

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Thursday 02 March 2017

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

** Denotes Present*

In attendance: M Stokes, Deputy Principal
D Morgan, Executive Director – Financial Services
P Whitehead, Executive Director – Information, Data and Support
W Allanson, Executive Director – Business Development (agenda item 693 only)
S Appleby, Executive Director – HR Services (agenda item 695 only)
D Sheridan, Clerk to the Corporation
R Lucas, Deputy Clerk to the Corporation

687 Apologies for absence

Apologies for absence were received and accepted from E Johnson, K Spencer and P Taylor.

B Spencer was elected as Chair for the meeting in E Johnson's absence.

688 Declarations of interest

There were no interests declared.

689 Minutes of the previous meeting

The minutes of the joint Audit and Resources Committee and the Resources Committee meetings both held on 1 December 2016 were agreed as an accurate record and were signed by the Chair.

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

There were no matters arising which were not covered on the agenda.

691 Management Accounts for the period 1 August 2016 – 31 January 2017

The Resources Committee received and considered the Management Accounts for the period 1 August 2016 – 31 January 2017, presented by Mike Stokes, Deputy

Principal.

The management accounts were discussed in detail. Governors asked questions and noted the following:

- The forecast end-of-year surplus is £838k against a budgeted surplus of £218k, due mainly to the increase in high needs funding.
- The original budgets have been adjusted to reflect the current forecast position.
- The College's EFA allocation is £11m and the SFA Adult Education Budget is £4.1m, however the College needs to earn this funding and there could be some fluctuation in this figure.
- The College continues to not spend funding before it is earned.
- Pay costs are currently below budget however the end-of-year forecast position is for pay costs to be above budget. This is due to the extra staff required for high needs learners and the cleaning staff who have been TUPE'd over to the College, their salary costs having moved from operating costs to staff costs.
- Non-pay expenditure is being closely monitored and is currently £111k below budget.
- All bank covenants continue to be met.
- The College is in a much stronger cash position at this time of year in comparison to previous years.
- All of the HAMEC funding has been drawn down and spent.
- The College's financial health rating is currently good and is predicted to be good at the end of the year.

B Spencer asked how much contact the College has with the bank. D Morgan informed Governors that the relationship with the bank is good and there is regular communication between the College and the bank. A discussion was held on the bank's request to the College to agree a product for the HAMEC loan. D Morgan explained the options available and highlighted that if the loan is kept on a variable rate it would be more risky but less expensive, however a fixed rate would be less risky but more expensive.

Governors agreed that the College should seek some external advice and use the Finance Directors network to help identify an organisation or person to provide this. The Resources Committee requested that a paper outlining the options be presented to the Corporation at its meeting on 16 March 2017.

The Resources Committee noted the management accounts for the period 1 August 2016 – 31 January 2017.

692 Harlow College Area Review Options Paper and Simplified Financial Plan for 2016 – 2020 Including Estimated Funding Levels for 2017/18

The Resources Committee received and considered the report on the Harlow College Area Review options paper and the simplified financial plan for 2016 – 2020, presented by M Stokes, Deputy Principal.

M Stokes informed Governors that the Harlow College Area Review options papers

were submitted to the Area Review Steering Group with the College's preferred option of remaining a standalone College with the development of a campus at Stansted Airport. The Clerk provided some further information on the Area Review process and other options which the College had explored and submitted to the Area Review Steering Group. Governors were informed that the Area Review Steering Group confirmed at its meeting on 27 February 2017 that the College's preferred option would be their recommendation.

M Stokes presented the simplified financial plan and informed Governors that the 2017 figures relate to the current academic year and that the figures for 2018 – 2020 are best estimates as funding allocations are not known. He confirmed that the College is seeking a letter of comfort from the EFA stating that the College will be funded for learners recruited at the Stansted campus.

The Resources Committee noted the report on the Harlow College Area Review options paper and the simplified financial plan for 2016 – 2020.

693 Property Strategy and Harlow College Facilities

693.1 To receive a verbal update on the Harlow Advanced Manufacturing and Engineering Centre (HAMEC)

The Resources Committee received and considered an update on the HAMEC, presented by Will Allanson, Executive Director – Business Development and Governors noted the following:

- The Centre was handed over to the College on 22 December 2016, within budget and on time.
- Students have been using the Centre since mid-January 2017.
- Some small snagging issues are being resolved.
- A £90k retention is being held by the College.
- Resources are being delivered and machines are being commissioned.
- A number of technical partnerships have been established and are working well.
- An additional large CNC machine has been purchased.
- The Bloodhound project is coming to the Centre next week.
- Visits by engineering companies are being hosted and many are looking to commit to training with the College.
- HC Displays have donated some signs to the Centre.

The Resources Committee noted the update on the Harlow Advanced Manufacturing and Engineering Centre.

693.2 To receive an update on the Technical and Professional Skills Centre at Stansted Airport

The Resources Committee received and considered the update on the Technical and Professional Skills Centre at Stansted Airport presented by Will Allanson, Executive Director – Business Development.

£3.5m has been approved by the South East LEP and £3.5m from Essex County Council. A submission must now be made to the LEP's Accountability Board. Governors noted that the College is financing the project up to 31 March 2017. The spend up to this date is predicted to be approximately £92k. This will be recouped from the grant funding when finally approved. Funding will be drawn down monthly.

The design and budget needs to be secured for the planning submission which is due to be submitted in April 2017. Project management and quantity surveying services have been procured via an OJEU tendering process and the contractor has been procured through the SCAPE framework. Two site design options were circulated to Governors and Will Allanson informed the Committee that a final design needs to be agreed. A key consideration in the design options is future-proving the site.

It is proposed to make the building zero rate for VAT, as there will not be a substantial amount of adult or commercial work taking place at the Centre.

The College is in the process of agreeing and finalising the lease and other associated legals with the Manchester Airport Group (MAG). MAG has also assembled an internal team to drive the project forward. Any potential issues linked to sub-station requirements will be addressed as soon as possible.

The curriculum is being developed and will cover areas such as aircraft engineering, operations and maintenance engineering, security, customer service, hospitality, retail, communications, ground crew and business studies with a focus on HR and finance.

The Resources Committee noted the update on the Technical and Professional Skills Centre at Stansted Airport.

693.3 To receive an update on plans to lease property in Harlow town centre for Hairdressing and Beauty Therapy

The Resources Committee received and considered the update on plans to lease property in Harlow town centre for Hairdressing and Beauty Therapy, presented by M Stokes, Deputy Principal.

Governors were informed that the Heads of Terms have been agreed and the lease agreement is being finalised. It is proposed that the lease will be for eleven years rent free with the College responsible for undertaking any refurbishment work required for the property. The cost of this work is currently being calculated.

It is envisaged that the property will be handed over to the College in May 2017 with a fully working hair and beauty salon operational for September 2017.

The Resources Committee noted the update on plans to lease property in Harlow town centre for Hairdressing and Beauty Therapy.

693.4 To receive an update on developments with Princess Alexandra Hospital

The Resources Committee received and considered the report on developments with Princess Alexandra Hospital, presented by Will Allanson, Executive Director – Business Development.

Governors were informed that Princess Alexandra Hospital (PAH) are looking to relocate their training facilities to the Harlow College campus. A Statement of Intent to establish the partnership has been signed by both parties and a lease agreement is starting to be drawn up. It is proposed that the lease costs will be offset against PAH spending their apprenticeship levy with the College. The final proposal is going to the PAH Board on 21 March 2017.

A timeline has been developed with a view to the PAH training department being moved onto the College campus by September 2017.

The Resources Committee noted the update on developments with Princess Alexandra Hospital.

694 Data Protection Policy

The Resources Committee received an update on the Data Protection Policy, presented by M Stokes, Deputy Principal.

The Committee noted that the policy has been drafted however there are some elements in the policy that need to be developed further. The policy will be presented to the Resources Committee and the Corporation once it is in a final draft form.

695 Local Government Pension Scheme

The Resources Committee received and considered the report on the Local Government Pension Scheme, presented by D Morgan, Executive Director – Financial Services and S Appleby, Executive Director – HR Services.

Governors were informed that Essex Pension Fund had originally requested a form of security from Essex colleges with regard to the pension deficit, however an alternative is now being considered. Originally the College was paying the deficit over fourteen years and this had been reduced to six years. Since the Resources Committee paper was written, Essex Pension Fund has now agreed to a seven and a half year repayment period, therefore the payments will be lower than those stated in the paper.

D Morgan highlighted that there is a longer-term impact on staff costs as on-costs are now over 30% per employee.

S Appleby provided an update on the NEST pension scheme with the College had offered when auto-enrolment came into force. Employees should have been auto-enrolled onto the LGPS. This has now been corrected by the College and employees have the right to opt out of the LGPS and could choose the NEST pension as an

alternative.

D Morgan confirmed that the Essex Pension Fund has agreed to review the valuation and their position after the Essex Area Review has been completed.

The Resources Committee noted the report on the Local Government Pension Scheme and requested that the College investigate the situation further and identify what is happening nationally for FE Colleges.

696 Any Other Business

M Stokes, Deputy Principal and S Appleby, Executive Director – HR Services informed the Resources Committee that the three unions had been asked for their pay award submission.

Governors were informed that the College is proposing a 1% pay award, in line with the Association of Colleges' recommendation. In previous recent years, a 0.6% non-consolidated pay award had been made. Governors were also informed that the College is looking to align this process with the tax financial year.

The Resources Committee noted these proposals and agreed that this was good news for the workforce.

The Resources Committee was provided with an update on the Academy of Learning, one of the College's partners, presented by Paul Whitehead, Executive Director – Information, Data and Support. Governors were informed that sub-contracting is becoming more complex due to the apprenticeship reforms and that different partnership options were being considered by Harlow College and Academy of Learning.

697 Dates of Future Meetings

Summer Term	Thursday 11 May 2017	08.30am
	Thursday 29 June 2017	08.30am