the College has applied for a direct debit facility with Clydesdale Bank. Governors were provided with further information on this facility and the benefits it would bring to the College. The Resources Committee agreed that a direct debit facility should be set up and delegated authority to the Principalship to sign the required documentation.

The Resources Committee noted the management accounts for the period 1 August 2016 – 31 May 2017, approved the establishment of a direct debit facility with Clydesdale Bank and delegated authority to the Principalship to sign the required documentation.

713 Two Year Financial Forecast and Draft Budget 2017 – 2018

The Resources Committee received and considered the report on the two year financial forecast and draft budget 2017 – 2018, presented by M Stokes, Deputy Principal. Governors noted that 2017 relates to 2016–2017 and replicates the information in the management accounts, 2018 relates to 2017–2018 and based on the allocations received to date and what the College anticipates, and 2019 relates to 2018–2019.

A detailed discussion was held and Governors noted the following:

- The College has planned for £2.1m of apprenticeship work for 2017-18, however the allocation for the year is £1.6m, leaving a shortfall of £500k. It is envisaged that some of this shortfall will be met by the apprenticeship levy. There is a risk however that the College may have to turn employers away.
- An increased number of apprenticeship starts has been planned for 2017 – 2018 and incentive payments are now built into the College's allocation, whereas historically this payment was separate.
- It was suggested that the College should contact the Essex Chamber of Commerce and the Federation of Small Businesses to discuss lobbying on behalf of Essex colleges.
- Governors asked what the impact would be if the College is oversubscribed for apprenticeship provision, The College would either turn learners away or take a risk by starting them and assuming that funding will become available. It is a process that would need to be managed carefully. It was generally agreed that

some risk should be taken, as the Government has stated that technical education is a priority.

- In August, the College's performance will be reviewed against the profile and payments could either be increased or withdrawn.
- J Bedford highlighted that the profile is not aligned to the College's capacity and asked if there was any selection process that should be agreed now? The number of starts against the profiles will be considered and there are some curriculum areas with a smaller number of starts.
- The significant curriculum areas for apprenticeships are engineering, construction and business.
- The College is looking to manage employers and delay starts where appropriate.
- There is no cap on the apprenticeship levy work and the College can grow this provision as much as it can.
- The financial KPIs set were noted and agreed.
- The College's financial health rating for 2017 – 18 remains as good.
- Some modest growth in 16 – 18 full time learners has been built into the forecasts due to the opening of Stansted Airport College in September 2018. Approximately an additional 150 learners have been built into the forecast however the College has been cautious with this figure. Whilst the College is confident in its rationale behind this figure, it is likely that the ESFA raise some queries.
- Governors noted the financial planning checklist produced by the ESFA for governors.

The Resources Committee agreed to recommend the two year financial forecast and draft budget for 2017/18 to the Corporation for approval at its meeting on 13 July 2017. The Resources Committee approved the KPIs as set out in F2 of the report.

714 Stansted Airport College

The Resources Committee received and considered the verbal update on Stansted Airport College, presented by W Allanson, Vice-Principal.

Governors were informed that the timescales on the project are very tight. A planning decision is due in early August, however the College is lobbying Uttlesford District Council to bring this forward to July if possible. The current handover date is 17 August 2018, however if an early planning decision is made, an earlier handover date would be negotiated. Based on an August planning approval, there would only be two weeks contingency, the College would need to be in contract with the contractors by the Autumn 2017 and building work would commence on site in October 2017.

Essex County Council and the College's solicitors are drawing up the funding and lease agreements. The agreements are due to be signed in July 2017. The College will then be able to reclaim funding that it has spent to date on the project, approximately £600k, and the funding will come into this year's accounts.

The design work will be finalised and closed in the next few weeks and then Wilmott Dixon will go to their supply chain and work towards obtaining a guaranteed maximum price. This will be submitted to the College by 8 September 2017. There will be a

need to place an early order on the steel works due to the lead in time.

Marketing of Stansted Airport College has commenced and W Allanson circulated a promotional brochure. Awareness raising events in Bishop's Stortford town centre and in local schools are taking place. Cluster business groups will be established to support the curriculum.

The Resources Committee noted the update on Stansted Airport College, The Resources Committee agreed that a Governor working party should be established including E Johnson and B Spencer, which can make decisions on behalf of the Corporation and that an early order for the steel works should be placed.

715 Tuition Fee Policy 2017-18

The Resources Committee received and considered the report on the Tuition Fee Policy 2017-18, presented by P Whitehead, Executive Director – Information, Data and Support. Governors were informed that there had been no significant changes to the Policy.

The section on apprenticeships has been updated in line with new apprenticeship policy, a section on refunds has been added in and the section on instalments has been left broad as the direct debit facility will offer flexibility with payments.

The Resources Committee approved the Tuition Fee Policy for 2017-18.

716 Local Government Pension Scheme Statement of Policy

The Resources Committee noted that there were no planned changes to the Local Government Pension Scheme Statement of Policy, a Policy which the Resources Committee set and approved in 2014.

717 Any Other Business

The Resources Committee was informed that the College has undertaken a review of its buildings and cladding used in light of the Grenfell Tower fire and has requested that Sir Charles Kao UTC do the same.

718 Dates of Future Meetings

The Resources Committee received and considered the Committee's terms of reference and proposed dates of future meetings. Governors were informed that the terms of reference were amended in 2015 to take into account funding and funding body changes.

The Resources Committee requested that section 2 b under non-delegated powers be amended to: *"The College's financial projections and any mid-year update thereof, as requested by the funding agencies."*

The Resources Committee agreed the Committee's terms of reference, subject to the amendments stated above, and noted the dates of future meetings.

