

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Thursday 3 December 2015

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

* Denotes Present

In attendance: M Stokes, Deputy Principal
L Turner, Deputy Principal
A Phillips, Executive Director – Finance
D Sheridan, Clerk to the Corporation
R Lucas, Deputy Clerk to the Corporation

635 Apologies for absence

Apologies for absence were received and accepted from E Johnson and J Breen.

P Taylor was elected as Chair for the meeting.

636 Declarations of interest

No new declarations of interest were declared.

637 Minutes of the previous meeting

The minutes of the joint Resources and Standards Committee meeting and the Resources Committee meeting both held on 18 June 2015 were approved as a correct record and signed by the Chair.

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

There were no matters arising.

639 Management Accounts for the period 1 August 2015 – 31 October 2015

The Resources Committee received and considered the Management Accounts for the period 1 August 2015 – 31 October 2015 presented by Mike Stokes, Deputy Principal.

The Resources Committee was informed that the College's financial health rating is satisfactory and that the Skills Funding Agency is now monitoring colleges with a satisfactory rating. Management accounts are now sent to the SFA on a monthly basis. The Committee noted the correspondence from the SFA. The financial health rating will be reassessed by the SFA in February 2016 and the College is aiming for a good rating. New KPIs have been produced to sit along a College and

SFA dashboard, which will be presented to the Corporation on 10 December 2015. Governors noted that the SFA financial health rating is for the financial plan and not a rating for deliverables.

The College's management accounts contained all the information requested by the SFA except the twelve-month rolling cash flow forecast so this will be incorporated into the management accounts. Alan Phillips, Executive Director – Finance, raised the issue of liquidity and how this is reflected and reported in the management accounts. Advice is being sought from RSM UK and it is recognised that accounting standards do not match funding regimes.

Governors discussed the management accounts in detail and governors noted the following:

- The cash levels and cash flow forecast are healthy and the cash flow actual is in line with the cash flow budget.
- Higher education income is below target and there is no in-year opportunity to earn any more of this income. Governors noted there is no longer a cap on university numbers, which makes it harder for the College to recruit to its higher education provision. A higher education strategy is being presented to the Standards Committee on 9 December 2015.
- Full cost and project work is below target as the ESF funding, forecast to be released in summer 2015, has not yet been released by the Local Enterprise Partnership.
- The College is aiming to reduce its pay and non-pay expenditure by approximately £320k and £368k respectively. The actual and forecast pay costs are in line and the College has made savings through natural wastage. Non-pay expenditure is being monitored closely and there is currently an underspend on this.
- Both banking covenants are being met.
- Cash days are now showing in the management accounts and the percentage of creditors paid within 30 days has increased significantly to 81.2%.

The Resources Committee noted the Management Accounts for the period 1 August 2015 – 31 October 2015.

640 Recruitment of Students and Apprentices 2015/16

The Resources Committee received and considered the report on the recruitment of students and apprentices for 2015/16, presented by M Stokes, Deputy Principal.

Governors' attention was brought to section A, which details the funding targets for differing income streams for this academic year compared to last academic year. Targets, budgets and allocations are monitored closely by the College. Governors noted that the high needs target has increased to £450k, of which £442k has already been earned.

The College to date has achieved 94% of its 16 – 18 Learner Responsive target with 96% of those enrolled classified as full-time learners. It is anticipated that by the end of the year the College will have recruited over 2,600 learners.

The College is expected to meet its 16 – 18 apprenticeship target and exceed its original allocation by £100k. The College only has two sub-contract partners delivering this provision.

In line with cuts to the sector, the College has had a significant reduction in its Adult Single Budget allocation and the College is confident is achieving its revised income target in full. £500k of the £4.3m allocation is to be spent on adult apprenticeships. This should be achievable as the College is looking to increase its provision in this area.

The Community Learning funding is a yearly allocation and the College is continuing with its delivery, as per last academic year.

Governors noted concerns regarding recruitment to the College's Higher Education courses and looked at recruitment figures for this academic year compared to the last. The College has 20 Higher National Diploma students, which is a more cost effective method of delivery for the College. The College is looking to reshape its higher education provision and diversify its income with more HND programmes.

The Resources Committee noted the report on recruitment of learners for 2014/15.

641 Treasury Management Policy

The Resources Committee received and considered the Treasury Management Policy presented by M Stokes, Deputy Principal.

The Resources Committee noted the balances on all of its loans that total £5,360k equating to 24% of its income, which is classed as a low percentage. These figures do not include the £3m loan for the Advanced Manufacturing Centre as this has not yet been drawn down. Capital expenditure and new grants were highlighted and noted. The College's cash position is being monitored closely and the College is working to have 30 cash days in hand.

Governors noted the two risks identified in the paper:

- Funding is paid through the year in response to actual delivery, which may be re-profiled in response to under-performance against contract, leading to significant changes in income.
- The College may have to resort to a solvency loan or overdraft if cash levels do not match the forecast. The College has a strategy to mitigate this.

The Resources Committee noted the very positive relationship with the Clydesdale Bank and Governors agreed to continue with the College's current banking arrangements.

The Resources Committee approved the Treasury Management Policy.

642 Advanced Manufacturing and Engineering Centre

The Resources Committee received an update on the Advanced Manufacturing and Engineering Centre, presented by K Spencer, Principal.

Governors received a copy of the notes from a recent meeting with the Local

Enterprise Partnership and Essex County Council, which provides a summary of project progress to date.

The revised total cost of the build is £5.029m and the College has agreed to meet the £29k shortfall in funding. The construction industry has seen a 9% in-year increase in costs and this has increased the cost of the building significantly. The LEP and Essex County Council have agreed that the BREEAM rating for the building can be 'very good' rather than 'excellent' and have agreed to a reduction in the overall size of the building. This has resulted in a reduction in the cost of the project to £5.029m.

The pre-construction work has been undertaken. More asbestos than originally anticipated has been discovered, however this is not expected to delay the build.

Revised funding claim profiles have been provided to the LEP and Essex County Council, with funding being claimed by the College monthly in arrears. The possibility of bonding the funding has been explored but could delay the project.

The College was successful in an application to the LEP for specialist equipment for the Centre. This will be match funded by the College and local employers. The procurement tenders are being finalised and the College will go out to tender in the new year.

The College is submitting another application to the LEP for capital funding for investment in digital labs in science, construction and health and social care, sectors that align with the LEP priorities and growth industries. The College and Essex County Council will look to match fund this application if successful.

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

643 Any Other Business

There were no other items of business.

644 Dates of Future Meetings

Spring Term	Thursday 03 February 2016	08.30am
Summer Term	Thursday 05 May 2016	08.30am
	Thursday 30 June 2016	08.30am