

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

RESOURCES COMMITTEE

Minutes of the meeting held on Thursday 11 May 2017

Membership: *E Johnson (Chair)
J Bedford
J Breen
*B Spencer
*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
D Sheridan, Clerk to the Corporation
R Lucas, Deputy Clerk to the Corporation

698 Apologies for absence

Apologies for absence were received and accepted from J Bedford and J Breen.

699 Declarations of interest

There were no interests declared.

700 Minutes of the previous meeting

The minutes of the Resources Committee meeting held on 02 March 2017, subject to one typographic change on page five, were agreed as an accurate record and signed by the Chair.

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

701.1 Local Government Pension Scheme (minute 695 refers)

P Taylor drew the Committee's attention to the 30% staff costs. D Morgan highlighted that employer national insurance and pension contributions have risen over the last three years, which are beyond the College's control.

The College could offer a different pension scheme to the Local Government Pension Scheme (LGPS) however all employees by law have to be offered enrolment onto the LGPS. Governors acknowledged that there are a number of challenges with all pension schemes and that the current schemes the College offers have some safeguards built into them.

702 Management Accounts for the period 1 August 2016 – 31 March 2017

The Resources Committee received and considered the Management Accounts for the period 1 August 2016 – 31 March 2017, presented by D Morgan, Executive Director – Financial Services.

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

- The forecast end-of-year surplus is currently £493k. This figure has reduced due to a reduction in the adult education budget. The College has a strategy to earn the funding, however the forecast has been reduced accordingly, based on actual funding earned to date.
- Staff costs continue to be monitored. The end-of-year forecast is higher than originally budgeted due to the employment of additional staff to deliver and secure the high needs funding.
- Capital expenditure is currently below budget. Some capital projects are currently on hold to ensure that the College maintains a healthy cash-flow.
- IT equipment is leased rather than purchased, therefore reducing capital expenditure.
- The revaluation of the College's land has had a positive effect on the College's fixed assets.
- The current ratios are good.
- The Lennartz payment is reducing and D Morgan is looking to review this based on student usage of buildings.
- The cash forecast position is good and the temporary overdraft facility was not required. This was mainly due to the draw-down of the high needs funding.
- The College's financial health rating remains good and the bank covenants are continue to be met.

Governors' attention was brought to the table in paragraph 9 of the report that detailed the College's annual banking facility with Clydesdale Bank. Governors discussed the limit of each of the banking facilities and approved the annual banking facility as set out in the table.

Governors noted that the bank requires the signed Corporation minutes to convert the HAMEC loan into a product, as discussed at the last Corporation meeting held on 16 March 2017.

The Resources Committee noted the management accounts for the period 1 August 2016 – 31 March 2017 and approved the annual banking facility as set out in the table in paragraph 9 of the report.

703 Future Funding 2017-2018

The Resources Committee received and considered the report on future funding 2017 – 2018, presented by P Whitehead, Executive Director – Information, Data and Support, who reported that all allocations for 2017-2018 have now been announced with the exception of that for apprenticeships.

16 – 18 EFA

The 16 – 18 EFA allocation has decreased by 95 FTE learners. The allocation is set at £10,523k, which is a reduction of £598k from last year and equates to a reduction of approximately £2,140k over the last three academic years. The number of 16 – 18 applications and offers has increased this year, however the funding follows a lagged methodology, therefore no in-year benefit will be seen.

Governors noted that the calculation methodology for the 16 – 18 allocation had changed this year. The College could submit a business case to the Education and Skills Funding Agency (ESFA) to increase the College's allocation.

Apprenticeships

The apprenticeship allocation comes in two parts, the non-levy allocation and the levy, which sits direct with the employers. Final apprenticeship allocations will not be confirmed until July 2017. The allocation for continuing apprentices is being split out. There will be a starts allocation for May – December 2017 for non-levy employers which will be calculated on previous performance and assumptions will be made on levy / non-levy employers.

It is unclear what the overall allocation will be for 2017/18 therefore the financial plan will contain assumptions. The risk to the College is that it will run out of funding to deliver apprenticeships. The College is concerned that calculations are based on the old methodology and there is no guarantee that the funding will follow the learners. Governors were informed that allocations are performance-managed centrally.

Adult Funding

The adult funding allocation for 2017 – 2018 is the same as this year's allocation for classroom based learning.

The allocation for advanced learner loans is the same as this year's allocation however there is potential for growth.

Higher Education

The income target is £1,350k and is focused on direct loan funding for the College's own HNC and HND provision on which there is no income cap. Income from learners studying ARU courses will decrease.

Project Work

A target of £610k has been set, which includes full cost work, and the College is expecting to achieve this. There is some potential ESF funding which the College could bid for, along with other sources of external funding which is being explored.

High Needs Funding

There has been a significant increase in high needs funding. The College will have

an allocation from the ESFA which will be topped up by the county councils.

The Resources Committee noted the report on future funding 2017 – 2018.

704 Discretionary Support Fund Policy 2017 – 2018

The Resources Committee received and considered the report on the Discretionary Support Fund Policy 2017 – 2018, presented by P Whitehead, Executive Director – Information, Data and Support.

P Whitehead informed Governors that the College has a bursary fund for 16 – 18 year old learners and that the support for 19+ learners is an allocation. The Discretionary Support Fund Policy gives guidance on how to use this allocation. Governors' attention was brought to the list of criteria for accessing support and noted that most of the criteria are College-devolved, whilst the attendance and income household levels are set by the College.

Governors asked why attendance was set at 80% and not 90%? The students accessing this support are adult learners and the majority have issues that can affect their attendance at College, therefore the College did not want to penalise these learners.

Governors asked why learners need to apply for the funding after enrolling at College, K Spencer informed the Committee that the College cannot give out this support to students who are not enrolled at the College. The mechanism for the student to access the funding is part of the enrolment process at the start of the academic year and advisors are available to inform students about the support available to them.

The Resources Committee approved the Discretionary Learner Support Policy 2017-2018.

705 Harlow College Developments

705.1 To receive an update on Princess Alexandra Hospital

The Resources Committee received and considered an update on Princess Alexandra Hospital (PAH), presented by W Allanson, Vice-Principal and Governors noted the following:

- The College is in with discussion with the training and development department at PAH and looking at apprenticeship provision in particular. Detailed discussions are taking place on delivery and what both parties will be responsible for.
- Commercial activity for short full-cost programmes is being developed.
- Governors noted likely income levels.
- Heads of Terms have been drafted for PAH to relocate its training and development department onto the College campus. The College is waiting for some detail from PAH. The College solicitors have advised to have a separate agreement with PAH for their apprenticeship levy rather than tying this into the lease.

The Resources Committee noted the update on Princess Alexandra Hospital.

705.2 To receive a verbal update on the Advice Centre

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

Governors were informed that the College is leasing the Advice Centre from Harlow Council to provide a working hair and beauty salon, open from September 2017. The College would be responsible for undertaking any refurbishment work on the Centre. It is envisaged this would be in the region of £250k, half being costs, half being labour. In return, the College would get the Centre for ten years rent free.

The College thanked Joe McGill from Harlow Council for his help and support.

The Resources Committee noted the update on the Advice Centre.

705.3 To receive an update on the Stansted Technical and Professional Skills Centre

The Resources Committee received and considered the update on the Stansted Technical and Professional Skills Centre, presented by W Allanson, Vice-Principal.

W Allanson highlighted the project status report which was circulated to Governors which formed part of the LEP's project assessment process. The project has been independently evaluated and the evaluators are recommending the project for full funding at the LEP's Accountability Board on 26 May 2017, which confirms the project is viable and good value for money.

There are some challenges with the budget and the project team is in discussion with Uttlesford District Council to see if there is Section 106 funding to support the Centre. A bid is being submitted to the Savoy Trust to part fund the fit out of the hospitality areas within the Centre. There is a commitment from the Manchester Airport Group that they will commit some of their apprenticeship levy to the College and this links with the work being undertaken at the Skills Academy.

The name of the College is still under discussion however it is envisaged it will be Stansted Airport College, part of Harlow College. This will be the College's trading name, however it will be part of Harlow College and not a subsidiary company. B Spencer highlighted the need to patent the name and logo and it was confirmed that this is being done.

The programme is on track, however it is very tight. The planning application was submitted on 8 May 2017 and will be considered at Uttlesford District Council's Planning Committee on 2 August 2017. Governors suggested the project team contact the Council to request an extra-ordinary meeting of the

Planning Committee to consider the application once the statutory timeframe has elapsed.

W Allanson informed Governors that Wendy Martin has been appointed as an Assistant Principal who will be responsible for the Centre. Wendy will take up the post from 1 August 2017.

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

705.4 To receive a verbal update on The Hides and Broadfields car parks

The Resources Committee received and considered the report on The Hides and Broadfields car parks, presented by M Stokes, Deputy Principal.

The College will lease The Hides and Broadfields car park from Harlow Council and in doing so must re-route the cycle path so that a new boundary can be agreed. This would allow the College to expand its construction area at the back of the campus, address some storage issues and release some of the car parking the College has at U-Park.

Governors were informed that the College is aiming to finalise and undertake the work by 31 July 2017 and thanked Joe McGill from Harlow Council for his support.

B Spencer asked if the College was satisfied that the leases were sufficiently long-term and reasonable, that security of tenure needs to be considered and the need to future-proof the lease for the College in years to come. It is proposed that the lease would be for 25 years with a 10-year break clause. The lease will go through the College's solicitors and will come to Governors for approval and the College will ensure that the lease protects the College as much as possible.

The Resources Committee noted the update on The Hides and Broadfields car park.

706 Any Other Business

There were no items of any other business.

707 Dates of Future Meetings

Summer Term	Thursday 29 June 2017	08.30am
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