

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Thursday 10 May 2018

Membership	*E Johnson (Chair) *J Bedford *J Breen
*denotes present	B Spencer K Spencer *P Taylor
In attendance	M Stokes, Deputy Principal W Allanson, Vice-Principal D Morgan, Executive Director – Financial Services P Whitehead, Executive Director – Information, Data and Support D Sheridan Clerk to the Corporation R Lucas, Deputy Clerk to the Corporation

742 Apologies for Absence

Apologies for absence were received from B Spencer and K Spencer.

743 Declarations of Interest

E Johnson declared that he is an Essex County Councillor.

744 Minutes of the Previous Meeting

The minutes and the confidential minutes of the Resources Committee meeting held on 01 March 2018 were agreed as an accurate record and were signed by the Chair.

745 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)

745.1 VAT Refund to Harlow College (minute 741 refers)

M Stokes informed the Resources Committee that the College's external auditors have been informed of the current situation.

746 Harlow College Financial Statements and Financial Health

The Resources Committee received and considered the report on Harlow College Financial Statements and Financial Health, presented by M Stokes, Deputy Principal and D Morgan, Executive Director – Financial Services. Governors were informed that the ESFA writes on an annual basis to confirm the College's financial health and produces a dashboard that sets out the College's position.

Governors noted that the College's financial health rating for last year has been confirmed as good by the ESFA. The College has maintained a good rating for the last three years and is forecast to remain good.

Governors were given the opportunity to ask questions and raised the following:

- Why is the 18/19 moderated financial health blank?
Managers confirmed that the ESFA had not yet completed this calculation.
- The number of cash days in hand is below the national median along with a number of other factors on the dashboard and was this cause for concern.
Managers highlighted the way in which financial health is calculated, taking a number of different elements into account. The College's surplus and performance ratio is higher than the average therefore puts the College in a good position.
- This year's surplus is lower than originally forecast so will the College be in a worse financial health position going forward?
Managers confirmed that although this year's surplus is low, the College is building cash reserves, therefore the ratio points this will achieve will negate the fall in surplus when calculating financial health. At a recent AoC Finance Directors' Conference, it was highlighted that colleges should be looking at their cash position and projected cash position 12 – 18 months ahead.
- What does the College need to do to achieve outstanding financial health?
Managers highlighted that the College is aiming to be a 'strong good'. With high cash levels and a high surplus it would be questioned as to why the College is not investing its money in its provision and facilities. Financial planning needs to indicate how much of a reduction in budget the College can afford to take. It was agreed that the sensitivities used as part of the financial planning will be shared with Governors.
- Due to concerns that funding remains tight for the further education sector, will all Governors be informed?
This paper will be presented to the Corporation at its meeting on 17 May and the 2 year financial plan will be presented to both the Resources Committee and the Corporation in July 2018.

The Resources Committee noted the report on Harlow College Financial Statements and Financial Health and confirmed that they have every confidence in the College to manage the situation and issues raised above.

747 Management Accounts for the period 1 August 2017 – 31 March 2018

The Resources Committee received and considered the management accounts for the period 1 August 2017 – 31 March 2018.

A detailed discussion was held around the accounts and Governors noted / raised the following:

- The forecast surplus is £140k which is lower than originally budgeted. This is mainly due to reduction in income from advanced learner loans, high needs funding and apprenticeships. There has also been an increase in premises costs. A review of the College's utility charges is taking place and alternatives are being explored. It was noted that these savings will not materialise in this financial year.
- Staff costs are as budgeted and are forecast to remain so. There has been an increase in staffing costs due to appointing staff for Stansted Airport College. Governors requested that the pay graph has figures added in which shows the difference between the budgeted staff costs each month and the actual / forecast

- staff costs for each month.
- Exam fees are higher than originally budgeted. A discussion was held around whether the College can do anything about this. Management explained the current system and how the College is measured for GCSE English and maths resits. After much discussion, it was noted that the College's approach should continue and that high exam fees will be expected.
 - The balance sheet includes Stansted Airport College costings and cash flow. Governors requested that finances for 2018/19 be presented as a whole for the College and also with Stansted Airport College as a sub-entity so that Governors can see how the new campus is performing individually.
 - The current ratio is better than originally planned.
 - The bank covenants are forecast to be met at the end of this financial year and in October 2018 and January 2019.
 - Capital expenditure is on target and has been amended to take into account Stansted Airport College.
 - The employee incentive payments are made to employers for 16 -18 non-levy apprentices as part of the Apprenticeship scheme.
 - It is important that all Governors are made aware of the College's cash position and that modifications will be made to the management accounts to show a longer term position.

Governors noted the section on leasing contracts within the report and noted that the College has no plans for entering into any new lease arrangements for equipment.

The Resources Committee noted the report on the management accounts for the period 1 August 2017 – 31 March 2018.

748 Future Funding 2018-2019

The Resources Committee received and considered the report on Future Funding 2018-2019, presented by M Stokes, Deputy Principal.

16 – 18 ESFA Funding:

This allocation has increased by £107k but does not include any growth funding for Stansted Airport College.

A business case has been submitted to the ESFA to fund Stansted Airport College learners in year. £1.54m has been requested and the formal decision is expected to be made by December 2018, however a letter of comfort is expected in June 2018, which would detail the ESFA's commitment to fund the extra learners. Student numbers at Stansted are to be capped at 340 learners in year 1 therefore in the second year of operation there would be sufficient places to allow for progression into year 2 and for new learners. The establishment of the campus at Stansted Airport was a recommendation from the Government's Area Based Review therefore the College believes it has a good case with the ESFA for a letter of comfort for two years.

There has been an increase of 15% in applications to Harlow College and the offer at Harlow College is being promoted at all Stansted Airport College events.

Non-Levy and Continuing Apprenticeships:

The funding for continuing apprenticeships will be allocated in June 2018 based on last year's performance. There is growth in the 19+ funding due to the College being targeted by the ESFA to take on up to 160 apprentices from a failing training provider.

Apprenticeship Levy:

The allocation for 2018-2019 is £385k however this is not capped and therefore there is the potential for growth. All the College's sub-contracted provision is ceasing and no more starts will be allocated to partners. The final payments to partners are included in this year's balance sheet.

Adult Funding:

The allocation is the same as last year. There are some potential changes to the system in which this funding is administered and allocated and the threats and opportunities of this were highlighted.

Higher Education:

An income target of £450k for HNC and HNDs has been set and the College is expected to earn approximately £75k for its final ARU learners.

Project Work:

There has been no increase in the income target for project work. There are opportunities to grow the College's offer through full cost and apprenticeship work with Manchester Airport Group and Princess Alexandra Hospital.

High Needs Funding:

There has been no increase in the target for high needs funding.

Governors were informed that financial planning for next year has been as robust and tight as possible and based on worst case scenarios.

The Resources Committee noted the report on Future Funding 2018-2019.

749 Fees Policy 2018 / 19

The Resources Committee received and considered the draft Fees Policy 2018/19, presented by P Whitehead, Executive Director – Information, Data and Support.

Governors were informed that some of the sections had been reworded to provide more overall clarity on how the College deals with refunds. The College's fee approach remains unchanged. Governors noted that terms and conditions both for further and higher education have been included in the Policy so that it is clearer and more transparent.

The Resources Committee approved the Fees Policy 2018/19.

750 Discretionary Support Fund Policy 2018/19

The Resources Committee received and considered the report on the 19+ Discretionary Learner Support Policy 2018/19, presented by P Whitehead, Executive Director – Information, Data and Support.

P Whitehead informed Governors that the College can choose how it allocates this funding and that the College approach for 19+ learners is aligned with its policy for 16 – 18 learners. Governors were informed that the updated Policy provided clarity in terms of capping support, for example for travel costs and that for some elements, such as childcare support, learners need to be aged 20+.

Governors asked how students access the Policy. All forms and guides are included in the enrolment pack and learners need to be enrolled and assessed for eligibility by the College's Bursary staff.

Governors stated that the required 80% attendance rate appeared to be low. P Whitehead highlighted that this is a minimum attendance requirement for payment. The 80% is a trigger point and if a student falls below this, the delivery teams will be contacted to find out the student's circumstances. These are often vulnerable learners or those with childcare responsibilities therefore they can find it hard to achieve 80% attendance. It was however noted that the 80% attendance is a minimum standard and not the College's expectation for learner attendance.

The Resources Committee approved the 19+ Discretionary Learner Support Policy 2018 / 19.

751 Harlow College Developments

751.1 To receive an update on Princess Alexandra Hospital.

The Resources Committee received and considered the update on Princess Alexandra Hospital (PAH), presented by W Allanson, Vice-Principal.

The Vice-Principal informed Governors that PAH are seeking to relocate its training team to the Harlow College campus by the end of May 2018. The College and PAH have agreed terms and a lease income of £45k per annum. Additional costs for services are currently being calculated. The lease will initially be for one year however there is the possibility that it will be for longer.

A programme of opportunities for College students and the wider community is being built based on non-apprenticeship delivery.

P Taylor highlighted that the College needs to ensure that the College is not held responsible for any PAH data breaches if they use the College's infrastructure provision. It was confirmed that this would be included in the lease document.

The Resources Committee noted the update on Princess Alexandra Hospital.

751.2 To receive a verbal update on the Advice Centre

The Resources Committee received and considered the verbal update on the Advice Centre, presented by M Stokes, Deputy Principal.

The Deputy Principal informed Governors that work is being undertaken to ensure that the former Advice Centre is ready for the Hair and Beauty team for September 2018. The College will only release rooms to PAH once space in the Advice Centre is available and ready for the Hair and Beauty team.

The Resources Committee noted the verbal update on the Advice Centre.

751.3 To receive an update on Stansted Airport College

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

Governors were informed that the contractors are still on target for a handover on 6 August with the College ready to open early September. There is some overrun in the budget, however contingency is being released pro-rata and some budget lines such as furniture, fixtures and equipment (FF&E) are being tested. Governors raised some concerns about reducing the FF&E budget and compromising the look and feel of the campus. Governors were informed that the costs would be spread over more than one year and W Allanson confirmed that the campus will be impressive for students. Governors noted that the College has been offered a private jet and that other equipment is being sourced from a college that is closing its aircraft maintenance offer.

Over 275 student applications have been received and over 250 offers have been made. Some staff members have been recruited and are in post, helping to shape the curriculum.

The Resources Committee noted the update on Stansted Airport College.

751.4 To receive a confidential update on Sir Charles Kao UTC

The Resources Committee received and considered the update on Sir Charles Kao UTC, presented by M Stokes, Deputy Principal. M Stokes informed Governors that the College has received a letter from the UTC's Chair of Governors officially requesting the reassignment of the lease from Sir Charles Kao UTC to Burnt Mill Academy Trust (BMAT). The Resources Committee noted the update on Sir Charles Kao UTC and agreed the actions proposed in the paper and to propose the recommendations for approval in principle subject to legal advice at the Corporation meeting on 17 May 2018.

752 Any Other Business

D Morgan confirmed that the College has submitted the paperwork to Companies

House for the strike off of the five subsidiary companies. To date, Companies House has agreed to the strike off three of the companies and a two month period for any claims to be made has begun. Once this is completed, the companies will be officially struck off. Additional paperwork has been produced confirming that all assets are to be transferred to the College. If the assets are not tidied up in such a way, the Crown has the power to take the assets. Governors were reminded that the Corporation agreed that all the legal costs will be paid for by Harlow College.

753 Dates of Future Meetings

Summer Term	Thursday 28 June 2018	08.30am
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