

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## RESOURCES COMMITTEE

### Minutes of the meeting held on Thursday 3 March 2016

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

*\* Denotes Present*

In attendance: M Stokes, Deputy Principal  
L Turner, Deputy Principal  
D Morgan – Director of Financial Services  
D Sheridan, Clerk to the Corporation  
R Lucas, Deputy Clerk to the Corporation

#### **645 Apologies for absence**

Apologies for absence were received and accepted from P Taylor and M Coleman.

#### **646 Declarations of interest**

E Johnson declared an interest as he is an Essex County Councillor and the College has a funding contract with Essex County Council.

#### **647 Minutes of the previous meeting**

The minutes of the joint Audit and Resources Committee meeting and the Resources Committee meeting both held on 03 December 2015 were approved as a correct record and signed by the Chair.

#### **648 Matters arising from the minutes (not mentioned elsewhere on the agenda)**

There were no matters arising.

#### **649 Management Accounts for the period 1 August 2015 – 31 January 2016 and Revised Financial Plan for 2016/17**

The Resources Committee received and considered the Management Accounts for the period 1 August 2015 – 31 January 2016 and the revised financial plan for 2016/17, presented by Mike Stokes, Deputy Principal.

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

- There is a dip in the cash flow in March 2016 due to the payment schedules of the funding bodies and the cash spend on the Advanced Manufacturing Centre.

- An overdraft is currently being arranged at a cost of £1.7k.
- The end of year cash forecast position remains good.
- A £511k surplus is currently forecast against a budgeted surplus of £381k.
- The College is still recruiting to its 16-18 courses and its adult courses, however the current higher education student numbers will be the College's final year-end position.
- Work is being undertaken with RSM UK on Harlow College's subsidiary companies and the associated VAT liability. A number of options have been presented by RSM UK and the College's preferred option is to close down the companies. If this is not favourable for the College, the other options will be explored.
- The pension reserve figure is the amount the College would have to pay out in pension costs if the College ceased trading.

The Resources Committee discussed the revised financial plan for 2016/17 in detail and a letter and dashboard from the SFA were circulated.

Governors noted the following:

- The College has received correspondence from the SFA confirming that the College's financial health rating is Good.
- The 2015/16 financial health on the SFA Dashboard is still reported as being Satisfactory but this is expected to change to Good. Once the SFA have reviewed the revised financial forecasts the dashboard will then be re-issued.
- The final version of the external financial review for 2015/16 has been completed.
- The College has assessed the forecast financial position for this financial year and where it predicts it will be next financial year. The forecasts place the College in a continued position of Good for its financial health rating. However, funding allocations for 2016/17 were not known before the financial forecasts had to be submitted to the SFA. There are still uncertainties with budgets and funding for 2016/17 and it is anticipated that there will be a considerable change in funding over the next few years.
- Expenditure (staff costs and non-staff expenditure) requires careful monitoring.
- The process for claiming funding from Essex County Council and the Local Enterprise Partnership for the Advanced Manufacturing Centre has caused the College some cash flow issues. If the College is successful in other applications to Essex County Council and / or the Local Enterprise Partnership, a different funding model will have to be applied.
- The SFA has highlighted the College's relatively weak current ratio however this is in part due to how the College accounted for its EFA income. The College is therefore changing its method of accounting for this income and the current ratio is now improved. The College has also planned for an improved cash position.
- The SFA required an explanation of the full cost income and project work income. The Local Enterprise Partnership has not yet released its European Social Fund (ESF) funding and this has impacted on the amount of project work income being achieved by the College. Delivery on the National Citizen Service project increases significantly next year and will generate more income for the College.
- The lack of ESF funding in Essex has had a huge impact on training and skills

development, along with employer relationships. K Spencer agreed to provide E Johnson with a brief on this.

The Resources Committee noted the management accounts for the period 1 August 2015 – 31 January 2016 and the revised financial plan for 2016/17.

## **650 Property Strategy and Harlow College Facilities**

### **650.1 To receive an update on the Advanced Manufacturing and Engineering Centre and applications to Essex County Council and the South East Local Enterprise Partnership for capital funding to purchase equipment.**

The Resources Committee received and considered the update on the Advanced Manufacturing and Engineering Centre, presented by M Stokes, Deputy Principal, in Will Allanson's absence.

The Advanced Manufacturing and Engineering Centre Working Group approved the appointment of Willmott Dixon as the main contractor for the build phase of the project. Governors noted that the construction phase is due to start the week commencing 7 March 2016. The demolition has been finished and it was noted that considerably more asbestos had been found than expected, the costs of which were covered by the contingency budget. The build is scheduled to be completed by December 2016.

Tenders for the specialist equipment have been published and a group of staff and Governors will be convened to score the equipment bids. J Bedford offered to be part of this group. Funds have been secured from the Local Enterprise Partnership (LEP) and Essex County Council for the specialist equipment.

The College has been successful in a further bid to the LEP for investment in science, health and social care and construction. £350k has been awarded from the LEP, matched with £250k from Essex County Council and £100k from Harlow College.

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

### **650.2 To receive a report on the ending of the College Catering Contract.**

The Resources Committee received and considered the update on the ending of the College's catering contract with Chartwells, presented by M Stokes, Deputy Principal.

Governors noted that the contract with Chartwells was terminated on 12 February 2016, with a settlement figure paid. The catering is now provided by the College. The handover has gone well and there has been an increase in takings. TUPE was applied and staff contracts and pension scheme enrolments were noted by Governors.

The Resources Committee noted the report on the ending of the College catering contract.

**650.3 To receive a report on the College Campus, The Leisurezone and Harlow District Council.**

The Resources Committee received and considered the update on the College campus, the Harlow Leisurezone and Harlow District Council.

The Resources Committee agreed with the College's approach to the car park and the land swap and noted the report on the College campus, the Leisurezone and Harlow District Council.

**651 Any Other Business**

There were no other items of business.

**652 Dates of Future Meetings**

Summer Term	Thursday 12 May 2016	08.30am
	Thursday 30 June 2016	08.30am