

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## RESOURCES COMMITTEE

### Minutes of the meeting held on Thursday 12 May 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  
                                      D Morgan, Director of Financial Services  
                                      D Sheridan, Clerk to the Corporation  
                                      R Lucas, Deputy Clerk to the Corporation

#### **653 Apologies for absence**

Apologies for absence were received and accepted from M Coleman.

#### **654 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.

#### **655 Minutes of the previous meeting**

The minutes of the Resources Committee meeting held on 3 March 2016 were approved as a correct record and signed by the Chair.

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

##### **656.1 Harlow College Campus, the Leisurezone and Harlow District Council (minute 650.3 refers)**

The Principal reported that the College and the Council's solicitors are progressing with arrangements to hand over the car park to the Sports Trust. The College will release its rights to the car park by the end of July 2016 but will still have access to parking until December 2016.

The Principal confirmed that lawyers have been instructed by all parties.

#### **657 Management Accounts for the period 1 August 2015 – 31 March 2016**

The Resources Committee received and considered the Management Accounts for the period 1 August 2015 – 31 March 2016, presented by Mike Stokes, Deputy Principal.

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

- The current predicted surplus is £189k, which would ensure that the covenants

would be met.

- A £1m overdraft was taken out by the College however, due to careful financial planning, only a small amount of the overdraft was required.
- The cash flow forecast and actual figure are usually accurate however Governors asked why in March the forecast and actual were so different. M Stokes confirmed that payments to the College for the AMEC project were received sooner than forecast. It was agreed that an explanatory note would be added to the cash flow forecast graph if there are any significant variations.
- Adjustments have been made to the capital expenditure forecasts due to a lag in the AMEC build and Governors noted that some build costs will be incurred next financial year. Governors noted that the College has not yet drawn down the bank loan for the AMC.
- The College received extra income from the SFA in March but this needs to be earned by the College. Colleges nationally face cash flow issues every March.
- Both bank covenants have been met and the College's financial health rating is good. It is important that the College maintains its good financial health rating.
- All spending is being closely monitored and there is a freeze on every-day, non-essential spending. The profile of team spending was discussed.
- Strategic area reviews will look at payroll ratio against overall income and the College's is relatively high compared to sector averages.
- There has been a £228k funding body clawback for last academic year that will be accounted for in this academic year. This is a result of the College being given additional Adult Single Budget funding for adult apprenticeships that the College did not deliver.
- Grants in advance covers bursary funding and learning support funding.
- There are two bank loans with an interest rate of 8%. The break costs would mean no savings could be made. The meeting noted the good relationship between the College and its bank.

The Resources Committee noted the management accounts for the period 1 August 2015 – 31 March 2016.

## **658 Future Funding 2016/17, Learner Number Targets and Offers**

The Resources Committee received and considered the report on future funding 2016/17, learner number targets and offers, presented by M Stokes, Deputy Principal. Governors noted that the College's income comes from the EFA, the SFA, the Adult Education Budget (AEB), apprenticeships, learner loans, project work and full cost recovery work.

Governors noted that there has been an increase in the number of students enrolling at the College aged 17, due to "false starts" at other institutions, largely due to inappropriate advice and guidance being given to these students at school. When these students reach their second year at the College their funding is cut, equating to a £700 loss per student. The Principal will raise this issue at her meeting with the Regional Schools' Commissioner. Governors asked what could be done to mitigate this issue. Although it is an agreed Government policy and a national issue faced by all colleges, strengthening relationships with local schools would help the College. Investment is crucial for the College, in particular in relation to the Advanced Manufacturing and Engineering Centre (AMEC), Princess Alexandra Hospital and access to employment and progression opportunities,

Governors also noted that the proposed new free school in Harlow would pose a significant risk to the College. There is not a demand for more A-Level places and

there would be competition between providers with young people being encouraged to remain in school to study A-Levels.

The Deputy Principal reported that the number of full time 16-18 applications is over 400 more than at this point last year.

Governors noted the 16-18 apprenticeship funding for next academic year levels. The apprenticeship levy comes into effect in April 2017 and the Government is looking at the mechanism to deliver this. The College is undertaking work with local employers to provide information about the levy and to promote what the College can offer. Governors agreed it would be useful to have a breakdown of employers who have expressed an interest in working with the College on the levy and the size of the businesses. K Spencer has offered to convene a group of engineering companies to talk direct to the Department of Business, Innovation and Skills and J Bedford agreed to be part of this.

The Adult Education Budget has remained the same. Whilst there has not been a cut in cash terms to this budget, there has been a cut in real terms as the qualifications that can be claimed for has changed.

PCDL funding is no longer an allocation and the College needs to earn this funding.

Governors noted the funding for 19+ apprenticeships and Advanced Learner Loans and that there is the potential for these to grow.

There has been a reduction in the higher education income, however the College is developing its own higher education offer.

The ESF programme has still not been launched by the LEP and this is affecting the College's income target for projects. It is envisaged that this area of work will increase with the AMEC and the work the College is undertaking in partnership with Stansted Airport.

The Resources Committee noted the paper on future funding 2016/17, learner number targets and offers.

## **659 Harlow College Developments**

### **659.1 To receive an update from Will Allanson, Executive Director – Business Development, on the Advanced Manufacturing and Engineering Centre**

The Resources Committee received and considered the update on the Advanced Manufacturing and Engineering Centre (AMEC), presented by Will Allanson, Executive Director – Business Development.

W Allanson reported that the construction of the AMEC is on programme and on budget; however there is one more area that needs to be investigated for asbestos.

DMG Mori has been appointed, via a procurement process, to provide the specialist equipment for the Centre. The schedule of machines is currently being finalised. The nature of the technical partnership with DMG Mori was explained. Extended warranties and an after-sales agreement will be entered into. Insurance will cost £34k over five years and will cover all machines for

accidental and operator damage.

Promotional activities are taking place and the site is becoming a learning resource for our students.

It was asked whether there is any possibility of a longer-term partnership with Willmott Dixon and W Allanson confirmed that dialogue is underway with regards to a work-readiness construction programme.

Curriculum development is underway and is looking to focus on three strands – advanced manufacturing, aerospace engineering / aircraft maintenance and plant and operative maintenance engineering. A team has been established to look at this, particularly around progression routes into apprenticeships.

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

**659.2 To receive a verbal update of the skills equipment funding presented by Mike Stokes, Deputy Principal**

The Resources Committee received and considered the update on the skills equipment funding, presented by M Stokes, Deputy Principal.

Governors noted that the College has three phases of funding with the LEP. Phase One is for the AMEC build, Phase Two for the AMEC specialist equipment and Phase Three for specialist equipment in construction, science and health and social care.

Under Phase Three, £100k has been committed by the College as part of its spending on infrastructure, £250k has been funded by Essex County Council and £350k from the LEP which the College is beginning to draw down. The College needs to complete the work by the end of March 2017, however most of it will be undertaken through the summer.

Governors noted the discussions held with Princess Alexandra Hospital and hoped this heralds a long-term partnership with the hospital.

The Resources Committee noted the report on the skills equipment funding.

**659.3 To receive an update on the Stansted Technical and Professional Centre,**

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

There is a new Chief Executive Officer at Stansted Airport and a meeting is being arranged with him. Their Board is committed to working in partnership with the College.

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

**659.4 To receive a verbal update on Sir Charles Kao UTC presented by Karen Spencer, Principal**

The Resources Committee received an update on Sir Charles Kao UTC, presented by K Spencer, Principal.

**660 Any Other Business**

There were no other items of business.

**661 Dates of Future Meetings**

Summer Term	Thursday 30 June 2016	08.30am
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