

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Tuesday 1 March 2011

Membership: *E Johnson (Chair)
*M Coleman
*C Hindmarch
*M Jackson
S Modaley
*M Prodger
B Spencer

* *Denotes Present*

In attendance: Richard Allanach, Deputy Principal
Nick Spenceley, Deputy Principal
Sue Young, Deputy Principal
Deborah Sheridan, Clerk to the Corporation

356 Apologies for absence

Apologies were received from S Modaley and B Spencer.

The Clerk reported that Paul Taylor would be joining the Resources Committee as, to comply with the Audit Code of Practice, the Chair of the Corporation could not be a member of the Audit Committee. Myrtle Prodger would join the Audit Committee. The Chair thanked Myrtle for her work on the Resources Committee.

357 Declarations of Interest

No interests were declared.

358 Minutes of the previous meeting

The Resources Committee received and approved the minutes of the meeting held on 7 December 2010.

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

359.1 Pay Negotiations 2010-11

The Principal reported that the pay negotiating committee of the Association of Colleges had reached agreement with five of the six recognised unions, ie achieved a majority agreement for the 2010-11 pay award. The five unions had settled for an award of 0.2% or £50, whichever is greater, backdated to 1 August 2010. Unison is seeking for the award to be implemented. The UCU however, was calling a national ballot for strike action. Governors asked the Principal to inform them of the outcome of the ballot.

360 Management Accounts for the period 1 August 2010 – 31 January 2011

The Resources Committee received and discussed the Management Accounts and supporting commentary for the period 1 August 2010 to 31 January 2011.

Richard Allanach presented the management accounts and supporting information. He reported that the cash flow forecast shows that the college can manage without calling on its overdraft until the end of July 2011. The cash holdings were £1.5M at the end of January and ahead of budget. The committee was advised that the College was solvent and will be for the rest of the academic year.

Achieving income targets for all types of learner would remain a challenge for the rest of 2010/11. However, Governors noted that both payroll and non-pay expenditure were below budget and would remain so for the remainder of the academic year. The meeting discussed the work of the project team in delivering programmes to the unemployed. Governors noted that relationships with Job Centre Plus were developing and that this would support the College in delivering provision to adult unemployed people in 2011/12. The meeting discussed staff costs as a percentage of income for individual teams and academies.

Richard Allanach reported that the balance sheet shows a better position than budgeted and total reserves are £2.8M better than planned. Governors noted that the key ratios are better than planned. Governors thanked Richard Allanach for his report and agreed to confirm the solvency of the College to the Corporation.

361 Recruitment of Learners 2010/11

The Resources Committee received and discussed the report of the Deputy Principal on the recruitment of learners in 2010/11, including information on the February 2011 returns to the funding bodies. Governors noted that the returns inform the forecast of income for the year which is incorporated into the management accounts.

Richard Allanach reported that the College had enrolled sufficient 16-18 learner responsive students to generate £11.9M of income and further students who were enrolled on courses yet to commence which would generate a further £0.4M. The allocation to the College for these students in 2010/11 is £12.6M. Whilst not having yet hit the target, enrolments are sufficiently close that the College will not be financially penalised. Additional enrolments are planned before the end of the academic year.

For apprentices aged 16-18, the College had earned £2.1M of the £4.7M allocation by the end of January 2011 and has sufficient apprentices enrolled to earn £4.2M by the end of the year. Richard Allanach informed Governors that, to reach the full allocation, the College has to find and educate a further £0.4M of apprentices on the Harlow College campus and APEX partners have to deliver £0.1 M. Governors noted the "100 apprentices in 100 days campaign", which is currently being run on the Harlow College website which is likely to fill this funding gap.

For adult funding, the College has been helped by the merger of all three funding streams that make up the adult budget - adult learner responsive, adult apprentices and Train to Gain funding. Richard Allanach informed Governors that the College predicts it will over deliver on adult learner responsive and adult apprentices and under deliver on Train to Gain. Governors were informed of a number of measures that would support the achievement of the adult funding streams. The Committee noted that to achieve the forecast level of adult activity, Harlow College needs to do more in the last six months of the year than it did in the first six months of the year and in some cases, it needs to develop new ways of working.

362 College Budget 2010-2011

The Resources Committee received and considered the report on revisions to the College budget for 2010/11. Richard Allanach reminded Governors that a focus during inspection was the frequency of the review of the College budget by the Corporation. Governors involved in the discussion, and the executive, considered that it was frequently necessary for colleges to revise their plans to meet the changing environment affecting the College. Richard Allanach informed Governors that, in the first six months of the year, the executive has produced changed budget guidance to its managers on twelve different occasions. This does not change the overall targets set by the Corporation but ensures that they are met via different routes.

The Resources Committee agreed that it was good practice for the Corporation to review the budget at least once a year. It was agreed that some changes to college's budget for 2010-11 are desirable and Governors noted the changes and why they have come about. These included: the College being worth £2.1M more than it had forecast in July 2010 resulting from the government's decision regarding pensions and the college's operating performance in 2009-10, and increased college employment of apprentices.

Richard Allanach asked the Resources Committee to recommend to the Corporation that the financial targets for 2010-11 be revised as follows:

- (a) An unchanged annual surplus target of £267,000.
- (b) An unchanged year end cash holding target of £489,000.
- (c) An increased income and expenditure account target of £7,819,000
- (d) A reduced current ratio target of 0.53:1.

The Committee approved the revisions to the budget and agreed that they be put to the Corporation for approval.

Richard Allanach reported that all colleges in the sector have been asked to review and revise the financial forecasts for the current year and for 2011/12. These are to be considered by the Corporation on 10 March and submitted to the Skills Funding Agency on 11 March 2011.

363 Indicative Funding Levels 2011-12

The Resources Committee receives and considered the report of Richard Allanach on the indicative funding levels for the College for 2011/12.

Governors noted that the indicative level of funding for adult learners in 2011/12 was £25,000 less than that originally provided in 2010/11. [Note: the allocation is £253,000 less than the College's July 2010 budget but this was not stated in the paper.] The funding for young people aged 16-18 was significantly worse than expected with a reduction of 9% in cash terms, 13% to 14% in real terms. Governors noted that the number of young people to be funded in 2011/12 was decreased and that the College had submitted a business case for additional numbers. The funding for 16-18 apprentices is also reduced significantly although the College anticipates that funding will rise as this is a government priority. In all, however, the indicative funding allocations produce a combined reduction in funding for 2011-12 of around £3.5M.

364 Setting a Budget for 2011/12 and beyond

The Resources Committee received and discussed the report of the Principal. The meeting noted that although indicative funding levels currently available to the College for 2011/12 are reduced, final settlements may rise above those figures whilst other opportunities for funding would become available. Governors noted, however, that some colleges were already reducing staffing levels and reducing their curriculum offer. The Committee discussed the funding situation and agreed that action to address the 2011/12 budget be taken at the meeting of the Resources Committee on 3 May 2011.

In reaching this decision, the Committee noted actions already taken by the College to make savings, all of which would be reflected in the revisions to the financial forecasts. The meeting discussed the potential for growth in 16-18 apprenticeships and the development at the College of an Apprentice Training Agency to facilitate this.

365 Local Government Pension Scheme

The Resources Committee considered two papers in respect of the Local Government Pension Scheme.

365.1 LGPS Pension Contributions

The Resources Committee agreed to repaying the deficit over 20 years.

365.2 Statement of Policy for Discretionary Payments

The Resources Committee approved the policy.

366 Strategic Plan 2011-2014

The Resources Committee received and considered the proposals of the Principal for setting the strategic plan for the period 2011-14. In long discussion, Governors confirmed their support for a strategy that continued the vision and values of the teaching and learning strategy.

Governors approved the proposals of the Principal to set up working groups to take forward the strategy map.

367 University Technical College Status

The Resources Committee received an update from the Principal and Nick Spenceley on UTC status and Governors fed back on the presentation by Charles Parker from Edge. The College confirmed it would explore UTC developments through WestVlc.

368 Any other business

There was no other business.

369 Dates of future meetings

Summer Term 2010	Tuesday 3 May 2011	8.30am
	Tuesday 28 June 2011	8.30am